

Robert L. McGee, Jr.
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September 15, 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 July, 2016. In compliance with the Commission's decision in Docket 160134-EI on September 13, 2016, Gulf's Jurisdictional Rate of Return Report reflects Scherer Unit 3 as a retail resource rededicated to serving Gulf's native load customers to the extent it is not committed to off-system sales. Furthermore, in compliance with that same decision, Gulf is including a second Jurisdictional Rate of Return Report which removes Scherer's related investment and expenses from the retail jurisdictional rate base.

Sincerely,

A handwritten signature in blue ink that reads "Robert L. McGee, Jr." The signature is stylized and cursive.

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

July 2016

Earnings Surveillance
Report
(Rate of Return)

Note: In compliance with the Florida Public Service Commission's decision in Docket 160134-EI on September 13, 2016, this Jurisdictional Rate of Return Report reflects Scherer Unit 3 as a retail resource rededicated to serving Gulf Power's native load customers to the extent it is not committed to off-system sales.



GULF POWER COMPANY
Earnings Surveillance Report Summary, Including Scherer 3*
July, 2016

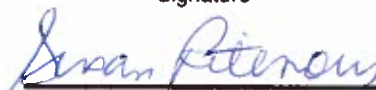
	(1) Actual Per Books	(2) FPSC Adjustments	(3) FPSC Adjusted	(4) Pro Forma Adjustments	(5) Pro Forma Adjusted
I. Average Rate of Return (Jurisdictional)					
	(a)	(b)			
Net Operating Income	181,288,420	(67,798,152)	113,490,268	0	113,490,268
Average Rate Base	3,487,620,110	(1,407,687,050)	2,079,933,061	0	2,079,933,061
Average Rate of Return	5.20%		5.46%		5.46%
II. Year End Rate of Return (Jurisdictional)					
	(a)	(b)			
Net Operating Income	181,290,683	291,666	112,933,426	0	112,933,426
Year End Rate Base	3,604,602,261	(1,396,369,993)	2,208,232,269	0	2,208,232,269
Year End Rate of Return	5.03%		5.11%		5.11%
(a) Includes AFUDC Earnings (b) Includes Reversal of AFUDC Earnings					
III. Required Rates of Return Average Capital Structure (FPSC Adjusted Basis)					
Low	5.14%				
Midpoint	5.50%				
High	5.87%				
IV. Financial Integrity Indicators					
A. Tie With AFUDC	5.18 x (System per Books Basis)				
B. Tie Without AFUDC	5.09 x (System per Books Basis)				
C. AFUDC To Net Income	3.49% (System per Books Basis)				
D. Internally Generated Funds	207.03% (System per Books Basis)				
E. LTD To Total Investor Funds	44.08% (FPSC Adjusted Basis)				
F. STD To Total Investor Funds	3.45% (FPSC Adjusted Basis)				
G. Return on Common Equity	10.12% (FPSC Adjusted Basis)				
H. Return on Common Equity	10.12% (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

9/15/16

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GULF POWER COMPANY
AVERAGE RATE OF RETURN
RATE BASE, INCLUDING SCHERER 3*
July, 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	5,004,013,415	1,600,110,781	3,403,902,634	14,755,861	164,946,688	0	3,583,605,183	153,338,984	3,736,944,167
JURISDICTIONAL PER BOOKS	4,556,246,985	1,485,809,411	3,070,437,574	14,324,181	159,803,926	0	3,244,565,682	243,054,429	3,487,620,110
FPSC ADJUSTMENTS:									
ENVIRONMENTAL RECOVERY CLAUSE	(1,257,776,813)	(207,096,205)	(1,050,680,608)		(18,720,371)		(1,069,400,979)	(6,149,294)	(1,075,550,273)
INT BEARING CWIP					(103,579,169)		(103,579,169)	0	(103,579,169)
ENERGY CONSERVATION CLAUSE	(13,533,031)	7,464,970	(20,998,001)		3,002		(20,994,999)	(1,439,093)	(22,434,093)
TRANSMISSION INVESTMENT PURSUANT TO STIP. & SETT.	(177,011,027)		(177,011,027)				(177,011,027)	0	(177,011,027)
CAPITALIZED DEF. EARNINGS ON TRANSM PURSUANT TO STIP. & SETT.								(6,568,013)	(6,568,013)
LOANS TO EMPLOYEES / RETIREES								(48,800)	(48,800)
INTEREST AND DIVIDENDS RECEIVABLE								(21,417)	(21,417)
FUNDED PROP RES. N. ESCAMBIA & OTHER INV.			291,666	(12,661,331)			(12,661,331)	(4,360,020)	(17,021,351)
FUEL RELATED DEFERRED DEBITS								(4,197,478)	(4,197,478)
ACCRUED PROVISION FOR REFUND								0	0
UNAMORTIZED RATE CASE EXPENSES								(1,255,429)	(1,255,429)
TOTAL FPSC ADJUSTMENTS	(1,448,320,871)	(199,631,235)	(1,248,689,636)	(12,661,331)	(122,296,538)	0	(1,383,647,506)	(24,039,544)	(1,407,687,050)
FPSC ADJUSTED	3,107,926,114	1,286,178,176	1,821,747,938	1,662,850	37,507,388	0	1,860,918,176	219,014,885	2,079,933,061
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	3,107,926,114	1,286,178,176	1,821,747,938	1,662,850	37,507,388	0	1,860,918,176	219,014,885	2,079,933,061

