

August 2016

Earnings Surveillance
Report
(Rate of Return)



GULF POWER COMPANY
Earnings Surveillance Report Summary
August, 2016

	(1) Actual Per Books	(2) FPSC Adjustments	(3) FPSC Adjusted	(4) Pro Forma Adjustments	(5) Pro Forma Adjusted
I. Average Rate of Return (Jurisdictional)					
	(a)	(b)			
Net Operating Income	183,630,152	(67,377,330)	116,252,822	0	116,252,822
Average Rate Base	3,395,251,369	(1,405,498,397)	1,989,752,972	0	1,989,752,972
Average Rate of Return	5.41%		5.84%		5.84%
II. Year End Rate of Return (Jurisdictional)					
	(a)	(b)			
Net Operating Income	183,637,361	(68,537,019)	115,100,342	0	115,100,342
Year End Rate Base	3,388,435,353	(1,392,134,452)	1,996,300,901	0	1,996,300,901
Year End Rate of Return	5.42%		5.77%		5.77%

(a) Includes AFUDC Earnings

(b) Includes Reversal of AFUDC Earnings

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

Low	5.12%
Midpoint	5.49%
High	5.85%

IV. Financial Integrity Indicators

A. Tie With AFUDC	5.20 x (System per Books Basis)
B. Tie Without AFUDC	5.13 x (System per Books Basis)
C. AFUDC To Net Income	2.55% (System per Books Basis)
D. Internally Generated Funds	205.34% (System per Books Basis)
E. LTD To Total Investor Funds	43.78% (FPSC Adjusted Basis)
F. STD To Total Investor Funds	3.53% (FPSC Adjusted Basis)
G. Return on Common Equity	11.24% (FPSC Adjusted Basis)
H. Return on Common Equity	11.24% (Proforma Basis)

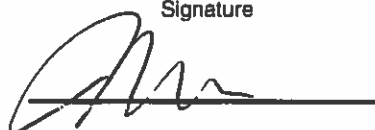
I am aware that Section 837.06, Florida Statutes, provides:

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

Name and Title

Josh J. Mason
Assistant Treasurer, Financial Planning & Budgeting Manager

Signature



Date

10/14/16

GULF POWER COMPANY
AVERAGE RATE OF RETURN
RATE BASE
August, 2016

	PLANT IN SERVICE	ACCUMULATED DEPRECIATION & AMORTIZATION	NET PLANT IN SERVICE	PROPERTY HELD FOR FUTURE USE	CONSTRUCTION WORK IN PROGRESS	NUCLEAR FUEL (NET)	NET UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE
SYSTEM PER BOOKS	5,027,111,800	1,601,428,063	3,425,683,737	14,755,650	138,214,173	0	3,579,653,560	152,051,224	3,731,704,784
JURISDICTIONAL PER BOOKS	4,456,641,155	1,443,410,277	3,013,230,878	14,323,976	133,791,337	0	3,161,346,192	233,905,177	3,395,251,369
FPSC ADJUSTMENTS:									
ENVIRONMENTAL RECOVERY CLAUSE	(1,282,856,308)	(208,469,489)	(1,074,386,819)		(18,734,916)		(1,093,121,735)	(6,147,920)	(1,099,269,655)
INT BEARING CWIP					(78,238,926)		(78,238,926)	0	(78,238,926)
ENERGY CONSERVATION CLAUSE	(13,621,661)	7,535,228	(21,156,889)		3,002		(21,153,887)	(1,369,430)	(22,523,317)
TRANSMISSION INVESTMENT PURSUANT TO STIP. & SETT.	(177,080,183)		(177,080,183)				(177,080,183)	0	(177,080,183)
CAPITALIZED DEF. EARNINGS ON TRANSN PURSUANT TO STIP. & SETT.								(7,284,292)	(7,284,292)
LOANS TO EMPLOYEES / RETIREES								(48,328)	(48,328)
INTEREST AND DIVIDENDS RECEIVABLE				(12,661,331)			(12,661,331)	(17,345)	(17,345)
FUNDED PROP RES. N. ESCAMBIA & OTHER INV.								(4,360,729)	(17,022,060)
FUEL RELATED DEFERRED DEBITS								(2,892,438)	(2,892,438)
ACCURED PROVISION FOR REFUND								0	0
UNAMORTIZED RATE CASE EXPENSES								(1,121,852)	(1,121,852)
TOTAL FPSC ADJUSTMENTS	(1,473,558,152)	(200,934,261)	(1,272,623,891)	(12,661,331)	(96,970,840)	0	(1,382,256,063)	(23,242,334)	(1,405,498,397)
FPSC ADJUSTED	2,983,083,003	1,242,476,016	1,740,606,987	1,662,645	36,820,497	0	1,779,090,129	210,662,843	1,989,752,972
PRO FORMA REVENUE AND ANNUALIZATION ADJUSTMENTS	0	0	0	0	0	0	0	0	0
TOTAL PRO FORMA ADJUST	0	0	0	0	0	0	0	0	0
PRO FORMA ADJUSTED	2,983,083,003	1,242,476,016	1,740,606,987	1,662,645	36,820,497	0	1,779,090,129	210,662,843	1,989,752,972

