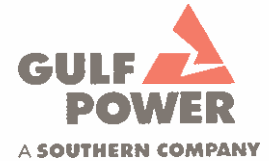


Robert L. McGee, Jr.
Regulatory & Pricing Manager

One Energy Place
Pensacola, Florida 32520-0780

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July 14, 2016

Mr. Bart Fletcher
Division of Accounting and Finance
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

RE: Monthly Rate of Return Report

Dear Mr. Fletcher:

Attached is Gulf Power Company's Jurisdictional Rate of Return Report for the month of May, 2016.

Sincerely,

A handwritten signature in blue ink that reads "Robert L. McGee, Jr." The signature is written in a cursive, flowing style.

Robert L. McGee, Jr.
Regulatory and Pricing Manager

md

Attachment

cc/att.: Office of the Public Counsel
c/o Florida Legislature
111 W. Madison, Rm. 801
Tallahassee, FL 32399-1400

GOV 2-1-5-3

May 2016

Earnings Surveillance
Report
(Rate of Return)



GULF POWER COMPANY
Earnings Surveillance Report Summary
May, 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	179,709,896	(68,046,589)	111,663,307	0	111,663,307
Average Rate Base	3,413,807,810	(1,413,180,161)	2,000,627,649	0	2,000,627,649
Average Rate of Return	5.26%		5.58%		5.58%
II. Year End Rate of Return (Jurisdictional)					
	(a)	(b)			
Net Operating Income	179,702,168	(68,614,094)	111,088,074	0	111,088,074
Year End Rate Base	3,417,472,608	(1,407,717,247)	2,009,755,361	0	2,009,755,361
Year End Rate of Return	5.26%		5.53%		5.53%

(a) Includes AFUDC Earnings

(b) Includes Reversal of AFUDC Earnings

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

Low	5.16%
Midpoint	5.52%
High	5.88%

IV. Financial Integrity Indicators

A. Tie With AFUDC	5.01 x (System per Books Basis)
B. Tie Without AFUDC	4.87 x (System per Books Basis)
C. AFUDC To Net Income	5.52% (System per Books Basis)
D. Internally Generated Funds	197.14% (System per Books Basis)
E. LTD To Total Investor Funds	44.87% (FPSC Adjusted Basis)
F. STD To Total Investor Funds	3.07% (FPSC Adjusted Basis)
G. Return on Common Equity	10.42% (FPSC Adjusted Basis)
H. Return on Common Equity	10.42% (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
Susan D. Ritenour
Corporate Planning Manager, Corporate Treasurer & Secretary

Signature


Date
7/14/16

GULF POWER COMPANY
AVERAGE RATE OF RETURN
RATE BASE
May, 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	4,946,988,285	1,598,924,479	3,348,043,806	14,756,283	214,723,328	0	3,577,523,417	170,436,225	3,747,959,642
JURISDICTIONAL PER BOOKS	4,383,288,653	1,443,334,777	2,939,933,876	14,324,590	207,829,362	0	3,162,087,829	251,719,981	3,413,807,810
FPSC ADJUSTMENTS:									
ENVIRONMENTAL RECOVERY CLAUSE	(1,211,678,096)	(208,789,957)	(1,002,888,139)		(18,948,949)		(1,021,836,988)	(6,156,461)	(1,027,993,449)
INT BEARING CWIP					(153,167,571)		(153,167,571)	0	(153,167,571)
ENERGY CONSERVATION CLAUSE	(13,354,500)	7,386,782	(20,751,282)		3,002		(20,748,280)	(1,462,868)	(22,211,148)
TRANSMISSION INVESTMENT PURSUANT TO STIP. & SETT.	(176,339,884)		(176,339,884)				(176,339,884)	0	(176,339,884)
CAPITALIZED DEF. EARNINGS ON TRANSM PURSUANT TO STIP. & SETT.								(5,156,345)	(5,156,345)
LOANS TO EMPLOYEES / RETIREES								(49,271)	(49,271)
INTEREST AND DIVIDENDS RECEIVABLE								(29,214)	(29,214)
FUNDED PROP RES. N. ESCAMBIA & OTHER INV.				(12,661,331)			(12,661,331)	(4,357,923)	(17,019,254)
FUEL RELATED DEFERRED DEBITS								(9,598,973)	(9,598,973)
ACCRUED PROVISION FOR REFUND								0	0
UNAMORTIZED RATE CASE EXPENSES								(1,615,052)	(1,615,052)
TOTAL FPSC ADJUSTMENTS	(1,401,372,480)	(201,383,175)	(1,199,979,305)	(12,661,331)	(172,113,418)	0	(1,384,754,055)	(28,426,106)	(1,413,180,161)
FPSC ADJUSTED	2,981,896,173	1,241,941,602	1,739,954,571	1,663,259	35,715,944	0	1,777,333,774	223,293,875	2,000,627,649
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	2,981,896,173	1,241,941,602	1,739,954,571	1,663,259	35,715,944	0	1,777,333,774	223,293,875	2,000,627,649

