



# WHAT MATTERS

**GULF  
POWER**  
A SOUTHERN COMPANY

Stewardship Report

# STEWARDSHIP MEANS

PROTECTING WHAT  
MATTERS.



Gulf Power Company has a long history of working to provide safe, reliable, affordable and environmentally responsible electricity to our customers. Through our dedication to the communities we serve and our commitment to the environment, Gulf Power has invested in what matters to the future of Northwest Florida. This stewardship report provides a glimpse into our investment in Northwest Florida.



Northwest Florida is blessed with an abundance of natural beauty — stately longleaf forests, rare wildlife, thriving wetlands, coastal breezes and close-knit communities. It's why many of us choose to call it home. At Gulf Power Company, we appreciate "what matters" to our friends and neighbors, and we fully embrace that we have a role to play in the region's quality of life.

One of America's most famous sportsmen and naturalists, Theodore Roosevelt, once said, "The nation behaves well if it treats the natural resources as assets which it must turn over to the next generation increased, and not impaired, in value." In that statement, our most conservation-minded president captured the essence of stewardship — to take those blessings, which we have now, and not only protect them, but make them better for our children and generations to come.

But stewardship requires stewards. When it comes to the environment, one might think that the standard for a large electric company would be "do no harm." Not here. That's not enough. At Gulf Power, we go above and beyond to ask the question, "What more can we do?" We pride ourselves in working to create a positive impact on our region's environment and to strengthen our communities. After all, Northwest Florida is our home, too. Gulf Power employees, including me, love to walk the beaches, view our diverse wildlife, spend an evening at the park, enjoy fresh seafood, taste the Gulf in our oysters, hunt the woods for whitetail and wild turkey, and fish and boat the waterways.

If you are fortunate enough to live in this amazing part of Florida, you know it is these things that matter, it's who we are and it's one of the legacies we can leave our children.

The Gulf Power Company Stewardship Report, a first for the company, is just our way of sharing with you some of the work we do, not only to protect and enhance Northwest Florida's natural resources, but to do what we can, when we can, to make our home the best place to live, work and play.

Sincerely,

A handwritten signature in black ink, appearing to read "Stan Connally".

Stan Connally  
President and CEO



# LAND

**Restoring habitat matters.** Through Gulf Power-supported programs, more than 17,700 acres of longleaf forests have been restored, more than 10 million seedlings have been planted and more than 122,000 acres of critical habitat have been enhanced in Florida.

Longleaf pines

Photo courtesy of Christine Ambrose



Ancient in origin, there is perhaps no better iconic symbol of the South than the longleaf pine forest. This fire-dependent mix of forest and savannah once carpeted more than 90 million acres of the southern United States. Today, less than three percent remains of one of the most biologically rich habitats in the world.

Healthy longleaf forests improve water quality and provide critical habitat for hundreds of species like the bobwhite quail, wild turkey, red-cockaded woodpecker, gopher tortoise and indigo snake. We have partnered with numerous agencies and organizations and have taken steps within the company to help restore and protect these vital habitats.

## LONGLEAF LEGACY

Since 2004, Gulf Power has participated with Southern Company affiliates and the National Fish and Wildlife Foundation in the signature Longleaf Legacy Program. This program collectively makes \$1 million annually available for matching grants aimed at restoring the Southeast's stately longleaf pine ecosystem.

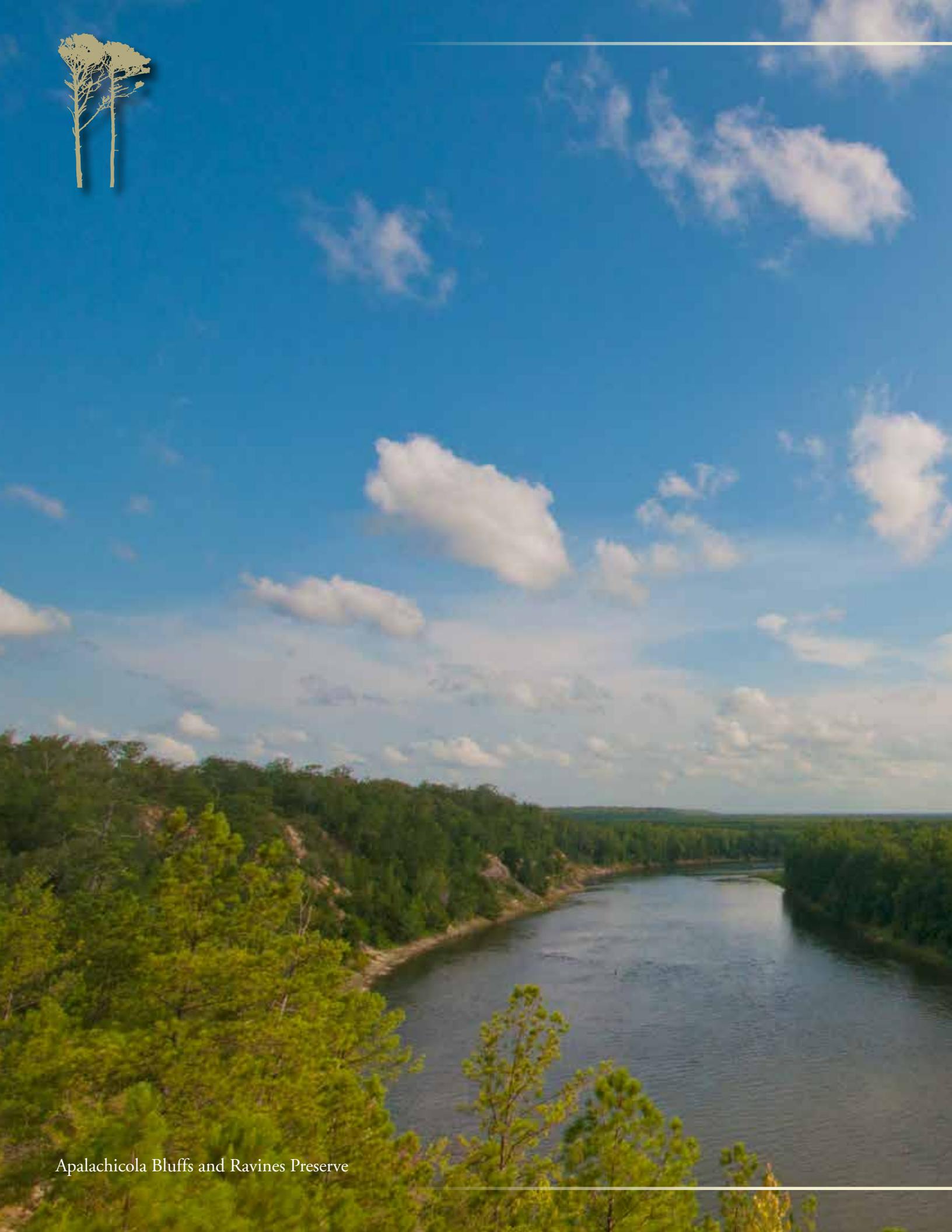
In late 2012, the effort evolved into the Longleaf Stewardship Fund, a landmark public-private partnership to accelerate and expand range-wide longleaf restoration. This new effort added the U.S. Department of Defense, U.S. Forest Service, U.S. Fish and Wildlife Service and the Natural Resources Conservation Service as partners, and nearly tripled available grant funds.

