FORM 8-K

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GULF POWER CO

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SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) February 16, 1994

GULF POWER COMPANY

(Exact name of registrant as specified in its charter)

Maine	0-2429	59-0276810
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

500 Bayfront Parkway, Pensacola, Florida	32501
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (904) 444-6111

N/A

(Former name or former address, if changed since last report.)

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Item 7. Financial Statements, Pro Forma Financial Information and Exhibits.

(c)   Exhibits.

23	-	Consent of Arthur Andersen & Co.
99	-	Audited Financial Statements of Gulf Power Company as of December 31, 1993.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GULF POWER COMPANY

By /s/ Wayne Boston

Wayne Boston
Assistant Secretary

Date: March 1, 1994

EXHIBIT 23

ARTHUR ANDERSEN & CO.

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our report dated February 16, 1994, included in this Form 8-K, into Gulf Power Company's previously filed Registration Statement File No. 33-50165.

/s/ Arthur Andersen & Co.

ARTHUR ANDERSEN & CO.

Atlanta, Georgia
March 1, 1994

EXHIBIT 99

MANAGEMENT'S REPORT
Gulf Power Company 1993 Annual Report

The management of Gulf Power Company has prepared and is responsible for the financial statements and related information included in this report. These statements were prepared in accordance with generally accepted accounting principles appropriate in the circumstances and necessarily include amounts that are based on the best estimates and judgments of management. Financial information throughout this annual report is consistent with the financial statements.

The Company maintains a system of internal accounting controls to provide reasonable assurance that assets are safeguarded and that books and records reflect only authorized transactions of the Company. Limitations exist in any system of internal controls, however, based on a recognition that the cost of the system should not exceed its benefits. The Company believes its system of internal accounting controls maintains an appropriate cost/benefit relationship.

The Company's system of internal accounting controls is evaluated on an ongoing basis by the Company's internal audit staff. The Company's independent public accountants also consider certain elements of the internal control system in order to determine their auditing procedures for the purpose of expressing an opinion on the financial statements.

The audit committee of the board of directors, composed of the directors who are not employees, provides a broad overview of management's financial reporting and control functions. Periodically, this committee meets with management, the internal auditors, and the independent public accountants to ensure that these groups are fulfilling their obligations and to discuss auditing, internal controls, and financial reporting matters. The internal auditors and independent public accountants have access to the members of the audit committee at any time.

Management believes that its policies and procedures provide reasonable assurance that the Company's operations are conducted according to a high standard of business ethics.

In management's opinion, the financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of Gulf Power Company in conformity with generally accepted accounting principles.

/s/ D. L. McCrary	/s/ A. E. Scarbrough
Douglas L. McCrary Chairman of the Board and Chief Executive Officer	Arlan E. Scarbrough Vice President - Finance

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

TO THE BOARD OF DIRECTORS
OF GULF POWER COMPANY:

We have audited the accompanying balance sheets and statements of capitalization of Gulf Power Company (a Maine corporation and a wholly owned subsidiary of The Southern Company) as of December 31, 1993 and 1992, and the related statements of income, retained earnings, paid-in capital, and cash flows for each of the three years in the period ended December 31, 1993. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements (pages 10 through 27) referred to above present fairly, in all material respects, the financial position of Gulf Power Company as of December 31, 1993 and 1992, and the results of its operations and its cash flows for the periods stated, in conformity with generally accepted accounting principles.

As explained in Notes 2 and 8 to the financial statements, effective January 1, 1993, Gulf Power Company changed its methods of accounting for postretirement benefits other than pensions and for income taxes.

/s/ Arthur Andersen & Co.

Atlanta, Georgia
February 16, 1994

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION Gulf Power Company 1993 Annual Report

RESULTS OF OPERATIONS

EARNINGS

Gulf Power Company's net income after preferred stock dividends was $54.3 million for 1993, a $0.2 million increase over 1992 net income. Earnings reflect a $2.3 million gain on the sale of Gulf States Utilities Company (Gulf States) stock and the reversal of a $1.7 million wholesale rate refund as the result of a court order which is further discussed in Note 3 to the financial statements under "Recovery of Contract Buyout Costs". The company also experienced growth in residential and commercial sales and a decrease in interest expense on long-term debt as a result of security refinancings, offset by higher operation and maintenance expense, and decreased industrial sales reflecting the loss of the Company's largest industrial customer, Monsanto, which began cogeneration in August of 1993.

The Company's 1992 net income after dividends on preferred stock decreased $3.7 million compared to the prior year. The 1991 earnings included an after-tax gain of $12.7 million representing the settlement of litigation with Gulf States. See Note 7 to the financial statements under "Gulf States Settlement Completed" for further details. Excluding this settlement from 1991, earnings for 1992 increased $8.4 million -- or approximately -- 18.7 percent over 1991. This improvement was due to increased energy sales; lower interest expense and preferred dividends as a result of security refinancings; and continued emphasis on cost controls.

The Company's return on average common equity was 13.29 percent for 1993, a slight decrease from the 13.62 percent return earned in 1992, which was up from the 12.03 percent earned in 1991 (excluding the Gulf States settlement).

REVENUES

Changes in operating revenues over the last three years are the result of the following factors:

<TABLE>
<CAPTION>

	Increase (Decrease) From Prior Year		
	1993	1992	1991
	(in thousands)		
<S>	<C>	<C>	<C>
Retail --			
Change in base rates	$ 1,571	$ 722	$ 3,137
Sales growth	7,671	12,965	2,387
Weather	4,049	(6,448)	1,845
Regulatory cost recovery and other	(3,079)	(1,839)	13,947
Total retail	10,212	5,400	21,316
Sales for resale--			
Non-affiliates	2,131*	442	(4,219)
Affiliates	(909)	(5,268)	(9,220)
Total Sales for resale	1,222	(4,826)	(13,439)
Other operating revenues	806	5,121	(10,495)
Total operating revenues	$12,240	$ 5,695	$ (2,618)
Percent change	2.1%	1.0%	(0.5)%

</TABLE>

* Includes the non-interest portion of the wholesale rate refund reversal discussed in "Earnings."

Retail revenues of $471.7 million in 1993 increased $10.2 million or 2.2 percent from last year, compared with an increase of 1.2 percent in 1992 and 4.9 percent in 1991. Revenues increased in the residential and commercial classes primarily due to customer growth, and favorable weather and economic conditions. Revenues in the industrial class declined due to the loss of the Company's largest industrial customer, Monsanto, which began operating its cogeneration facility in August 1993. See "Future Earnings Potential" for further details. The change in base rates for 1993 and 1992 reflects the expiration of a retail rate penalty in September 1992.

Sales for resale were $95.4 million in 1993, increasing $1.2 million or 1.3 percent over 1992. Sales to affiliated companies vary from year to year depending on demand and the availability and cost of generating resources at each company. The majority of non-affiliated energy sales arise from long-term contractual agreements. Non-affiliated long-term contracts include capacity and energy components. Capacity revenues reflect the recovery of

fixed costs and return on investment. Energy is sold at its variable cost.

The capacity and energy components under these long-term contracts were as follows:

<TABLE>
<CAPTION>

	1993	1992	1991
	(in thousands)		
<S>	<C>	<C>	<C>
Capacity	$33,805	$34,180	$32,651
Energy	21,202	22,933	23,311
Total	$55,007	$57,113	$55,962

</TABLE>

Beginning in June 1992, all the capacity from the Company's ownership portion of Plant Scherer Unit No. 3 was sold through unit power sales, resulting in increased capacity revenues.

In 1993, changes in other operating revenues are primarily due to the recognition of $2.6 million under the Environmental Cost Recovery (ECR) clause which is fully discussed in Note 3 to the financial statements under "Environmental Cost Recovery", which is offset by true-ups of other regulatory cost recovery clauses. The increase in other operating revenues in 1992 was primarily due to true-ups of regulatory cost recovery clauses and the changes in franchise fee collections and Florida gross receipts taxes (discussed under "Expenses") which had no effect on earnings.

Energy sales for 1993 and percent changes in sales since 1991 are reported below.

<TABLE>
<CAPTION>

	Amount	Percent Change		
(millions of kilowatt-hours)	1993	1993	1992	1991
<S>	<C>	<C>	<C>	<C>
Residential	3,713	3.2%	4.1%	2.8%
Commercial	2,433	2.7	4.2	2.5
Industrial	2,030	(6.9)	2.9	(2.8)
Other	17	-	(2.7)	(9.3)
Total retail	8,193	0.4	3.8	1.1
Sales for resale				
Non-affiliates	1,460	2.0	(7.7)	(12.7)
Affiliates	1,030	(14.8)	(2.2)	(13.9)
Total	10,683	(1.1)	1.4	(3.1)

</TABLE>

Overall retail sales remained relatively flat in 1993. Increases in residential and commercial sales -- reflecting customer growth, favorable weather and an improving economy -- were offset by the decreased sales in the industrial class reflecting the loss of Monsanto. Retail sales increased 3.8 percent in 1992 primarily due to an increase in the number of customers served and a moderately improving economy.

Energy sales for resale to non-affiliates increased 2.0 percent and are predominantly unit power sales under long-term contracts to Florida utilities which are discussed above. Energy sales to affiliated companies vary from year to year as mentioned above.

EXPENSES

Total operating expenses for 1993 increased $16.6 million or 3.5 percent over 1992 primarily due to increased operation and maintenance expenses and higher taxes. Other operation expenses increased $10.9 million or 11.1 percent from the 1992 level. The increase is attributable to additional costs of $7.4 million related to increases in the buyout of coal supply contracts and $1.4 million of environmental clean-up costs. Also, higher employee benefit costs and the costs of an automotive fleet reduction program increased expenses by $2.1 million. Operating expenses for 1992 increased by approximately $16 million over 1991. Excluding the Gulf States settlement, an after-tax reduction of $0.6 million in 1992 and $12.7 million in 1991, 1992 total operating expenses increased $4.3 million or 0.9 percent over 1991.

Fuel and purchased power expenses decreased $3.8 million or 1.8 percent from 1992 reflecting the lower cost of fuel. Total 1992 fuel and purchased power increased $1.4 million or 0.7 percent from 1991.

Maintenance expense increased $4.1 million or 9.7 percent over 1992 due to scheduled maintenance of production facilities. The 1992 maintenance expense was down $3.5 million or 7.7 percent from 1991 due to a decrease in scheduled maintenance.