GULF POWER COMPANY
AVERAGE RATE OF RETURN
INCOME STATEMENT
August, 2016

	OPERATING REVENUES	O & M FUEL & NET INTERCHANGE	O & M OTHER	DEPRECIATION & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	DEFERRED INCOME TAXES (NET)	INVESTMENT TAX CREDIT (NET)	(GAIN)LOSS ON DISPOSITION OF PROPERTY	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
SYSTEM PER BOOKS	1,446,739,289	58,728,238	313,736,743	165,664,697	119,270,870	27,551,967	63,189,377	(574,948)	0	1,247,566,943	199,172,345 (a)
JURISDICTIONAL PER BOOKS	1,303,711,959	474,785,356	296,342,908	153,995,132	117,298,531	26,405,376	55,466,759	(316,001)	0	1,123,978,062	179,733,897 (a)
LESS FPSC ADJUSTMENTS:	(389,333,975)	(389,011,680)				(124,325)				(389,136,005)	(197,969)
RETAIL FUEL REVENUES & EXPENSES	(65,657,543)	(65,773,676)				44,796				(65,728,876)	71,335
PURCHASED POWER CAPACITY REVENUES & EXPENSES	(14,026,273)		(11,477,914)	(381,924)	(324,874)	(711,154)				(12,895,866)	(1,132,407)
ENERGY CONSERVATION COST REVENUES & EXPENSES	(167,727,870)		(25,728,335)	(47,046,537)	(4,760,507)	(34,791,753)				(112,327,132)	(55,400,738)
ENVIRONMENTAL COST RECOVERY CLAUSE	(42,635,916)				(41,481,201)	(453,108)				(41,914,309)	(721,507)
FRANCHISE FEE REVENUE & EXPENSE	(31,943,826)				(31,569,484)	(144,402)				(31,713,886)	(229,839)
GROSS RECEIPTS TAX REVENUE & ADJUSTMENT						54,909				(87,435)	87,435
MARKETING SUPPORT ACTIVITIES			(142,344)			139,453				(220,466)	220,466
WHOLESALE EXPENSES			(358,919)			108,490				(172,755)	172,755
INSTITUTIONAL ADVERTISING EXPENSE			(281,245)			20,156				(32,094)	32,094
ECONOMIC DEVELOPMENT EXPENSE			(52,250)			5,306				(8,449)	8,449
MGMT FINANCIAL PLANNING SERVICES			(13,755)			16,842				(26,819)	26,819
DIRECTORS' & OFFICERS' INSURANCE			(43,661)			494				(786)	786
INDUSTRY ASSOCIATION DUES			(1,280)			183,403				(292,041)	292,041
TALLAHASSEE LIAISON EXPENSES			(454,182)		(21,252)	585,864				(901,087)	901,087
GRT, FPSC FEES ON CLAUSES & FEES					(1,466,971)	8,199				(13,053)	13,053
(GAIN) / LOSS ON DISPOSITION OF PROPERTY						7,624,833			(21,251)	7,624,833	(7,624,833)
INTEREST SYNCHRONIZATION											
TOTAL FPSC ADJUSTMENTS	(731,327,302)	(474,785,356)	(38,553,894)	(47,428,461)	(79,604,288)	(27,452,975)	0	0	(21,251)	(667,846,227)	(63,481,075)
FPSC ADJUSTED	572,384,657	0	257,789,014	106,566,671	37,694,242	(1,047,599)	55,466,759	(316,001)	(21,251)	456,131,835	116,252,822
PRO FORMA REVENUE ADJUSTMENTS	0	0	0	0	0	0	0	0	0	0	0
TOTAL PRO FORMA ADJUSTMENTS	0	0	0	0	0	0	0	0	0	0	0
PRO FORMA ADJUSTED	572,384,657	0	257,789,014	106,566,671	37,694,242	(1,047,599)	55,466,759	(316,001)	(21,251)	456,131,835	116,252,822
(a) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM NOI BY				3,988,925			3,896,255				
CURRENT MONTH SYSTEM PER BOOKS	149,775,842	60,332,133	32,220,143	15,190,837	11,465,870	10,775,066	(523,376)	(42,821)	0	129,418,053	20,357,769
CURRENT MONTH JURISDICTIONAL PER BOOKS	134,700,511	49,749,355	29,016,322	14,220,043	11,300,600	10,890,171	(552,907)	(21,142)	0	114,602,442	20,098,069