*In compliance with the Florida Public Service Commission's decision in Docket 160134-E1 on September 13, 2016, this Jurisdictional Rate of Return Report reflects Scherer Unit 3 as a retail resource rededicated to serving Gulf Power's native load customers to the extent it is not committed to off-system sales.

GULF POWER COMPANY
AVERAGE RATE OF RETURN
INCOME STATEMENT, INCLUDING SCHERER 3*
July, 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	1,442,358,856	556,832,750	311,813,785	162,884,895	119,683,629	26,593,951	64,668,036	(590,822)	0	1,241,886,224	200,472,635 (a)
JURISDICTIONAL PER BOOKS	1,299,789,766	475,485,623	298,642,556	153,957,781	118,045,440	26,724,562	51,499,588	(416,927)	0	1,123,938,625	175,850,142 (a)
LESS FPSC ADJUSTMENTS:											
RETAIL FUEL REVENUES & EXPENSES	(389,862,472)	(398,534,558)				(126,492)				(389,661,050)	(201,421)
PURCHASED POWER CAPACITY REVENUES & EXPENSES	(85,820,462)	(85,951,064)				50,380				(85,900,684)	80,222
ENERGY CONSERVATION COST REVENUES & EXPENSES	(14,451,855)			(379,625)	(324,877)	(710,771)				(13,320,056)	(1,131,799)
ENVIRONMENTAL COST RECOVERY CLAUSE	(182,432,288)	(23,190,996)		(46,286,662)	(4,625,078)	(34,073,125)				(108,175,861)	(54,256,427)
FRANCHISE FEE REVENUE & EXPENSE	(42,787,851)				(41,609,326)	(454,616)				(42,063,942)	(723,909)
GROSS RECEIPTS TAX REVENUE & ADJUSTMENT	(32,121,791)				(31,740,061)	(147,253)				(31,887,314)	(234,477)
MARKETING SUPPORT ACTIVITIES						55,672				(86,650)	86,650
WHOLESALE EXPENSES		(144,322)				130,598				(207,958)	207,958
INSTITUTIONAL ADVERTISING EXPENSE		(336,556)				(112,510)				179,156	(179,156)
ECONOMIC DEVELOPMENT EXPENSE		291,666				21,108				(33,612)	33,612
MGMT FINANCIAL PLANNING SERVICES		(54,720)				5,142				(8,189)	8,189
DIRECTORS' & OFFICERS' INSURANCE		(13,331)				17,115				(27,253)	27,253
INDUSTRY ASSOCIATION DUES		(44,368)				500				(795)	795
TALLAHASSEE LIAISON EXPENSES		(1,295)				173,295				(275,947)	275,947
GRT, FPSC FEES ON CLAUSES & FEES		(428,032)			(21,210)	570,197				(907,955)	907,955
INT. FPSC FEES ON CLAUSES & FEES					(1,478,152)	8,198			(21,251)	(13,053)	13,053
(GAIN)/LOSS ON DISPOSITION OF PROPERTY						7,633,147				7,633,147	(7,633,147)
INTEREST SYNCHRONIZATION											
TOTAL FPSC ADJUSTMENTS	(727,476,719)	(475,485,623)	(36,409,654)	(46,666,287)	(79,798,703)	(26,735,328)	0	0	0	(665,116,845)	(62,359,874)
FPSC ADJUSTED	572,312,048	0	262,232,904	107,291,495	38,246,737	(10,766)	51,499,588	(416,927)	(21,251)	459,821,790	113,490,268
PRO FORMA REVENUE ANNUALIZATION ADJUSTMENTS											
TOTAL PRO FORMA ADJUSTMENTS	0	0	0	0	0	0	0	0	0	0	0
PRO FORMA ADJUSTED	572,312,048	0	262,232,904	107,291,495	38,246,737	(10,766)	51,499,588	(416,927)	(21,251)	459,821,790	113,490,268
(a) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM NOI BY				5,567,624	AND THE JURISDICTIONAL NOI BY		5,438,278				
CURRENT MONTH SYSTEM PER BOOKS	154,227,387	64,067,771	26,354,506	14,296,118	11,541,536	13,327,949	(495,224)	(42,621)	0	129,040,035	25,187,352
CURRENT MONTH JURISDICTIONAL PER BOOKS	138,837,878	52,692,144	24,439,531	13,823,475	11,438,132	12,776,555	(473,866)	(38,866)	0	114,659,065	24,178,812

TOTALS MAY NOT ADD DUE TO ROUNDING.