Federal income taxes increased $0.7 million primarily due to a corporate federal income tax rate increase from 34 percent to 35 percent effective January 1993. Taxes other than income taxes increased $2.3 million in 1993, an increase of 6.1 percent over the 1992 expense

primarily due to increases in property taxes and gross receipt taxes. Taxes other than income taxes decreased $4.5 million, or 10.5 percent in 1992 compared to 1991 due primarily to the Company discontinuing the collection of franchise fees for two Florida counties which was partially offset by an increase in gross receipt taxes. Changes in franchise fee collections and gross receipt taxes had no impact on earnings.

Interest expense decreased $3.2 million or 8.1 percent from the 1992 level and 1992 interest expense decreased $5.6 million or 12.5 percent from 1991. The decrease in both years is primarily attributable to refinancing some of the Company's higher cost securities.

EFFECTS OF INFLATION

The Company is subject to rate regulation and income tax laws that are based on the recovery of historical costs. Therefore, inflation creates an economic loss because the Company is recovering its cost of investments in dollars that have less purchasing power. While the inflation rate has been relatively low in recent years, it continues to have an adverse effect on the Company because of the large investment in long-lived utility plant. Conventional accounting for historical cost does not recognize this economic loss nor the partially offsetting gain that arises through financing facilities with fixed-money obligations, such as long-term debt and preferred stock. Any recognition of inflation by regulatory authorities is reflected in the rate of return allowed.

FUTURE EARNINGS POTENTIAL

The results of operations for the past three years are not necessarily indicative of future earnings potential. The level of future earnings depends on a number of factors. It is expected that higher operating costs and carrying charges on increased investment in plant, if not offset by proportionate increases in operating revenues (either by periodic rate increases or increases in sales), will adversely affect future earnings. Growth in energy sales will be subject to a number of factors, including the volume of sales to neighboring utilities, energy conservation practiced by customers, the elasticity of demand, customer growth, weather, competition, and the rate of economic growth in the service area.

In addition to the traditional factors discussed above, the Energy Policy Act of 1992 (Energy Act) will have a profound effect on the future of the electric utility industry. The Energy Act promotes energy efficiency, alternative fuel use, and increased competition for electric utilities. The Company is preparing to meet the challenges of a major change in the traditional business practices of selling electricity. The Energy Act allows independent power producers (IPPs) to access the Company's transmission network in order to sell electricity to other utilities, and this may enhance the incentive for IPPs to build cogeneration plants for the Company's large industrial and commercial customers and sell excess energy generation to the Company or other utilities. Although the Energy Act does not require transmission access to retail customers, pressure for legislation to allow retail wheeling will continue. If the Company does not remain a low-cost producer and provide quality service, the Company's retail energy sales growth, its ability to retain large industrial and commercial customers, and obtain new long-term contracts for energy sales outside the Company's service area, could be limited, and this could significantly erode earnings.

The future effect of cogeneration and small-power production facilities cannot be fully determined at this time, but may be adverse. One effect of cogeneration which the Company has experienced is the loss of its largest industrial customer, Monsanto, in August of 1993. The loss of the Monsanto load reduced revenues, and will result in a reduction in net income of approximately $3 million in the first twelve months.

The Federal Energy Regulatory Commission (FERC) regulates wholesale rate schedules and power sales contracts that the Company has with its sales for resale customers. The FERC is currently reviewing the rate of return on common equity included in these schedules and contracts that have a return on common equity of 13.75 percent or greater, and may require such returns to be lowered, possibly retroactively. See Note 3 to the financial statements under "FERC Reviews Equity Returns" for additional information.

Compliance costs related to the Clean Air Act Amendments of 1990 (Clean Air Act) could reduce earnings if such costs are not fully recovered. The Clean Air Act is discussed later under "Environmental Matters".

Also, recently enacted legislation that provides for recovery of prudent environmental compliance costs is discussed in Note 3 to the financial statements under "Environmental Cost Recovery."

The Company filed a notice with the Florida Public Service Commission (FPSC) of its intent to obtain rate relief in February 1993. On May 4, 1993, the FPSC approved a stipulation between the Company, the Office of Public Counsel, and the Florida Industrial Power Users Group to cancel the filing of the rate case. The stipulation also allowed the Company to retain, for the next four years, its existing method for calculating accruals for future power plant dismantlement costs. The existing method provides a more even allocation of expenses over the life of the plants and results in an avoided increase in expenses of about $6 million annually over the next four years when compared to the FPSC method. The stipulation also provided for the reduction of the Company's allowed return on equity midpoint from 12.55 percent to 12.0 percent. After the February 1993 filing date, interest rates continued to remain low, resulting in lower cost of capital. Also, the Florida legislature adopted legislation which allows utilities to petition the FPSC for recovery of environmental costs through an adjustment clause if these costs are not being recovered in base rates. See Note 3 to the financial statements under "Environmental Cost Recovery" for further details. The combination of the circumstances discussed above, placed the Company in a better position to manage its finances without an increase in base rates while still providing a fair return for the Company's investors. Consequently, the Company agreed, as a part of this stipulation, to cancel the filing of the rate case.

NEW ACCOUNTING STANDARDS

The Financial Accounting Standards Board (FASB) issued Statement No. 112, Employers' Accounting for Postemployment Benefits, which must be effective by 1994. The new standard requires that all types of benefits provided to former or inactive employees and their families prior to retirement be accounted for on an accrual basis. These benefits include salary continuation, severance pay, supplemental benefits, disability-related benefits, job training, and health and life insurance coverage. In 1993, the Company adopted Statement No. 112, which resulted in a decrease in earnings of $0.3 million.

The FASB has issued Statement No. 115, Accounting for Certain Investments in Debt and Equity Securities, which is effective in 1994. Statement No. 115 supersedes FASB Statement No. 12, Accounting for Certain Marketable Securities. The Company does not have any investments that qualify for FASB Statement No. 115 treatment.

FINANCIAL CONDITION

OVERVIEW

The principal changes in the Company's financial condition during 1993 were gross property additions of $79 million. Funds for these additions were provided by internal sources. The Company continued to refinance higher cost securities to lower the Company's cost of capital. See "Financing Activities" below and the Statements of Cash Flows for further details.

On January 1, 1993, the Company changed its method of calculating the accruals for postretirement benefits other than pensions and its method of accounting for income taxes. See Notes 2 and 8 to the financial statements, regarding the impact of these changes.

FINANCING ACTIVITIES

As mentioned above, the Company continued to lower its financing costs by issuing new securities and other debt, and retiring higher-cost issues in 1993. The Company sold $75 million of first mortgage bonds and, through public authorities, $53.4 million of pollution control revenue bonds, issued $35 million of preferred stock, and obtained $25 million with a long-term bank note. Retirements, including maturities during 1993, totaled $88.8 million of first mortgage bonds, $40.7 million of pollution control revenue bonds, and $21.1 million of preferred stock. (See the Statements of Cash Flows for further details.)

Composite financing rates for the years 1991 through 1993 as of year end were as follows:

<TABLE>
<CAPTION>

	1993	1992	1991
<S>	<C>	<C>	<C>
Composite interest rate on long-term debt	7.1%	8.0%	8.4%
Composite preferred stock dividend rate	6.5%	7.3%	8.0%

</TABLE>

CAPITAL REQUIREMENTS FOR CONSTRUCTION

The Company's gross property additions, including those amounts related to environmental compliance, are budgeted at $200 million for the three years beginning 1994 ($77 million in 1994, $55 million in 1995, and $68 million in 1996). The estimates of property additions for the three-year period include $25 million committed to meeting the requirements of the Clean Air Act, the cost of which is expected to be recovered through the ECR clause which is discussed in Note 3 to the financial statements under "Environmental Cost Recovery". Actual construction costs may vary from this estimate because of factors such as the granting of timely and adequate rate increases; changes in environmental regulations; revised load projections; the cost and efficiency of construction labor, equipment, and materials; and the cost of capital.

The Company does not have any baseload generating plants under construction. However, the Company plans to construct two 80 megawatt combustion turbine peaking units. The first is scheduled to be completed in 1998, and the second in 1999. Significant construction of transmission and distribution facilities and upgrading of generating plants will be continuing.

OTHER CAPITAL REQUIREMENTS

In addition to the funds needed for the construction program, approximately $86 million will be required by the end of 1996 in connection with maturities of long-term debt and preferred stock subject to mandatory redemption. Also, the Company plans to continue a program to retire higher-cost debt and preferred stock and replace these obligations with lower-cost capital.

ENVIRONMENTAL MATTERS

In November 1990, the Clean Air Act was signed into law. Title IV of the Clean Air Act -- the acid rain compliance provision of the law -- will have a significant impact on the Company. Specific reductions in sulfur dioxide and nitrogen oxide emissions from fossil-fired generating plants will be required in two phases. Phase I compliance must be implemented in 1995 and affects eight generating plants -- some 10,000 megawatts of capacity or 35 percent of total capacity -- in the Southern electric system. Phase II compliance is required in 2000, and all fossil-fired generating plants in the Southern electric system will be affected.

Beginning in 1995, the Environmental Protection Agency (EPA) will allocate annual sulfur dioxide emission allowances through the newly established allowance trading program. An emission allowance is the authority to emit one ton of sulfur dioxide during a calendar year. The method for allocating allowances is based on the fossil fuel consumed from 1985 through 1987 for each affected generating unit. Emission allowances are transferable and can be bought, sold, or banked and used in the future.

The sulfur dioxide emission allowance program is expected to minimize the cost of compliance. The market for emission allowances is developing slower than expected. However, The Southern Company's sulfur dioxide compliance strategy is designed to take advantage of allowances as the market develops.

The Southern Company expects to achieve Phase I sulfur dioxide compliance at the eight affected plants by switching to low-sulfur coal, and this has required some equipment upgrades. This compliance strategy is expected to result in unused emission allowances being banked for later use. Additional construction expenditures are required to install equipment for the control of nitrogen oxide emissions at these eight plants. Also, continuous emissions monitoring equipment would be installed on all fossil-fired units. Under this Phase I compliance approach, additional construction expenditures are estimated to total approximately $275 million for The Southern Company including $34 million for Gulf Power Company through 1995.