Longleaf Legacy-funded projects in Florida have restored longleaf forests through planting seedlings, applying prescribed fire and other ecosystem enhancements in areas such as Blackwater State Forest, Apalachicola National Forest and Eglin Air Force Base. Partners for these projects have included the Florida Forest Service, The Longleaf Alliance, the Florida Division of Forestry, the National Wild Turkey Federation and The Nature Conservancy.

Through these projects and partnerships, pockets of restored native habitat are starting to thrive in Northwest Florida and we are rebuilding nature's legacy.



*Regular fire spurs growth and renewal of longleaf ecosystems.*



Apalachicola Bluffs and Ravines Preserve



## APALACHICOLA BLUFFS PRESERVE

From 1999 to 2005, Gulf Power funded \$385,000 for The Nature Conservancy to accelerate reforestation and help restore groundcover on the 6,350-acre Apalachicola Bluffs and Ravines Preserve. This preserve protects steephead ravines, a very rare geological feature that provides refuge for numerous rare and endangered plant species. Our employees helped plant trees and native grasses and helped remove invasive species in the preserve. In 2006, The Nature Conservancy received Longleaf Legacy funding to continue these efforts. More than 650 acres were restored — surpassing the initial goal of 577 acres. This project complements longleaf restoration efforts on the nearby Apalachicola National Forest and Torreya State Park, which also have been supported through Longleaf Legacy grants.

## RIGHTS-OF-WAY

Gulf Power oversees 1,600 miles and 19,000 acres of transmission rights-of-way corridors in Northwest Florida and we take pride in being good stewards of this property. We use Integrated Vegetation Management, a program that reduces the need for pesticides, promotes healthy ecosystems and can increase natural species diversity. These techniques promote lush and stable native shrubs and grasses that don't interfere with overhead power lines or hamper maintenance access. It can transform a fragmented landscape into a wildlife-friendly corridor and safe haven for rare plants.

Our rights-of-way stretch across the Air Force's largest installation, Eglin Air Force Base. The military land contains the largest contiguous acreage of old-growth longleaf pine in the world. Gulf Power, the National Wildlife Federation and Eglin Air Force Base teamed up in 2003 to establish 1,400 acres of native grasses and brood habitat on Gulf Power's rights-of-way, and again in 2006 to enhance 3,000 acres of longleaf pine and wiregrass habitat to benefit species such as the endangered red-cockaded woodpecker.

## PERDIDO RIVER PRESERVE

Protecting more than 7.5 river miles, the 2,300-acre Betty and Crawford Rainwater Perdido River Nature Preserve slowly is returning to its natural splendor.

Located at the Florida-Alabama line north of Perdido Bay and showcasing one of the last free-flowing blackwater streams reaching the Gulf of Mexico, the preserve is part of a long-term project to restore longleaf pine habitat and establish a protected area. The Nature Conservancy is restoring this area on both sides of the state line.

Since 2004, Longleaf Legacy has helped to restore 722 acres of longleaf pine and enhance an additional 260 acres of groundcover habitat along the lower Perdido River on the preserve.

Gulf Power employees have taken it a step further. Since 2008, employee volunteers have planted longleaf seedlings and wiregrass and have carved firebreaks and a hiking trail.



*A Gulf Power employee plants trees at Perdido River Preserve.*



# WILDLIFE

*Protecting wildlife matters. Gulf Power  
is part of the largest public agency-  
private corporation funding effort for bird  
conservation in the South.*



Blue Heron — Perdido Key, Fla.



Northwest Florida has a diverse landscape — where longleaf forests, bays, marshes and bayous flow to meet the shifting sands along the Gulf of Mexico. These habitats are home to rare wildlife species unique to the Southeast. Protecting them requires a comprehensive strategy to restore damaged ecosystems, protect successful habitats and support research that helps these species rebound and thrive again. It takes much more than isolated conservation efforts to restore habitat and protect species. It takes partnerships. Gulf Power partners with the National Fish and Wildlife Foundation and other groups to support stewardship projects, invest in proven protection methods and deploy technology that works where it's needed most: to protect and enhance the wildlife of Northwest Florida and the Southeast.

