BEFORE THE

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 110138-EI

TESTIMONY AND EXHIBIT
OF
RICHARD J. MCMILLAN

GULF POWER

A SOUTHERN COMPANY

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GULF POWER COMPANY

Before the Florida Public Service Commission
Prepared Direct Testimony of
Richard J. McMillan
Docket No. 110138-EI
In Support of Rate Relief
Date of Filing: July 8, 2011

Q. Please state your name and business address.
A. My name is Richard J. McMillan. My business address is One Energy Place, Pensacola, Florida 32520.

Q. By whom are you employed?
A. I am employed by Gulf Power Company (Gulf or the Company) as Corporate Planning Manager.

Q. What are your responsibilities as Gulf's Corporate Planning Manager?
A. My primary responsibility is to ensure that Gulf's budgeting, forecasting, and performance measurements are accurate, effective and consistent. I also coordinate the overall planning process, including the ongoing development and maintenance of the Operations and Maintenance (O&M) and Construction Budgeting System and other financial forecasting models and projections. The Corporate Planning Department also provides decision support and financial analyses for the business units and management.

Q. Please describe your educational and professional background.
A. I graduated from Louisiana State University in 1976 with a Bachelor of

Science in Accounting. Immediately following graduation, I was employed by Gulf as an Internal Auditor. I have held various accounting positions of increasing responsibility, including Staff Internal Auditor, Staff Financial Analyst, Staff Accountant, Coordinator of Internal Accounting Controls, Supervisor of Financial Planning, General Accounting Manager, and Assistant Comptroller. I have held my current position since January 2006. Also, during my employment, I graduated from the University of West Florida in 1983 with a Master of Business Administration.

Q. What is the purpose of your testimony?

A. Using the financial forecast discussed by Gulf Witness Buck and the jurisdictional factors from the cost of service study discussed by Gulf Witness O'Sheasy, I develop the test year jurisdictional adjusted rate base, net operating income and capital structure, and calculate the resulting retail base rate revenue deficiency, which the Company has identified in this filing. I also discuss the adjustments related to the Unit Power Sales from Scherer Unit 3; present and support Gulf's O&M expense Benchmark calculations; present and support the general plant capital additions budget and investment; and provide an overview of Southern Company Services (SCS) and the services and benefits Gulf receives from the service company.

Q. Are you sponsoring any exhibits?

A. Yes. I am sponsoring Exhibit RJM-1, Schedules 1 through 20. Exhibit RJM-1 was prepared under my supervision and direction, and the information contained in that exhibit is true and correct to the best of my knowledge and belief.

Q. Are you also sponsoring any of the Minimum Filing Requirements (MFRs) filed by Gulf?

A. Yes. The MFRs that I sponsor in their entirety and that I jointly sponsor are listed on Schedule 1 of my Exhibit RJM-1. To the best of my knowledge and belief, all of the information presented in the MFRs that I sponsor or co-sponsor is true and correct.

I. RATE BASE

Q. Have you prepared a schedule which shows the derivation of rate base?

A. Yes. Exhibit RJM-1, Schedule 2, entitled "13-Month Average Rate Base for the Period Ended December 31, 2012," reflects Gulf's test year rate base. Column 1 is calculated based on the budget data presented on Schedules 7 and 9 of Mr. Buck's Exhibit WGB-1. The second column includes the regulatory adjustments required in order to restate the system, or per books, amounts to the proper basis for computing base rate revenue requirements. The third column includes the Plant Scherer Unit Power Sales (UPS) adjustments, which I will address in more detail later in my testimony. The resulting net amounts in column 4 have been jurisdictionalized in the cost of service study filed in this case by Mr. O'Sheasy in Exhibit MTO-2.

Q. Please explain the rate base regulatory adjustments in column 2 of Schedule 2.

A. These adjustments are listed on page 2 of Schedule 2 of Exhibit RJM-1. Adjustments 1, 2, 4, 5, and 11 are to remove the amounts being recovered through the Environmental Cost Recovery Clause (ECRC) and the Energy Conservation Cost Recovery (ECCR) Clause. The investments which are being recovered through the adjustment clauses must be excluded in developing the rate base used to establish Gulf's base rates.

Adjustments 3 and 6 are to remove the plant-in-service and accumulated depreciation amounts related to the implementation of Financial Accounting Standards (FAS) 143, Accounting for Asset Retirement Obligations (AROs). This accounting standard required the Company to record an asset and the related liabilities and expenses associated with the legal obligations related to the retirement of long-lived assets. I have also removed the regulatory assets and liabilities related to FAS 143 in the working capital adjustments as shown in Schedule 3. The adjustments to remove these amounts are necessary to eliminate the impact of these accounting entries in accordance with Florida Public Service Commission (FPSC or the Commission) Rule 25-14.014, which requires that the application of FAS 143 shall be revenue neutral.

Adjustments 7 and 8 are the accumulated reserve impact of proposed changes in depreciation and amortization related to Gulf's implementation of the new Advanced Metering Infrastructure (AMI) meters. The implementation is now scheduled to be essentially complete by the end of the test year. Gulf is therefore requesting to amortize the remaining balance of the old meters over four years (adjustment 7) and to establish the service lives related to the new meters at 15 years (adjustment 8). The AMI adjustments to depreciation expense and accumulated reserve were provided to me by Gulf Witness Erickson and are discussed in her testimony.

Adjustment 9 is to include in rate base the land and other deferred charges Gulf has incurred related to its deferred nuclear site selection costs and to discontinue deferring these costs. These costs have been deferred in accordance with Florida Statute 366.93 and include all deferred costs, including a deferred return, through the end of 2011. As discussed by Gulf Witness Burroughs in his testimony, the site will be available for any future generation needs, and the land purchases will be completed in 2012. In deciding to pursue consideration of nuclear generation, Gulf relied on the recovery provided by this statute. Gulf believes that nuclear is a viable option that benefits customers under a range of scenarios. The Northwest Florida site is the only site in our service area suitable for nuclear generation. The purchase of this site is thus necessary to allow Gulf to preserve a nuclear option for its customers. The Northwest Florida site has all the attributes – water, rail and gas – necessary for other forms of generation. Gulf is therefore requesting to include the costs incurred to date in rate base since the site will be available and considered for any future nuclear or non-nuclear generation needs.

As prescribed by Florida Statute 366.93, carrying charges cease once the site selection costs are placed in rate base. By placing these costs in rate base at this time, the Company will discontinue deferring a return on these amounts, thereby avoiding additional costs that would otherwise accumulate and become part of the site costs. This treatment will minimize the cost of any plant that is ultimately constructed on the site. It also recognizes that obtaining suitable generation sites necessary to keep open all cost-effective generation options is a prudent and necessary cost of providing reliable utility service at reasonable rates.

Adjustment 10 is for the removal of the interest bearing construction work in progress (CWIP) included in the forecast. Since interest bearing projects in CWIP are eligible for Allowance for Funds Used During Construction (AFUDC), they are removed from rate base.

Adjustment 12 represents the working capital adjustments, which are detailed on Schedule 3.

Q. Please explain Schedule 3, entitled "13-Month Average Working Capital for the Period Ended December 31, 2012."

A. Gulf has computed the test year working capital requirement utilizing the balance sheet approach in accordance with this Commission's prior policy and practices. All items on the balance sheet which are not included in Net Utility Plant or Capital Structure were considered in developing working capital. These items are summarized at the top of the schedule and result in $179,814,000 in total company working capital. Each of these items was examined to determine if a regulatory adjustment should be made to remove it from working capital. As a result of this review, I have excluded the amounts related to the ECRC and ECCR, all accounts which earn or incur interest charges, the ARO regulatory assets and liabilities I discussed previously, and the deferred nuclear site costs. I have also adjusted working capital to reflect the impact of the increase in the property damage reserve accrual discussed by Ms. Erickson in her testimony, the unamortized rate case expenses related to this rate filing, and a reduction in pension and other post retirement accruals to reflect updated information that became available after the 2011 budget was finalized.

The other adjustments noted in Schedule 3 remove the assets and liabilities related to Gulf's fuel hedging under FAS 133, Accounting for Derivative Instruments and Hedging Activities, which are ultimately recovered through the Fuel Cost Recovery (FCR) Clause, and remove the minimum pension funding requirements under FAS 158, Employers' Accounting for Defined Benefit Pension and Other Post Retirement Plans, which requires the recording of certain minimum pension funding requirements. In addition, I have removed the assets and liabilities related to the levelization of capacity expenses related to power purchase agreements (PPAs), which are required by general accounting guidance. The adjustments to total assets and liabilities for the FAS 133, FAS 158, and PPA entries net to zero, and they have been removed from the working capital amounts provided to Mr. O'Sheasy to be jurisdictionalized in the cost of service study.

The net of all regulatory adjustments to total working capital is $16,081,000, which is shown in column 2 on page 1 of Schedule 2 as adjustment 12. The Plant Scherer UPS working capital adjustment is shown at the bottom of Schedule 3. This adjustment excludes the amounts directly assigned to UPS for fuel stock, materials and supplies, and prepayments, plus the allocated amounts for other working capital consistent with the treatment in prior rate proceedings. The total system adjusted working capital of $155,044,000 (column 4, page 1 of Schedule 2) resulted in jurisdictional adjusted working capital of $150,609,000 (column 6, page 1 of Schedule 2) as derived by Mr. O'Sheasy in the cost-of-service study.

Q. Were there any other adjustments made to rate base in Gulf's last rate case filed in Docket No. 010949-EI that you are not making in this case?