Phase II compliance costs are expected to be higher because requirements are stricter and all fossil-fired generating plants are affected. For sulfur dioxide compliance, The Southern Company could use emission allowances banked during Phase I, increase fuel switching, install flue gas desulfurization equipment at selected plants, and/or purchase more allowances depending on the price and availability of allowances. Also, in Phase II, equipment to control nitrogen oxide emissions will be installed on additional system fossil-fired plants as required to meet anticipated Phase II limits. Therefore, during the period 1996 to 2000, compliance could require total construction expenditures ranging from approximately $450 million to $800 million for The Southern Company including approximately $30 million to $40 million for Gulf Power Company. However, the full impact of Phase II compliance cannot now be determined with certainty, pending the development of a market for emission allowances, the completion of EPA regulations, and the possibility of new emission reduction technologies.

Following adoption of legislation in April of 1992, allowing electric utilities in Florida to seek FPSC approval of their Clean Air Act Compliance Plans, the Company filed its petition for approval. The Commission approved the Company's plan for Phase I compliance, deferring until a later date approval of its Phase II Plan.

An average increase of up to 4 percent in annual revenue requirements from Gulf Power Company customers could be necessary to fully recover the cost of compliance for both Phase I and Phase II of the Clean Air Act. Compliance costs include construction expenditures, increased costs for switching to low-sulfur coal, and costs related to emission allowances.

The Florida Legislature recently adopted legislation that allows a utility to petition the FPSC for recovery of prudent environmental compliance costs through an ECR clause without lengthy regulatory full revenue requirements rate proceedings. The legislation is discussed in Note 3 to the financial statements under "Environmental Cost Recovery".

Title III of the Clean Air Act requires a multi-year EPA study of power plant emissions of hazardous air pollutants. The study will serve as the basis for a decision on whether additional regulatory control of these substances is warranted. Compliance with any new control standards could result in significant additional costs. The impact of new standards -- if any -- will depend on the development and implementation of applicable regulations.

The EPA continues to evaluate the need for a new short-term ambient air quality standard for sulfur dioxide. Preliminary results from an EPA study on the impact of a new standard indicate that a number of plants could be required to install sulfur dioxide controls. These controls would be in addition to the controls already required to meet the acid rain provision of the Clean Air Act. The EPA is expected to take some action on this issue in 1994. The impact of any new standard will depend on the level chosen for the standard and cannot be determined at this time.

In addition, the EPA is evaluating the need to revise the ambient air quality standards for particulate matter, nitrogen oxides, and ozone. The impact of any new standard will depend on the level chosen for the standard and cannot be determined at this time.

In 1994 or 1995, the EPA is expected to issue revised rules on air quality control regulations related to stack height requirements of the Clean Air Act. The full impact of the final rules cannot be determined at this time, pending their development and implementation.

In 1993, the EPA issued a ruling confirming the non-hazardous status of coal ash. However, the EPA has until 1998 to classify co-managed utility wastes -- coal ash and other utility wastes -- as either non-hazardous or hazardous. If the EPA classifies the co-managed wastes as hazardous, then substantial additional costs for the management of such wastes may be required. The full impact of any change in the regulatory status will depend on the subsequent development of co-managed waste requirements.

Gulf Power Company must comply with other environmental laws and regulations that cover the handling and disposal of hazardous waste. Under these various laws and regulations, the Company could incur costs to clean up properties currently or previously owned. The Company conducts studies to determine the extent of any required clean-up costs and has recognized in the financial statements costs to clean up known sites.

Several major pieces of environmental legislation are in the process of being reauthorized or amended by Congress. These include: the Clean Water Act; the Comprehensive Environmental Response, Compensation, and Liability Act; and the Resource Conservation and Recovery Act. Changes to these laws could affect many areas of Gulf Power Company's operations. The full impact of these requirements cannot be determined at this time, pending the development and implementation of applicable regulations.

Compliance with possible new legislation related to global climate change, electromagnetic fields, and other environmental and health concerns could significantly affect Gulf Power Company. The impact of new legislation - -- if any -- will depend on the subsequent development and implementation of applicable regulations. In addition, the potential for lawsuits alleging damages caused by electromagnetic fields exists.

COAL STOCKPILE DECREASES

To reduce the working capital invested in the coal stockpile inventory, the Company implemented a coal stockpile reduction program in 1992. The Company's actual year end inventory at December 31, 1993 was $20.7 million which is considerably lower than the desired level of $31.4 million. This situation exists because a limited supply of coal was available at competitive prices primarily due to the United Mine Workers strike from July to December 1993. In addition, barge transportation was stranded due to floods in the Midwest. As a result of these circumstances, management chose to allow the existing coal inventory to decline until coal prices stabilized. Current market conditions indicate that substantial coal supplies at competitive prices are now available. Therefore, the Company plans to increase purchases and return the coal stockpile inventory to the desired level by the end of the third quarter, 1994.

SOURCES OF CAPITAL

At December 31, 1993, the Company had $5.6 million of cash and cash equivalents to meet its short-term cash needs.

It is anticipated that the funds required for construction and other purposes, including compliance with environmental regulations, will be derived from operations; the sale of additional first mortgage bonds, pollution control bonds, and preferred stock; and capital contributions from The Southern Company. The Company is required to meet certain coverage requirements specified in its mortgage indenture and corporate charter to issue new first mortgage bonds and preferred stock. The Company's coverage ratios are sufficient to permit, at present interest and preferred dividend levels, any foreseeable security sales. The amount of securities which the Company will be permitted to issue in the future will depend upon market conditions and other factors prevailing at that time.

STATEMENTS OF INCOME
For the Years Ended December 31, 1993, 1992, and 1991
Gulf Power Company 1993 Annual Report

<TABLE>
<CAPTION>

<S>	1993 <C>	1992 (in thousands) <C>	1991 <C>
OPERATING REVENUES:			
Revenues	$ 559,976	$ 546,827	$ 535,864
Revenues from affiliates	23,166	24,075	29,343
Total operating revenues	583,142	570,902	565,207
OPERATING EXPENSES:			
Operation-			
Fuel	170,485	182,754	176,038
Purchased power from non-affiliates	4,386	1,394	896
Purchased power from affiliates	32,273	26,788	32,579
Proceeds from settlement of disputed contracts (Note 7)	-	(920)	(20,385)
Other	109,164	98,230	94,411
Maintenance	46,004	41,947	45,468
Depreciation and amortization	55,309	53,758	52,195
Taxes other than income taxes	40,204	37,898	42,359
Federal and state income taxes (Note 8)	32,730	32,078	33,893
Total operating expenses	490,555	473,927	457,454
OPERATING INCOME	92,587	96,975	107,753
OTHER INCOME (EXPENSE):			
Allowance for equity funds used during construction (Note 1)	512	14	54
Interest income	1,328	2,733	2,427
Other, net	(1,238)	(1,487)	(3,484)
Gain on sale of investment securities	3,820	-	-
Income taxes applicable to other income	(921)	187	1,104
INCOME BEFORE INTEREST CHARGES	96,088	98,422	107,854
INTEREST CHARGES:			
Interest on long-term debt	31,344	35,792	41,665
Allowance for debt funds used during construction (Note 1)	(454)	(46)	(95)
Interest on notes payable	870	1,041	280
Amortization of debt discount, premium, and expense, net	1,412	1,032	699
Other interest charges	2,877	1,410	2,272
Net interest charges	36,049	39,229	44,821
NET INCOME	60,039	59,193	63,033
DIVIDENDS ON PREFERRED STOCK	5,728	5,103	5,237
NET INCOME AFTER DIVIDENDS ON PREFERRED STOCK	$ 54,311	$ 54,090	$ 57,796

</TABLE>

The accompanying notes are an integral part of these statements.

STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 1993, 1992, and 1991
Gulf Power Company 1993 Annual Report

<TABLE>
<CAPTION>

<S>	1993 <C>	1992 (in thousands) <C>	1991 <C>
OPERATING ACTIVITIES:			
Net income	$ 60,039	$ 59,193	$ 63,033
Adjustments to reconcile net income to net cash provided by operating activities --			
Depreciation and amortization	72,111	68,021	65,584
Deferred income taxes and investment tax credits	5,347	3,322	(3,392)
Allowance for equity funds used during construction	(512)	(14)	(54)
Non-cash proceeds from settlement of disputed contracts (Note 7)	-	(920)	(19,734)
Other, net	(864)	185	3,079
Changes in certain current assets and liabilities --			
Receivables, net	12,867	(11,041)	12,421
Inventories	5,574	23,560	(2,397)
Payables	5,386	1,580	(2,003)
Other	(9,504)	(13,637)	8,012
Net cash provided from operating activities	150,444	130,249	124,549
INVESTING ACTIVITIES:			
Gross property additions	(78,562)	(64,671)	(64,323)
Other	(5,328)	3,970	(8,097)
Net cash used for investing activities	(83,890)	(60,701)	(72,420)
FINANCING ACTIVITIES AND CAPITAL CONTRIBUTIONS:			
Proceeds:			
Preferred stock	35,000	29,500	-
First mortgage bonds	75,000	25,000	50,000
Pollution control bonds	53,425	8,930	21,200
Capital contributions from parent	11	121	-
Other long-term debt	25,000	-	-
Retirements:			
Preferred stock	(21,060)	(15,500)	(2,500)
First mortgage bonds	(88,809)	(117,693)	(32,807)
Pollution control bonds	(40,650)	(9,205)	(21,250)
Other long-term debt	(7,736)	(5,783)	(7,981)
Notes payable, net	(37,947)	44,000	-
Payment of preferred stock dividends	(5,728)	(5,103)	(5,237)
Payment of common stock dividends	(41,800)	(39,900)	(38,000)
Miscellaneous	(6,888)	(8,760)	(3,715)
Net cash used for financing activities	(62,182)	(94,393)	(40,290)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,372	(24,845)	11,839
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,204	26,049	14,210
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 5,576	$ 1,204	$ 26,049
SUPPLEMENTAL CASH FLOW INFORMATION:			
Cash paid during the year for --			
Interest (net of amount capitalized)	$28,470	$38,164	$39,814
Income taxes	$27,865	$37,569	$26,915

</TABLE>

( ) Denotes use of cash.
The accompanying notes are an integral part of these statements.