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GULF POWER COMPANY
AVERAGE RATE OF RETURN, INCLUDING SCHERER 3*
SYSTEM ADJUSTMENTS
July, 2016

SCHEDULE 2
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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	(1,295,563,596)	FUEL & IIC FUEL REVENUES AND ECONOMY PROFITS	(472,323,221)	(182,198,683)
ACCUMULATED DEPRECIATION	213,317,897	ENVIRONMENTAL COST RECOVERY CLAUSE REVENUES	(167,476,526)	(64,804,070)
CWIP	(19,282,778)	PURCHASED POWER CAPACITY COST CLAUSE REVENUES	(86,011,208)	(33,178,823)
ENERGY CONSERVATION COST RECOVERY INVESTMENT	(13,533,031)	ENERGY CONSERVATION COST RECOVERY CLAUSE REVENUES	(14,451,855)	(5,574,803)
ACCUMULATED DEPRECIATION	(7,464,970)	FUEL EXPENSE	(468,286,913)	180,641,677
CWIP	3,002	PURCHASED POWER CAPACITY COST EXPENSE	(88,544,114)	34,155,892
TRANSMISSION PURSUANT TO STIP. & SETT. INVESTMENT	(177,011,027)	CONSERVATION EXPENSES - DEPRECIATION AND O & M	(12,284,409)	4,738,711
FAS 143 NET PLANT	(88,777,504)	CONSERVATION EXPENSES - OTHER TAXES	(324,877)	125,321
INTEREST BEARING CWIP	(106,042,749)	ENVIRONMENTAL COST RECOVERY EXPENSE	(76,267,456)	29,420,171
PHFU - NORTH ESCAMBIA	(13,042,899)	FRANCHISE FEE REVENUES	(42,787,851)	(16,505,413)
WORKING CAPITAL:		FRANCHISE FEE	(41,809,326)	16,050,797
ECRC WORKING CAPITAL	(6,334,035)	GROSS RECEIPTS TAX REVENUES	(32,121,791)	(12,390,981)
CONSERVATION/AEM INVENTORY	(1,439,093)	GROSS RECEIPTS TAX EXPENSE	(31,740,061)	12,243,728
CAPITALIZED DEF. EARNINGS ON TRANSMISSION PURSUANT TO STIP. & SETT.	(6,568,013)	MARKETING SUPPORT ACTIVITIES	(144,322)	55,872
FUNDED PROPERTY INSURANCE RESERVE	(3)	WHOLESALE EXPENSES	(348,321)	134,365
LOANS TO EMPLOYEES AND RETIREES	(50,930)	INSTITUTIONAL ADVERTISING EXPENSE	(294,948)	113,776
INTEREST & DIVIDENDS RECEIVABLE	(22,352)	ECONOMIC DEVELOPMENT EXPENSE	(54,720)	21,108
NORTH ESCAMBIA SITE	(4,551,586)	MGMT FINANCIAL PLANNING SERVICES	(13,625)	5,256
UNAMORTIZED RATE CASE EXPENSE	(1,310,283)	DIRECTORS' & OFFICERS' INSURANCE	(45,347)	17,493
FUEL RELATED DEFERRED DEBITS	(4,197,478)	INDUSTRY ASSOCIATION DUES	(1,321)	510
UNREALIZED LOSS ON FWD CONTRACT	(11,669)	TALLAHASSEE LIAISON EXPENSE	(459,166)	177,123
ACCUM. PROV. FOR RATE REFUNDS	0	GRT/FPSC FEES ON CLAUSE REV ADJ & FRAN FEES	(1,478,151)	570,197
FAS 143 WORKING CAPITAL	103,186,569	COMP SALES/TRANS REVQ/L SALE GAS/PROV RT REPN. ESC REV	(953,393)	(367,771)
FAS 158 REGULATORY ASSETS	(152,525,886)	GAIN/LOSS ON DISPOSITION OF PROPERTY	(21,642)	8,348
FAS 158 REGULATORY LIABILITIES	152,525,886	INTEREST SYNCHRONIZATION	7,876,273	7,876,273
PPA REGULATORY ASSETS	(161,245,046)			
PPA REGULATORY LIABILITIES	161,245,046			
FAS 133 REGULATORY ASSETS	(87,420,563)			
FAS 133 REGULATORY LIABILITIES	87,420,563			