A. Yes. There were several adjustments made in the last case which are not applicable in this case. These include adjustments related to appliance sales, test year depreciation study impacts, house power panels, security measures, and the unamortized loss on the sale of railcars. The circumstances giving rise to the need for these adjustments in Gulf's last rate case do not apply to the 2012 test year. The rate base adjustments, including the adjustments not made, are listed in MFR B-2.

Q. What is the total jurisdictional rate base for the 2012 test year after all the appropriate adjustments have been made?

A. As shown on page 1 of Schedule 2 of Exhibit RJM-1, the total jurisdictional adjusted rate base is $1,676,004,000. This represents the used and useful base rate investment which is required to provide service for Gulf's retail customers, and all these costs were reasonably and prudently incurred.

II. NET OPERATING INCOME

Q. Now moving to Net Operating Income (NOI), please explain Exhibit RJM-1, Schedule 4 entitled "Net Operating Income for the Twelve Months Ended December 31, 2012."

A. This schedule is formatted in the same manner as the rate base schedule. Page 1 provides the calculation of the test year net operating income. The first column on page 1 of Schedule 4 is calculated based on the 2012 budget data from Schedule 8 of Mr. Buck's Exhibit WGB-1. The second column includes the regulatory adjustments, which are detailed on pages 2 and 3 of Schedule 4, with more detailed calculations presented on separate schedules as noted under the heading of Schedule Reference on pages 2 and 3. The third column on page 1 of Schedule 4 sets forth the UPS amounts. I will discuss the UPS adjustments and calculations later in my testimony. The jurisidictional adjusted amounts in column 6 were obtained from Mr. O'Sheasy's Exhibit MTO-2.

Q. Have you made the proper adjustments to remove all revenues and expenses related to the cost recovery clauses from NOI?

A. Yes. The appropriate adjustments to remove the revenues (adjustments 1 through 4) and expenses (adjustments 9 through 16, 28, 29, 32, and 35) related to the retail cost recovery clauses are included on pages 2 and 3 of Schedule 3. Additional details supporting each cost recovery clause adjustment are provided on Schedules 5 through 8. These revenues and expenses are considered in the retail cost recovery clauses; therefore, they must be removed from the test year amounts used for determining base rates. As reflected on Schedules 5 through 8, the system amounts have been removed from NOI in Schedule 4, and I have also reflected the retail amounts for each cost recovery clause.

Q. Please explain the franchise fee and gross receipts adjustments 7, 8, 33, and 36 on Schedule 4.

A. These adjustments are necessary to eliminate county and municipal franchise fee revenues and expenses and gross receipts taxes from consideration in setting base rates. As required by Commission Order No. 6650 in Docket No. 74437-EU, franchise fees are added directly to the county or municipal customer's bill. Florida gross receipts taxes were removed from base rates in Gulf's last rate case and are separately calculated and shown on the customer's bill.

Q. Please explain adjustments 5 and 25 related to additional collection efforts.

A. The adjustments are necessary to reflect the results of a concerted effort to focus more on collection activities by Gulf's field service representatives (FSRs). As discussed by Gulf Witness Neyman, the FSRs who support this effort were included in the test year budget, but the budget did not reflect the expected increase in collection and reconnection fees (adjustment 5) and an estimated reduction in uncollectible expenses (adjustment 25) resulting from these efforts.

Q. Please explain adjustment 17 related to marketing support activities and adjustment 18 related to territorial wholesale sales activities.

A. Expenses related to marketing support activities (adjustment 17) have been removed from NOI in accordance with the Commission's policy to disallow expenses that are promotional in nature as stated in Commission Order No. 6465 in Docket No. 9046-EU. Expenses related to wholesale sales activities (adjustment 18) were also removed from NOI in the calculation of retail revenue requirements, since these expenses relate directly to activities supporting Gulf's wholesale customers.

Q. Please explain adjustment 19 and 20 related to institutional advertising and economic development expenses.

A. Consistent with prior Commission decisions, adjustment 19 removes the test year amount of institutional or image building advertising. All other advertising is either recovered in the energy conservation cost recovery clause or meets the criteria for recovery in base rates and is included in the O&M expenses supported by Ms. Neyman in this proceeding.

Adjustment 20 removes 5 percent of the 2012 test year expenses related to economic development expenses. This treatment is also consistent with the Commission's decision in Gulf's last rate case, and Ms. Neyman will support the reasonableness of the test year amount.

Q. Please explain adjustments 21, 23, and 34.

A. These adjustments remove the expenses related to management financial planning services (adjustment 21) and the Tallahassee liaison expenses (adjustments 23 and 34), consistent with the Commission's decision in Gulf's last rate case.

Q. Please explain adjustment 22 related to the property insurance reserve accrual.

A. Gulf is requesting an increase to the annual property insurance reserve accrual from the current approved amount of $3.5 million to $6.8 million based on an updated storm damage study. The need for this increase and the amount of the accrual is supported by Ms. Erickson in her testimony.

Q. Please explain adjustment 24 related to the recovery of Gulf's rate case expenses.

A. As reflected in MFR C-10, Gulf estimates the incremental expenses related to this rate case filing will be $2,800,000, as discussed by Ms. Erickson. We are requesting to amortize these expenses over a four year period, which is consistent with the Commission's recent decisions regarding the appropriate period over which to amortize rate case expenses.

Q. Please explain adjustment 27 related to Pensions and Other Post Retirement Benefits.

A. This adjustment is to reflect the latest pension and other post retirement estimated costs for the test year. This reduction in costs from the 2011 budget estimate is based on the latest actuarial estimates available at the time of the filing and includes the actual 2010 financial results, which were not available at the time the financial forecast was prepared.

Q. Please explain adjustments 6, 26, 30 and 31related to the installation of AMI meters.

A. These adjustments are to adjust the test year to reflect additional revenues, a reduction in customer accounting expenses, and an increase in depreciation expense to reflect the full implementation of new AMI meters by the end of 2012. These adjustments are needed to adjust the Company budget for these additional items not included in the financial forecast I used to prepare the 2012 test year data.

Adjustment 6 reflects an estimated increase in revenues related to improved meter accuracy of the new digital meters, and adjustment 26 is to reduce customer accounting expense to reflect a reduction in transportation costs for meter reading activities. These adjustments were provided to me and will be addressed by Ms. Neyman.

Adjustments 30 and 31 are related to the accelerated implementation schedule related to AMI meters. Since the AMI meter replacement schedule has been accelerated and will be completed during the test year, we need to increase depreciation to account for the amortization of the remaining old meters that will be retired when removed. Adjustment 30 reflects a four year amortization of the remaining old meters. Gulf is also requesting an increase in depreciation expense to reflect an estimated 15 year life for the new meters in adjustment 31. These adjustments were provided to me by Ms. Erickson and are discussed in her testimony.

Q. Please explain adjustment 37 to taxes other than income taxes.

A. Adjustment 37 is required to remove the FPSC assessment fees that are associated with the retail revenues and franchise fee revenues removed in adjustments 1 through 7. Schedule 9 shows the calculation of this adjustment.

Q. Please explain adjustment 38 to income taxes on Schedule 4.

A. This adjustment is required to reflect the federal and state income tax effects of adjustments 1 through 37. Schedule 10 shows the calculation of this adjustment.

Q. Have you calculated the appropriate adjustment to income taxes to reflect the synchronized interest expense related to the jurisdictional adjusted rate base?

A. Yes. Adjustment 39 on Schedule 4 reflects the tax effect of synchronizing interest expense to rate base, and Schedule 11 shows the calculation of this adjustment. Consistent with prior Commission practice, the synchronized interest expense is computed by multiplying the jurisdictional adjusted rate base by the weighted cost of debt included in the cost of capital. This adjustment ensures that the calculated revenue requirements reflect the appropriate tax deduction for the interest component of the revenue requirement calculation. The jurisdictional capitalization amounts and cost rates were taken directly from Schedule 12, and total company interest expense was taken from the projected income statement provided to me by Mr. Buck (Exhibit WGB-1, Schedule 8).

Q. Did the Commission make any other NOI adjustments in the last rate case that are applicable in this case?

A. No. The other Commission adjustments to NOI in the last rate case related primarily to expense amounts forecasted for the 2002/2003 test year. These adjustments were specific to the forecast amounts for the prior test year and are not applicable to the forecasts for the 2012 test year.

Q. In Gulf's last case the Commission made an adjustment for hiring lag, but you have not included one in your request. Why is an adjustment for hiring lag not appropriate for the 2012 test year?

A. As discussed by several Company witnesses, Gulf's budget assumes a full work force complement for the test year. As shown on Schedule 20 of my exhibit, by year end 2010, due to extraordinary efforts to reduce costs and defer a rate case, Gulf's work force had declined to a level of 1,330 full time equivalent (FTE) positions. The work force included in Gulf's 2012 test year is 1,489 FTEs. Those 159 additional FTEs are necessary and appropriate for Gulf's provision of service. Over 95 percent (152 FTEs) are justified in the testimony of Gulf Witnesses Neyman, Moore, Caldwell and Grove, who address the functional areas in which these positions are budgeted. As shown on Schedule 20, 31 of the additional FTEs are employees whose salary will be recovered through the ECCR and ECRC clauses, and the salaries of an additional 42 FTEs are capitalized as part of the capital additions budget. Therefore, the salaries and benefits for these 73 FTEs do not impact the test year O&M request.

As these witnesses explain, the Company expects to be at or close to a full complement in 2012. More importantly, the total O&M dollars requested are needed to continue to meet our customers' expected service levels. If there is a lag when hiring new employees, the Company often will incur higher overtime pay for other employees or will hire temporary labor or use contract labor to complete the duties of the vacant position. As discussed below, if the funds resulting from temporary vacancies are not spent on labor, they will likely be redeployed to meet other high priority needs.