## POWER OF FLIGHT

Since 2003, we have supported Power of Flight, another Southern Company partnership with the National Fish and Wildlife Foundation, that targets conservation of keystone bird species unique to the Southeast. From the red-cockaded woodpecker in longleaf forests and the snowy plovers patrolling our coasts to the migrating whooping crane, Power of Flight has grown

to become the largest public agency-private corporation funding effort for bird conservation in the South. This partnership supports species management and habitat restoration. It promotes conservation education and ecotourism programs that teach our communities, and our children, how to coexist and preserve these species for future generations to enjoy.

## SHOREBIRDS

The Deepwater Horizon oil spill posed an unprecedented threat to Florida's Gulf Coast in 2010. As oil and tar mats threatened the coast, thousands of workers and their heavy equipment converged on the beaches to protect the fragile coastline.

But few knew the damage that some of these cleanup efforts could cause to threatened shorebirds and their habitats along the undulating network of dunes and ebbing shores.

Through a Power of Flight grant, Gulf Power and Southern Company funded the efforts of biologists who worked to protect the vulnerable shore-nesting bird species such as the snowy plover, Wilson's plover, least tern and black skimmer. These biologists surveyed nesting shorebirds, cordoned off nesting areas and educated cleanup crews to protect the shorebirds.

This effort has established best management practices for biologists, park staff and the general public throughout the Gulf Coast and Florida to help protect and monitor nesting shorebirds.



Photo courtesy of M. Zdravkovic/Conservian

*A female snowy plover nests on open sand.*



Operation Migration



## WHOOPING CRANE

Named for its distinctive whooping sound and standing an impressive five feet, the whooping crane is North America's tallest bird and one of only two crane species found in North America. Only 15 whooping cranes survived in the world during the 1940s because of loss of habitat and unregulated hunting. Today — thanks to the dedication of many conservation organizations — 500 now are thriving.

Operation Migration has played a leading role in the reintroduction of endangered whooping cranes into the eastern flyway of North America since 2001. Each fall, using ultralight aircraft, specialists have escorted 11 generations of young cranes along a seven-state, 1,285-mile migration route from Wisconsin to Florida.

Since 2008, Gulf Power has supported Operation Migration's efforts through multiple Power of Flight grants to increase the number of whooping cranes. Operation Migration's goal is to help the flock reach a self-sustaining level of 125 birds, including 25 breeding pairs.

Each spring, whooping cranes are hatched in captivity and raised by costumed personnel who

use puppets to teach the chicks how to eat and drink. They are introduced at an early age to the tiny aircraft used by Operation Migration that will guide them to one of two Florida wintering locations. The journey southward can take up to three months. After learning the route, the cranes no longer need the aircraft and can fly themselves seasonally in less than two weeks.

Currently, the flock has 111 birds, 58 of which were assisted through Power of Flight. This effort will help ensure the majestic whooping cranes are part of this generation's legacy to the next generation.



*A costumed Operation Migration employee tends to young whooping cranes.*

## OSPREY

Sometimes known as the sea hawk, fish eagle or fish hawk, osprey are large hawks unique to North America and greatly admired along the Gulf Coast. They are commonly found around bodies of water, including shorelines, rivers, and estuaries, and prefer to build their large nests out in the open and very high off the ground. Gulf Power has played an important role in supporting osprey, providing dozens of nesting platforms for breeding pairs on top of power poles — one of the preferred nesting sites for the bird of prey and an ideal place for them to make their home.



*A Gulf Power crew raises a pole that features a nesting platform for osprey.*



Red-cockaded Woodpecker



## RED-COCKADED WOODPECKER

If there is one barometer of the health of the longleaf pine forest, it's the presence of the red-cockaded woodpecker.

A true Southeastern native, the endangered red-cockaded woodpecker makes its nest in live, mature pine trees. Today, about 18,125 red-cockaded woodpeckers remain in about 7,250 potential breeding groups — less than one percent of its original population.

Nesting pairs can't be planted like seeds to restore a population, but there is a way to rejuvenate the population in managed longleaf habitat. The Southern Range Translocation Cooperative was formed in 1998 to coordinate the annual distribution of the limited number of red-cockaded woodpeckers and involves 29 populations on 65 individual properties in the

Southeast. States include Florida, Alabama, Georgia and Mississippi.

Power of Flight projects supported by Gulf Power are helping to relocate unrelated pairs of red-cockaded woodpeckers from recovered populations and move them to longleaf habitats across the Southeast.

Since 2004, the overall red-cockaded woodpecker population has increased by 50 percent in the Southern Range Translocation Cooperative region and by almost 38 percent in Florida. Eight out of 11 Florida sites supported by Power of Flight have successfully reached their red-cockaded woodpecker population goals.

The success of the red-cockaded woodpecker translocation project has become a best practice replicated by several state and federal agencies.

## FISH

Artificial reefs provide crucial habitat for fish and create desirable fishing and diving sites. In 2011, Gulf Power donated almost 300 tons of concrete and aluminum that is destined to be teeming with sea life.

A total of 66 concrete sections — each weighing more than 9,000 pounds — were once used as covers for underground electrical equipment. When Gulf Power replaced the equipment, the sections were promptly donated to the Escambia County Marine Recreational Committee to serve as a foundation for a public artificial reef.

These materials will help transform the barren sandy seafloor into an ideal marine habitat that nurtures sea life and provides a home for reef fish.

We helped create another artificial reef in 1992 when we donated 35 tons of metal discarded from substations. The "Gulf Power Towers" remain a popular dive and fishing location today.