TOTALS MAY NOT ADD DUE TO ROUNDING.

GULF POWER COMPANY
AVERAGE RATE OF RETURN
SYSTEM ADJUSTMENTS
August, 2016

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<u>RATE BASE ADJUSTMENTS</u>	<u>AMOUNT</u>	<u>NET OPERATING INCOME STATEMENT ADJUSTMENTS</u>	<u>AMOUNT</u>	<u>TAX EFFECT</u>
ENVIRONMENTAL COST RECOVERY CLAUSE INVESTMENT	(1,321,401,397)	FUEL & IIC FUEL REVENUES AND ECONOMY PROFITS	(474,407,924)	(183,002,857)
ACCUMULATED DEPRECIATION	214,733,227	ENVIRONMENTAL COST RECOVERY CLAUSE REVENUES	(172,946,230)	(66,714,008)
CWIP	(19,297,830)	PURCHASED POWER CAPACITY COST CLAUSE REVENUES	(85,845,057)	(33,114,731)
ENERGY CONSERVATION COST RECOVERY INVESTMENT	(13,621,661)	ENERGY CONSERVATION COST RECOVERY CLAUSE REVENUES	(14,028,273)	(5,411,406)
ACCUMULATED DEPRECIATION	(7,535,228)	FUEL EXPENSE	(470,365,524)	181,443,501
CWIP	3,902	PURCHASED POWER CAPACITY COST EXPENSE	(88,361,374)	34,085,400
TRANSMISSION PURSUANT TO STIP. & SETT. INVESTMENT	(177,080,183)	CONSERVATION EXPENSES - DEPRECIATION AND O & M	(11,859,838)	4,574,932
FAS 143 NET PLANT	(85,837,740)	CONSERVATION EXPENSES - OTHER TAXES	(324,874)	125,320
INTEREST BEARING CWIP	(80,099,801)	ENVIRONMENTAL COST RECOVERY EXPENSE	(79,789,312)	30,782,585
PHFU - NORTH ESCAMBIA	(13,042,899)	FRANCHISE FEE REVENUES	(42,635,816)	(16,446,766)
WORKING CAPITAL:		FRANCHISE FEE	(41,461,201)	15,993,858
ECRC WORKING CAPITAL	(6,332,643)	GROSS RECEIPTS TAX REVENUES	(31,943,826)	(12,322,331)
CONSERVATION/AEM INVENTORY	(1,369,430)	GROSS RECEIPTS TAX EXPENSE	(31,569,484)	12,177,029
CAPITALIZED DEF. EARNINGS ON TRANSMISSION PURSUANT TO STIP. & SETT.	(7,284,292)	MARKETING SUPPORT ACTIVITIES	(142,344)	54,909
FUNDED PROPERTY INSURANCE RESERVE	(2)	WHOLESALE EXPENSES	(389,304)	142,459
LOANS TO EMPLOYEES AND RETIREES	(50,438)	INSTITUTIONAL ADVERTISING EXPENSE	(286,786)	110,628
INTEREST & DIVIDENDS RECEIVABLE	(18,102)	ECONOMIC DEVELOPMENT EXPENSE	(52,250)	20,156
NORTH ESCAMBIA SITE	(4,552,328)	MGMT FINANCIAL PLANNING SERVICES	(14,058)	5,423
UNAMORTIZED RATE CASE EXPENSE	(1,170,870)	DIRECTORS' & OFFICERS' INSURANCE	(44,525)	17,214
FUEL RELATED DEFERRED DEBITS	(2,892,438)	INDUSTRY ASSOCIATION DUES	(1,305)	504
UNREALIZED LOSS ON FWD CONTRACT	(13,707)	TALLAHASSEE LIAISON EXPENSE	(485,947)	187,454
ACCUM. PROV. FOR RATE REFUNDS	0	GRT/FPSC FEES ON CLAUSE REV ADJ & FRAN FEES	(1,466,971)	565,884
FAS 143 WORKING CAPITAL	100,067,310	COMP SALES/TRANS REV/G/L SALE GAS/PROV RT REPN. ESC REV	(2,282,355)	(872,704)
FAS 158 REGULATORY ASSETS	(152,607,415)	GAIN/LOSS ON DISPOSITION OF PROPERTY	(21,642)	8,348
FAS 158 REGULATORY LIABILITIES	152,607,415	INTEREST SYNCHRONIZATION	7,946,837	7,946,837
PPA REGULATORY ASSETS	(159,412,715)			
PPA REGULATORY LIABILITIES	159,412,715			
FAS 133 REGULATORY ASSETS	(85,398,011)			
FAS 133 REGULATORY LIABILITIES	85,398,011			