The Company believes a hiring lag adjustment is inappropriate for several reasons. First, such an adjustment assumes that if a position is not filled, the associated funds will not be spent. Second, a hiring lag adjustment assumes that labor costs should be looked at in isolation. Both of these assumptions ignore the real process that managers use in evaluating and prioritizing the use of their resources. When faced with an unexpected cost or changing circumstances, resources can and will be redeployed from one budget category to another to meet customers' needs and provide reliable electric service to our customers. The budget is a planning tool, but changing conditions can and will require that resources budgeted in one activity or cost category be redeployed as actual conditions require. It is therefore unlikely that any funds available from unfilled positions would result in lower total O&M expenses.

Q. Please summarize Gulf's adjusted O&M request included in the 2012 test year.

A. The Company's total test year adjusted O&M request of $288,474,000 is reasonable, prudent and necessary to provide reliable electric service to our customers.

Q. What is the total jurisdictional NOI for the 2012 test year after all the appropriate adjustments have been made?

A. Gulf's jurisdictional NOI for 2012 is $60,955,000.

III. JURISDICTIONAL CAPITAL STRUCTURE

Q. Have you developed the jurisdictional adjusted capital structure and cost of capital for the test year?

A. Yes. Schedule 12, page 1, of Exhibit RJM-1 shows the jurisdictional 13-month average amounts of each class of capital for the test year ended December 31, 2012. It also shows the average cost rates and weighted cost components for each class of capital. Page 2 of this schedule shows how the jurisdictional adjusted capital structure was derived starting with the system amounts in column 1. Pages 3 and 4 show the calculation of the weighted cost rates for long-term debt, and page 5 shows the calculation of the weighted cost rate for preference stock.

Q. How were the cost rates for preference stock, long-term debt, short-term debt, customer deposits, and investment tax credits determined?

A. The cost rates for preference stock and long-term debt reflect their embedded 13-month average costs as calculated on pages 3 through 5 of Schedule 12. The projected interest rate assumptions used in the financial forecast are shown in MFR F-8. The assumptions used in the forecast for new issues were provided by SCS Finance and were based on the September 2010 market forecast by Moody's Analytics (formerly known as Moody's Economy.com). The customer deposit cost rate of 6.00 percent was based on the effective rate for the 2006 through 2009 historic period. The cost for investment tax credits of 8.45 percent was calculated in accordance with current IRS regulations and past Commission practice, using the weighted average of the three main investor sources of capital.

Q. Please explain how the jurisdictional capital structure was developed.

A. As shown on page 2 of Schedule 12, I started with the 13-month average total company capital structure by class of capital. These total company amounts were calculated based on the projected balances for each item in the capital structure from the balance sheet provided to me by Mr. Buck (Exhibit WGB-1, Schedule 7). In columns 2 through 5 and 7, I have identified five adjustments which were removed from specific classes of capital. The remaining adjustments required to reconcile the rate base and capital structure were made on a pro rata basis as shown in column 10.

Q. Please explain the five items for which you have made adjustments to specific classes of capital.

A. As shown in columns 2 and 3 on page 2, common dividends declared and unamortized debt premiums, discounts, issuing expenses and losses on reacquired debt are account specific and have been directly assigned to the common stock and long-term debt classes of capital, respectively. The third item, shown in column 4, is the removal of non-utility amounts from the common stock class of capital consistent with past Commission policy. The fourth item in column 5 reclassifies the unamortized loss related to interest rate hedges from common equity and deferred taxes to long-term debt. The last item, shown in column 7, is the removal of the UPS capital structure amounts. The UPS capital structure adjustments are consistent with past Commission decisions to remove all investments and expenses related to Plant Scherer from retail jurisdictional calculations since this plant's output is being sold to non-territorial wholesale customers. I specifically identified the deferred taxes and investment tax credits related to Plant Scherer and then allocated the remaining UPS investment over the other external sources of funds.

Q. Why is it appropriate to make the remaining adjustments on a pro rata basis?

A. When reconciling capital structure to rate base, it is appropriate and necessary to include all sources of funds to avoid potential inconsistencies in the treatment of like expenditures for regulatory purposes. The pro rata treatment is consistent with prior Commission practice and tax normalization problems could result if the treatment is not consistent for all regulatory purposes. Current Commission practice provides an overall return in the cost recovery clauses and AFUDC rate computations; therefore, the base rate treatment should be consistent with these other regulatory requirements to avoid normalization problems and inconsistent regulatory treatment.

Q. Does this conclude your discussion of how you developed the jurisdictional adjusted cost of capital?

A. Yes. These calculations, which are detailed in Schedule 12, result in a cost of capital of 7.05 percent based on a requested return on equity of 11.7 percent, which is supported in the testimony of Gulf Witness Dr. Vander Weide.

IV. REVENUE DEFICIENCY

Q. Based on the 2012 jurisdictional adjusted amounts for rate base of $1,676,004,000, NOI of $60,955,000, and the test year cost of capital of 7.05 percent, have you calculated Gulf's achieved rate of return and return on common equity for the test year if no rate relief is granted?

A. Yes. Without rate relief, Gulf's achieved rate of return will be 3.64 percent and the achieved return on common equity will be 2.83 percent for the test year, as shown on Schedule 13 of Exhibit RJM-1.

Q. Have you calculated the jurisdictional revenue deficiency for the test period brought about by the difference in Gulf's achieved jurisdictional rate of return of 3.64 percent and the test year cost of capital of 7.05 percent?

A. Yes. The revenue deficiency is $93,504,000, as calculated on Schedule 14, which references the schedule where each figure was derived. Schedule 15 shows the calculation of the NOI multiplier, which provides for the income taxes, FPSC Assessment Fees and uncollectible expenses needed in addition to the required after tax NOI in order for the Company to achieve the requested rate of return of 7.05 percent.

V. UPS ADJUSTMENTS

Q. You have previously mentioned that you are supporting the Plant Scherer UPS adjustments that have been used in developing the rate base, NOI, and capital structure in this filing. Please explain how these amounts were calculated.

A. The UPS amounts, which have been identified on Schedules 2, 4, and 12 of Exhibit RJM-1, were computed in the same manner as they were in Gulf's last two rate cases. The UPS rate base and NOI adjustments reflect the removal of all amounts related to Plant Scherer. These adjustments include all Scherer investment and expenses, including allocated amounts of general plant, working capital, and administrative and general expenses consistent with prior Commission treatment.

VI. O&M BENCHMARK ANALYSIS

Q. Has the Company prepared an O&M Benchmark variance by function?

A. Yes. The Benchmark variance by function is included in MFR C-41, and Schedule 16 of Exhibit RJM-1 shows the functional summary for the test year. As shown on Schedule 16, the Company's total adjusted O&M of $288,474,000 for the test year is $38,169,000 over the Benchmark. The justifications for each functional variance are included in MFR C-41 and are addressed by the appropriate Company witnesses.

Q. Please explain how the Benchmark variances were calculated.

A. The first step in the calculation of the Benchmark variances is to determine the base year O&M amounts. These are the adjusted 2002/2003 test year O&M expenses allowed in Gulf's last rate case. The derivation of the 2002/2003 allowed amounts by function is included in MFR C-39 and Schedule 17 of Exhibit RJM-1. The adjustments in columns 4 through 7 include the system amount of the Company and Commission adjustments, and column 8 reflects the system allowed O&M by function. This amount is included in column 3 of Schedule 16 of my Exhibit.

The second step is to escalate these base year amounts by the compound multipliers noted in column 4 of Schedule 16 in order to derive the Test Year Benchmark amounts included in column 5.

The third step is to calculate the adjusted 2012 test year O&M expense request by function included in column 6 of Schedule 16. The derivation of these figures is shown on MFR C-38 and Schedule 18 of Exhibit RJM-1.

The final step is to compare the test year requested O&M in column 6 of Schedule 16 to the Test Year Benchmark in column 5 in order to calculate the variance shown in column 7.

Q. How is the Benchmark used to evaluate the reasonableness of O&M expenses?

A. The Benchmark methodology escalates the base year approved expenses for each function by customer growth (except for Production) and inflation, as measured by the Consumer Price Index (CPI). If the projected test year expenses for any function exceed the Benchmark, this triggers a requirement that the Company explain the reasons for the variance. The Benchmark is thus a tool used to identify specific expense amounts that warrant further explanation and justification of the reasonableness of the test year request during the course of a rate case.

Q. What types of factors can cause test year expenses to exceed the Benchmark for a particular functional area?

A. Benchmark variances may be explained by a variety of factors. For example, an O&M increase due to the cost of compliance with a new regulatory requirement would be totally unrelated to either customer growth or inflation. Additionally, the CPI used to calculate the Benchmark is a measure of increases in the cost of a wide variety of consumer items. The cost of specific items relevant to the utility industry, such as the cost of steel used in construction or the cost of health care, may have escalated at a rate much higher than the CPI. As shown in Schedule 16 of Exhibit RJM-1, the Company's total adjusted O&M expense of $288,474,000 is $38,169,000 above the Benchmark. The witnesses for each functional area that had O&M expenses over its Benchmark explain the reasons for that variance.

VII. GENERAL PLANT INVESTMENT

Q. Schedule 2 shows a total of $2.6 billion of plant-in-service investment in Gulf's 2012 rate base in this case. Are the General Plant assets associated with these costs used and useful in the provision of electric service to the public?

A. Yes. The General Plant assets of $157,510,000 included in plant-in-service are used and useful in the provision of electric service.

Q. Were these General Plant costs reasonable and prudently incurred?

A. Yes. All General Plant projects are subject to the review and approval process and cost control monitoring which govern our capital budgeting process as described by Mr. Buck.