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GULF POWER COMPANY
YEAR END RATE OF RETURN
RATE BASE, INCLUDING SCHERER 3*
July, 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	5,072,882,095	1,577,683,169	3,495,198,925	14,754,000	67,331,085	0	3,577,284,011	153,338,984	3,730,622,995
JURISDICTIONAL PER BOOKS	4,791,786,933	1,519,822,712	3,271,964,221	14,322,375	65,012,937	0	3,351,299,533	253,302,728	3,604,602,261
FPSC ADJUSTMENTS:									
ENVIRONMENTAL RECOVERY CLAUSE INT BEARING CW/IP	(1,348,104,438)	(209,558,831)	(1,138,545,607)		(17,653,367)		(1,156,198,974)	(6,149,294)	(1,162,348,268)
ENERGY CONSERVATION CLAUSE	(13,967,737)	7,581,076	(21,548,813)				(21,548,813)	(1,439,093)	(22,987,906)
TRANSMISSION INVESTMENT PURSUANT TO STIP. & SETT.	(177,583,464)	(177,583,464)	(177,583,464)				(177,583,464)	0	(177,583,464)
CAPITALIZED DEF. EARNINGS ON TRANSM PURSUANT TO STIP. & SETT.								(10,905,880)	(10,905,880)
LOANS TO EMPLOYEES AND RETIREES								(48,800)	(48,800)
INTEREST AND DIVIDENDS RECEIVABLE			291,666	(12,661,331)			(12,661,331)	(4,360,020)	(21,417)
FUNDED PROP RES. N. ESCAMBIA SITE, & OTHER INV.								(4,197,478)	(4,197,478)
FUEL RELATED DEFERRED DEBITS								0	0
FUNDED PROVISION FOR REFUND								(1,255,429)	(1,255,429)
UNAMORTIZED RATE CASE EXPENSES									
TOTAL FPSC ADJUSTMENTS	(1,539,655,639)	(201,977,755)	(1,337,677,884)	(12,661,331)	(17,653,367)	0	(1,367,992,582)	(28,377,411)	(1,396,369,993)
FPSC ADJUSTED	3,252,131,294	1,317,844,957	1,934,286,337	1,661,044	47,359,570	0	1,983,306,951	224,925,318	2,208,232,269
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	3,252,131,294	1,317,844,957	1,934,286,337	1,661,044	47,359,570	0	1,983,306,951	224,925,318	2,208,232,269

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GULF POWER COMPANY
YEAR END RATE OF RETURN
INCOME STATEMENT, INCLUDING SCHERER 3*
July, 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	1,442,358,858	556,832,750	311,813,785	162,884,895	119,683,629	26,593,951	64,666,036	(590,822)	0	1,241,886,224	200,472,635
JURISDICTIONAL PER BOOKS	1,299,788,768	475,485,623	298,642,558	153,957,781	118,045,440	26,724,956	51,496,931	(416,927)	0	1,123,936,362	175,852,405
LESS FPSC ADJUSTMENTS:											
RETAIL FUEL REVENUES & EXPENSES	(389,862,472)	(389,534,558)				(126,492)				(389,661,050)	(201,421)
PURCHASED POWER CAPACITY REVENUES & EXPENSES	(95,820,462)	(85,951,064)				50,380				(85,900,684)	80,222
ENERGY CONSERVATION COST REVENUES & EXPENSES	(14,451,855)		(11,904,784)	(379,625)	(324,877)	(710,771)				(13,320,056)	(1,131,799)
ENVIRONMENTAL COST RECOVERY CLAUSE	(162,432,288)		(23,190,996)	(46,286,662)	(4,625,078)	(34,073,125)				(108,175,861)	(54,256,427)
FRANCHISE FEE REVENUE & EXPENSE	(42,787,851)				(4,609,326)	(454,616)				(42,063,942)	(723,909)
GROSS RECEIPTS TAX REVENUE & ADJUSTMENT	(32,121,791)				(31,740,061)	(147,253)				(31,867,314)	(234,477)
MARKETING SUPPORT ACTIVITIES			(144,322)			55,672				(88,650)	88,650
WHOLESALE EXPENSES			(338,556)			130,598				(207,958)	207,958
INSTITUTIONAL ADVERTISING EXPENSE			291,666			(112,510)				179,156	(179,156)
ECONOMIC DEVELOPMENT EXPENSE			(54,720)			21,108				(33,612)	33,612
MGMT FINANCIAL PLANNING EXPENSE			(13,331)			5,142				(8,189)	8,189
DIRECTORS' & OFFICERS' INSURANCE			(44,368)			17,115				(27,253)	27,253
INDUSTRY ASSOCIATION DUES			(1,295)			500				(795)	795
TALLAHASSEE LIAISON EXPENSES			(428,032)		(21,210)	173,295				(275,947)	275,947
GRT, FPSC FEES ON CLAUSES & FEES					(1,478,152)	570,197				(907,955)	907,955
(GAIN) / LOSS ON DISPOSITION OF PROPERTY						8,198			(21,251)	(13,053)	13,053
INTEREST SYNCHRONIZATION						8,192,252				8,192,252	(8,192,252)
TOTAL FPSC ADJUSTMENTS	(727,476,719)	(475,485,623)	(36,409,654)	(46,666,287)	(79,798,703)	(26,176,223)	0	0	(21,251)	(664,557,740)	(62,918,979)
FPSC ADJUSTED	572,312,048	0	262,232,904	107,291,495	38,246,737	548,733	51,496,931	(416,927)	(21,251)	459,378,622	112,933,426
PRO FORMA REVENUE ANNUALIZATION											
TOTAL PRO FORMA ADJUSTMENTS	0	0	0	0	0	0	0	0	0	0	0
PRO FORMA ADJUSTED	572,312,048	0	262,232,904	107,291,495	38,246,737	548,733	51,496,931	(416,927)	(21,251)	459,378,622	112,933,426
(a) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM NOI BY				5,567,624	AND THE JURISDICTIONAL NOI BY	5,438,278					