BALANCE SHEETS
At December 31, 1993 and 1992
Gulf Power Company 1993 Annual Report

<TABLE>
<CAPTION>

ASSETS	1993	1992
	(in thousands)	
<S>	<C>	<C>
UTILITY PLANT:		
Plant in service (Notes 1 and 6)	$ 1,611,704	$ 1,561,491
Less accumulated provision for depreciation	610,542	578,851
	1,001,162	982,640
Construction work in progress	34,591	29,564
Total	1,035,753	1,012,204
Less property-related accumulated deferred income taxes (Note 8)	-	200,904
Total	1,035,753	811,300
OTHER PROPERTY AND INVESTMENTS	13,242	7,074
CURRENT ASSETS:		
Cash and cash equivalents	5,576	1,204
Investment securities (Notes 1 and 7)	-	22,322
Receivables-		
Customer accounts receivable	57,226	55,103
Other accounts and notes receivable	5,904	3,237
Affiliated companies	1,241	2,063
Accumulated provision for uncollectible accounts	(447)	(356)
Fossil fuel stock, at average cost	20,652	29,492
Materials and supplies, at average cost	36,390	33,124
Current portion of deferred coal contract costs (Note 5)	12,535	3,071
Regulatory clauses under recovery (Note 1)	3,244	1,680
Prepayments	2,160	1,395
Vacation pay deferred (Note 1)	4,022	3,779
Total	148,503	156,114
DEFERRED CHARGES:		
Deferred charges related to income taxes (Note 8)	31,334	-
Debt expense, being amortized	3,693	3,253
Premium on reacquired debt, being amortized	17,554	15,319
Deferred coal contract costs (Note 5)	52,884	63,723
Miscellaneous	4,846	5,916
Total	110,311	88,211
TOTAL ASSETS	$ 1,307,809	$ 1,062,699

</TABLE>
The accompanying notes are an integral part of these statements.

BALANCE SHEETS (continued)
At December 31, 1993 and 1992
Gulf Power Company 1993 Annual Report

<TABLE>
<CAPTION>

CAPITALIZATION AND LIABILITIES	1993	1992
	(in thousands)	

<S> <C> <C>

CAPITALIZATION (SEE ACCOMPANYING STATEMENTS):		
Common stock equity (Note 11)	$ 414,196	$ 403,190
Preferred stock	89,602	74,662
Preferred stock subject to mandatory redemption	1,000	2,000
Long-term debt	369,259	382,047
Total	874,057	861,899
CURRENT LIABILITIES:		
Preferred stock due within one year	1,000	1,000
Long-term debt due within one year (Note 10)	41,552	13,820
Notes payable	6,053	44,000
Accounts payable-		
Affiliated companies	18,560	5,323
Other	20,139	28,138
Customer deposits	15,082	15,532
Taxes accrued-		
Federal and state income	10,330	3,326
Other	2,685	8,093
Interest accrued	5,420	6,370
Regulatory clauses over recovery (Note 1)	840	-
Vacation pay accrued (Note 1)	4,022	3,779
Miscellaneous	8,527	3,950
Total	134,210	133,331
DEFERRED CREDITS AND OTHER LIABILITIES:		
Accumulated deferred income taxes (Note 8)	151,743	-
Deferred credits related to income taxes (Note 8)	76,876	-
Accumulated deferred investment tax credits	40,770	43,117
Accumulated provision for property damage (Note 1)	10,509	9,692
Accumulated provision for postretirement benefits (Note 2)	10,749	7,662
Miscellaneous	8,895	6,998
Total	299,542	67,469
COMMITMENTS AND CONTINGENT MATTERS (NOTES 1, 2, 3, 4, 5, AND 7)		
TOTAL CAPITALIZATION AND LIABILITIES	$ 1,307,809	$ 1,062,699

</TABLE>

The accompanying notes are an integral part of these statements.

STATEMENTS OF CAPITALIZATION
At December 31, 1993 and 1992
Gulf Power Company 1993 Annual Report

<TABLE>
<CAPTION>

	1993	1992	1993	1992
	(in thousands)		(percent of total)	
<S>	<C>	<C>	<C>	<C>
COMMON STOCK EQUITY:				
Common stock, without par value --				
Authorized and outstanding --				
992,717 shares in 1993 and 1992	$ 38,060	$ 38,060		
Paid-in capital	218,282	218,271		
Premium on preferred stock	81	88		
Retained earnings (Note 11)	157,773	146,771		
Total common stock equity	414,196	403,190	47.4 %	46.8 %
CUMULATIVE PREFERRED STOCK:				
$10 par value, authorized 10,000,000 shares,				
Outstanding 2,580,000 shares at December 31, 1993				

$25 stated capital --				
7.00%	14,500	14,500		
7.30%	15,000	15,000		
6.72%	20,000	-		
Adjustable Rate -- at January 1, 1994: 4.80%	15,000	-		
$100 par value --				
Authorized -- 781,626 shares				
Outstanding -- 251,026 shares at December 31, 1993				
4.64%	5,102	5,102		
5.16%	5,000	5,000		
5.44%	5,000	5,000		
7.52%	5,000	5,000		
7.88%	5,000	5,000		
8.28%	-	15,000		
8.52%	-	5,060		
Total (annual dividend requirement -- $5,711,000)	89,602	74,662	10.3	8.7
CUMULATIVE PREFERRED STOCK SUBJECT TO MANDATORY REDEMPTION:				
$100 par value --				
Authorized -- 20,000 shares				
Outstanding -- 20,000 shares at December 31, 1993				
11.36% Series	2,000	3,000		
Total (annual dividend requirement -- $227,000)	2,000	3,000		
Less amount due within one year	1,000	1,000		
Total excluding amount due within one year	1,000	2,000	0.1	0.2

</TABLE>

STATEMENTS OF CAPITALIZATION (CONTINUED)
At December 31, 1993 and 1992
Gulf Power Company 1993 Annual Report

<TABLE>
<CAPTION>

		1993	1992	1993	1992
		(in thousands)		(percent of total)	
<S>		<C>	<C>	<C>	<C>
First mortgage bonds --					
Maturity	Interest Rates				
October 1, 1994	4 5/8%	12,000	12,000		
June 1, 1996	6%	15,000	15,000		
August 1, 1997	5 7/8%	25,000	25,000		
April 1, 1998	9.20%	19,486	22,845		
April 1, 1998	5.55%	15,000	-		
July 1, 1998	5.00%	30,000	-		
1999 through 2003	6.125% to 8.875%	30,000	83,000		
September 1, 2008	9%	5,050	7,500		
December 1, 2021	8 3/4%	50,000	50,000		
Total first mortgage bonds		201,536	215,345		
Pollution control obligations (Note 9)		169,855	157,080		
Other long-term debt (Note 9)		42,520	25,256		
Unamortized debt premium (discount), net		(3,100)	(1,814)		
Total long-term debt (annual interest requirement -- $29,378,000)		410,811	395,867		

Less amount due within one year (Note 10)	41,552	13,820		
Long-term debt excluding amount due within one year	369,259	382,047	42.2	44.3
TOTAL CAPITALIZATION	$ 874,057	$ 861,899	100.0 %	100.0 %

</TABLE>

The accompanying notes are an integral part of these statements.

STATEMENTS OF RETAINED EARNINGS
For the Years Ended December 31, 1993, 1992, and 1991
Gulf Power Company 1993 Annual Report

<TABLE>
<CAPTION>

	1993	1992	1991
		(in thousands)	
<S>	<C>	<C>	<C>
BALANCE AT BEGINNING OF YEAR	$ 146,771	$ 134,372	$ 114,576
Net income after dividends on preferred stock	54,311	54,090	57,796
Cash dividends on common stock	(41,800)	(39,900)	(38,000)
Preferred stock transactions, net	(1,509)	(1,791)	-
BALANCE AT END OF YEAR (NOTE 11)	$ 157,773	$ 146,771	$ 134,372

</TABLE>

STATEMENTS OF PAID-IN CAPITAL
For the Years Ended December 31, 1993, 1992, and 1991
Gulf Power Company 1993 Annual Report

<TABLE>
<CAPTION>

	1993	1992	1991
		(in thousands)	
<S>	<C>	<C>	<C>
BALANCE AT BEGINNING OF YEAR	$ 218,271	$ 218,150	$ 218,150
Contributions to capital by parent company	11	121	-
BALANCE AT END OF YEAR	$ 218,282	$ 218,271	$ 218,150

</TABLE>

The accompanying notes are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS
At December 31, 1993, 1992 and 1991
Gulf Power Company 1993 Annual Report

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

GENERAL

Gulf Power Company is a wholly owned subsidiary of The Southern Company, which is the parent company of five operating companies, Southern Company Services, Inc. (SCS), Southern Electric International (Southern Electric), Southern Nuclear Operating Company (Southern Nuclear) and various other subsidiaries related to foreign utility operations and domestic non-utility operations. At this time, the operations of the other subsidiaries are not material. The operating companies (Alabama Power Company, Georgia Power Company, Gulf Power Company, Mississippi Power Company, and Savannah Electric and Power Company) provide electric service in four Southeastern states. Contracts among the companies -- dealing with jointly owned generating facilities, interconnecting transmission lines, and the exchange of electric power -- are regulated by the Federal Energy Regulatory Commission (FERC) or the Securities and Exchange Commission. SCS provides, at cost, specialized services to The Southern Company and to the subsidiary companies. Southern Electric designs, builds, owns and operates power production facilities and provides a broad range of technical services to industrial companies and utilities in the United States and a number of international markets. Southern Nuclear provides services to The Southern Company's nuclear power plants.

The Southern Company is registered as a holding company under the Public Utility Holding Company Act of 1935 (PUHCA). Both The Southern Company and its subsidiaries are subject to the regulatory provisions of the PUHCA. The Company is also subject to regulation by the FERC and the Florida Public Service Commission (FPSC). The Company follows generally accepted accounting principles and complies with the accounting policies and practices prescribed by these commissions.

Certain prior years' data presented in the financial statements have been reclassified to conform with current year presentation.

REVENUES AND FUEL COSTS

The Company accrues revenues for service rendered but unbilled at the end of each fiscal period. Fuel costs are expensed as fuel is used. The Company's electric rates include provisions to periodically adjust billings for fluctuations in fuel and the energy component of purchased power costs. Revenues are adjusted for differences between recoverable fuel costs and amounts actually recovered in current rates. The FPSC has also approved the recovery of purchased power capacity costs, energy conservation costs, and environmental compliance costs in cost recovery clauses that are similar to the method used to recover fuel costs.

DEPRECIATION AND AMORTIZATION

Depreciation of the original cost of depreciable utility plant in service is provided primarily using composite straight-line rates which approximated 3.8 percent in 1993, 1992, and 1991. When property subject to depreciation is retired or otherwise disposed of in the normal course of business, its cost -- together with the cost of removal, less salvage -- is charged to the accumulated provision for depreciation. Minor items of property included in the original cost of the plant are retired when the related property unit is retired.