Gulf Power has also taken steps to ensure the safety of fish in a canal at Plant Smith near

Panama City, Fla. Warm water discharge from power plants can attract fish, especially during winter months. The warm water can suddenly turn cold during routine operation, which can be detrimental to nearby fish. To keep the fish safe, we created and installed a first-of-its-kind device at the canal to keep the fish out. This unique technology works by blocking the fish's view upstream. If the fish can't see to the other side of the pipe, they won't swim through, which keeps them out of the canal and safe.



*Gulf Power's fish excluder device is prepared before installation.*



# WATER & WETLANDS



*Sustaining waterways and shorelines matters.* Through the Five Star Restoration Program, Gulf Power has supported 11 Northwest Florida water restoration projects involving 46 different organizations.



The restoration and protection of natural wetlands and streamside buffers is critical to ensure clean water and stable shores that can sustain wildlife, habitats and communities. As a result, the health and future of local waterways and wetlands is a top priority for Gulf Power. We are helping to restore and protect rivers, wetlands and shorelines through partnerships with the community, employee volunteer efforts and investments in technology.

## CENTRAL WATER RECLAMATION FACILITY

Gulf Power forged a unique partnership in 2010 with Emerald Coast Utilities Authority to use reclaimed water and improve water quality in Escambia and Pensacola bays.

ECUA shut down its Main Street wastewater plant that stood in a coastal flood zone and built a new one — the ECUA Central Water Reclamation Facility — which allowed Gulf Power's Plant Crist to gain a clean source of water to operate its new scrubber control system.

More than 5 billion gallons of reclaimed water have been recycled since 2010. The reclaimed water cools equipment used to generate electricity and operate the scrubber system. Putting this water to work now establishes the ECUA Central Water Reclamation Facility as a zero-discharge facility, and Gulf Power is able to help preserve a natural resource by using less water from the Escambia River.

This partnership received a 2010 Sustainable Florida Best Practices Award from the Florida Collins Center for Public Policy; the 2011 Chairman's Award from the Southeastern Electric Exchange; the 2012 York Award from the Florida Water Environment Association for Reuse Customer of the Year; and a national award from the WaterReuse Association as Water Reuse Customer of the Year in 2012.

## FIVE STAR RESTORATION

To help promote conservation efforts, Gulf Power participates in the Five Star Restoration Program, a partnership among Southern Company, the U.S. Environmental Protection Agency, the National Fish and Wildlife Foundation, the National Association of Counties and the Wildlife Habitat Council. This partnership supports water resource stewardship through hands-on community involvement and education.

Through the Five Star Restoration Program, we have supported 11 water restoration projects in Northwest Florida involving 46 different organizations, including government and non-profit agencies, schools and community groups. Some of the Florida projects include Project GreenShores in Pensacola, Deadman's Island in Gulf Breeze, and Renew Our Rivers efforts in Bay, Escambia and Santa Rosa counties.



*Reclaimed water flows at Plant Crist.*



Project Greenshores — Pensacola, Fla.



## PROJECT GREENSHORES

Gulf Power may have planted the first seeds for Project GreenShores, but it was strong community partnerships and shared vision that created the 30-acre marsh ecosystem and oyster reef breakwater along the shore of Pensacola Bay close to downtown Pensacola, Fla.

The goal of Project GreenShores was to create a habitat-rich, educational shoreline and water-quality restoration site to serve as a model for other disturbed areas of estuarine shoreline. Gulf Power donated \$150,000 for the project, as well as countless employee volunteer hours.

Thousands of tons of rocks and oyster shells formed the foundations for oyster breakwaters, which were colonized to form a living oyster reef. Each oyster can filter 30-50 gallons of water per day.

Volunteers planted marsh and spartina grasses — semi-emergent grass with a deep root network — that help stabilize the soils and remove nutrients from stormwater runoff on the islands behind the breakwaters.

A Five Star Restoration grant seeded Phase II of Project GreenShores, which extends farther west of the original Project GreenShores.

This transformed urban coastline is part of the Great North American Birding Trail and has received numerous honors, including a Coastal America Partnership Award by the U.S. Navy and the Gulf Guardian Award from the U.S. Environmental Protection Agency's Gulf of Mexico Program.



*Egrets rest in Project GreenShores.*



Deadman's Island with Gulf Power Corporate Office across Pensacola Bay — Gulf Breeze, Fla.



## DEADMAN'S ISLAND

Deadman's Island, an iconic refuge that protects the north shoreline of Gulf Breeze, Fla., was disappearing into Pensacola Bay. Decades of wind and waves were tearing apart a piece of cultural history and a precious natural resource.

This landmark provides a critical habitat for marine life and shorebirds — migratory birds, coastal marine oak and salt marsh are all prominent on the island.

The City of Gulf Breeze — partnering with the state, the University of West Florida, school districts of Santa Rosa County and Escambia County, Fla., and local volunteers — received two Five Star Restoration grants to help restore, rebuild and protect Deadman's Island.

In addition to the grant funding, Gulf Power employees volunteered to load recycled oyster shells into unique structures made of stackable limestone that were later sunk into areas ringing the island.

This produced a 1,240-foot natural oyster reef breakwater that reduces wave action and helps protect the shoreline. A growing network of planted salt marsh grasses help stabilize the shoreline and provide habitat for native marine life and nesting shorebirds.



*Natural oyster reef breakwater protects the shoreline at Deadman's Island.*

## RENEW OUR RIVERS

Hurricanes have left waves of debris on pristine Northwest Florida shorelines.