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GULF POWER COMPANY
 YEAR END RATE OF RETURN, INCLUDING SCHERER 3*
 SYSTEM ADJUSTMENTS
 July, 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	(1,388,376,663)	FUEL & IIC FUEL REVENUES AND ECONOMY PROFITS	(472,323,221)	(182,198,683)
ACCUMULATED DEPRECIATION	215,819,029	ENVIRONMENTAL COST RECOVERY CLAUSE REVENUES	(167,476,526)	(64,604,070)
CWIP	(18,180,730)	PURCHASED POWER CAPACITY COST CLAUSE REVENUES	(86,011,208)	(33,178,823)
ENERGY CONSERVATION COST RECOVERY INVESTMENT	(13,967,737)	ENERGY CONSERVATION COST RECOVERY CLAUSE REVENUES	(14,451,855)	(5,574,803)
ACCUMULATED DEPRECIATION	(7,581,076)	FUEL EXPENSE	(468,286,913)	180,641,677
CWIP	0	PURCHASED POWER CAPACITY COST EXPENSE	(88,544,114)	34,155,692
TRANSMISSION PURSUANT TO STIP. & SETT. INVESTMENT	(177,583,464)	CONSERVATION EXPENSES - DEPRECIATION AND O & M	(12,284,409)	4,738,711
FAS 143 NET PLANT	(91,261,311)	CONSERVATION EXPENSES - OTHER TAXES	(324,877)	125,321
INTEREST BEARING CWIP	0	ENVIRONMENTAL COST RECOVERY EXPENSE	(76,267,456)	29,420,171
PHFU - NORTH ESCAMBIA	(13,042,899)	FRANCHISE FEE REVENUES	(42,787,851)	(16,505,413)
		FRANCHISE FEE	(41,609,326)	16,050,797
WORKING CAPITAL:		GROSS RECEIPTS TAX REVENUES	(32,121,791)	(12,390,981)
ECRC WORKING CAPITAL	(6,334,035)	GROSS RECEIPTS TAX EXPENSE	(31,740,061)	12,243,728
CONSERVATION/AEM INVENTORY	(1,439,093)	MARKETING SUPPORT ACTIVITIES	(144,322)	55,672
CAPITALIZED DEF. EARNINGS ON TRANSMISSION PURSUANT TO STIP. & SETT.	(6,568,013)	WHOLESALE EXPENSES	(348,321)	134,365
FUNDED PROPERTY INSURANCE RESERVE	(3)	INSTITUTIONAL ADVERTISING EXPENSE	(294,948)	113,776
LOANS TO EMPLOYEES AND RETIREES	(50,930)	ECONOMIC DEVELOPMENT EXPENSE	(54,720)	21,108
INTEREST & DIVIDENDS RECEIVABLE	(22,352)	MGMT FINANCIAL PLANNING SERVICES	(13,625)	5,256
NORTH ESCAMBIA SITE	(4,551,586)	DIRECTORS' & OFFICERS' INSURANCE	(45,347)	17,493
UNAMORTIZED RATE CASE EXPENSE	(1,310,283)	INDUSTRY ASSOCIATION DUES	(1,321)	510
FUEL RELATED DEFERRED DEBITS	(4,197,478)	TALLAHASSEE LIAISON EXPENSE	(459,166)	177,123
UNREALIZED LOSS ON FWD CONTRACT	(11,669)	GRT/FPSC FEES ON CLAUSE REV ADJ & FRAN FEES	(1,478,151)	570,197
ACCUM. PROV. FOR RATE REFUNDS	0	COMP SALES/TRANS REV/G/L SALE GAS/PROV RT REFIN. ESC REV	(953,393)	(367,771)
FAS 143 WORKING CAPITAL	103,186,569	GAIN/LOSS ON DISPOSITION OF PROPERTY	(21,642)	8,348
FAS 158 REGULATORY ASSETS	(152,525,886)	INTEREST SYNCHRONIZATION	9,182,428	9,182,428
FAS 158 REGULATORY LIABILITIES	152,525,886			
PPA REGULATORY ASSETS	(161,245,046)			
PPA REGULATORY LIABILITIES	161,245,046			
FAS 133 REGULATORY ASSETS	(87,420,563)			
FAS 133 REGULATORY LIABILITIES	87,420,563			