GULF POWER COMPANY
AVERAGE RATE OF RETURN
INCOME STATEMENT
May, 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	1,443,186,757	557,328,283	319,267,885	161,775,856	119,597,791	20,928,556	66,073,008	(622,570)	0	1,246,348,810	196,837,947 (a)
JURISDICTIONAL PER BOOKS	1,295,008,667	476,692,317	303,195,915	150,101,731	117,622,068	22,220,368	54,294,685	(362,720)	0	1,123,764,364	171,244,303 (a)
LESS FPSC ADJUSTMENTS:	(390,668,928)	(390,549,740)				(123,127)				(390,672,967)	(196,061)
RETAIL FUEL REVENUES & EXPENSES	(86,016,051)	(86,142,577)				48,806				(86,093,769)	77,719
PURCHASED POWER CAPACITY REVENUES & EXPENSES	(15,654,702)				(325,113)	(707,892)				(14,527,489)	(1,127,213)
ENERGY CONSERVATION COST REVENUES & EXPENSES	(156,876,598)	(374,764)			(4,324,627)	(32,509,258)				(105,110,387)	(51,796,199)
ENVIRONMENTAL COST RECOVERY CLAUSE	(42,941,475)	(23,370,542)			(41,751,267)	(459,123)				(42,210,390)	(731,085)
FRANCHISE FEE REVENUE & EXPENSE	(32,332,531)				(31,955,010)	(145,629)				(32,100,639)	(231,892)
GROSS RECEIPTS TAX REVENUE & ADJUSTMENT			(148,904)			57,440				(91,464)	91,464
MARKETING SUPPORT ACTIVITIES			(298,628)			115,196				(183,432)	183,432
WHOLESALE EXPENSES			(279,490)			107,813				(171,677)	171,677
INSTITUTIONAL ADVERTISING EXPENSE			(55,833)			21,460				(34,373)	34,373
ECONOMIC DEVELOPMENT EXPENSE			(28,708)			11,074				(17,634)	17,634
MGMT FINANCIAL PLANNING SERVICES			(44,979)			17,350				(27,629)	27,629
DIRECTORS' & OFFICERS' INSURANCE			(995)			380				(605)	605
INDUSTRY ASSOCIATION DUES			(427,436)			179,056				(275,566)	275,566
TALLAHASSEE LIAISON EXPENSES					(21,186)	179,056				(918,765)	918,765
GRT, FPSC FEES ON CLAUSES & FEES					(1,495,751)	576,986				(918,765)	918,765
(GAIN) / LOSS ON DISPOSITION OF PROPERTY						8,198			(21,251)	(13,053)	13,053
INTEREST SYNCHRONIZATION						7,340,262				7,340,262	(7,340,262)
TOTAL FPSC ADJUSTMENTS	(724,690,283)	(476,692,317)	(37,775,025)	(45,280,734)	(79,872,954)	(25,467,006)	0	0	(21,251)	(665,109,287)	(59,590,996)
FPSC ADJUSTED	570,318,384	0	265,420,890	104,820,997	37,749,114	(3,246,638)	54,294,685	(382,720)	(21,251)	458,655,077	111,663,307
PRO FORMA REVENUE ANNUALIZATION 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	570,318,384	0	265,420,890	104,820,997	37,749,114	(3,246,638)	54,294,685	(382,720)	(21,251)	458,655,077	111,663,307
(a) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM NOI BY			8,666,943		AND THE JURISDICTIONAL NOI BY		8,465,593				
CURRENT MONTH SYSTEM PER BOOKS	118,550,565	43,412,895	26,727,619	14,268,710	8,803,189	5,427,459	2,670,836	(42,621)	0	101,268,027	17,282,528
CURRENT MONTH JURISDICTIONAL PER BOOKS	109,901,472	39,287,471	24,065,443	13,299,822	8,642,586	5,575,059	2,503,072	(21,142)	0	93,332,312	16,569,160