INCOME TAXES

The Company provides deferred income taxes for all significant income tax temporary differences. Investment tax credits utilized are deferred and amortized to income over the average lives of the related property.

In years prior to 1993, income taxes were accounted for and reported under Accounting Principles Board Opinion No. 11. Effective January 1, 1993, the Company adopted FASB Statement No. 109, Accounting for Income Taxes. Statement No. 109 required, among other things, conversion to the liability method of accounting for accumulated deferred income taxes. See Note 8 for additional information about Statement No. 109. The Company is included in the consolidated federal income tax return of The Southern Company.

ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION (AFUDC)

AFUDC represents the estimated debt and equity costs of capital funds that are necessary to finance the construction of certain new facilities. While cash is not realized currently from such allowance, it increases the revenue requirement over the service life of plant through a higher rate base and higher depreciation expense. The FPSC-approved composite rate used to calculate AFUDC was 7.27 percent effective on July 1, 1993 and 8.03 percent for the first half of 1993, and for 1992, and 1991. AFUDC amounts for 1993, 1992, and 1991 were $966 thousand, $60 thousand, and $149 thousand, respectively. The increase in 1993 is due to an increase in construction projects at Plant Daniel.

UTILITY PLANT

Utility plant is stated at original cost. Original cost includes: materials; labor; minor items of property; appropriate administrative and general costs; payroll-related costs such as taxes, pensions, and other benefits; and the estimated cost of funds used during construction. The cost of maintenance, repairs, and replacement of minor items of property is charged to maintenance expense. The cost of replacements of property (exclusive of minor items of property) is charged to utility plant.

CASH AND CASH EQUIVALENTS

For purposes of the Statements of Cash Flows, temporary cash investments are considered cash equivalents. Temporary cash investments are securities with original maturities of 90 days or less.

FINANCIAL INSTRUMENTS

In accordance with FASB Statement No. 107, Disclosure About Fair Value of Financial Instruments, all financial instruments of the Company -- for which the carrying amount does not approximate fair value -- are shown in the table below as of December 31:

<TABLE>
<CAPTION>

	1993	
	Carrying Amount	Fair Value
	(in thousands)	
<S>	<C>	<C>
Long-term debt	$410,811	$431,251
Preferred stock subject to mandatory redemption	2,000	2,040

</TABLE>

<TABLE>
<CAPTION>

	1992	
	Carrying	Fair

	Amount	Value
	(in thousands)	
Investment securities	$ 22,322	$ 26,387
Long-term debt	395,867	410,724
Preferred stock subject to mandatory redemption	3,000	3,060

The fair values of investment securities were based on listed closing market prices. The fair values for long-term debt and preferred stock subject to mandatory redemption were based on either closing market prices or closing prices of comparable instruments.

MATERIALS AND SUPPLIES

Generally, materials and supplies include the cost of transmission, distribution, and generating plant materials. Materials are charged to inventory when purchased and then expensed or capitalized to plant, as appropriate, when installed.

VACATION PAY

The Company's employees earn their vacation in one year and take it in the subsequent year. However, for ratemaking purposes, vacation pay is recognized as an allowable expense only when paid. Consistent with this ratemaking treatment, the Company accrues a current liability for earned vacation pay and records a current asset representing the future recoverability of this cost. The amount was $4.0 million and $3.8 million at December 31, 1993 and 1992, respectively. In 1994, an estimated 84 percent of the 1993 deferred vacation cost

will be expensed and the balance will be charged to construction.

PROVISION FOR INJURIES AND DAMAGES

The Company is subject to claims and suits arising in the ordinary course of business. As permitted by regulatory authorities, the Company is providing for the uninsured costs of injuries and damages by charges to income amounting to $1.2 million annually. The expense of settling claims is charged to the provision to the extent available. The accumulated provision of $2.2 million and $2.5 million at December 31, 1993 and 1992, respectively, is included in miscellaneous current liabilities in the accompanying Balance Sheets.

PROVISION FOR PROPERTY DAMAGE

Due to a significant increase in the cost of traditional insurance, effective in 1993, the Company became self-insured for the full cost of storm and other damage to its transmission and distribution property. As permitted by regulatory authorities, the Company provides for the estimated cost of uninsured property damage by charges to income amounting to $1.2 million annually. At December 31, 1993 and 1992, the accumulated provision for property damage amounted to $10.5 million and $9.7 million, respectively. The expense of repairing such damage as occurs from time to time is charged to the provision to the extent it is available.

2. RETIREMENT BENEFITS:

PENSION PLAN

The Company has a defined benefit, trusteed, non-contributory pension plan that covers substantially all regular employees. Benefits are based on the greater of amounts resulting from two different formulas: years of service and final average pay or years of service and a flat-dollar benefit. The Company uses the "entry age normal method with a frozen initial liability" actuarial method for funding purposes, subject to limitations under federal income tax regulations. Amounts funded to the pension trust fund are primarily invested in equity and fixed-income securities. FASB Statement No. 87, Employers' Accounting for Pensions, requires use of the "projected unit credit" actuarial method for financial reporting purposes.

POSTRETIREMENT BENEFITS

The Company also provides certain medical care and life insurance benefits for retired employees. Substantially all employees may become eligible for these benefits when they retire. A qualified trust for medical benefits has been established for funding amounts to the extent deductible under federal income tax regulations. Amounts funded are primarily invested in debt and equity securities. Accrued costs of life insurance benefits, other than current cash payments for retirees, currently are not being funded.

Effective January 1, 1993, the Company adopted FASB Statement No. 106, Employers' Accounting for Postretirement Benefits Other Than Pensions, on a prospective basis. Statement No. 106 requires that medical care and life insurance benefits for retired employees be accounted for on an accrual basis using a specified actuarial method, "benefit/years-of-service." Prior to the adoption of Statement No. 106, Gulf Power Company recognized these benefit costs on an accrual basis using the "aggregate cost" actuarial method, which spreads the expected cost of such benefits over the remaining periods of employees' service as a level percentage of payroll costs. The costs of such benefits recognized by the Company in 1993, 1992, and 1991 were $3.9 million, $3.1 million, and $2.7 million, respectively.

STATUS AND COST OF BENEFITS

Shown in the following tables are actuarial results and assumptions for pension and postretirement medical and life insurance benefits as computed under the requirements of Statement Nos. 87 and 106, respectively. Retiree medical and life insurance information is shown only for 1993 because Statement No. 106 was adopted as of January 1, 1993, on a prospective basis.

The funded status of the plans at December 31 was as follows:

<TABLE>
<CAPTION>

	Pension	
	1993	1992
	(in thousands)	
<S>	<C>	<C>
Actuarial present value of benefit obligation:		

Vested benefits	$ 73,925	$ 63,459
Non-vested benefits	3,217	2,900
Accumulated benefit obligation	77,142	66,359
Additional amounts related to projected salary increases	25,648	28,719
Projected benefit obligation	102,790	95,078
Less:		
Fair value of plan assets	159,192	142,614
Unrecognized net gain	(49,376)	(40,764)
Unrecognized prior service cost	3,152	3,346
Unrecognized transition asset	(8,765)	(9,495)
Prepaid asset recognized in the Balance Sheets	$ 1,413	$ 623

</TABLE>

<TABLE>
<CAPTION>

	Postretirement Medical	Postretirement Life
	1993	1993
	(in thousands)	
<S>	<C>	<C>
Actuarial present value of benefit obligation:		
Retirees and dependents	$ 7,857	$ 2,929
Employees eligible to retire	4,054	-
Other employees	14,927	5,058
Accumulated benefit obligation	26,838	7,987
Less:		
Fair value of plan assets	5,638	52
Unrecognized net loss (gain)	2,653	(641)
Unrecognized transition obligation	13,420	2,954
Accrued liability recognized in the Balance Sheets	$ 5,127	$ 5,622

</TABLE>

The weighted average rates assumed in the actuarial calculations were:

<TABLE>
<CAPTION>

	1993	1992	1991
<S>	<C>	<C>	<C>
Discount	7.5%	8.0%	8.0%
Annual salary increase	5.0%	6.0%	6.0%
Long-term return on plan assets	8.5%	8.5%	8.5%

</TABLE>

An additional assumption used in measuring the accumulated postretirement medical benefit obligation was a weighted average medical care cost trend rate of 11.3 percent for 1993, decreasing to 6.0 percent through the year 2000 and remaining at that level thereafter. An annual increase in the assumed medical care cost trend rate by 1.0 percent would increase the accumulated medical benefit obligation as of December 31, 1993, by $4.8 million and the aggregate of the service and interest cost components of the net retiree medical cost by $543 thousand.

Components of the plans' net cost are shown below:

	Pension		
	1993	1992	1991
	(in thousands)		
Benefits earned during the year	$ 3,710	$ 3,550	$ 3,396
Interest cost on projected benefit obligation	7,319	6,939	6,516
Actual return on plan assets	(20,672)	(6,431)	(35,560)
Net amortization and deferral	8,853	(4,054)	26,322
Net pension cost (income)	$ (790)	$ 4	$ 674

Of the above net pension amounts, $(601) thousand in 1993, $3 thousand in 1992, and $518 thousand in 1991, were recorded in operating expenses, and the remainder was recorded in construction and other accounts.

	Postretirement	
	Medical	Life
	1993	1993
	(in thousands)	
Benefits earned during the year	$ 874	$ 292
Interest cost on accumulated benefit obligation	1,714	625
Amortization of transition obligation over 20 years	706	148
Actual return on plan assets	(726)	(5)
Net amortization and deferral	309	1
Net postretirement cost	$2,877	$1,061

Of the above net postretirement medical and life insurance amounts recorded in 1993, $3.0 million was recorded in operating expenses, and the remainder was recorded in construction and other accounts.

3. LITIGATION AND REGULATORY MATTERS:

COAL BARGE TRANSPORTATION SUIT

On August 19, 1993, a complaint against the Company and Southern Company Services, an affiliate, was filed in federal district court in Ohio by two companies with which the Company had contracted for the transportation by barge for certain of the Company's coal supplies. The complaint alleges breach of the contract by the Company and seeks damages estimated by the plaintiffs to be in excess of $85 million.

The final outcome of this matter cannot now be determined; however, in management's opinion the final outcome will not have a material adverse effect on the Company's financial statements.