GULF POWER COMPANY
YEAR END RATE OF RETURN
RATE BASE
August, 2016

	PLANT IN SERVICE	ACCUMULATED DEPRECIATION & AMORTIZATION	NET PLANT IN SERVICE	PROPERTY HELD FOR FUTURE USE	CONSTRUCTION WORK IN PROGRESS	NUCLEAR FUEL (NET)	NET UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE
SYSTEM PER BOOKS	5,050,100,828	1,591,546,896	3,458,553,932	14,754,000	55,591,233	0	3,528,899,166	152,051,224	3,680,950,390
JURISDICTIONAL PER BOOKS	4,514,355,190	1,430,368,323	3,083,986,867	14,322,375	51,277,088	0	3,149,586,330	238,849,023	3,388,435,353
<u>FPSC ADJUSTMENTS:</u>									
ENVIRONMENTAL RECOVERY CLAUSE	(1,348,160,369)	(213,620,984)	(1,134,539,385)		(18,646,896)		(1,153,186,271)	(6,147,920)	(1,159,334,191)
INT BEARING CWIP								0	0
ENERGY CONSERVATION CLAUSE	(14,120,139)	8,121,831	(22,241,970)				(22,241,970)	(1,369,430)	(23,611,400)
TRANSMISSION INVESTMENT PURSUANT TO STIP. & SETT.	(176,436,198)		(176,436,198)				(176,436,198)	0	(176,436,198)
CAPITALIZED DEF. EARNINGS ON TRANSM PURSUANT TO STIP. & SETT.								(11,650,640)	(11,650,640)
LOANS TO EMPLOYEES AND RETIREES								(48,328)	(48,328)
INTEREST AND DIVIDENDS RECEIVABLE								(17,345)	(17,345)
FUNDED PROP RES. N. ESCAMBIA SITE, & OTHER INV.				(12,661,331)			(12,661,331)	(4,360,729)	(17,022,060)
FUEL RELATED DEFERRED DEBITS								(2,892,438)	(2,892,438)
ACCRUED PROVISION FOR REFUND								0	0
UNAMORTIZED RATE CASE EXPENSES								(1,121,852)	(1,121,852)
TOTAL FPSC ADJUSTMENTS	(1,538,716,706)	(205,499,153)	(1,333,217,553)	(12,661,331)	(18,646,896)	0	(1,364,525,770)	(27,608,682)	(1,392,134,452)
FPSC ADJUSTED	2,975,638,484	1,224,869,170	1,750,769,314	1,661,044	32,630,202	0	1,785,060,560	211,240,341	1,996,300,901
PRO FORMA REVENUE AND ANNUALIZATION ADJUSTMENTS	0	0	0	0	0	0	0	0	0
TOTAL PRO FORMA ADJUSTMENTS	0	0	0	0	0	0	0	0	0
PRO FORMA ADJUSTED	2,975,638,484	1,224,869,170	1,750,769,314	1,661,044	32,630,202	0	1,785,060,560	211,240,341	1,996,300,901