TOTALS MAY NOT ADD DUE TO ROUNDING.

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

SCHEDULE 2
PAGE 3 OF 3

<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	(1,248,090,705)	FUEL & IIC FUEL REVENUES AND ECONOMY PROFITS	(472,513,233)	(182,271,980)
ACCUMULATED DEPRECIATION	215,064,385	ENVIRONMENTAL COST RECOVERY CLAUSE REVENUES	(161,597,373)	(82,336,186)
CWIP	(19,519,289)	PURCHASED POWER CAPACITY COST CLAUSE REVENUES	(86,212,990)	(33,256,661)
ENERGY CONSERVATION COST RECOVERY INVESTMENT	(13,354,500)	ENERGY CONSERVATION COST RECOVERY CLAUSE REVENUES	(15,654,702)	(6,038,801)
ACCUMULATED DEPRECIATION	(7,396,782)	FUEL EXPENSE	(468,583,629)	180,756,135
CWIP	3,002	PURCHASED POWER CAPACITY COST EXPENSE	(88,741,405)	34,231,997
TRANSMISSION PURSUANT TO STIP. & SETT. INVESTMENT	(176,339,884)	CONSERVATION EXPENSES - DEPRECIATION AND O & M	(13,494,484)	5,205,497
FAS 143 NET PLANT	(82,624,310)	CONSERVATION EXPENSES - OTHER TAXES	(325,113)	125,412
INTEREST BEARING CWIP	(156,810,587)	ENVIRONMENTAL COST RECOVERY EXPENSE	(74,722,951)	28,824,378
PHFU - NORTH ESCAMBIA	(13,042,899)	FRANCHISE FEE REVENUES	(42,941,475)	(16,564,674)
WORKING CAPITAL:		FRANCHISE FEE	(41,751,267)	16,105,551
ECRC WORKING CAPITAL	(6,341,472)	GROSS RECEIPTS TAX REVENUES	(32,332,531)	(12,472,274)
CONSERVATION/AEM INVENTORY	(1,462,868)	GROSS RECEIPTS TAX EXPENSE	(31,955,010)	12,326,645
CAPITALIZED DEF. EARNINGS ON TRANSMISSION PURSUANT TO STIP. & SETT.	(5,156,345)	MARKETING SUPPORT ACTIVITIES	(148,904)	57,440
FUNDED PROPERTY INSURANCE RESERVE	(1)	WHOLESALE EXPENSES	(307,176)	118,493
LOANS TO EMPLOYEES AND RETIREES	(51,422)	INSTITUTIONAL ADVERTISING EXPENSE	(284,996)	109,937
INTEREST & DIVIDENDS RECEIVABLE	(30,489)	ECONOMIC DEVELOPMENT EXPENSE	(55,633)	21,460
NORTH ESCAMBIA SITE	(4,549,398)	MGMT FINANCIAL PLANNING SERVICES	(29,342)	11,319
UNAMORTIZED RATE CASE EXPENSE	(1,685,619)	DIRECTORS' & OFFICERS' INSURANCE	(45,972)	17,734
FUEL RELATED DEFERRED DEBITS	(9,598,973)	INDUSTRY ASSOCIATION DUES	(1,005)	388
UNREALIZED LOSS ON FWD CONTRACT	(303)	TALLAHASSEE LIAISON EXPENSE	(458,533)	176,879
ACCUM. PROV. FOR RATE REFUNDS	0	GRT/FPSC FEES ON CLAUSE REV ADJ & FRAN FEES	(1,495,750)	576,986
FAS 143 WORKING CAPITAL	96,425,481	COMP SALES/TRANS REV/G/L SALE GAS/PROV RT REFN. ESC REV	(53,307)	(20,563)
FAS 158 REGULATORY ASSETS	(152,414,862)	GAIN/LOSS ON DISPOSITION OF PROPERTY	(21,642)	8,348
FAS 158 REGULATORY LIABILITIES	152,414,862	INTEREST SYNCHRONIZATION	7,628,052	7,628,052
PPA REGULATORY ASSETS	(164,909,706)			
PPA REGULATORY LIABILITIES	164,909,706			
FAS 133 REGULATORY ASSETS	(91,308,998)			
FAS 133 REGULATORY LIABILITIES	91,308,998			