FPSC APPROVES STIPULATION

In February 1993, the Company filed a notice with the FPSC of its intent to obtain rate relief. On May 4, 1993, the FPSC approved a stipulation between the Company, the Office of Public Counsel, and the Florida Industrial Power Users Group to cancel the filing of the rate case and to allow the Company to retain for the next four years its existing method for calculating accruals for future power plant dismantlement costs. The stipulation also required the reduction of the Company's allowed return on equity midpoint from 12.55 percent to 12.0 percent. See Management's Discussion and Analysis under "Future Earnings Potential" for further details of circumstances that contributed to the company canceling the rate case.

FERC REVIEWS EQUITY RETURNS

In May 1991, the FERC ordered that hearings be conducted concerning the reasonableness of the Southern electric system's wholesale rate schedules and contracts that have a return on common equity of 13.75 percent or greater. The contracts that could be affected by the hearings include substantially all of the transmission, unit power, long-term power and other similar contracts. Any changes in the rate of return on common equity that may occur as a result of this proceeding would be effective 60 days after a proper notice of the proceeding is published. A notice was published on May 10, 1991.

In August 1992, a FERC administrative law judge issued an opinion that changes in rate schedules and contracts were not necessary and that the FERC staff failed to show how any changes were in the public interest. The FERC staff has filed exceptions to the administrative law judge's opinion, and the matter remains pending before the FERC.

The final outcome of this matter cannot now be determined; however, in management's opinion, the final outcome will not have a material adverse effect on the Company's financial statements.

RECOVERY OF CONTRACT BUYOUT COSTS

In July 1990, the Company filed a request for waiver of FERC's fuel adjustment charge regulation to permit recovery of coal contract buyout costs from wholesale customers. On April 4, 1991, the FERC issued an order granting recovery of the buyout costs from wholesale customers from July 19, 1990, forward, but denying retroactive recovery of the buyout costs from January 1, 1987 through July 18, 1990. The Company's request for rehearing was denied by the FERC. The Company refunded $2.7 million (including interest) in June 1991 to its wholesale customers. On July 31, 1991, the Company filed a petition for review of the FERC's decision to the U.S. Court of Appeals for the District of Columbia Circuit. On January 22, 1993, the Court vacated the Commission's order, finding FERC's denial of the Company's request for a retroactive waiver to be arbitrary and capricious. The Court remanded the matter to FERC for consideration consistent with its opinion. Management expects that the commission will ultimately allow the Company to recover the amount refunded plus interest. Accordingly, the Company recorded the reversal of the $2.7 million refund to income in 1993.

ENVIRONMENTAL COST RECOVERY

In April 1993, the Florida Legislature adopted legislation for an Environmental Cost Recovery (ECR) clause, which allows a utility to petition the FPSC for recovery of all prudent environmental compliance costs that are not being recovered through base rates or any other rate-adjustment clause. Such environmental costs include operation and maintenance expense, depreciation, and a return on invested capital.

On January 12, 1994, the FPSC approved the Company's petition under the ECR clause for recovery of environmental costs that were projected to be incurred from July 1993 through September 1994. The order allows the recovery from customers of such costs amounting to $7.8 million during the period, February through September 1994. Thereafter, recovery under ECR will be determined semi-annually and will include a true-up of the prior period and a projection of the ensuing six-month period. In December 1993, the Company recorded $2.6 million as additional revenue for the portion of costs incurred during 1993.

4. CONSTRUCTION PROGRAM:

The Company is engaged in a continuous construction program, the cost of which is currently estimated to total $77 million in 1994, $55 million in 1995, and $68 million in 1996. These estimates include AFUDC of approximately $0.7 million, $0.3 million, and $0.2 million, in 1994, 1995, and 1996, respectively. The construction program is subject to periodic review and revision, and actual construction costs may vary from the above estimates because of numerous factors. These factors include changes in business conditions; revised load growth estimates; changes in environmental regulations; increasing costs of labor, equipment and materials; and cost of capital. The Company does not have any new baseload generating plants under construction. However, the Company plans to construct two 80 megawatt combustion turbine peaking units. The first is scheduled to be completed in 1998, and the second in 1999. In addition, significant construction will continue related to transmission and distribution facilities and the upgrading and extension of the useful lives of generating plants.

See Management's Discussion and Analysis under "Environmental Matters" for information on the impact of the Clean Air Act Amendments of 1990 and other environmental matters.

5. FINANCING AND COMMITMENTS:

GENERAL

Current projections indicate that funds required for construction and other purposes, including compliance with environmental regulations will be derived primarily from internal sources. Requirements not met from internal sources will be financed from the sale of additional first mortgage bonds, preferred stock, and capital contributions from The Southern Company. In addition, the Company may issue additional long-term debt and preferred stock primarily for the purposes of debt maturities and redemptions of higher-cost securities. Because of the attractiveness of current short term interest rates, the Company may maintain a higher level of short term indebtedness than has historically been true.

At December 31, 1993, the Company had $49 million of lines of credit with banks of which $6.1 million was committed to cover checks presented for payment. These credit arrangements are subject to renewal June 1 of each year. In connection with these committed lines of credit, the Company has agreed to pay certain fees and/or maintain compensating balances with the banks. The compensating balances, which represent substantially all the cash of the Company except for daily working funds and like items, are not legally restricted from withdrawal. In addition, the Company has bid-loan facilities with eight major money center banks that total $180 million, of which, none was committed at December 31, 1993.

ASSETS SUBJECT TO LIEN

The Company's mortgage, which secures the first mortgage bonds issued by the Company, constitutes a direct first lien on substantially all of the Company's fixed property and franchises.

FUEL COMMITMENTS

To supply a portion of the fuel requirements of its generating plants, the Company has entered into long-term commitments for the procurement of fuel. In most cases, these contracts contain provisions for price escalations, minimum purchase levels and other financial commitments. Total estimated long-term obligations were approximately $1.4 billion at December 31, 1993. Additional commitments will be required in the future to supply the Company's fuel needs.

To take advantage of lower-cost coal supplies, agreements were reached in 1986 to terminate two long-term contracts for the supply of coal to Plant Daniel, which is jointly owned by the Company and Mississippi Power, an operating affiliate. The Company's portion of

this payment was some $60 million. This amount is being amortized to expense on a per ton basis over a nine-year period. The remaining unamortized amount included in deferred charges, including the current portion, was $18 million at December 31, 1993.

In 1988, the Company made an advance payment of $60 million to another coal supplier under an arrangement to lower the cost of future coal purchased under an existing contract. This amount is being amortized to expense on a per ton basis over a ten-year period. The remaining unamortized amount included in deferred charges, including the current portion, was $36 million at December 31, 1993.

Also, in 1993 the Company made a payment of $16.4 million to a coal supplier under an arrangement to suspend the purchase of coal under an existing contract for one year. This amount is being amortized to expense on a per ton basis over a one year period. The remaining unamortized amount, which is included in current assets, was $11 million at December 31, 1993.

The amortization of these payments is being recovered through the fuel cost recovery clause discussed under "Revenues and Fuel Costs" in Note 1.

LEASE AGREEMENT

In 1989, the Company entered into a twenty-two year operating lease agreement for the use of 495 aluminum railcars to transport coal to Plant Daniel. Mississippi Power, as joint owner of Plant Daniel, is responsible for one half of the lease costs. The Company's share of the lease is charged to fuel inventory and allocated to fuel expense as the fuel is used. The lease costs charged to inventory were $1.2 million in 1993, $1.2 million in 1992 and $1.3 million in 1991. For the year 1994, the Company's annual lease payment will be $1.2 million. The Company's annual lease payment for 1995 will be $2.4 million and for 1996, 1997, and 1998 the payment will be $1.2 million. Lease payments after 1998 total approximately $17.4 million. The Company has the option, after three years from the date of the original contract, to purchase the railcars at the greater of termination value or fair market value. Additionally, at the end of the lease term, the Company has the option to renew the lease.

6. JOINT OWNERSHIP AGREEMENTS:

The Company and Mississippi Power jointly own Plant Daniel, a steam-electric generating plant, located in Jackson County, Mississippi. In accordance with an operating agreement, Mississippi Power acts as the Company's agent with respect to the construction, operation, and maintenance of the plant.

The Company and Georgia Power jointly own Plant Scherer Unit No. 3, a steam-electric generating plant, located near Forsyth, Georgia. In accordance with an operating agreement, Georgia Power acts as the Company's agent with respect to the construction, operation, and maintenance of the unit.

The Company's pro rata share of expenses related to both plants is included in the corresponding operating expense accounts in the Statements of Income.

At December 31, 1993, the Company's percentage ownership and its amount of investment in these jointly owned facilities were as follows:

<TABLE>
<CAPTION>

	Plant Scherer Unit No. 3 (coal-fired)	Plant Daniel (coal-fired)
	(in thousands)	
<S>	<C>	<C>
Plant-In-Service	$185,725(1)	$208,956
Accumulated Depreciation	$ 41,970	$ 91,730
Construction Work in Progress	$ 643	$ 10,356
Nameplate Capacity (2) (in megawatts)	205	500
Ownership	25%	50%

</TABLE>

(1) Includes net plant acquisition adjustment.
(2) Total megawatt nameplate capacity:
Plant Scherer Unit No. 3: 818
Plant Daniel: 1,000

7. LONG-TERM POWER SALES AGREEMENTS:

GENERAL

The Company and the other operating affiliates of The Southern Company have contractual agreements for the sale of capacity and energy to certain non-affiliated utilities located outside of the system's service area. Certain of these agreements are non-firm and are based on the capacity of the system in general. Other agreements are firm and pertain to capacity related to specific generating units. Because the energy is generally sold at cost under these agreements, the capacity revenues from these sales primarily affect profitability. The Company's capacity revenues have been as follows:

Year	Unit Power	Other Long-Term	Total
	(in thousands)		
1993	$31,162	$2,643	$33,805
1992	32,679	1,501	34,180
1991	31,288	1,363	32,651

Long-term non-firm power of 400 megawatts was sold in 1993 to Florida Power Corporation (FPC) by the Southern electric system. In 1994, this amount decreased to 200 megawatts, and the contract will expire at year-end 1994. Capacity and energy sales under these long-term non-firm power sales agreements are made from available power pool capacity, and the revenues from the sales are shared by the operating affiliates.

Unit power from specific generating plants is currently being sold to FPC, Florida Power & Light Company (FP&L), Jacksonville Electric Authority (JEA), and the City of Tallahassee, Florida. Under these agreements, 209 megawatts of net dependable capacity were sold by the Company during 1993, and sales will remain at that approximate level until the expiration of the contracts in 2010, unless reduced by FPC, FP&L and JEA after 1999.