Q. What is Gulf's projected General Plant capital additions budget for 2011 and 2012?

A. As shown on Schedule 19 of my Exhibit, Gulf's General Plant capital additions budget for 2011 is $11,836,000 and for 2012 is $15,835,000. The major items included in the 2012 test year are:

• Automobiles, Trucks and Equipment	$2,563,000
• Pine Forest Building/ New Office Space	$8,795,000
• Office Facility Capital Items	$ 926,000
• IT Projects	$1,791,000
• Enterprise Solutions/GLSCAPE	$ 747,000
• Tools and Test Equipment	$ 750,000
• Other Projects	$ 263,000

Q. Please address what is included in the General Plant capital budget and how it is developed.

A. The General Plant capital budget items include the investment in facilities and equipment not specifically provided for in the other functional accounts. The major types of investment include office buildings and related office furniture and equipment, transportation equipment, communication equipment, and other miscellaneous equipment. The budget requests for these types of investment are coordinated and submitted at a Company level by the responsible Corporate area. Gulf Witness Moore discusses the test year amount for automobiles, trucks and equipment since this investment primarily supports the distribution and transmission business units. The general plant requests are included in the capital budget review and approval by the executives.

Q. How does Gulf control General Plant capital costs after the capital budget is approved?

A. As discussed by Mr. Buck, Corporate Planning requires detailed explanations quarterly for project variances of greater than 10 percent or $250,000 (whichever is lower). Variances less than $10,000 do not require variance explanations.

VIII. SOUTHERN COMPANY SERVICES

Q. Please provide an overview of Southern Company Services and its relationship to Gulf.

A. Southern Company Services (SCS) is a subsidiary of Southern Company which provides various services to Gulf and the other subsidiaries of Southern Company. Gulf receives many professional and technical services from SCS, such as general and design engineering for transmission and generation; system operations for the generating fleet and transmission grid; and various corporate services and support in areas such as accounting, supply chain management, finance, treasury, human resources, information technology, and wireless communications.

All services provided by SCS are provided at cost. Costs are determined and billed in two ways. Costs are directly assigned to the Company receiving the services when possible. Where direct assignment is not possible, costs are allocated among the subsidiaries receiving services based on a pre-approved cost allocator appropriate for the type of services performed. Typical allocators include employees, customers, loads, generating plant capacity, and financial factors. The methodology for developing the allocators is the same methodology used at the time of Gulf's last rate case. The allocators are approved by SCS and by management of the applicable operating companies and are updated annually based on objective historical information.

Q. What benefits does Gulf enjoy by obtaining these services from SCS?

A. Gulf and its customers receive several benefits. The existence of SCS avoids duplication of personnel in the various operating companies, provides economies of scale in purchasing and other activities, and enables Gulf to draw on shared experience from a centralized pool of professional talent. As one of the smaller operating companies, access to these shared resources is particularly valuable to Gulf, which otherwise would have to employ, for example, a group of generation planning personnel who might not be fully utilized on a continuous basis.

IX. PLANT CRIST SCRUBBER PROJECT – TURBINE UPGRADES

Q. How have the turbine upgrades related to the Crist Scrubber Project been treated in the Company's request for base rate relief in this filing?

A. Gulf has excluded the turbine upgrades to Crist Units 6 and 7 included in the Crist Scrubber Project from rate base and NOI in the ECRC adjustments included in my Schedules 2 and 4. These turbine upgrades were approved for recovery through the ECRC and have been properly removed in the adjustments to remove the investment and expenses for the recovery clauses. A portion of the turbine upgrades related to Unit 7 were completed in 2009, and the remaining turbine upgrade costs for Units 6 and 7 are scheduled to be placed in service in 2012. Gulf believes these costs are appropriate for recovery through the ECRC, and will request and justify recovery of these costs in its 2011 clause filing. Accordingly, Gulf has removed these costs from rate base in the ECRC adjustments on Schedules 2 and 4.

Q. If the Commission did not allow recovery of the full Crist Scrubber Project costs through the ECRC, would any action be required to address those costs in this rate proceeding?

A. Yes. In the event any portion of the Crist scrubber costs were not allowed for recovery through the ECRC, the adjustment I have made to exclude those costs from rate base would have to be reversed in order to permit their recovery through base rates. These projects are either in service already or will go into service during the test year and will be used and useful in providing service to customers. The Company is therefore entitled to recover these costs either through the clause or in base rates.

X. SUMMARY

Q. Please summarize your testimony.

A. Gulf's test year rate base is $1,676,004,000. The total system rate base amounts for 2012 were based upon the financial forecast provided to me by Mr. Buck. This amount is adjusted to remove the Plant Scherer UPS investment and make the other regulatory adjustments as shown on Schedule 2 of my exhibit. Mr. O'Sheasy then jurisdictionalized this adjusted amount in the cost of service study, which resulted in the jurisdictional adjusted amount reflected in the last column of Schedule 2. $1,676,004,000 represents the retail base rate investments that are used and useful in providing service to Gulf's retail customers during the test year and, as described by other witnesses, are reasonable and prudent.

Gulf's total jurisdictional NOI for the 2012 test year is $60,955,000. Like rate base, the calculation of NOI also began with the 2012 financial forecast provided to me by Mr. Buck. I then made the appropriate Plant Scherer UPS and regulatory adjustments as shown on Schedule 4 of my exhibit, and Mr. O'Sheasy made the jurisdictional allocations in the cost of service study. The O&M expenses included in the calculation of NOI are supported by witnesses from each functional area. I also calculated the

O&M Benchmark variance for the total company and for each function. Where the projected expenses for a particular functional area exceed the O&M Benchmark, the functional witnesses explain the reasons for that variance. The projected level of expense is reasonable and prudent to continue to provide reliable electric service to our customers, and it is representative of the level of expenses that will be incurred in the future.

I also developed the jurisdictional adjusted capital structure, and I calculated a weighted cost of capital of 7.05 percent for the test year. This cost is based on Gulf's actual or projected cost of each source of capital and a required return on equity of 11.7 percent as recommended by Dr. Vander Weide. This combination of jurisdictional adjusted rate base, NOI and weighted average cost of capital shows that Gulf requires a retail base revenue increase of $93,504,000 in order to have the opportunity to earn a fair rate of return on its investment in property used and useful in the provision of electric service. This increase is crucial to enable Gulf to make the investments and incur the costs required to continue to provide safe, efficient and reliable service to its customers.

I also discuss SCS and the associated benefits Gulf receives, including the numerous professional and technical services which are provided to Gulf at cost. Gulf's ability to obtain these services from SCS benefits our customers in a variety of ways, including cost savings due to economies of scale and access to the shared experience of a group of highly trained professionals that it would be impractical to try to replicate at the Company level.

Q. Mr. McMillan, does this conclude your testimony?

A. Yes.

AFFIDAVIT

STATE OF FLORIDA)
)
COUNTY OF ESCAMBIA)

Docket No. 110138-EI

Before me the undersigned authority, personally appeared Richard J. McMillan, who being first duly sworn, deposes, and says that he is the Corporate Planning Manager of Gulf Power Company, a Florida corporation, and that the foregoing is true and correct to the best of his knowledge, information, and belief. He is personally known to me.

Richard J. McMillan
Corporate Planning Manager

Sworn to and subscribed before me this 1st day of July, 2011.

Natalie Milstead
Notary Public, State of Florida at Large

Commission No. EE091117

My Commission Expires May 8, 2015

NATALIE MILSTEAD
MY COMMISSION # EE091117
EXPIRES May 08, 2015
(407) 398-0153 FloridaNotaryService.com

Responsibility for Minimum Filing Requirements

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A-4	Interim Revenue Requirements Increase Requested
B-1	Adjusted Rate Base
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B-5	Detail Of Changes In Rate Base
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Responsibility for Minimum Filing Requirements

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Gulf Power Company
13-Month Average Rate Base
for the Period Ended December 31, 2012
(Thousands of Dollars)

Description	(1) Total System	(2) Regulatory Adjustments	Adj #	(3) UPS Amounts	(4) Total System Adjusted	(5) Jurisdictional Factor **	(6) Jurisdictional Adjusted Rate Base
Plant-in-Service	4,070,412	(1,034,882)	(1-3)	(367,005)	2,668,525	0.9788452	2,612,073
Accumulated Depreciation and Amortization	1,412,339	(88,565)	(4-8)	(116,261)	1,207,513	0.9770686	1,179,823
Net Plant-in-Service	2,658,073	(946,317)		(250,744)	1,461,012	0.9803136	1,432,250
Plant Held for Future Use	5,665	27,687	(9)		33,352	0.9664488	32,233
Construction Work-in-Progress	323,143	(254,241)	(10-11)	(6,285)	62,617	0.9727710	60,912
Plant Acquisition Adjustment	2,414			(2,414)	-		
Net Utility Plant	2,989,295	(1,172,871)		(259,443)	1,556,981	0.9797133	1,525,395
Working Capital Allowance (Per Schedule 3)	179,814	(16,081)	(12)	(8,689)	155,044	0.9713952	150,609
Total Rate Base	3,169,109	(1,188,952)		(268,132)	1,712,025		1,676,004

* See Page 2

** See O'Sheasy Exhibit MTO-2

Gulf Power Company

Schedule of Adjustments to Test Year
13-Month Average Rate Base
for the Period Ended December 31, 2012
(Thousands of Dollars)