GULF POWER COMPANY
YEAR END RATE OF RETURN
RATE BASE
May, 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	5,053,466,352	1,555,618,176	3,497,848,177	14,754,000	65,398,720	0	3,578,000,897	170,436,225	3,748,437,122
JURISDICTIONAL PER BOOKS	4,477,930,984	1,395,631,753	3,082,299,131	14,322,375	60,851,672	0	3,157,473,178	259,999,430	3,417,472,608
FPSC ADJUSTMENTS:									
ENVIRONMENTAL RECOVERY CLAUSE	(1,376,916,428)	(230,126,563)	(1,146,789,865)		(16,789,455)		(1,163,579,320)	(6,156,461)	(1,169,735,781)
INT BEARING CWIP					(46,913)		(46,913)	0	(46,913)
ENERGY CONSERVATION CLAUSE	(13,760,029)	7,637,918	(21,397,947)				(21,397,947)	(1,462,868)	(22,860,815)
TRANSMISSION INVESTMENT PURSUANT TO STIP. & SETT.	(177,334,176)	(177,334,176)	(177,334,176)				(177,334,176)	0	(177,334,176)
CAPITALIZED DEF. EARNINGS ON TRANSM PURSUANT TO STIP. & SETT.								(9,427,799)	(9,427,799)
LOANS TO EMPLOYEES AND RETIREES								(49,271)	(49,271)
INTEREST AND DIVIDENDS RECEIVABLE								(29,214)	(29,214)
FUNDED PROP RES. N. ESCAMBIA SITE, & OTHER INV.				(12,661,331)			(12,661,331)	(4,357,923)	(17,019,254)
FUEL RELATED DEFERRED DEBITS								(9,598,973)	(9,598,973)
ACCRUED PROVISION FOR REFUND								0	0
UNAMORTIZED RATE CASE EXPENSES								(1,615,052)	(1,615,052)
TOTAL FPSC ADJUSTMENTS	(1,588,010,633)	(222,488,645)	(1,345,521,988)	(12,661,331)	(16,836,368)	0	(1,375,019,687)	(32,697,561)	(1,407,717,247)
FPSC ADJUSTED	2,909,920,251	1,173,143,108	1,736,777,143	1,661,044	44,015,304	0	1,782,453,491	227,301,870	2,009,755,361
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	2,909,920,251	1,173,143,108	1,736,777,143	1,661,044	44,015,304	0	1,782,453,491	227,301,870	2,009,755,361