Capacity and energy sales to FP&L, the Company's largest single customer, provided revenues of $39.5 million in 1993, $46.2 million in 1992, and $42.1 million in 1991, or 6.8 percent, 8.1 percent, and 7.5 percent of operating revenues, respectively.

GULF STATES SETTLEMENT COMPLETED

On November 7, 1991, the subsidiaries of The Southern Company entered into a settlement agreement with Gulf States Utilities Company (Gulf States) that resolved litigation between the companies that had been pending since 1986 and arose out of a dispute over certain unit power and other long-term power sales contracts. In 1993, all remaining terms and obligations of the settlement agreement were satisfied.

Based on the value of the settlement proceeds received - less the amounts previously included in income - the Company recorded increases in net income of approximately $0.6 million in 1992 and $12.7 million in 1991. In 1993, the Company sold all of its remaining Gulf States common stock received in the settlement, resulting in a gain of $2.3 million after tax.

8. INCOME TAXES:

Effective January 1, 1993, Gulf Power Company adopted FASB Statement No. 109, Accounting for Income Taxes. The adoption of Statement No. 109 resulted in cumulative adjustments that had no effect on net income. The adoption also resulted in the recording of additional deferred income taxes and related assets and liabilities. The related assets of $31.3 million are revenues to be received from customers. These assets are attributable to tax benefits flowed through to customers in prior years and to taxes applicable to capitalized AFUDC. The related liabilities of $76.9 million are revenues to be refunded to customers. These liabilities are attributable to deferred taxes previously recognized at rates higher than current enacted tax law and to unamortized investment tax credits. Additionally, deferred income taxes related to accelerated tax depreciation previously shown as a reduction to utility plant were reclassified.

Details of the federal and state income tax provisions are as follows:

<TABLE>
<CAPTION>

<S>	1993	1992	1991
	(in thousands)		
Total provision for income taxes:			
Federal --			
Currently payable	$24,354	$24,287	$30,721
Deferred:			
Current year	26,396	18,173	18,141
Reversal of prior years	(22,102)	(15,506)	(21,404)
	28,648	26,954	27,458
State			
Currently payable	3,950	4,282	5,460
Deferred:			
Current year	3,838	2,662	2,688
Reversal of prior years	(2,785)	(2,007)	(2,817)
	5,003	4,937	5,331
Total	33,651	31,891	32,789
Less income taxes charged (credited) to other income	921	(187)	(1,104)
Federal and state income taxes charged to operations	$32,730	$32,078	$33,893

</TABLE>

The tax effects of temporary differences between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases, which give rise to deferred tax assets and liabilities are as follows:

<TABLE>
<CAPTION>

<S>	1993
	(in thousands)
Deferred tax liabilities:	
Accelerated depreciation	$146,657
Property basis differences	15,140
Coal contract buyout	15,427
Other	6,724
Total	183,948
Deferred tax assets:	
Federal effect of state deferred taxes	10,136
Pension and other benefits	3,406
Property insurance	4,730
Other	6,500

Total	24,772
Net deferred tax liabilities	159,176
Portion included in current liabilities, net	7,433
Accumulated deferred income taxes in the Balance Sheets	$151,743

</TABLE>

Deferred investment tax credits are amortized over the life of the related property with such amortization normally applied as a credit to reduce depreciation in the Statements of Income. Credits amortized in this manner amounted to $2.3 million in 1993, 1992 and 1991. At December 31, 1993, all investment tax credits available to reduce federal income taxes payable had been utilized.

A reconciliation of the federal statutory income tax rate to the effective income tax rate is as follows:

<TABLE>
<CAPTION>

<S>	1993 <C>	1992 <C>	1991 <C>
Federal statutory rate	35%	34%	34%
State income tax, net of federal deduction	3	4	4
Non-deductible book depreciation	1	1	1
Differences in prior years' deferred and current tax rate	(2)	(2)	(3)
Other	(1)	(2)	(2)
Effective income tax rate	36%	35%	34%

</TABLE>

Gulf Power Company and the other subsidiaries of The Southern Company file a consolidated federal tax return. Under a joint consolidated income tax agreement, each company's current and deferred tax expense is computed on a stand-alone basis, and consolidated tax savings are allocated to each company based on its ratio of taxable income to total consolidated taxable income.

9. LONG-TERM DEBT:

POLLUTION CONTROL OBLIGATIONS

Obligations incurred in connection with the sale by public authorities of tax-exempt pollution control revenue bonds are as follows:

<TABLE>
<CAPTION>

December 31

	1993	1992
	(in thousands)	
<S>	<C>	<C>
Collateralized -		
6 3/4% due 2006	$ -	$ 12,675
6% due 2006*	12,300	12,400
10% due 2013	-	20,000
8 1/4% due 2017	32,000	32,000
7 1/8% due 2021	21,200	21,200
6 3/4% due 2022	8,930	8,930
5.70% due 2023	7,875	-
5.80% due 2023	32,550	-
6.20% due 2023	13,000	-
Non-collateralized		
5.9% due 1992-2003	-	7,875
10 1/2% due 2014	42,000	42,000
Total	$169,855	$157,080

</TABLE>

* Sinking fund requirement applicable to the 6 percent pollution control bonds is $100 thousand for 1994 with increasing increments thereafter through 2005, with the remaining balance due in 2006.

With respect to the collateralized pollution control revenue bonds, the Company has authenticated and delivered to trustees a like principal amount of first mortgage bonds as security for obligations under collateralized installment agreements. The principal and interest on the first mortgage bonds will be payable only in the event of default under the agreements.

OTHER LONG-TERM DEBT

Long-term debt also includes $17.5 million for the Company's portion of notes payable issued in connection with the termination of Plant Daniel coal contracts (see Note 5 for information on fuel commitments). The notes bear interest at 8.25 percent with the principal being amortized through 1995. Also included in long-term debt is a 30-month note payable for $25 million which was obtained to refinance higher cost securities. The principal is due in June 1996 and bears interest at 4.69 percent which is payable quarterly beginning March 1994. The estimated annual maturities of the notes payable through 1996 are as follows: $8.4 million in 1994, $9.1 million in 1995, and $25 million in 1996.

10. LONG-TERM DEBT DUE WITHIN ONE YEAR:

A summary of the improvement fund requirement and scheduled maturities and redemptions of long-term debt due within one year is as follows:

<TABLE>
<CAPTION>

	December 31	
	1993	1992
	(in thousands)	
<S>	<C>	<C>
Bond improvement fund requirement	$ 2,370	$ 2,450
Less: Portion to be satisfied by bonding property additions	-	-
Cash improvement fund requirement	2,370	2,450
Maturities of first mortgage bonds	3,676	3,359
Redemptions of first mortgage bonds	27,000	-
Current portion of notes payable (Note 9)	8,406	7,736
Pollution control bond maturity	100	275

(Note 9)

Total	$41,552	$13,820

</TABLE>

The first mortgage bond improvement (sinking) fund requirement amounts to 1 percent of each outstanding series of bonds authenticated under the indenture prior to January 1 of each year, other than those issued to collateralize pollution control obligations. The requirement may be satisfied by depositing cash, reacquiring bonds, or by pledging additional property equal to 1 and 2/3 times the requirement. In 1994, $12 million of 4 5/8 percent First Mortgage Bonds due October 1, 1994 and $15 million of 6 percent First Mortgage Bonds due June 1, 1996 are scheduled to be redeemed.

11. COMMON STOCK DIVIDEND RESTRICTIONS:

The Company's first mortgage bond indenture contains various common stock dividend restrictions which remain in effect as long as the bonds are outstanding. At December 31, 1993, $101 million of retained earnings was restricted against the payment of cash dividends on common stock under the terms of the mortgage indenture.

The Company's charter limits cash dividends on common stock to 50 percent of net income available for such stock during a prior period if the capitalization ratio is below 20 percent and to 75 percent of such net income if such ratio is 20 percent or more but less than 25 percent. The capitalization ratio is defined as the ratio of common stock equity to total capitalization, including retained earnings, adjusted to reflect the payment of the proposed dividend. At December 31, 1993, the ratio was 44.4 percent.

12. QUARTERLY FINANCIAL DATA (UNAUDITED):

Summarized quarterly financial data for 1993 and 1992 are as follows:

<TABLE>
<CAPTION>

Quarter Ended	Operating Revenues	Operating Income	Net Income After Dividends on Preferred Stock
	(in thousands)		
<S>	<C>	<C>	<C>
MARCH 31, 1993	$127,036	$17,646	$10,426
JUNE 30, 1993	138,863	19,562	7,312
SEPT. 30, 1993	175,964	32,783	22,366
DEC. 31, 1993	141,279	22,596	14,207
March 31, 1992	$126,536	$20,684	$ 9,576
June 30, 1992	137,123	22,914	12,120
Sept. 30, 1992	162,785	32,446	21,442
Dec. 31, 1992	144,458	20,931	10,952

</TABLE>

The Company's business is influenced by seasonal weather conditions and the timing of rate changes, among other factors.