Description of Adjustments	(1) Total System Adjustment	(2) Jurisdictional Allocation Factor	(3) Total Jurisdictional Adjustment	(4) Jurisdictional Revenue Effect
(1) Plant-in-Service - Environmental Cost Recovery Clause	(1,017,798)	0.9662376	(983,435)	(113,331)
(2) Plant-in-Service - Conservation Cost Recovery Clause	(13,134)	1.0000000	(13,134)	(1,514)
(3) Plant-in-Service - AROs	(3,950)	0.9673813	(3,821)	(440)
(4) Accumulated Depreciation - Environmental Cost Recovery Clause	100,898	0.9662497	97,493	11,235
(5) Accumulated Depreciation - Conservation Cost Recovery Clause	(42)	1.0000000	(42)	(5)
(6) Accumulated Depreciation - AROs	(10,789)	0.9659809	(10,422)	(1,201)
(7) Accumulated Depreciation AMI: Amortize Old Meters	(886)	1.0000000	(886)	(102)
(8) Accumulated Depreciation AMI: Increase Depreciation for New Meters	(616)	1.0000000	(616)	(71)
(9) Plant Held for Future Use - Nuclear Site Costs	27,687	0.9662105	26,751	3,083
(10) CWIP - Interest Bearing	(232,012)	0.9727710	(225,695)	(26,009)
(11) CWIP - Non Interest Bearing - Environmental Cost Recovery Clause	(22,229)	0.9662007	(21,478)	(2,475)
(12) Working Capital Adjustments (See Schedule 3)	(16,081)	0.9713952	(15,621)	(1,800)
Total Adjustments	(1,188,952)		(1,150,906)	(132,630)

Florida Public Service Commission
Docket No.: 110138 - EI
GULF POWER COMPANY
Witness: R.J. McMillan
Exhibit No. ____ (RJM-1)
Schedule 2

Gulf Power Company
13-Month Average Working Capital
For the Period Ended December 31, 2012
(Thousands of Dollars)

Description	Property & Investments	Current Assets	Deferred Debits	Operating Reserves	Current Liabilities	Deferred Credits	Total
Total Company Working Capital Less Non - Utility	101,556	466,485	320,063	(184,148)	(190,092)	(334,050)	179,814
Less Regulatory Adjustments for:							
Items Earning or Paying a Return							
Funded Property Insurance Reserve	18,884			(18,884)			-
Funded Portion of Def Comp Assets	2,920					(2,920)	-
Loans To Employees & Retirees		63					63
Interest & Dividends Receivable		31					31
Deferred Nuclear Site Costs			28,734				28,734
Recovery Clause Items							
AEM Inventory (ECCR)		2,596					2,596
Environmental Allowances (ECRC)		8,164					8,164
Environmental Allowance & Deferred Gain (ECRC)						(665)	(665)
Other Regulatory Items							
Minimum Pension Funding (FAS 158)	4,381		72,164	(72,164)		(4,381)	-
PPA Deferred Assets and Liabilities			122,481			(122,481)	-
Hedge Assets and Liabilities			13,608		(13,608)		-
Increase in Property Insurance Reserve Accrual				1,650			1,650
Pensions and Other Post Retirement Benefits	(2,005)			(1,300)			(3,305)
Asset Retirement Obligation (FAS 143)			5,714	(11,470)		(12,981)	(18,737)
Unamort. 2011 Rate Case Expenses			(2,450)				(2,450)
Total Regulatory Adjustments	24,180	10,854	240,251	(102,168)	(13,608)	(143,428)	16,081
TOTAL ADJUSTED WORKING CAPITAL	77,376	455,631	79,812	(81,980)	(176,484)	(190,622)	163,733
Less: UPS Working Capital	0	18,095	1,959	(1,453)	(4,765)	(5,147)	8,689
TOTAL SYSTEM ADJUSTED ON SCHEDULE 2	77,376	437,536	77,853	(80,527)	(171,719)	(185,475)	155,044

Florida Public Service Commission
Docket No.: 110138 - EI
GULF POWER COMPANY
Witness: R.J. McMillan
Exhibit No. ____ (RJM-1)
Schedule 4

Gulf Power Company
Net Operating Income
For the Twelve Months Ended December 31, 2012
(Thousands of Dollars)

Description	(1) Total System	(2) Regulatory Adjustments *	Adjust No.	(3) UPS Amounts	(4) System Adjusted	(5) Jurisdictional Factor **	(6) Jurisdictional Adjusted NOI
Operating Revenues:							
Sales of Electricity	1,496,111	(968,365)	(1,2,3,4,6,8)	(59,652)	468,094	0.9721723	455,068
Other Operating Revenues	69,450	(38,233)	(5,7)	-	31,217	0.8598200	26,841
Total Operating Revenues	1,565,561	(1,006,598)		(59,652)	499,311	0.9651480	481,909
Operating Expenses:							
Operation & Maintenance							
Recoverable Fuel	678,925	(678,925)	(9-12)				
Recoverable Capacity	54,394	(54,394)	(13-14)				
Recoverable Conservation	19,311	(19,311)	(15)				
Recoverable Environmental	33,331	(33,331)	(16)				
Other Operation & Maintenance	300,874	(20)	(17-27)	(12,380)	288,474	0.9800918	282,731
Depreciation & Amortization	141,172	(36,427)	(28-31)	(7,604)	97,141	0.9798128	95,180
Amortization of Investment Credit	(1,304)			330	(974)	0.9794661	(954)
Taxes Other Than Income Taxes	105,485	(74,353)	(32-37)	(1,667)	29,465	0.9761751	28,763
Income Taxes:							
Federal	(58,692)	(29,235)	(38-39)	10,986	(76,941)	0.8305076	(63,900)
State	1,488	(4,861)	(38-39)	(283)	(3,656)	0.8305076	(3,036)
Deferred Income Taxes - Net							
Federal	114,151			(21,366)	92,785	0.8305076	77,058
State	7,598			(1,443)	6,155	0.8305076	5,112
Total Operating Expenses	1,396,733	(930,857)		(33,427)	432,449		420,954
Net Operating Income	168,828	(75,741)		(26,225)	66,862		60,955

* See Pages 2 and 3
** See O'Sheasy Exhibit MTO-2

Florida Public Service Commission
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GULF POWER COMPANY
Witness: R.J. McMillan
Exhibit No. ____ (RJM-1)
Schedule 4
Page 2 of 3

Gulf Power Company
Schedule of Adjustments to NOI
For the Twelve Months Ended December 31, 2012
Revenues
(Thousands of Dollars)

		(1)	(2)	(3)	(4)	(5)
Description of Adjustment	Schedule Reference	System Amount	Allocation Factor	Jurisdictional Amount	NOI Effect	Revenue Effect
(1) Fuel Clause Revenues	Schedule 5	(679,390)	Direct	(614,366)	(377,374)	616,858
(2) ECCR Revenues	Schedule 6	(22,003)	Direct	(22,003)	(13,515)	22,092
(3) PPCC Recovery Revenues	Schedule 7	(52,538)	Direct	(52,528)	(32,265)	52,741
(4) Envir Cost Recovery Clause Revs	Schedule 8	(182,389)	Direct	(176,447)	(108,383)	177,164
(5) Collection / Reconnect Fees		1,004	1.0000000	1,004	617	(1,009)
(6) Additional Sales Related to AMI Meters		575	1.0000000	575	353	(577)
(7) Franchise Fee Revenues		(39,237)	1.0000000	(39,237)	(24,101)	39,396
(8) Gross Receipts Revenues		(32,620)	1.0000000	(32,620)	(20,037)	32,753
Total Revenue Adjustments		(1,006,598)		(935,622)	(574,705)	939,418

Gulf Power Company
Schedule of Adjustments to NOI
For the Twelve Months Ended December 31, 2012
Expenses
(Thousands of Dollars)

Adj No.	Description of Adjustment	Schedule Reference	(1) System Amount	(2) Allocation Factor	(3) Jurisdictional Amount	(4) NOI Effect	(5) Revenue Effect
(9)	Total Fuel Expense	Schedule 5	(601,079)	0.9095527	(546,713)	335,818	(548,930)
(10)	Interchange Energy-Fuel Portion	Schedule 5	(77,246)	0.8629703	(66,661)	40,947	(66,932)
(11)	Purchase Power Transm Recov Through Fuel	Schedule 5	(300)	0.9666667	(290)	178	(291)
(12)	Peabody Litigation Fees	Schedule 5	(300)	0.9666667	(290)	178	(291)
(13)	Capacity Related Production	Schedule 7	(52,037)	0.9650187	(50,217)	30,846	(50,421)
(14)	Transm Expenses Recov Through Capacity	Schedule 7	(2,357)	0.9650187	(2,275)	1,397	(2,284)
(15)	Conservation Expense in O&M	Schedule 6	(19,311)	1.0000000	(19,311)	11,862	(19,390)
(16)	Environmental Cost Recovery Clause O&M	Schedule 8	(33,331)	0.9667877	(32,224)	19,794	(32,355)
(17)	Marketing Supp Act		(87)	1.0000000	(87)	53	(87)
(18)	Wholesale Sales Exp		(211)	1.0000000	(211)	130	(212)
(19)	Institutional Advertising		(130)	0.9821740	(128)	79	(129)
(20)	Economic Development Expenses		(53)	1.0000000	(53)	33	(54)
(21)	Management Financial Planning		(13)	0.9821740	(13)	8	(13)
(22)	Increase in Property Insurance Accrual		3,300	0.9616311	3,173	(1,949)	3,186
(23)	Tallahassee Liason Expenses O&M		(394)	0.9821740	(387)	238	(389)
(24)	Amortization of Rate Case Expenses		700	1.0000000	700	(430)	703
(25)	Decrease in Uncollectible Expense		(206)	1.0000000	(206)	127	(208)
(26)	Decrease in Customer Accounting Expense (AMI)		(235)	0.9998353	(235)	144	(235)
(27)	Pension and Other Post Retirement Benefits		(2,691)	0.9821740	(2,643)	1,623	(2,653)
(28)	Environmental Cost Recovery Depreciation	Schedule 8	(39,174)	0.9669424	(37,879)	23,267	(38,032)
(29)	ECCR Depreciation	Schedule 6	(352)	1.0000000	(352)	216	(353)
(30)	Amortization of Old Meters (AMI Implementation)		1,772	1.0000000	1,772	(1,088)	1,778
(31)	Increase in Depreciation of AMI Meters		1,327	1.0000000	1,327	(815)	1,332
(32)	Conservation Expense in Other Taxes	Schedule 6	(450)	1.0000000	(450)	276	(451)
(33)	Franchise Fee Expense		(38,228)	1.0000000	(38,228)	23,482	(38,384)
(34)	Payroll Taxes - Tallahassee Liason Expenses		(19)	0.9824645	(19)	12	(20)
(35)	Environmental Expense in Other Taxes	Schedule 8	(1,419)	0.9661734	(1,371)	842	(1,376)
(36)	Gross Receipts Tax		(33,616)	1.0000000	(33,616)	20,649	(33,753)
(37)	FPSC Assessment Fee	Schedule 9	(621)	1.0000000	(621)	381	(623)
	Subtotal		(896,761)		(827,508)	508,298	(830,867)
(38)	Tax Effect of Adjustments - Federal	Schedule 10	(36,329)	n/a	(35,759)	-	-
	- State		(6,041)	n/a	(5,946)	-	-
(39)	Tax Effect of Interest Synchronization	Schedule 11					
	- Federal		7,094	0.9867494	7,000	(7,000)	11,442
	- State		1,180	0.9864407	1,164	(1,164)	1,903
	Total Expense Adjustments		(930,857)		(861,049)	500,134	(817,522)

