

**GULF POWER COMPANY
COST RECOVERY CLAUSES
ACT/EST 2021 GULF WACC @10.25%**

CAPITAL STRUCTURE AND COST RATES (a)

	Adjusted Retail	Ratio	Midpoint Cost Rates	Weighted Cost	Pre-Tax Weighted Cost
Long term debt	1,037,073,333	30.723%	2.64%	0.8101%	0.81%
Short term debt	238,450,020	7.064%	0.63%	0.0443%	0.04%
Preferred stock	0	0.000%	0.00%	0.0000%	0.00%
Customer Deposits	22,754,205	0.674%	2.64%	0.0178%	0.02%
Common Equity (b)	1,467,537,622	43.475%	10.25%	4.4562%	5.90%
Deferred Income Tax	594,149,179	17.601%	0.00%	0.0000%	0.00%
Investment Tax Credits					
Zero cost	0	0.000%	0.00%	0.0000%	0.00%
Weighted cost	15,645,284	0.463%	7.10%	0.0329%	0.04%
TOTAL	\$3,375,609,644	100.00%		5.36%	6.82%

CALCULATION OF THE WEIGHTED COST FOR INVESTMENT TAX CREDITS

	Adjusted Retail	Ratio	Cost Rate	Weighted Cost	Pre-Tax Cost
LONG TERM DEBT	\$1,037,073,333	41.41%	2.637%	1.092%	1.092%
PREFERRED STOCK	0	0.00%	0.000%	0.000%	0.000%
COMMON EQUITY	1,467,537,622	58.59%	10.250%	6.006%	7.957%
TOTAL	\$2,504,610,955	100.00%		7.098%	9.049%

RATIO

DEBT COMPONENTS:

LONG TERM DEBT	0.8101%
SHORT TERM DEBT	0.0443%
CUSTOMER DEPOSITS	0.0178%
TAX CREDITS -WEIGHTED	0.0051%
TOTAL DEBT	0.8773%

EQUITY COMPONENTS:

PREFERRED STOCK	0.0000%
COMMON EQUITY	4.4562%
TAX CREDITS -WEIGHTED	0.0278%
TOTAL EQUITY	4.4840%
TOTAL	5.3613%
PRE-TAX EQUITY	5.9408%
PRE-TAX TOTAL	6.8181%

Note:

(a) Forecasted capital structure includes a deferred income tax proration adjustment consistent with FPSC Order No. PSC-2020-0165-PAA-EU, Docket No. 20200118-EU.

(b) Cost rate for common equity represents Gulf's mid-point return on equity approved by the FPSC in Order No. PSC-17-0178-S-EI, Docket Nos. 160186-EI and 160170-EI.