*In compliance with the Florida Public Service Commission's decision in Docket 160134-EI on September 13, 2016, this Jurisdictional Rate of Return Report reflects Scherer Unit 3 as a retail resource rededicated to serving Gulf Power's native load customers to the extent it is not committed to off-system sales.

GULF POWER COMPANY
CAPITAL STRUCTURE, INCLUDING SCHERER 3*
FPSC ADJUSTED BASIS
July, 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	1,265,101,072	1,176,748,380	(474,963,844)	0	701,784,536	33.74	4.47	1.51	4.47	1.51	4.47	1.51	4.47	
SHORT TERM DEBT	102,865,552	91,988,215	(37,128,648)	0	54,859,567	2.64	0.55	0.01	0.55	0.01	0.55	0.01	0.55	
PREFERENCE STOCK	146,504,214	136,397,055	(55,053,120)	0	81,343,935	3.91	6.14	0.24	6.14	0.24	6.14	0.24	6.14	
CUSTOMER DEPOSITS	36,007,189	36,047,649	(14,549,695)	0	21,497,954	1.03	2.36	0.02	2.36	0.02	2.36	0.02	2.36	
COMMON EQUITY	1,345,738,709	1,264,272,363	(510,290,621)	0	753,981,742	36.25	9.25	3.35	10.25	3.72	11.25	4.08	11.25	
DEFERRED INCOME TAXES	884,593,216	833,995,056	(336,378,215)	0	497,016,841	23.90								
FASB 109 DEFERRED TAXES	(54,943,692)	(51,763,680)	20,993,061	0	(30,870,619)	(1.48)								
TAX CREDITS - ZERO COST	0	0	0	0	0	0.00								
TAX CREDITS - WEIGHTED COST	2,057,145	535,073	(215,968)	0	319,105	0.02	6.90	0.00	7.39	0.00	7.88	0.00	7.88	
TOTAL	3,727,923,405	3,487,620,110	(1,407,687,050)	0	2,079,933,061	100.00 %		5.14 %		5.50 %		5.87 %		

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	1,156,412,487	1,119,367,607	(433,626,576)	0	685,741,031	31.05	4.37	1.36	4.37	1.36	4.37	1.36	4.37	
SHORT TERM DEBT	150,461,161	141,489,217	(54,814,719)	0	86,684,498	3.93	0.36	0.01	0.36	0.01	0.36	0.01	0.36	
PREFERENCE STOCK	146,504,320	141,811,152	(54,935,558)	0	86,875,594	3.93	6.14	0.24	6.14	0.24	6.14	0.24	6.14	
CUSTOMER DEPOSITS	36,210,680	36,388,334	(14,095,306)	0	22,292,028	1.01	2.17	0.02	2.17	0.02	2.17	0.02	2.17	
COMMON EQUITY	1,353,432,258	1,334,781,055	(517,074,589)	0	817,706,472	37.03	9.25	3.43	10.25	3.80	11.25	4.17	11.25	
DEFERRED INCOME TAXES	907,271,184	882,325,246	(341,799,847)	0	540,525,399	24.48								
FASB 109 DEFERRED TAXES	(54,500,062)	(53,001,552)	20,532,023	0	(32,469,529)	(1.47)								
TAX CREDITS - ZERO COST	0	0	0	0	0	0.00								
TAX CREDITS - WEIGHTED COST	1,783,103	1,431,203	(554,427)	0	876,776	0.04	6.97	0.00	7.49	0.00	8.00	0.00	8.00	
TOTAL	3,697,575,130	3,604,602,261	(1,395,369,993)	0	2,208,232,269	100.00 %		5.06 %		5.43 %		5.80 %		

*In compliance with the Florida Public Service Commission's decision in Docket 160134-El on September 13, 2016, this Jurisdictional Rate of Return Report reflects Scherer Unit 3 as a retail resource reallocated to serving Gulf Power's native load customers to the extent it is not committed to off-system sales.