Gulf Power employees targeted storm debris and other coastal clutter when they joined the Southern Company Renew Our Rivers campaign in 2006. Renew Our Rivers is a volunteer program that removes debris from rivers and other waterways, and is one of the Southeast's largest waterway clean-up efforts.

Gulf Power employees patrolled seashores in national and state parks for debris strewn ashore by tides and shifting currents. It wasn't the typical litter left by tourists and other beachgoers. Employees recovered everything from construction lumber and insulation to TVs and carpeting. In three years, these volunteers removed more than 20 tons of debris from Gulf Islands National Seashore, Perdido Key State Recreation Area and St. Andrew Bay.

Employees also partnered with Friends of St. Andrew Bay in Bay County, Fla., to clear bay areas of debris left behind by years of neglect.



*A Gulf Power employee plants grasses during St. Andrew Bay restoration efforts.*



**Safeguarding air matters.** Since 1992, Gulf Power has reduced overall air emissions by 85 percent while generating 40 percent more electricity.





By conducting research and installing clean air technologies at our generating plants, Gulf Power has taken bold action to reduce emissions like sulfur dioxide, nitrogen oxide and particulate matter, with the goal of providing cleaner electricity for Northwest Florida.

We have reduced our overall air emissions by 85 percent since 1992 — even with decades of growth and economic development — and have invested close to \$1 billion in clean air technologies since 2005. As a part of Southern Company, we're working with the federal government and other partners on researching how to capture and store carbon dioxide. And, a shift to natural gas has further enhanced our efforts to provide cleaner electricity. These measures have ensured the electricity Gulf Power produces is cleaner for a growing Northwest Florida.

## PIONEERING CLEAN AIR SYSTEMS

**Clean Coal Study** – Selective catalytic reduction systems operate much like a catalytic converter in a car. This technology can remove up to 85 percent of nitrogen oxide by using a chemical reaction that results in a simple mixture of nitrogen and water. Gulf Power conducted a first-of-its-kind Department of Energy clean coal project to study emission reductions using SCR systems at Plant Crist in Pensacola, Fla. This provided other utilities with data to help them assess how SCR technology could be used to reduce emissions.

**Baghouse Study** – Baghouses are structures housing large, fabric bag-shaped filters. Baghouses operate like giant vacuum cleaner bags to capture particulates and other byproducts. This technology was first researched for the electric utility industry at Gulf Power's Plant Scholz in Sneads, Fla. The four-year program helped the utility industry understand how baghouse technology could be used to help clean the air.

**Scrubber Study** – Scrubbers remove sulfur dioxide by a chemical reaction that results in the production of gypsum that can be used in the construction, agriculture and forestry industries. At Plant Scholz, we conducted the first scrubber study in the nation, which led to new scrubber technologies for the electric utility industry. Gulf Power installed this technology at Plant Crist in 2009.





## PLANT CRIST SCRUBBER

In 2009, a \$587-million scrubber system began operation at Plant Crist in Pensacola, Fla. Scrubbers are designed to remove up to 95 percent of sulfur dioxide emissions and up to 80 percent of oxidized mercury emissions. This innovative system produced the biggest single benefit for air quality in Gulf Power's history, slashing overall regulated emissions at the plant by more than 95 percent.

Engineers designed and built the scrubber on a massive scale to encompass all of Plant Crist's generators, which produce enough electricity to serve more than 275,000 residential customers.

Reclaimed water from Emerald Coast Utilities Authority, a nearby water treatment company, cools the emissions from the four generating units, which are then bubbled through a swirling bath of crushed limestone. The gases react with limestone slurry and are neutralized, forming gypsum. Scrubbed emissions are released through the stack, with steam evaporated during cooling. Covered barges transport the market-quality gypsum for commercial use in cement production and other manufacturing processes.

The scrubber is a key factor in Gulf Power reducing companywide overall emissions by more than 85 percent since 1992.



*Steam released through the scrubber stack is the most visible sign of the system at work.*



Plant Crist — Pensacola, Fla.



## MERCURY RESEARCH CENTER

Mercury is a naturally occurring element released in tiny amounts when coal and other fossil fuels are used to create electricity. It is difficult to research because the quantities Gulf Power emits from producing electricity are so small — equal to about five grains of sand for every ton of coal used.

We created the world's first Mercury Research Center at Plant Crist to help speed development of technology to detect and remove this elusive element. Companies from all over the world have used the center for important research.

The Electric Power Research Institute, an independent, non-profit organization that performs research and development on key issues facing the electric power industry for the benefit of the public, recognized Gulf Power and our parent company, Southern Company, with an award for a test program conducted at the center.

Following successful research at the center, Southern Company, on behalf of Gulf Power, entered into a three-party agreement with

Mitsubishi Heavy Industries and Cormetech. The participants aim to develop a patented technology owned by Mitsubishi for mercury control.

The center continues to host significant research that can reap benefits for the environment and our communities.



*Gulf Power employees monitor the Mercury Research Center at Plant Crist.*



# CARBON CONSCIOUS ENERGY

*Investing in renewable energy matters. Gulf Power's first renewable energy project, the Perdido Landfill Gas-to-Energy facility, can produce 3,200 kilowatts of electricity — enough to power more than 900 homes.*

Gulf Power is working to create a diverse portfolio of alternative energy options to provide clean, safe, reliable and affordable energy. Through partnerships with Southern Company and businesses in Northwest Florida, we have explored and invested in a number of renewable energy projects.

## PERDIDO LANDFILL GAS-TO-ENERGY

Methane gas seeping from municipal landfills is one of the most significant forms of greenhouse gas — 21 times more potent than carbon dioxide. But when that gas is captured, it becomes a valuable form of renewable energy.