Gulf Power Company
Fuel Revenues and Expenses
For the Twelve Months Ended December 31, 2012
(Thousands of Dollars)

		System Amount	Retail Amount
Fuel Revenues:			
Retail Fuel Clause Revenues		573,239	573,239
Territorial Wholesale Fuel Revenues		19,347	-
Non-Territorial Fuel Revenues			
Associated Companies Sales		35,724	34,360
Unit Power Sales		44,085	-
Opportunity Sales		6,995	6,767
Total Fuel Revenues	Adj. 1	679,390	614,366
Fuel Expenses:			
Fuel Expense per the Income Statement	Adj. 9	601,079	546,713
Interchange Energy-Fuel Portion	Adj. 10	77,246	66,661
Purchase Power Transm Recov Through Fuel	Adj. 11	300	290
Peabody Litigation Fees	Adj. 12	300	290
Total Fuel Expenses		678,925	613,954
Revenue Taxes @ 0.072% (All Retail)	Adj. 37	412	412
Total Fuel-Related Costs		679,337	614,366
Net Over (Under) Recovery of Fuel Expenses		53	-

Gulf Power Company
Conservation Revenues and Expenses
For the Twelve Months Ended December 31, 2012
(Thousands of Dollars)

		System Amount	Retail Amount
ECCR Clause Revenues	Adj. 2	22,003	22,003
ECCR Clause Expenses:			
ECCR O&M Expense			
Customer Service & Info.		18,070	18,070
Administrative & General		1,241	1,241
Total ECCR O&M Expense	Adj.15	19,311	19,311
ECCR Clause Depreciaton Expense	Adj.29	352	352
ECCR Clause Expenses in Other Taxes			
Property Taxes		146	146
Payroll Taxes		304	304
Total ECCR Clause Expenses in Other Taxes	Adj.32	450	450
Revenue Taxes @ 0.072%	Adj. 37	16	16
Carrying Costs of ECCR Clause Investment		1,789	1,789
Total ECCR Clause Expenses		21,918	21,918
Net Over (Under) Recovery of ECCR Clause Expenses		85	85

Gulf Power Company
Purchase Power Recovery Clause Revenues and Expenses
For the Twelve Months Ended December 31, 2012
(Thousands of Dollars)

		System Amount	Retail Amount
PPCC Revenues:			
Retail PPCC Revenues		52,263	52,263
Transmission Revenues Credited to Retail Cust in Capacity Clause		275	265
Total PPCC Recovery Clause Revenues	Adj. 3	52,538	52,528
PPCC Recovery Clause Expenses:			
PPCC Recovery Clause Expense in O&M	Adj. 13	52,037	50,217
Transmission Capacity	Adj. 14	2,357	2,275
Revenue Taxes @ 0.072% (All Retail)	Adj. 37	37	37
Total PPCC Recovery Clause Expenses		54,431	52,529
Net Over (Under) Recovery of PPCC Expenses		(1,893)	(1)

Gulf Power Company
Environmental Cost Recovery Revenues and Expenses
For the Twelve Months Ended December 31, 2012
(Thousands of Dollars)

		System Amount	Retail Amount
Environmental Revenues			
Retail Environmental Clause Revenues		176,447	176,447
Wholesale Environmental Clause Revenues		5,942	-
Total Environmental Clause Revenues	Adj. 4	182,389	176,447
Environmental Expenses			
ECRC Expense in O&M			
Production O&M		30,440	29,434
Distribution O&M		2,185	2,107
Admin. & General O&M		706	683
Total ECRC Expense in O&M	Adj. 16	33,331	32,224
Depreciation	Adj. 28	39,174	37,879
Taxes Other Than Income Taxes			
Revenue Taxes (All Retail)	Adj. 37	127	127
Property & Payroll Taxes	Adj. 35	1,419	1,371
Carrying Costs on ECRC Investment		107,353	103,801
Total Environmental Expenses		181,404	175,402
Environmental Over/Under Recovery		985	1,045

Gulf Power Company
FPSC Assessment Fees
For the Twelve Months Ended December 31, 2012
(Thousands of Dollars)

		Retail Revenue Amount	FPSC Assessment Fee at .072%
Revenue Adjustments:			
Retail Fuel Clause Revenues (Sch. 5)	Sch. 5	573,239	412
ECCR Revenues (Sch. 6)	Sch. 6	22,003	16
Purchased Power Capacity Cost Revenues (Sch. 7)	Sch. 7	52,263	37
Retail Environmental Cost Recovery Revenues (Sch. 8)	Sch. 8	176,447	127
Franchise Fee Revenues (Sch. 4, p. 2 of 3)	Sch. 4, p.2 of 3	39,237	28
Collect/Reconnect & AMI Sales Revenues	Adjs. 5 & 6	1,579	1
Total FPSC Assessment Fee	Adj. 37		621

Gulf Power Company
Income Taxes Adjustments
For the Twelve Months Ended December 31, 2012
(Thousands of Dollars)

		System Amount
Adjustment Due to Revenue and Expense Adjustments		
Revenue Adjustments (Schedule 4, p.2 of 3)	Adjs. 1 - 8	(1,006,598)
Expense Adjustments (Schedule 4, p. 3 of 3)	Adjs. 9 - 37	(896,761)
Net Decrease to Taxable Income		(109,837)
Federal Income Tax @ 33.075%	Adj. 38	(36,329)
State Income Tax @ 5.5%	Adj. 38	(6,041)
Total	Adj. 38	(42,370)

Gulf Power Company
Interest Synchronization Adjustment
For the Twelve Months Ended December 31, 2012
(Thousands of Dollars)

Interest Synchronization

	Amount	Cost Rate	Expense
Total Company			
Bonds	778,323	5.48%	42,652
Short-Term Debt	21,218	2.12%	450
Customer Deposits	22,554	6.00%	1,353
ITC-Debt Component	1,833	5.48%	100
Total Synchronized Interest			44,555
Total Company Interest Expense			66,002
Difference			(21,447)
Federal Income Tax @ 33.075%		Adj. 39	7,094
State Income Tax @ 5.5%		Adj. 39	1,180
Total			8,274
Jurisdictional			
Bonds	658,459	5.48%	36,084
Short-Term Debt	17,955	2.12%	381
Customer Deposits	21,264	6.00%	1,276
ITC-Debt Component	1,401	5.48%	77
Total Synchronized Interest			37,818
Total Company Interest Expense		66,002	
Less: Unit Power Sales Interest		5,751	
		60,251	
Jurisdictional Factor		0.9789600	58,983
Difference			(21,165)
Federal Income Tax @ 33.075%		Adj. 39	7,000
State Income Tax @ 5.5%		Adj. 39	1,164
Total			8,164

Gulf Power Company
13-Month Average Jurisdictional Cost of Capital
For the Period Ended December 31, 2012
(Thousands of Dollars)

Item Description	(A) Jurisdictional Capital Structure (000's)	(B) Ratio %	(C) Cost Rate %	(D) Weighted Cost Rate %
Long-Term Debt	658,459	39.29	5.48	2.15
Short-Term Debt	17,955	1.07	2.12	0.02
Preference Stock	73,077	4.36	6.65	0.29
Common Equity	645,222	38.50	11.70	4.50
Customer Deposits	21,264	1.27	6.00	0.08
Deferred Taxes	257,098	15.34	0.00	0.00
Investment Credit - Weighted Cost	2,929	0.17	8.45	0.01
Total	1,676,004	100.00		7.05

GULF POWER COMPANY
13-Month Average Capital Structure
December 31, 2012
(Thousands of Dollars)