GULF POWER COMPANY
Financial Integrity Indicators, INCLUDING SCHERER 3*
July, 2016

A. Times Interest Earned with AFUDC

Earnings Before Interest	205,907,265
AFUDC - Debt	1,719,444
Income Taxes	92,965,728
	<hr/>
Total	300,592,437
Interest Charges (Before Deducting AFUDC - Debt)	57,980,333
	<hr/>
T.I.E. With AFUDC	5.18 x

B. Times Interest Earned without AFUDC

Earnings Before Interest	205,907,265
AFUDC - Other	(3,848,181)
Income Taxes	92,965,728
	<hr/>
Total	295,024,812
Interest Charges (Before Deducting AFUDC - Debt)	57,980,333
	<hr/>
T.I.E. Without AFUDC	5.09 x

C. Percent AFUDC To Net Income Available for Common Stockholders

AFUDC - Debt	1,719,444
X (1 - Income Tax Rate)	0.61425
	<hr/>
Subtotal	1,056,168
AFUDC - Other	3,848,181
	<hr/>
Total	4,904,349
	<hr/>
Net Income Available for Common Stockholders	140,643,876
Percent AFUDC to Available Net Income	3.49%

D. Percent Internally Generated Funds

Net Income	149,646,376
Preference Dividends	(9,002,500)
Common Dividends	(122,591,000)
AFUDC (Debt & Other)	(5,567,624)
Depreciation & Amortization	171,922,636
Deferred Income Taxes	64,643,227
Investment Tax Credits	0
Other	59,444,387
	<hr/>
Total	308,495,501
	<hr/>
Construction Expenditures (Excluding AFUDC Other & Debt)	149,009,688
	<hr/>
Percent Internally Generated Funds	207.03%

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	701,784,536
Short Term Debt	54,859,567
Preference Stock	81,343,935
Common Equity	753,981,742
	<hr/>
Total	1,591,969,780
	<hr/>
% Long Term Debt To Total	44.08%
	<hr/>
% Short Term Debt To Total	3.45%

G. FPSC Adjusted Average Jurisdictional Return
On Common Equity

	G. FPSC ADJ.	H. PROFORMA
FPSC Adjusted Average Earned Rate of Return	5.46%	5.46%
Less: Reconciled Average Retail Weighted Cost Rates For:		
Long Term Debt	(1.51)	(1.51)
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)	(0.00)	(0.00)
	<hr/>	<hr/>
Subtotal	(1.79)	(1.79)
	<hr/>	<hr/>
Total	3.67	3.67
Divided by Common Equity Ratio	36.25	36.25
	<hr/>	<hr/>
Jurisdictional Return on Common Equity	10.12%	10.12%

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

Supplemental 1

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

July 2016

Earnings Surveillance
Report
(Rate of Return)



GULF POWER COMPANY
Earnings Surveillance Report Summary
July, 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	184,398,752	(67,725,706)	116,673,046	0	116,673,046
Average Rate Base	3,400,405,793	(1,407,687,050)	1,992,718,744	0	1,992,718,744
Average Rate of Return	5.42%		5.85%		5.85%
II. Year End Rate of Return (Jurisdictional)					
	(a)	(b)			
Net Operating Income	184,399,728	(68,920,135)	115,479,593	0	115,479,593
Year End Rate Base	3,396,782,396	(1,396,369,993)	2,000,412,404	0	2,000,412,404
Year End Rate of Return	5.43%		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	5.13%
Midpoint	5.49%
High	5.86%

IV. Financial Integrity Indicators

A. Tie With AFUDC	5.18 x (System per Books Basis)
B. Tie Without AFUDC	5.09 x (System per Books Basis)
C. AFUDC To Net Income	3.49% (System per Books Basis)
D. Internally Generated Funds	207.03% (System per Books Basis)
E. LTD To Total Investor Funds	44.16% (FPSC Adjusted Basis)
F. STD To Total Investor Funds	3.43% (FPSC Adjusted Basis)
G. Return on Common Equity	11.25% (FPSC Adjusted Basis)
H. Return on Common Equity	11.25% (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