GULF POWER COMPANY
YEAR END RATE OF RETURN
INCOME STATEMENT
August, 2016

	OPERATING REVENUES	O & M FUEL & NET INTERCHANGE	O & M OTHER	DEPRECIATION & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	DEFERRED INCOME TAXES (NET)	INVESTMENT TAX CREDIT (NET)	(GAIN)/LOSS ON DISPOSITION OF PROPERTY	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
SYSTEM PER BOOKS	1,446,739,289	558,728,238	313,736,743	185,664,697	119,270,870	27,551,967	63,189,377	(574,948)	0	1,247,566,943	199,172,345 (a)
JURISDICTIONAL PER BOOKS	1,303,711,959	474,785,356	296,342,908	153,995,132	117,298,531	26,406,712	55,458,214	(316,001)	0	1,123,970,853	179,741,106 (a)
LESS FPSC ADJUSTMENTS:	(389,333,975)	(389,011,680)				(124,325)				(389,136,005)	(197,969)
RETAIL FUEL REVENUES & EXPENSES	(85,657,543)	(85,773,676)				44,798				(85,728,878)	71,335
PURCHASED POWER CAPACITY REVENUES & EXPENSES	(14,028,273)					(711,154)				(12,895,866)	(1,132,407)
ENERGY CONSERVATION COST REVENUES & EXPENSES	(167,727,870)		(11,477,914)	(381,924)	(324,874)	(34,791,753)				(112,327,132)	(55,400,738)
ENVIRONMENTAL COST RECOVERY CLAUSE	(42,635,818)		(25,728,335)	(47,046,537)	(4,760,507)	(453,108)				(41,914,309)	(721,507)
FRANCHISE FEE REVENUE & EXPENSE	(31,943,826)				(41,461,201)	(144,402)				(31,713,886)	(229,939)
GROSS RECEIPTS TAX REVENUE & ADJUSTMENT					(31,569,484)	54,909				(87,435)	87,435
MARKETING SUPPORT ACTIVITIES			(142,344)			138,453				(220,466)	220,466
WHOLESALE EXPENSES			(358,919)			108,490				(172,755)	172,755
INSTITUTIONAL ADVERTISING EXPENSE			(281,245)			20,156				(32,094)	32,094
ECONOMIC DEVELOPMENT EXPENSE			(52,250)			5,306				(8,449)	8,449
MGMT FINANCIAL PLANNING SERVICES			(13,755)			16,842				(26,819)	26,819
DIRECTORS' & OFFICERS' INSURANCE			(43,861)			494				(786)	786
INDUSTRY ASSOCIATION DUES			(1,280)			183,403				(292,041)	292,041
TALLAHASSEE LIAISON EXPENSES			(454,192)			565,884				(901,087)	901,087
GRT, FPSC FEES ON CLAUSES & FEES					(21,252)	8,198				(13,053)	13,053
(GAIN)/ LOSS ON DISPOSITION OF PROPERTY INTEREST SYNCRONIZATION					(1,466,971)	8,784,522			(21,251)	8,784,522	(8,784,522)
TOTAL FPSC ADJUSTMENTS	(731,327,302)	(474,785,356)	(38,553,894)	(47,428,461)	(79,604,288)	(28,293,286)	0	0	(21,251)	(666,688,538)	(64,640,784)
FPSC ADJUSTED	572,384,657	0	257,789,014	106,566,671	37,694,242	113,428	55,458,214	(316,001)	(21,251)	457,284,315	115,100,342
PRO FORMA REVENUE ANNUALIZATION	0	0	0	0	0	0	0	0	0	0	0
TOTAL PRO FORMA ADJUSTMENTS	572,384,657	0	257,789,014	106,566,671	37,694,242	113,428	55,458,214	(316,001)	(21,251)	457,284,315	115,100,342
PRO FORMA ADJUSTED	572,384,657	0	257,789,014	106,566,671	37,694,242	113,428	55,458,214	(316,001)	(21,251)	457,284,315	115,100,342