Description	(1) Total Company	(2) Less: Common Dividends Declared	(3) Less: Unamort. Prem., Disc., Issuance Exp. & Loss On Reacquired Debt	(4) Less: Non-Utility Adjs.	(5) Less: Unamort. Loss or Gain on Hedge	(6) Subtotal	(7) Less: Unit Power Sales Investment	(8) Subtotal	(9) Ratio	(10) Other Rate Base Adjs.	(11) Total Adjusted Captial Structure Net of UPS	(12) Juris. Factor	(13) Juris. Capital Structure
Long Term Debt	1,274,772		28,341		3,040	1,243,391	103,362	1,140,029	0.39298100	467,236	672,793	0.9786954	658,459
Short-Term Debt	33,897					33,897	2,811	31,086	0.01071570	12,740	18,346	0.9786954	17,955
Preference Stock	137,998					137,998	11,475	126,523	0.04361390	51,855	74,668	0.9786954	73,077
Common Equity	1,210,761	(18,277)		12,518	(1,868)	1,218,388	101,279	1,117,109	0.38508030	457,842	659,267	0.9786954	645,222
Customer Deposits	36,031					36,031		36,031	0.01242030	14,767	21,264	1.0000000	21,264
Deferred Taxes	492,124				(1,172)	493,296	48,169	445,127	0.15344040	182,433	262,694	0.9786954	257,098
Investment Credit - Weighted Costs	6,108					6,108	1,036	5,072	0.00174840	2,079	2,993	0.9786954	2,929
Total	3,191,691	(18,277)	28,341	12,518	-	3,169,109	268,132	2,900,977	1.00000000	1,188,952	1,712,025		1,676,004

GULF POWER COMPANY
13-Month Average Cost of Long-Term Debt
at December 31, 2012

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Issue	Issue Date	Maturity Date	Principal	Unamortized Prem.,Disc., Issuing Exp. & Loss on Reacquired Debt	Unamortized Loss/(Gain) on Hedge	Net (4) - (5) - (6)	Amortization Prem.,Disc., Issuing Exp. & Loss on Reacquired Debt	Amort Loss/(Gain) on Hedge	Interest (1) x (4)	Annual Total Cost (8) + (9) + (10)
Senior Notes and Other Long Term Debt										
4.35% Senior Note	7/22/2003	7/15/2013	60,000	67	327	59,606	64	327	2,610	3,001
4.9% Senior Note	9/22/2004	10/1/2014	75,000	160	0	74,840	71	0	3,675	3,746
5.25% Senior Note	7/22/2003	7/15/2033	60,000	2,192	0	57,808	104	0	3,150	3,254
5.3% Senior Note	12/6/2006	12/1/2016	110,000	436	2,392	107,172	99	540	5,830	6,469
5.6% Senior Note	3/26/2003	4/1/2033	61,971	2,233	0	59,738	108	0	3,470	3,578
5.65% Senior Note	8/30/2005	9/1/2035	60,000	758	0	59,242	33	0	3,390	3,423
5.06% Senior Note	9/17/2010	9/16/2040	125,000	1,202	0	123,798	43	0	6,325	6,368
5.9% Senior Note	6/12/2007	6/15/2017	85,000	397	(1,497)	86,100	80	(303)	5,015	4,792
4.75% Senior Note	4/13/2010	4/15/2020	175,000	1,039	(1,189)	175,150	133	(153)	8,313	8,293
6.5% Senior Note	4/1/2011	3/31/2041	120,000	0	0	120,000	0	0	7,800	7,800
8.05% Senior Note	12/1/2012	11/30/2042	3,077 *	0	0	3,077	0	0	248	248
7.7% Senior Note	3/1/2012	2/28/2042	30,769 *	0	0	30,769	0	0	2,369	2,369
Pollution Control Bonds										
4.8% PCB	9/26/2002	9/1/2028	13,000	550	0	12,450	34	0	624	658
5.25% PCB	4/17/2008	9/1/2037	42,000	1,472	0	40,528	58	0	2,205	2,263
5.625% PCB	11/25/2008	7/1/2022	37,000	643	0	36,357	64	0	2,081	2,145
6.0% PCB	4/16/2003	2/1/2026	29,075	1,012	0	28,063	74	0	1,745	1,819
VAR% PCB	7/1/1997	7/1/2022	3,930	22	0	3,908	2	0	88	90
VAR% PCB	3/31/2009	4/1/2039	65,400	852	0	64,548	32	0	1,471	1,503
VAR% PCB	4/8/2008	6/1/2023	32,550	580	0	31,970	53	0	1,120	1,173
VAR% PCB	3/31/2009	4/1/2039	65,000	561	0	64,439	21	0	2,875	2,896
VAR% PCB	6/3/2010	5/31/2040	21,000	377	0	20,623	13	0	471	484

* Amount represents 13-month average of principal outstanding as of December 31, 2012

GULF POWER COMPANY
13-Month Average Cost of Long-Term Debt
at December 31, 2012

(1) Issue	(2) Issue Date	(3) Maturity Date	(4) Principal	(5) Unamortized Prem.,Disc., Issuing Exp. & Loss on Reacquired Debt	(6) Unamortized Loss/(Gain) on Hedge	(7) Net (4) - (5) - (6)	(8) Amortization Prem.,Disc., Issuing Exp. & Loss on Reacquired Debt	(9) Amort Loss/(Gain) on Hedge	(10) Interest (1) x (4)	(11) Annual Total Cost (8) + (9) + (10)
Reacquired Debt										
Gulf - FMB, 10 1/8% Series Due 2016	2/19/1986	2/1/2016	0	607	0	(607)	169	0	0	169
Gulf - FMB, 6 7/8% Series Due 2026	1/1/1996	1/1/2026	0	1330	0	(1,330)	99	0	0	99
Gulf - FMB, 8 3/4% Series Due 2021	11/1/1991	11/1/2021	0	1428	0	(1,428)	152	0	0	152
Gulf - PCB, $39M Var Rate PCB Esc Cnty	7/1/1997	7/1/2022	0	435	0	(435)	43	0	0	43
Gulf - PCB, 10 1/2% Series Due 2014	12/1/1984	12/1/2014	0	176	0	(176)	73	0	0	73
Gulf - PCB, 10% Series Due 2013	8/24/1983	8/1/2013	0	56	0	(56)	51	0	0	51
Gulf - PCB, 12 3/5% Series Due 2012	8/1/1982	8/1/2012	0	14	0	(14)	46	0	0	46
Gulf - PCB, 5 1/2% Series Due 2026	2/1/1996	2/1/2026	0	251	0	(251)	18	0	0	18
Gulf - PCB, 5.7% Series Due 2023	11/1/1993	11/1/2023	0	122	0	(122)	11	0	0	11
Gulf - PCB, 5.8% Series Due 2023	6/1/1993	6/1/2023	0	276	0	(276)	25	0	0	25
Gulf - PCB, 6 3/4% Series Due 2022	3/1/1992	3/1/2022	0	194	0	(194)	20	0	0	20
Gulf - PCB, 6.2% Series Due 2023	4/1/1993	4/1/2023	0	161	0	(161)	15	0	0	15
Gulf - PCB, 6.3% Series Due 2024	9/1/1994	9/1/2024	0	238	0	(238)	20	0	0	20
Gulf - PCB, 6.7% Sr Insur Qrtly Due 2038	7/1/2008	7/1/2038	0	1059	0	(1,059)	41	0	0	41
Gulf - PCB, 7.125% Series Due 2021	4/1/1991	4/1/2021	0	326	0	(326)	37	0	0	37
Gulf - PCB, 8 1/4% Series Due 2017	6/1/1987	6/1/2017	0	322	0	(322)	65	0	0	65
Gulf - PCB, VAR RATE Series Due 2024	9/1/1994	9/1/2024	0	107	0	(107)	9	0	0	9
Gulf - SNR, 6.0% Sr Note Series E Due 2012	1/30/2002	1/30/2012	0	1	0	(1)	20	0	0	20
Gulf - SNR, 6.10% SR INS Series Due 2016	10/18/2001	9/30/2016	0	533	0	(533)	125	0	0	125
Gulf - SNR, 7.50% Series Due 2037	8/1/1997	6/30/2037	0	463	0	(463)	19	0	0	19
Gulf - Trust, Amort Loss 7% Capital Trust II	10/17/1997	10/17/2037	0	1005	0	(1,005)	40	0	0	40
Gulf - Trust, Cap Trust 1 Due 2037 7.625	12/1/1997	12/31/2037	0	900	0	(900)	35	0	0	35
Gulf - Trust, Capital Trust IV Due 11/30/2042	11/30/2002	11/30/2042	0	444	0	(444)	29	0	0	29
Gulf - Trust, Captial Trust III	9/30/2001	9/30/2041	0	832	0	(832)	15	0	0	15
Gulf - SNR, 5.75%, 40M, 2033	9/16/2003	9/15/2033	0	1523	0	(1,523)	72	0	0	72
Gulf - SNR - 5.875%, 35M, 2044	4/13/2004	4/1/2044	0	988	0	(988)	31	0	0	31
Gulf - VAR % Bank Note	6/9/2008	4/1/2011	0	0	3,007	(3,007)	0	522	0	522
Total Long-Term Debt			1,274,772	28,341	3,040	1,243,391	2,368	932	64,875	68,175
Embedded Cost of Long-Term Debt										5.48%
Less: Adjustment for Unit Power Sales			103,362	0	0	103,362	0	0	5,665	5,665
Long-Term Debt net of UPS			1,171,410	28,341	3,040	1,140,029	2,368	932	59,210	62,510
Embedded Cost of Long-Term Debt net of UPS										5.48%

GULF POWER COMPANY
13-Month Average Cost of Preference Stock
at December 31, 2012

Issue	(1) After-Tax Cost Rates (A)	(2) Issue Date	(3) Call Provisions or Special Restrictions	(4) Principal Amount Sold	(5) Issue Expense	(6) Net Proceeds (4)-(5)	(7) Dividends Declared and Paid (1)x(4)	(8) Cost of Money (7) / (6)
Preference Stock								
6.00%	6.00%	11-15-05	Note 1	55,000	1,114	53,886	3,300	6.12%
6.45%	6.45%	10-19-07	Note 2	45,000	888	44,112	2,903	6.58%
7.45%	7.45%	11-01-11		40,000	-	40,000	2,980	7.45%
Total Preference Stock				140,000	2,002	137,998	9,183	6.65%
Less: Adjustment for Unit Power Sales				11,475		11,475	763	
Preference Stock net of UPS				128,525		126,523	8,420	6.65%

Note 1: The Company shall have the right to redeem Preference Stock, without premium, from time to time, on or after November 15, 2010, upon notice, at a redemption price equal to $100.00 per share plus accrued and unpaid dividends.