Gulf Power partnered with Escambia County to produce our first renewable energy project, the Perdido Landfill Gas-to-Energy facility. The facility started commercial operation in 2010, producing renewable energy and reducing harmful landfill methane gas emissions — while providing revenue for Escambia County, Fla.

The facility has the capacity to produce 3,200 kilowatts of electricity — enough to power more than 900 homes. In two years, this facility has produced more than 50 million kilowatt-hours of renewable energy.

Gulf Power designed the facility to accommodate educational tours and more than 1,000 schoolchildren have visited the Perdido Landfill Gas-to-Energy facility to learn about renewable energy.



*Gas generating units help produce renewable energy at Perdido Landfill facility.*

## GEOTHERMAL

The ground remains at a relatively constant temperature throughout the year, providing a warm heat source in the winter and a cool heat sink in summer. Geothermal heating, ventilation and air conditioning systems provide a mechanism to transfer heat to or from the ground and can save customers up to 40 percent on their heating and cooling costs.

Gulf Power has promoted geothermal HVAC systems since the mid-1990s. Today, there are almost 3,000 residential installations and more than 8,500 tons of capacity installed in commercial buildings for a total of 17,000 tons of geothermal HVAC systems in our service territory — resulting in almost nine megawatts of peak demand reduction, which is enough power to serve about 2,600 homes.



*Gulf Power employees inspect a geothermal HVAC system installation.*



Solar for Schools Photovoltaic System at Global Learning Academy — Pensacola, Fla.

## SOLAR FOR SCHOOLS

Gulf Power has supported a Solar for Schools program since 2000, and in 2012, we began fully funding the installation of a photovoltaic system in at least one public education facility in Northwest Florida per year. The principle objective is to implement solar education and demonstration projects at local educational facilities. Since the program began, we have supported the installation of photovoltaic systems at six educational facilities.

Solar for Schools continues to provide educational benefits after the systems are installed by providing resources that allow data collected from the systems to be used in the schools' energy curriculum.

## SOLAR WATER HEATING

For many homes, the water heater is the second largest energy user, but solar thermal technology helps offset electricity purchases for heating water. Gulf Power started providing solar water heating incentives in 2009 to encourage customers to use this energy-saving technology. In 2011, Gulf Power allocated \$100,000 per year toward solar water heating systems, and offered a \$1,000 rebate to customers for the installation of a qualifying solar thermal water heating system. Gulf Power also allocated \$75,000 per year to fully fund up to 15 installations in low-income homes annually.

## PHOTOVOLTAIC SYSTEM

In 2011, Gulf Power began offering solar photovoltaic system rebates to its customers. Photovoltaic systems provide a portion of electricity needs by converting sunlight into electricity through the installation of panels and inverters at a customer's home or business. Gulf Power's photovoltaic incentive was created to help customers with the upfront cost of installing this equipment. Gulf Power's incentive allocated \$435,000 per year toward photovoltaic systems and provided a rebate to customers of \$2 per watt up to a maximum of \$10,000 per installation of a qualified system.

## WIND

From 2009 to 2011, Gulf Power and Santa Rosa County, Fla., collaborated to measure the potential for wind energy in the Navarre Beach area of Northwest Florida. Although the results of this test showed that wind-power generation would not be a reliable source of electricity in this area, this study was an important step in analyzing the renewable energy options for our customers.



*The Navarre Beach meteorological tower measured the potential for wind energy.*



# USING ENERGY WISELY

***Using energy wisely matters.***  
Gulf Power's energy efficiency programs have saved more than 800 million kilowatt-hours of energy over the last 40 years.



Parade of Homes EarthCents Dream Home — Pace, Fla.



The average residential customer uses 16 percent more electricity than they did 20 years ago, and new technologies such as mobile electronic devices and electric transportation that demand more energy are being developed every day. Gulf Power must have enough electricity at the ready for times when everyone wants power, during hot days in summer or cold days in winter. Given these demands, Gulf Power is helping to ensure that residential and commercial customers use energy wisely.

## ENERGY EFFICIENCY

A recognized leader in energy efficiency, Gulf Power's efficiency programs have saved more than 800 million kilowatt-hours over the last 40 years — enough to power 54,000 homes for one year. This lowers the peak energy demand, and delays the need to build additional power plants.

Our long-term strategy is to provide affordable, reliable electricity to our customers. A vital part of this strategy — conservation and efficiency efforts — were started by Gulf Power more than 30 years ago.

In the 1970s, we introduced energy efficiency in home construction with the GoodCents Home. The GoodCents program is now used by more than 200 other utilities across the country and set the stage for Florida's first residential construction energy code.

An innovator in the area of energy efficiency, we also were the first utility in the country to offer a program that allows residential customers to manage their energy use according to variable prices throughout the day. This program, known as Energy Select, is a state-of-the-art technology that

has been recognized by organizations such as *Newsweek* magazine and the National Society of Professional Engineers.

Introduced in 2008, EarthCents energy efficiency programs provide rebates, tools and advice to help customers make smart choices about energy use while reducing greenhouse gases. In 2011, several new incentive programs were added to the EarthCents portfolio, which now includes 25 programs to help customers make their homes and businesses more energy efficient. EarthCents programs offer rebates for a variety of purchases and installations, including energy efficient appliances, roofing, insulation, pool pumps, windows and more.

Since its inception, more than 73,000 customers have participated in Gulf Power's EarthCents energy efficiency programs.





Electric Transportation Charging Station at Gulf Power's Corporate Office — Pensacola, Fla.

## ELECTRIC TRANSPORTATION

They're fast, quiet and virtually emission-free. Refining and deploying this technology can accelerate the nation toward energy independence.