SELECTED FINANCIAL AND OPERATING DATA
Gulf Power Company 1993 Annual Report

<TABLE>
<CAPTION>

<S>	1993 <C>	1992 <C>	1991 <C>
OPERATING REVENUES (IN THOUSANDS)	$ 583,142	$ 570,902	$ 565,207
NET INCOME AFTER DIVIDENDS ON PREFERRED STOCK (IN THOUSANDS)	$ 54,311	$ 54,090	$ 57,796
CASH DIVIDENDS ON COMMON STOCK (IN THOUSANDS)	$ 41,800	$ 39,900	$ 38,000
RETURN ON AVERAGE COMMON EQUITY (PERCENT)	13.29	13.62	15.17
TOTAL ASSETS (IN THOUSANDS)	$1,307,809	$1,062,699	$1,095,736
GROSS PROPERTY ADDITIONS (IN THOUSANDS)	$ 78,562	$ 64,671	$ 64,323
CAPITALIZATION (IN THOUSANDS):			
Common stock equity	$ 414,196	$ 403,190	$ 390,981
Preferred stock	89,602	74,662	55,162
Preferred stock subject to mandatory redemption	1,000	2,000	7,500
Long-term debt	369,259	382,047	434,648
Total (excluding amounts due within one year)	$ 874,057	$ 861,899	$ 888,291
CAPITALIZATION RATIOS (PERCENT):			
Common stock equity	47.4	46.8	44.0
Preferred stock	10.4	8.9	7.1
Long-term debt	42.2	44.3	48.9
Total (excluding amounts due within one year)	100.0	100.0	100.0
FIRST MORTGAGE BONDS (IN THOUSANDS):			
Issued	75,000	25,000	50,000
Retired	88,809	117,693	32,807
PREFERRED STOCK (IN THOUSANDS):			
Issued	35,000	29,500	-
Retired	21,060	15,500	2,500
SECURITY RATINGS:			
First Mortgage Bonds -			
Moody's	A2	A2	A2
Standard and Poor's	A	A	A
Duff & Phelps	A+	A	A
Preferred Stock -			
Moody's	a2	a2	a2
Standard and Poor's	A-	A-	A-
Duff & Phelps	A	A-	A-
CUSTOMERS (YEAR-END):			
Residential	274,194	267,591	261,210
Commercial	39,253	37,105	34,685
Industrial	274	270	264
Other	86	74	72
Total	313,807	305,040	296,231
EMPLOYEES (YEAR-END)	1,565	1,613	1,598

</TABLE>

SELECTED FINANCIAL AND OPERATING DATA (CONTINUED)
Gulf Power Company 1993 Annual Report

<TABLE>
<CAPTION>

1990	1989	1988	1987	1986	1985	1984	1983
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
$ 567,825	$ 527,821	$ 550,827	$ 587,860	$ 542,919	$ 562,068	$ 505,812	$ 469,696
$ 38,714	$ 37,361	$ 45,698	$ 42,217	$ 46,421	$ 45,484	$ 40,336	$ 35,511
$ 37,000	$ 37,200	$ 35,400	$ 34,200	$ 33,100	$ 30,800	$ 27,200	$ 24,900
10.51	10.32	13.41	13.23	15.06	15.61	15.11	14.70
$ 1,084,579	$1,093,430	$1,097,225	$1,051,182	$1,028,864	$ 921,635	$ 892,924	$ 841,628
$ 62,462	$ 70,726	$ 67,042	$ 97,511	$ 90,160	$ 92,541	$ 156,443	$ 51,131
$ 371,185	$ 365,471	$ 358,310	$ 323,012	$ 314,995	$ 301,674	$ 280,990	$ 252,831
55,162	55,162	55,162	55,162	55,162	55,162	55,162	55,162
9,250	11,000	12,750	14,000	16,500	18,250	19,000	21,250
475,284	484,608	497,069	474,640	482,869	410,917	394,859	382,293
$ 910,881	$ 916,241	$ 923,291	$ 866,814	$ 869,526	$ 786,003	$ 750,011	$ 711,536
40.8	39.9	38.8	37.2	36.2	38.4	37.5	35.5
7.1	7.2	7.4	8.0	8.3	9.3	9.9	10.8
52.1	52.9	53.8	54.8	55.5	52.3	52.6	53.7
100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
-	-	35,000	-	50,000	-	-	-
6,455	9,344	9,369	-	46,640	2,860	10,415	-
-	-	-	-	-	-	-	-
1,750	1,250	1,750	2,500	750	750	1,500	858
A2	A1	A1	A1	A1	A1	A1	A2
A	A	A	A	A+	A+	A+	A+
A	AA-	4	4	4	4	4	4
a2	a1	a1	a1	a1	a1	a1	a2
A-	A-	A-	A-	A	A	A	A-
A-	A+	5	5	5	5	5	5
256,111	251,341	246,450	241,138	235,329	227,845	217,138	205,292
34,019	33,678	33,030	32,139	31,142	29,603	27,939	26,217
252	240	206	206	197	183	177	179
67	67	61	61	62	62	63	62
290,449	285,326	279,747	273,544	266,730	257,693	245,317	231,750
1,615	1,614	1,601	1,603	1,544	1,509	1,460	1,463

</TABLE>

SELECTED FINANCIAL AND OPERATING DATA (CONTINUED)
Gulf Power Company 1993 Annual Report

<TABLE>
<CAPTION>

<S>	1993 <C>	1992 <C>	1991 <C>
OPERATING REVENUES (IN THOUSANDS):			
Residential	$ 244,967	$ 235,296	$ 231,220
Commercial	137,308	133,071	130,691
Industrial	87,526	91,320	92,300
Other	1,882	1,784	1,860
Total retail	471,683	461,471	456,071
Sales for resale - non-affiliates	72,209	70,078	69,636
Sales for resale - affiliates	23,166	24,075	29,343
Total revenues from sales of electricity	567,058	555,624	555,050
Other revenues	16,084	15,278	10,157
Total	$ 583,142	$ 570,902	$ 565,207
KILOWATT-HOUR SALES (IN THOUSANDS):			
Residential	3,712,980	3,596,515	3,455,100
Commercial	2,433,382	2,369,236	2,272,690
Industrial	2,029,936	2,179,435	2,117,408
Other	16,944	16,649	17,118
Total retail	8,193,242	8,161,835	7,862,316
Sales for resale - non-affiliates	1,460,105	1,430,908	1,550,018
Sales for resale - affiliates	1,029,787	1,208,771	1,236,223
Total	10,683,134	10,801,514	10,648,557
AVERAGE REVENUE PER KILOWATT-HOUR (CENTS):			
Residential	6.60	6.54	6.69
Commercial	5.64	5.62	5.75
Industrial	4.31	4.19	4.36
Total retail	5.76	5.65	5.80
Sales for resale	3.83	3.57	3.55
Total sales	5.31	5.14	5.21
AVERAGE ANNUAL KILOWATT-HOUR USE PER RESIDENTIAL CUSTOMER	13,671	13,553	13,320
AVERAGE ANNUAL REVENUE PER RESIDENTIAL CUSTOMER	$ 901.96	$ 886.66	$ 891.38
PLANT NAMEPLATE CAPACITY RATINGS (YEAR-END) (MEGAWATTS)	2,174	2,174	2,174
MAXIMUM PEAK-HOUR DEMAND (MEGAWATTS):			
Winter	1,571	1,533	1,418
Summer	1,898	1,828	1,740
ANNUAL LOAD FACTOR (PERCENT)	54.5	55.0	57.0
PLANT AVAILABILITY - FOSSIL-STEAM (PERCENT)	88.9	91.2	92.2
SOURCE OF ENERGY SUPPLY (PERCENT):			
Coal	84.5	87.7	82.0
Oil and gas	0.5	0.1	0.1
Purchased power -			
From non-affiliates	1.5	0.8	0.5
From affiliates	13.5	11.4	17.4
Total	100.0	100.0	100.0
TOTAL FUEL ECONOMY DATA:			
BTU per net kilowatt-hour generated	10,390	10,347	10,636
Cost of fuel per million BTU (cents)	197.37	200.30	203.60

Average cost of fuel per net kilowatt-hour generated (cents)	2.05	2.07	2.17

</TABLE>

SELECTED FINANCIAL AND OPERATING DATA (CONTINUED)
Gulf Power Company 1993 Annual Report

<TABLE>
<CAPTION>

1990	1989	1988	1987	1986	1985	1984	1983
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
$ 217,843	$ 203,781	$ 184,036	$ 199,701	$ 200,725	$ 186,415	$ 174,302	$ 169,127
124,066	118,897	107,615	116,057	116,253	109,631	98,408	95,426
91,041	84,671	72,634	80,295	79,873	81,621	83,538	77,035
1,805	1,586	1,402	1,357	1,343	1,346	1,334	1,334
434,755	408,935	365,687	397,410	398,194	379,013	357,582	342,922
73,855	67,554	117,466	134,456	106,892	126,789	106,802	84,334
38,563	39,244	48,277	55,955	27,113	43,844	35,712	36,286
547,173	515,733	531,430	587,821	532,199	549,646	500,096	463,542
20,652	12,088	19,397	39	10,720	12,422	5,716	6,154
$ 567,825	$ 527,821	$ 550,827	$ 587,860	$ 542,919	$ 562,068	$ 505,812	$ 469,696
3,360,838	3,293,750	3,154,541	3,055,041	2,963,502	2,736,432	2,560,648	2,471,714
2,217,568	2,169,497	2,088,598	1,986,332	1,913,139	1,777,418	1,559,344	1,498,762
2,177,872	2,094,670	1,968,091	1,839,931	1,745,074	1,770,587	1,771,100	1,612,393
18,866	17,209	16,257	15,241	14,903	14,702	14,555	14,637
7,775,144	7,575,126	7,227,487	6,896,545	6,636,618	6,299,139	5,905,647	5,597,506
1,775,703	1,640,355	1,911,759	2,138,390	1,609,146	2,388,591	2,183,631	1,570,598
1,435,558	1,461,036	2,326,238	2,689,487	1,078,500	1,562,452	1,308,410	1,272,906
10,986,405	10,676,517	11,465,484	11,724,422	9,324,264	10,250,182	9,397,688	8,441,010
6.48	6.19	5.83	6.54	6.77	6.81	6.81	6.84
5.59	5.48	5.15	5.84	6.08	6.17	6.31	6.37
4.18	4.04	3.69	4.36	4.58	4.61	4.72	4.78
5.59	5.40	5.06	5.76	6.00	6.02	6.05	6.13
3.50	3.44	3.91	3.94	4.99	4.32	4.08	4.24
4.98	4.83	4.64	5.01	5.71	5.36	5.32	5.49
13,173	13,173	12,883	12,763	12,729	12,221	12,057	12,254
$ 853.86	$ 815.00	$ 751.60	$ 834.31	$ 862.16	$ 832.55	$ 820.71	$ 838.45
2,174	2,174	2,174	2,174	1,969	1,969	1,969	1,969
1,310	1,814	1,395	1,354	1,406	1,517	1,209	1,292
1,778	1,691	1,613	1,617	1,678	1,448	1,381	1,341
55.2	52.6	56.5	54.4	50.5	53.4	54.9	53.2
89.2	89.1	88.2	92.8	90.5	84.8	87.7	85.8
69.8	78.3	93.2	93.5	85.8	79.7	83.9	87.1
0.5	0.2	0.4	0.4	0.5	0.2	0.2	0.6
0.6	0.4	0.4	0.4	1.9	0.4	(1.4)	(2.2)
29.1	21.1	6.0	5.7	11.8	19.7	17.3	14.5
100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

10,765	10,621	10,461	10,512	10,639	10,609	10,639	10,721
206.06	193.70	178.00	197.53	239.26	254.53	240.40	240.14
2.22	2.06	1.86	2.08	2.55	2.70	2.60	2.57

</TABLE>