(a) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM NOI BY 3,896,255 AND THE JURISDICTIONAL NOI BY 3,896,255

GULF POWER COMPANY
YEAR END RATE OF RETURN
SYSTEM ADJUSTMENTS
August, 2016

SCHEDULE 3
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<u>RATE BASE ADJUSTMENTS</u>	<u>AMOUNT</u>	<u>NET OPERATING INCOME STATEMENT ADJUSTMENTS</u>	<u>AMOUNT</u>	<u>TAX EFFECT</u>
ENVIRONMENTAL COST RECOVERY CLAUSE INVESTMENT	(1,388,601,838)	FUEL & IIC FUEL REVENUES AND ECONOMY PROFITS	(474,407,924)	(183,002,857)
ACCUMULATED DEPRECIATION CWIP	220,029,084	ENVIRONMENTAL COST RECOVERY CLAUSE REVENUES	(172,946,230)	(68,714,008)
ENERGY CONSERVATION COST RECOVERY INVESTMENT	(19,208,246)	PURCHASED POWER CAPACITY COST CLAUSE REVENUES	(85,846,057)	(33,114,731)
ACCUMULATED DEPRECIATION CWIP	(14,120,138)	ENERGY CONSERVATION COST RECOVERY CLAUSE REVENUES	(14,028,273)	(5,411,408)
TRANSMISSION PURSUANT TO STIP. & SETT. INVESTMENT	(8,121,831)	FUEL EXPENSE	(470,386,524)	181,443,501
FAS 143 NET PLANT	0	PURCHASED POWER CAPACITY COST EXPENSE	(88,361,374)	34,085,400
INTEREST BEARING CWIP	(178,438,198)	CONSERVATION EXPENSES - DEPRECIATION AND O & M	(11,859,838)	4,574,932
PHFU - NORTH ESCAMBIA	(48,737,816)	CONSERVATION EXPENSES - OTHER TAXES	(324,874)	125,320
		ENVIRONMENTAL COST RECOVERY EXPENSE	(79,799,312)	30,782,585
WORKING CAPITAL:		FRANCHISE FEE REVENUES	(42,636,816)	(16,446,788)
ECRC WORKING CAPITAL	(8,332,643)	FRANCHISE FEE	(41,461,201)	15,993,658
CONSERVATION/AEM INVENTORY	(1,368,430)	GROSS RECEIPTS TAX REVENUES	(31,943,826)	(12,322,331)
CAPITALIZED DEF. EARNINGS ON TRANSMISSION PURSUANT TO STIP. & SETT.	(7,284,292)	GROSS RECEIPTS TAX EXPENSE	(31,569,484)	12,177,929
FUNDED PROPERTY INSURANCE RESERVE	(2)	MARKETING SUPPORT ACTIVITIES	(142,344)	54,909
LOANS TO EMPLOYEES AND RETIREES	(50,438)	WHOLESALE EXPENSES	(368,304)	142,459
INTEREST & DIVIDENDS RECEIVABLE	(18,102)	INSTITUTIONAL ADVERTISING EXPENSE	(288,788)	110,829
NORTH ESCAMBIA SITE	(4,552,328)	ECONOMIC DEVELOPMENT EXPENSE	(52,250)	20,156
UNAMORTIZED RATE CASE EXPENSE	(1,170,870)	MGMT FINANCIAL PLANNING SERVICES	(14,058)	5,423
FUEL RELATED DEFERRED DEBITS	(2,892,438)	DIRECTORS' & OFFICERS' INSURANCE	(44,825)	17,214
UNREALIZED LOSS ON FWD CONTRACT	(13,707)	INDUSTRY ASSOCIATION DUES	(1,305)	504
ACCUM. PROV. FOR RATE REFUNDS	0	TALLAHASSEE LIAISON EXPENSE	(486,947)	187,454
FAS 143 WORKING CAPITAL	100,067,310	GRT/FPSC FEES ON CLAUSE REV ADJ & FRAN FEES	(1,466,971)	565,884
FAS 158 REGULATORY ASSETS	(152,607,415)	COMP SALES/TRANS REV/G/L SALE GAS/PROV RT REFN. ESC REV	(2,282,355)	(872,704)
FAS 158 REGULATORY LIABILITIES	152,607,415	GAIN/LOSS ON DISPOSITION OF PROPERTY	(21,642)	8,348
PPA REGULATORY ASSETS	(159,412,715)	INTEREST SYNCHRONIZATION	9,214,201	9,214,201
PPA REGULATORY LIABILITIES	159,412,715			
FAS 133 REGULATORY ASSETS	(85,398,011)			
FAS 133 REGULATORY LIABILITIES	85,398,011			