While high-performance electric cars such as the Tesla roadster proved how far — and how fast — electric vehicle technology has come, the new renaissance of electric transportation targets real consumers. By 2015, major auto manufacturers will offer more than 40 plug-in electric vehicle models.

Gulf Power offers direct assistance to customers considering purchasing an electric vehicle by offering free home assessments to ensure their home is ready to charge a vehicle while educating the customer about charging options and types of vehicles available.

We also offer a \$1,000 rebate on the purchase of a qualifying highway capable electric vehicle, and a \$500 rebate on low-speed, neighborhood vehicles for customers enrolled in Energy *Select*, a program that allows residential customers to manage their energy use according to variable prices throughout the day.

Gulf Power is collaborating with the Electric Power Research Institute to test a variety of electric-powered vehicles, and we are working with large commercial and industrial customers to promote electric vehicles for their needs, from forklifts to electric cranes and delivery trucks.

Gulf Power is leading the way to help put customers in the driver's seat — to ensure their first electric ride is the right one.



*Gulf Power employee plugs in electric vehicle at Corporate Office.*

## LEEDING BY EXAMPLE

We encourage customers to improve the energy efficiency of their homes and businesses and, in turn, we work to ensure our own buildings and production operations are as energy efficient as possible. Leadership in Energy and Environmental Design is the nationally accepted third-party benchmark for the design, construction and operation of high-performance green buildings.

Gulf Power was a pioneer for LEED-certified buildings in Northwest Florida with the construction of our Distribution Control Center facility in 2010. This building was one of the first LEED-certified buildings in Northwest Florida.

We plan to continue to forge ahead in energy efficient construction by building all future facilities with the intent of becoming LEED-certified.



# STRENGTHENING OUR COMMUNITIES

*Strengthening communities matters. From 2008 to 2012, Gulf Power gave more than \$14 million in support of nonprofits, education and economic development in Northwest Florida.*



Community Maritime Park — Pensacola, Fla.

Photo courtesy of Gary McCracken



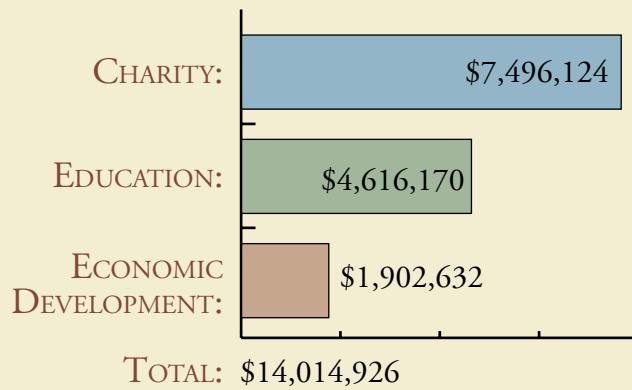
Working to strengthen communities in Northwest Florida is ingrained in Gulf Power's culture, and we have a long history of supporting local organizations and economic development efforts through grants, employee fundraising and volunteer efforts.

Each year, the employee-driven Gulf Power Transformers, a nonprofit organization, contributes donations and volunteer hours to aid many charitable and community projects throughout Northwest Florida. Some of the projects include an annual campaign for United Way, local Ronald McDonald House fundraising events, collecting and delivering children's gifts at Christmas to low-income families, supporting military initiatives and more.

In addition to the numerous community activities supported by our employees, Gulf Power makes financial grants to charitable organizations throughout the company's service area.

From 2008 to 2012, we gave more than \$14 million to organizations in the areas of education, health and human services, the arts, community services and civic projects.

## GULF POWER'S COMMUNITY INVESTMENTS 2008-2012



## COMMUNITY ENERGY SAVER PROGRAM

Strengthening communities requires reaching out to those in need in multiple ways. Gulf Power started the Community Energy Saver Program in 2011 to help low-income families take steps to reduce their energy use through the free installation of energy-saving items in their home.

Federal and state agency guidelines are used to objectively select communities and neighborhoods where the program would be most beneficial. The goal is to help families

make their homes more energy efficient so they can better manage their energy costs and ultimately lower their bills.

A Gulf Power energy-efficiency team performs a free assessment of the home and installs efficiency items including compact fluorescent light bulbs, water pipe insulation and low-flow water faucets and showerheads. Since the program began in June 2011, we've assisted almost 4,500 families from Pensacola to Panama City, Fla.



*Gulf Power employees volunteer in the community.*



Destin, Fla.



## ECONOMIC DEVELOPMENT

Gulf Power's success is linked to Northwest Florida's economic health. A growing economy means more jobs and a higher quality of life for the people in our region.

We are closely engaged in state, regional and local efforts to create quality jobs for Florida citizens. Between 2008 and 2012, Gulf Power invested more than \$1.9 million toward economic development projects across Northwest Florida, and our active participation and partnerships resulted in 3,500 new jobs created in 2010 and 2011 during the most challenging of times.

Realizing that the retention, rehabilitation and reuse of buildings is a key element of sustainable development, Gulf Power also introduced a "re-occupancy" incentive in 2012 for companies occupying previously vacant facilities.

Our commitment to Northwest Florida directly supports our mission to build strong communities, and we will continue to be a leader in economic development through active involvement and investment in organizations that are committed to job creation and capital investment projects.

## WORKFORCE DEVELOPMENT

Gulf Power is deeply involved in workforce development efforts in our service territory and the state of Florida to help our communities grow and ensure we will continue to be able to provide our essential services to Northwest Florida.

We have partnered with several organizations, including the Center for Energy Workforce Development and STEMflorida, to support the growth of a talented workforce. We also are one of the founding members of the Florida Energy Workforce Consortium.

In addition, we have helped develop several powerful programs in Northwest Florida, including Gulf Power Academy and the BEST Robotics competition.