GULF POWER COMPANY
YEAR END RATE OF RETURN
INCOME STATEMENT
May, 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	1,443,186,757	557,328,283	319,267,865	161,775,858	119,597,791	20,928,556	88,073,008	(622,570)	0	1,246,348,810	196,837,947 (a)
JURISDICTIONAL PER BOOKS	1,295,008,667	476,692,317	303,195,915	150,101,731	117,622,068	22,218,496	54,304,285	(362,720)	0	1,123,772,092	171,236,575 (a)
LESS FPSC ADJUSTMENTS:	(390,868,928)	(390,549,740)				(123,127)				(390,672,867)	(196,061)
RETAIL FUEL REVENUES & EXPENSES	(86,016,051)	(86,142,577)				48,808				(86,093,769)	77,719
PURCHASED POWER CAPACITY REVENUES & EXPENSES	(15,654,702)				(325,113)	(707,892)				(14,527,489)	(1,127,213)
ENERGY CONSERVATION COST REVENUES & EXPENSES	(156,876,596)	(13,119,720)	(374,764)	(4,324,627)	(41,751,267)	(32,509,258)				(105,110,397)	(51,766,199)
ENVIRONMENTAL COST RECOVERY CLAUSE	(42,941,475)	(23,370,542)	(44,905,970)		(31,955,010)	(459,123)				(42,210,390)	(731,085)
FRANCHISE FEE REVENUE & EXPENSE	(32,332,531)					(145,629)				(32,100,639)	(231,892)
GROSS RECEIPTS TAX REVENUE & ADJUSTMENT			(148,904)			57,440				(91,464)	91,464
MARKETING SUPPORT ACTIVITIES			(298,628)			115,196				(183,432)	183,432
WHOLESALE EXPENSES			(279,490)			107,813				(171,677)	171,677
INSTITUTIONAL ADVERTISING EXPENSE			(55,633)			21,460				(34,173)	34,173
ECONOMIC DEVELOPMENT EXPENSE			(28,708)			11,074				(17,634)	17,634
MGMT FINANCIAL PLANNING SERVICES			(44,979)			17,350				(27,629)	27,629
DIRECTORS' & OFFICERS' INSURANCE			(985)			380				(605)	605
INDUSTRY ASSOCIATION DUES			(427,436)			173,056				(275,586)	275,586
TALLAHASSEE LIAISON EXPENSES					(21,186)	576,986				(918,765)	918,765
GRT, FPSC FEES ON CLAUSES & FEES					(1,495,751)	8,198				(13,053)	13,053
(GAIN)/LOSS ON DISPOSITION OF PROPERTY						7,907,767			(21,251)	7,907,767	(7,907,767)
INTEREST SYNCRONIZATION											
TOTAL FPSC ADJUSTMENTS	(724,690,283)	(476,692,317)	(37,775,025)	(45,280,734)	(79,872,954)	(24,899,501)	0	0	(21,251)	(664,541,782)	(60,148,501)
FPSC ADJUSTED	570,318,384	0	265,420,890	104,820,997	37,749,114	(2,681,005)	54,304,285	(362,720)	(21,251)	459,230,310	111,088,074
PRO FORMA REVENUE ANNUALIZATION	0	0	0	0	0	0	0	0	0	0	0
TOTAL PRO FORMA ADJUSTMENTS	570,318,384	0	265,420,890	104,820,997	37,749,114	(2,681,005)	54,304,285	(362,720)	(21,251)	459,230,310	111,088,074
PRO FORMA ADJUSTED	570,318,384	0	265,420,890	104,820,997	37,749,114	(2,681,005)	54,304,285	(362,720)	(21,251)	459,230,310	111,088,074
(a) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM NOI BY			8,666,943				8,465,593				