GULF POWER COMPANY
CAPITAL STRUCTURE
FPSC ADJUSTED BASIS
August, 2016

AVERAGE	SYSTEM PER BOOKS	RETAIL PER BOOKS	ADJUSTMENTS			LOW POINT			MIDPOINT			HIGH POINT		
			PRO RATA	SPECIFIC	ADJUSTED RETAIL	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
LONG TERM DEBT	1,250,607,009	1,133,368,857	(489,169,419)	0	664,199,438	33.38	4.46	1.49	4.46	1.49	4.46	1.49	4.46	
SHORT TERM DEBT	104,020,205	91,434,470	(37,850,217)	0	53,584,253	2.69	0.49	0.01	0.49	0.01	0.49	0.01	0.49	
PREFERENCE STOCK	146,504,249	132,768,947	(54,961,039)	0	77,807,908	3.91	6.14	0.24	6.14	0.24	6.14	0.24	6.14	
CUSTOMER DEPOSITS	36,048,661	36,069,308	(14,931,252)	0	21,138,056	1.06	2.36	0.03	2.36	0.03	2.36	0.03	2.36	
COMMON EQUITY	1,349,112,441	1,231,238,517	(509,683,547)	0	721,554,970	36.26	9.25	3.35	10.25	3.72	11.25	4.08	11.25	
DEFERRED INCOME TAXES	889,570,276	820,588,070	(339,690,671)	0	480,897,399	24.17								
FASB 109 DEFERRED TAXES	(54,988,455)	(50,724,346)	20,997,852	0	(29,726,494)	(1.49)								
TAX CREDITS - ZERO COST	0	0	0	0	0	0.00								
TAX CREDITS - WEIGHTED COST	2,008,419	507,546	(210,104)	0	297,442	0.01	6.91	0.00	7.40	0.00	7.90	0.00	7.90	
TOTAL	3,722,882,805	3,395,251,369	(1,405,498,397)	0	1,989,752,972	100.00 %		5.12 %		5.49 %		5.85 %		

YEAR-END	SYSTEM PER BOOKS	RETAIL PER BOOKS	ADJUSTMENTS			LOW POINT			MIDPOINT			HIGH POINT		
			PRO RATA	SPECIFIC	ADJUSTED RETAIL	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
LONG TERM DEBT	1,157,329,836	1,044,142,571	(428,984,677)	0	615,157,894	30.81	4.36	1.34	4.36	1.34	4.36	1.34	4.36	
SHORT TERM DEBT	149,984,748	132,483,837	(54,430,820)	0	78,053,017	3.91	0.11	0.00	0.11	0.00	0.11	0.00	0.11	
PREFERENCE STOCK	146,504,320	132,176,145	(54,304,405)	0	77,871,740	3.90	6.14	0.24	6.14	0.24	6.14	0.24	6.14	
CUSTOMER DEPOSITS	36,260,715	36,154,010	(14,853,830)	0	21,300,180	1.07	2.38	0.03	2.38	0.03	2.38	0.03	2.38	
COMMON EQUITY	1,368,210,602	1,258,781,107	(517,168,653)	0	741,612,454	37.15	9.25	3.44	10.25	3.81	11.25	4.18	11.25	
DEFERRED INCOME TAXES	906,595,968	834,347,438	(342,790,607)	0	491,556,831	24.63								
FASB 109 DEFERRED TAXES	(54,348,223)	(50,017,099)	20,549,463	0	(29,467,636)	(1.48)								
TAX CREDITS - ZERO COST	0	0	0	0	0	0.00								
TAX CREDITS - WEIGHTED COST	1,740,482	367,344	(150,923)	0	216,421	0.01	6.98	0.00	7.50	0.00	8.02	0.00	8.02	
TOTAL	3,713,278,448	3,388,435,353	(1,392,134,452)	0	1,996,300,901	100.00 %		5.05 %		5.42 %		5.79 %		