Note 2: The Company shall have the right to redeem the Preference Stock, from time to time, per the calculation outlined in the prospectus dated November 20, 2006.

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Gulf Power Company
FPSC Adjusted Achieved Rate of Return and Return on Common Equity For the Test Year Ended 12/31/2012 (Thousands of Dollars)

	Schedule Reference	Amount
Jurisdictional Adjusted NOI Achieved	4	60,955
Divide by Jurisdictional Adjusted Rate Base	2	1,676,004
Acheived Rate of Return		3.64
Less: Retail Weighted Cost Rates (7.05% - 4.50%)	12	2.55
Return Available for Common Equity		1.09
Divide by Jurisdictional Adjusted Common Equity Ratio	12	38.50
Achieved Jurisdictional Return on Common Equity		2.83%

Gulf Power Company
Calculation of Revenue Deficiency
For the Test Year Ended 12/31/2012
(Thousands of Dollars)

	Schedule Reference	Amount
Adjusted Jurisdictional Rate Base	2	1,676,004
Reqested Jurisdictional Rate of Return	12	7.05%
Jurisdictional NOI Required		118,158
Less: Achieved Adjusted Jurisdictional NOI	4	60,955
Return Requirement (After Taxes)		57,203
Net Operating Income Multiplier	15	1.634607
Revenue Deficiency		93,504

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Gulf Power Company

Revenue Expansion Factor & NOI Multiplier
For the Test Year Ended
12/31/2012

Line No.	Description	Percent	Percent
1	Revenue Requirement		100.0000
2	Regulatory Assessment Rate		0.0720
3	Bad Debt Rate		0.3321
4	Net Before Income Taxes (1) - (2) - (3)		99.5959
5	State Income Tax Rate	5.5	5.5000
6	State Income Tax (4) x (5)		5.4778
7	Net Before Federal Income Tax (4) - (6)		94.1181
8	Federal Income Tax Rate	35.0	35.0000
9	Federal Income Tax (7) x (8)		32.9413
10	Revenue Expansion Factor (7) - (9)		61.1768
11	Net Operating Income Multiplier (100% / Line 10)		1.634607

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TOTAL ADJUSTED O&M LESS FUEL, PURCHASED POWER, ECCR AND ECRC

BENCHMARK VARIANCE BY FUNCTION

2002/2003 ALLOWED COMPARED TO TEST YEAR REQUEST EXPENSES

Line No. (1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Description	2002/2003 Allowed	Compound Multiplier	Test Year Benchmark (3) X (4)	Test Year Request	Variance
2	Steam Production	70,695	1.25340	88,609	98,574	9,965
3	Other Production	3,878	1.25340	4,861	7,801	2,940
4	Other Power Supply	2,423	1.25340	3,037	4,513	1,476
5	Total Production	76,996	1.25340	96,507	110,888	14,381
6	Transmission	8,196	1.42797	11,704	11,609	(95)
7	Distribution	31,561	1.42797	45,068	41,596	(3,472)
8	Customer Accounts	16,617	1.42797	23,729	24,282	553
9	Customer Service & Information	9,893	1.42797	14,127	20,687	6,560
10	Sales	1,004	1.42797	1,434	959	(475)
11	Administrative & General	40,432	1.42797	57,736	78,453	20,717
12	**Total Adjusted O & M**	184,699		250,305	288,474	38,169

BENCHMARK YEAR RECOVERABLE O&M EXPENSES BY FUNCTION

(1) Line No.	(2) Function	(3) 2002/2003 System Per Books	(4) Eliminate Recoverable Fuel and Purchased Power	(5) Eliminate Recoverable ECRC	(6) Eliminate Recoverable ECCR	(7) Other Regulatory O&M Adjustments	(8) 2002/2003 Adjusted System Amount
1	Production	411,855	(326,471)	(2,317)	0	(6,071)	76,996
2	Transmission	8,089	(200)	283	0	24	8,196
3	Distribution	33,799	0	(1,165)	0	(1,073)	31,561
4	Customer Accounts	16,605	0	0	0	12	16,617
5	Customer Service & Information	13,907	0	0	(3,991)	(23)	9,893
6	Sales Expense	1,363	0	0	0	(359)	1,004
7	Administrative & General	42,178	0	0	(321)	(1,425)	40,432
8	Total O&M Expenses by Function	527,796	(326,671)	(3,199)	(4,312)	(8,915)	184,699

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O&M ADJUSTMENTS BY FUNCTION

(1) Line No.	(2) Function	(3) Test Year System Per Books	(4) Direct Fuel, Fuel-Related Expenses and Purchased Power	(5) ECCR	(6) ECRC	(7) Tallahassee Liason Expenses	(8) Plant Scherer/ UPS	(9) Marketing Support Activities	(10) Management Financial Planning	(11) Economic Development
1	Production									
2	Steam Production	580,028	(440,918)		(30,407)		(10,129)			
3	Other Production	167,995	(160,161)		(33)					
4	Other Power Supply	134,007	(129,283)							
5	Total Production	882,030	(730,362)	0	(30,440)	0	(10,129)	0	0	0
6	Transmission	14,269	(2,657)				(3)			
7	Distribution	43,781			(2,185)					
8	Customer Accounts	24,723								
9	Customer Service & Information	38,757		(18,070)						
10	Sales Expenses	1,097						(87)		(51)
11	Administrative & General	82,178	(300)	(1,241)	(706)	(394)	(2,248)		(13)	(2)
12	Total Adjustments	1,086,835	(733,319)	(19,311)	(33,331)	(394)	(12,380)	(87)	(13)	(53)

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O&M ADJUSTMENTS BY FUNCTION

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Line No.	Function	AMI Expense	Wholesale Sales Expense	Advertising	Rate Case Expenses	Property Insurance Reserve	Uncollectible Expense	Other Post Retirement Benefits	Subtotal Adjustments	Total Adjusted O&M
1	Production									
2	Steam Production								(481,454)	98,574
3	Other Production								(160,194)	7,801
4	Other Power Supply		(211)						(129,494)	4,513
5	Total Production	0	(211)	0	0	0	0	0	(771,142)	110,888
6	Transmission								(2,660)	11,609
7	Distribution								(2,185)	41,596
8	Customer Accounts	(235)					(206)		(441)	24,282
9	Customer Service & Information								(18,070)	20,687
10	Sales Expenses								(138)	959
11	Administrative & General			(130)	700	3,300		(2,691)	(3,725)	78,453
12	Total Adjustments	(235)	(211)	(130)	700	3,300	(206)	(2,691)	(798,361)	288,474

Gulf Power Company
General Plant Capital Additions
For the Prior Year Ended 12/31/2011 and Test Year Ended 12/31/2012
(Thousands of Dollars)

	Year 2011	Year 2012
Office Furniture & Mechanical Equip.	135	108
Misc. Buildings Land And Equip.	251	359
Corporate Office Cooling Tower	241	459
Security	41	41
Automobiles Auto Trucks & Equip.	1,700	2,563
Av Equip/Print Services	45	72
Telecommunications Wireless & Scada	203	100
Power Delivery Technology Improvements	61	73
Voice & Data Converged Network	890	1,000
Telecommunications Transport & Facilities	575	518
Field Computing	50	100
Destin Roof Replacement	375	0
T&D Warehouse Equipment Replacement	150	150
Pine Forest Land	400	0
Pineforest Building/New Office Space	2,075	8,795
Accounting, Supply Chain, & Workorder Management Systems	4,023	747
Power Control Center	5	0
Tools And Test Equipment - Distribution	366	500
Tools And Test Equipment - Transmission	250	250
General Plant Capital Additions Total	11,836	15,835

GULF POWER COMPANY COMPLEMENT ANALYSIS 2010 Actual vs 2012 Budget						
	2010	2012	Variance			
	Actual	Budget	Clause	Capital	O&M	Total
Customer Operations	**743**	**843**	**28**	**36**	**36**	**100**
Customer Service	193	200	-	-	7	7
Customer Operations Support	7	7	-	-	-	-
Transportation	15	18	-	2	1	3
Power Delivery	343	385	-	24	18	42
Transmission	92	105	-	9	4	13
Energy Sales, Service and Efficiency	93	128	28	1	6	35
Production	**342**	**394**	**2**	**4**	**46**	**52**
Power Generation Office	7	8	-	-	1	1
Plant Crist	208	228	2	4	14	20
Plant Smith	101	124	-	-	23	23
Plant Scholz	26	34	-	-	8	8
Corporate Support	**245**	**252**	**1**	**2**	**4**	**7**
Grand Total	**1,330**	**1,489**	**31**	**42**	**86**	**159**

Notes: Figures include budgeted vacancies, part-time, intern, summer, temporary, co-op & CBE students (excludes WF High School (ACE) students).

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