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

SCHEDULE 3
PAGE 3 OF 3

<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	(1,418,149,158)	FUEL & IIC FUEL REVENUES AND ECONOMY PROFITS	(472,513,233)	(182,271,980)
ACCUMULATED DEPRECIATION	237,017,864	ENVIRONMENTAL COST RECOVERY CLAUSE REVENUES	(161,597,373)	(62,336,186)
CWIP	(17,292,227)	PURCHASED POWER CAPACITY COST CLAUSE REVENUES	(86,212,990)	(33,256,661)
ENERGY CONSERVATION COST RECOVERY INVESTMENT	(13,760,029)	ENERGY CONSERVATION COST RECOVERY CLAUSE REVENUES	(15,654,702)	(6,038,801)
ACCUMULATED DEPRECIATION	(7,637,918)	FUEL EXPENSE	(468,583,629)	180,756,135
CWIP	0	PURCHASED POWER CAPACITY COST EXPENSE	(88,741,405)	34,231,997
TRANSMISSION PURSUANT TO STIP. & SETT. INVESTMENT	(177,334,176)	CONSERVATION EXPENSES - DEPRECIATION AND O & M	(13,494,484)	5,205,497
FAS 143 NET PLANT	(88,415,044)	CONSERVATION EXPENSES - OTHER TAXES	(325,113)	125,412
INTEREST BEARING CWIP	(48,029)	ENVIRONMENTAL COST RECOVERY EXPENSE	(74,722,951)	28,824,378
PHFU - NORTH ESCAMBIA	(13,042,899)	FRANCHISE FEE REVENUES	(42,941,475)	(16,564,674)
WORKING CAPITAL:		FRANCHISE FEE	(41,751,267)	16,105,551
ECRC WORKING CAPITAL	(6,341,472)	GROSS RECEIPTS TAX REVENUES	(32,332,531)	(12,472,274)
CONSERVATION/AEM INVENTORY	(1,462,868)	GROSS RECEIPTS TAX EXPENSE	(31,955,010)	12,326,645
CAPITALIZED DEF. EARNINGS ON TRANSMISSION PURSUANT TO STIP. & SETT.	(5,156,345)	MARKETING SUPPORT ACTIVITIES	(148,904)	57,440
FUNDED PROPERTY INSURANCE RESERVE	(1)	WHOLESALE EXPENSES	(307,176)	118,493
LOANS TO EMPLOYEES AND RETIREES	(51,422)	INSTITUTIONAL ADVERTISING EXPENSE	(284,996)	109,937
INTEREST & DIVIDENDS RECEIVABLE	(30,489)	ECONOMIC DEVELOPMENT EXPENSE	(55,633)	21,460
NORTH ESCAMBIA SITE	(4,549,398)	MGMT FINANCIAL PLANNING SERVICES	(29,342)	11,319
UNAMORTIZED RATE CASE EXPENSE	(1,685,619)	DIRECTORS' & OFFICERS' INSURANCE	(45,972)	17,734
FUEL RELATED DEFERRED DEBITS	(9,598,973)	INDUSTRY ASSOCIATION DUES	(1,005)	388
UNREALIZED LOSS ON FWD CONTRACT	(303)	TALLAHASSEE LIAISON EXPENSE	(458,533)	176,879
ACCUM. PROV. FOR RATE REFUNDS	0	GRT/FPSC FEES ON CLAUSE REV ADJ & FRAN FEES	(1,495,750)	576,986
FAS 143 WORKING CAPITAL	96,425,481	COMP SALES/TRANS REV/G/L SALE GAS/PROV RT REFN. ESC REV	(53,307)	(20,563)
FAS 158 REGULATORY ASSETS	(152,414,862)	GAIN/LOSS ON DISPOSITION OF PROPERTY	(21,642)	8,348
FAS 158 REGULATORY LIABILITIES	152,414,862	INTEREST SYNCHRONIZATION	8,269,706	8,269,706
PPA REGULATORY ASSETS	(164,909,706)			
PPA REGULATORY LIABILITIES	164,909,706			
FAS 133 REGULATORY ASSETS	(91,308,998)			
FAS 133 REGULATORY LIABILITIES	91,308,998			