GULF POWER COMPANY
Financial Integrity Indicators
August, 2016

A. Times Interest Earned with AFUDC

Earnings Before Interest	202,831,027
AFUDC - Debt	1,231,779
Income Taxes	92,741,874
	<hr/>
Total	296,804,680
Interest Charges (Before Deducting AFUDC - Debt)	57,127,295
	<hr/>
T.I.E. With AFUDC	5.20 x

B. Times Interest Earned without AFUDC

Earnings Before Interest	202,831,027
AFUDC - Other	(2,757,147)
Income Taxes	92,741,874
	<hr/>
Total	292,815,755
Interest Charges (Before Deducting AFUDC - Debt)	57,127,295
	<hr/>
T.I.E. Without AFUDC	5.13 x

**C. Percent AFUDC To Net Income Available
for Common Stockholders**

AFUDC - Debt	1,231,779
X (1 - Income Tax Rate)	0.61425
	<hr/>
Subtotal	756,620
AFUDC - Other	2,757,147
	<hr/>
Total	3,513,767
	<hr/>
Net Income Available for Common Stockholders	137,933,010
Percent AFUDC to Available Net Income	2.55%

D. Percent Internally Generated Funds

Net Income	146,935,511
Preference Dividends	(9,002,500)
Common Dividends	(122,591,000)
AFUDC (Debt & Other)	(3,988,925)
Depreciation & Amortization	174,707,348
Deferred Income Taxes	63,166,199
Investment Tax Credits	0
Other	52,601,689
	<hr/>
Total	301,828,321
	<hr/>
Construction Expenditures (Excluding AFUDC Other & Debt)	146,992,718
	<hr/>
Percent Internally Generated Funds	205.34%

**E. Long Term Debt as Percent of Total
Investor Capital**
(See calculation in item F. below)**F. Short Term Debt as Percent of Total Investor Capital
Reconciled Average Retail Amounts**

Long Term Debt	664,199,438
Short Term Debt	53,584,253
Preference Stock	77,807,908
Common Equity	721,554,970
	<hr/>
Total	1,517,146,569
	<hr/>
% Long Term Debt To Total	43.78%
	<hr/>
% Short Term Debt To Total	3.53%

**G. FPSC Adjusted Average Jurisdictional Return
On Common Equity**

	G. FPSC ADJ.	H. PROFORMA
FPSC Adjusted Average Earned Rate of Return	5.84%	5.84%
Less: Reconciled Average Retail Weighted Cost Rates For:		
Long Term Debt	(1.49)	(1.49)
Short Term Debt	(0.01)	(0.01)
Preference Stock	(0.24)	(0.24)
Customer Deposits	(0.03)	(0.03)
Tax Credits - Weighted Cost (Common Equity at Midpoint)	(0.00)	(0.00)
	<hr/>	<hr/>
Subtotal	(1.77)	(1.77)
	<hr/>	<hr/>
Total	4.07	4.07
Divided by Common Equity Ratio	36.26	36.26
	<hr/>	<hr/>
Jurisdictional Return on Common Equity	11.24%	11.24%

GULF POWER COMPANY
Storm Accrual - Twelve Month to Date
August, 2016

Supplemental 1

<u>Month</u>	<u>Year</u>	<u>\$</u>
September	2015	291,666
October	2015	291,667
November	2015	291,667
December	2015	291,666
January	2016	291,667
February	2016	291,666
March	2016	291,667
April	2016	291,667
May	2016	291,667
June	2016	291,667
July	2016	291,666
August	2016	291,667
12 - M-T-D		<u>3,500,000</u>