Started in 2001 as a partnership with West Florida High School in Pensacola, Fla., Gulf Power Academy is a four-year program that teaches energy industry curriculum on top of traditional high school academic courses, which prepares students for a career in the electric utility industry.



*Graduates of Gulf Power Academy.*

In addition to supplying resources for training, Gulf Power helps pay for materials and lab equipment.

Nearly 200 students have graduated from the program and 51 of those graduates work in full-time or temporary positions at Gulf Power.

The Boosting Engineering Science and Technology Robotics competition is a nationwide program designed to create interest in science and technology among middle and high school students through a sports-like, hands-on robotics competition. Gulf Power employees have served on the

steering committee for the Emerald Coast BEST hub at University of West Florida since the program came to Northwest Florida in 2006.

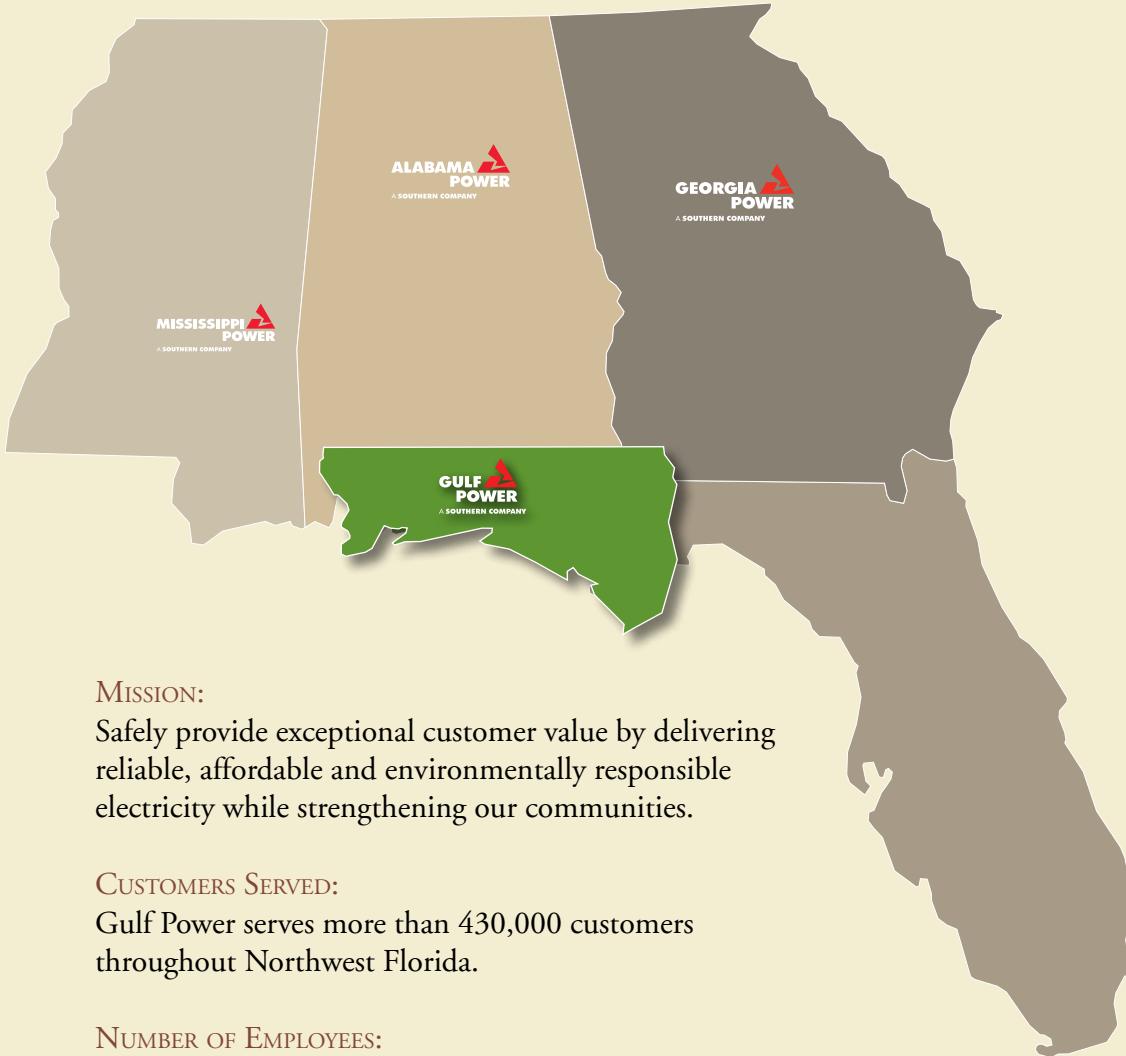
In partnership with area schools, chambers of commerce, economic development groups and more, we are invested in creating tomorrow's workforce today.



Gulf Power Company Corporate Office with Project GreenShores in the Foreground — Pensacola, Fla.

## GULF POWER SNAPSHOT

Gulf Power Company is an investor-owned electric utility with all of its common stock owned by Atlanta-based Southern Company.



### MISSION:

Safely provide exceptional customer value by delivering reliable, affordable and environmentally responsible electricity while strengthening our communities.

### CUSTOMERS SERVED:

Gulf Power serves more than 430,000 customers throughout Northwest Florida.

### NUMBER OF EMPLOYEES:

More than 1,400

### GENERATING CAPACITY:

2,662.6 megawatts

### SERVICE AREA:

7,550 square miles, eight counties, 71 towns and communities in Northwest Florida

To view this information online, go to [gulfpower.com/stewardship](http://gulfpower.com/stewardship).



Cover Photo: Osprey