GULF POWER COMPANY
CAPITAL STRUCTURE
FPSC ADJUSTED BASIS
May, 2016

AVERAGE	SYSTEM PER BOOKS			ADJUSTMENTS			LOW POINT			MIDPOINT			HIGH POINT		
	PER BOOKS	RETAIL PER BOOKS	ADJUSTED RETAIL	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	1,294,221,795	1,175,710,334	689,013,188	(486,697,146)	0	689,013,188	34.44	4.49	1.55	4.49	1.55	4.49	1.55	4.49	1.55
SHORT TERM DEBT	98,868,408	80,371,868	47,101,123	(33,270,745)	0	47,101,123	2.35	0.54	0.01	0.54	0.01	0.54	0.01	0.54	0.01
PREFERENCE STOCK	146,504,144	133,090,151	77,996,141	(55,094,010)	0	77,996,141	3.90	6.14	0.24	6.14	0.24	6.14	0.24	6.14	0.24
CUSTOMER DEPOSITS	35,946,109	36,054,049	21,129,112	(14,924,937)	0	21,129,112	1.06	2.35	0.02	2.35	0.02	2.35	0.02	2.35	0.02
COMMON EQUITY	1,341,642,171	1,230,827,602	721,314,107	(509,513,495)	0	721,314,107	36.05	9.25	3.34	10.25	3.70	11.25	3.70	11.25	4.06
DEFERRED INCOME TAXES	874,837,705	808,384,937	473,745,842	(334,639,095)	0	473,745,842	23.68								
FASB 109 DEFERRED TAXES	(55,436,123)	(51,225,190)	(30,020,006)	21,205,184	0	(30,020,006)	(1.50)								
TAX CREDITS - ZERO COST	0	0	0	0	0	0	0.00								
TAX CREDITS - WEIGHTED COST	2,158,261	594,059	348,142	(245,917)	0	348,142	0.02	6.88	0.00	7.37	0.00	7.85	0.00	7.85	0.00
TOTAL	3,738,742,470	3,413,807,810	2,000,627,649	(1,413,180,161)	0	2,000,627,649	100.00	5.16	5.16	5.52	5.52	5.87	5.52	5.87	5.87

YEAR-END	SYSTEM PER BOOKS			ADJUSTMENTS			LOW POINT			MIDPOINT			HIGH POINT		
	PER BOOKS	RETAIL PER BOOKS	ADJUSTED RETAIL	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	1,159,274,907	1,059,639,712	624,372,429	(435,267,283)	0	624,372,429	31.07	4.70	1.46	4.70	1.46	4.70	1.46	4.70	1.46
SHORT TERM DEBT	158,581,201	135,449,667	79,811,125	(55,638,542)	0	79,811,125	3.97	0.46	0.02	0.46	0.02	0.46	0.02	0.46	0.02
PREFERENCE STOCK	146,504,320	133,912,840	78,905,579	(55,007,261)	0	78,905,579	3.93	6.14	0.24	6.14	0.24	6.14	0.24	6.14	0.24
CUSTOMER DEPOSITS	36,410,308	36,730,923	21,642,994	(15,087,929)	0	21,642,994	1.08	2.42	0.03	2.42	0.03	2.42	0.03	2.42	0.03
COMMON EQUITY	1,343,677,767	1,257,226,507	736,871,672	(513,693,616)	(6,661,219)	736,871,672	36.66	9.25	3.39	10.25	3.76	11.25	3.76	11.25	4.12
DEFERRED INCOME TAXES	907,849,236	844,907,688	487,845,692	(347,061,996)	0	487,845,692	24.77								
FASB 109 DEFERRED TAXES	(54,616,689)	(50,830,093)	(29,950,660)	20,879,433	0	(29,950,660)	(1.49)								
TAX CREDITS - ZERO COST	0	0	0	0	0	0	0.00								
TAX CREDITS - WEIGHTED COST	1,868,345	435,364	256,530	(178,834)	0	256,530	0.01	7.11	0.00	7.62	0.00	8.13	0.00	8.13	0.00
TOTAL	3,699,549,396	3,417,472,608	2,009,755,361	(1,401,056,028)	(6,661,219)	2,009,755,361	100.00	5.14	5.14	5.50	5.50	5.87	5.50	5.87	5.87

GULF POWER COMPANY
Financial Integrity Indicators
May, 2016

A. Times Interest Earned with AFUDC

Earnings Before Interest	203,889,042
AFUDC - Debt	2,677,217
Income Taxes	<u>90,460,383</u>
Total	297,026,642
Interest Charges (Before Deducting AFUDC - Debt)	<u>59,253,228</u>
T.I.E. With AFUDC	<u>5.01 x</u>

B. Times Interest Earned without AFUDC

Earnings Before Interest	203,889,042
AFUDC - Other	(5,989,726)
Income Taxes	<u>90,460,383</u>
Total	288,359,699
Interest Charges (Before Deducting AFUDC - Debt)	<u>59,253,228</u>
T.I.E. Without AFUDC	<u>4.87 x</u>

C. Percent AFUDC To Net Income Available for Common Stockholders

AFUDC - Debt	2,677,217
X (1 - Income Tax Rate)	0.61425
Subtotal	1,644,480
AFUDC - Other	<u>5,989,726</u>
Total	<u>7,634,206</u>
Net Income Available for Common Stockholders	<u>138,310,532</u>
Percent AFUDC to Available Net Income	<u>5.52%</u>

D. Percent Internally Generated Funds

Net Income	147,313,032
Preference Dividends	(9,002,500)
Common Dividends	(125,114,000)
AFUDC (Debt & Other)	(8,666,943)
Depreciation & Amortization	170,794,776
Deferred Income Taxes	68,044,289
Investment Tax Credits	0
Other	<u>64,222,285</u>
Total	307,590,939
Construction Expenditures (Excluding AFUDC Other & Debt)	<u>156,023,654</u>
Percent Internally Generated Funds	<u>197.14%</u>

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	689,013,188
Short Term Debt	47,101,123
Preference Stock	77,996,141
Common Equity	<u>721,314,107</u>
Total	<u>1,535,424,559</u>
% Long Term Debt To Total	<u>44.87%</u>
% Short Term Debt To Total	<u>3.07%</u>

G. FPSC Adjusted Average Jurisdictional Return
On Common Equity

	G. FPSC ADJ.	H. PROFORMA
FPSC Adjusted Average Earned Rate of Return	5.58%	5.58%
Less: Reconciled Average Retail Weighted Cost Rates For:		
Long Term Debt	(1.55)	(1.55)
Short Term Debt	(0.01)	(0.01)
Preference Stock	(0.24)	(0.24)
Customer Deposits	(0.02)	(0.02)
Tax Credits - Weighted Cost (Common Equity at Midpoint)	<u>(0.00)</u>	<u>(0.00)</u>
Subtotal	<u>(1.83)</u>	<u>(1.83)</u>
Total	3.76	3.76
Divided by Common Equity Ratio	<u>36.05</u>	<u>36.05</u>
Jurisdictional Return on Common Equity	<u>0.10</u>	<u>0.10</u>

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

Supplemental 1

<u>Month</u>	<u>Year</u>	<u>\$</u>
June	2015	291,666
July	2015	291,667
August	2015	291,667
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
12 - M-T-D		<u><u>3,500,000</u></u>