9/15/16

GULF POWER COMPANY
 AVERAGE RATE OF RETURN
 RATE BASE
 July, 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	5,004,013,415	1,600,110,781	3,403,902,634	14,755,861	164,946,688	0	3,583,605,183	153,338,984	3,736,944,167
JURISDICTIONAL PER BOOKS	4,431,657,454	1,442,839,662	2,988,817,792	14,324,181	159,030,370	0	3,162,172,344	238,233,450	3,400,405,793
FPSC ADJUSTMENTS:									
ENVIRONMENTAL RECOVERY CLAUSE	(1,257,776,813)	(207,096,205)	(1,050,680,608)		(18,720,371)		(1,069,400,979)	(6,149,294)	(1,075,550,273)
INT BEARING CWIP					(103,579,169)		(103,579,169)	0	(103,579,169)
ENERGY CONSERVATION CLAUSE	(13,533,031)	7,464,970	(20,998,001)		3,002		(20,994,999)	(1,439,093)	(22,434,093)
TRANSMISSION INVESTMENT PURSUANT TO STIP. & SETT.	(177,011,027)		(177,011,027)				(177,011,027)	0	(177,011,027)
CAPITALIZED DEF. EARNINGS ON TRANSP PURSUANT TO STIP & SETT.								(6,568,013)	(6,568,013)
LOANS TO EMPLOYEES / RETIREES								(48,800)	(48,800)
INTEREST AND DIVIDENDS RECEIVABLE								(21,417)	(21,417)
FUNDED PROP RES. N. ESCAMBIA & OTHER INV.				(12,661,331)			(12,661,331)	(4,360,020)	(17,021,351)
FUEL RELATED DEFERRED DEBITS								(4,197,478)	(4,197,478)
ACCRUED PROVISION FOR REFUND								0	0
UNAMORTIZED RATE CASE EXPENSES								(1,255,429)	(1,255,429)
TOTAL FPSC ADJUSTMENTS	(1,448,320,871)	(199,631,235)	(1,248,689,636)	(12,661,331)	(122,296,538)	0	(1,383,647,506)	(24,039,544)	(1,407,687,050)
FPSC ADJUSTED	2,983,336,583	1,243,208,427	1,740,128,156	1,662,850	36,733,832	0	1,778,524,838	214,193,906	1,992,718,744
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	2,983,336,583	1,243,208,427	1,740,128,156	1,662,850	36,733,832	0	1,778,524,838	214,193,906	1,992,718,744

GULF POWER COMPANY
AVERAGE RATE OF RETURN
INCOME STATEMENT
July, 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	1,442,358,858	556,832,750	311,813,785	162,884,895	119,683,629	26,593,951	64,668,036	(590,822)	0	1,241,686,224	200,472,635 (a)
JURISDICTIONAL PER BOOKS	1,299,788,788	475,485,623	295,620,108	151,217,600	117,705,314	26,217,988	54,913,354	(331,574)	0	1,120,828,233	178,960,474 (a)
LESS FPSC ADJUSTMENTS:	(389,862,472)	(389,534,556)				(126,492)				(389,661,050)	(201,421)
RETAIL FUEL REVENUES & EXPENSES	(85,820,462)	(85,951,064)				50,360				(85,900,684)	80,222
PURCHASED POWER CAPACITY REVENUES & EXPENSES	(14,451,855)		(11,904,784)	(379,625)	(324,877)	(710,771)				(13,320,056)	(1,131,799)
ENERGY CONSERVATION COST REVENUES & EXPENSES	(162,432,288)		(23,190,996)	(46,286,682)	(4,825,078)	(34,073,125)				(108,175,861)	(54,256,427)
ENVIRONMENTAL COST RECOVERY CLAUSE	(42,787,851)				(41,609,326)	(454,816)				(42,043,942)	(723,909)
FRANCHISE FEE REVENUE & EXPENSE	(32,121,791)				(31,740,061)	(147,253)				(31,887,314)	(234,477)
GROSS RECEIPTS TAX REVENUE & ADJUSTMENT						55,672				(68,650)	86,850
MARKETING SUPPORT ACTIVITIES			(144,322)			130,596				(207,958)	207,958
WHOLESALE EXPENSES			(389,556)			111,578				(177,672)	177,672
INSTITUTIONAL ADVERTISING EXPENSE			(288,250)			21,108				(33,012)	33,612
ECONOMIC DEVELOPMENT EXPENSE			(54,720)			5,142				(6,189)	8,189
MGMT FINANCIAL PLANNING SERVICES			(13,331)			17,115				(27,253)	27,253
DIRECTORS' & OFFICERS' INSURANCE			(44,368)			500				(795)	795
INDUSTRY ASSOCIATION DUES			(1,285)			173,295				(275,947)	275,947
TALLAHASSEE LIAISON EXPENSES			(428,032)		(21,210)	570,197				(307,955)	907,955
GRT, FPSC FEES ON CLAUSES & FEES					(1,476,152)	8,198			(21,251)	(13,053)	13,053
(GAIN) / LOSS ON DISPOSITION OF PROPERTY						7,560,701				7,560,701	(7,560,701)
INTEREST SYNCHRONIZATION											
TOTAL FPSC ADJUSTMENTS	(727,476,719)	(475,485,623)	(36,409,654)	(46,666,287)	(79,798,703)	(26,807,774)	0	0	(21,251)	(665,169,291)	(62,287,429)
FPSC ADJUSTED	572,312,048	0	259,210,454	104,551,314	37,906,611	(589,906)	54,913,354	(331,574)	(21,251)	455,639,002	116,673,046
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	572,312,048	0	259,210,454	104,551,314	37,906,611	(589,906)	54,913,354	(331,574)	(21,251)	455,639,002	116,673,046
(a) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM NOI BY				5,567,624	AND THE JURISDICTIONAL NOI BY		5,438,278				
CURRENT MONTH SYSTEM PER BOOKS	154,227,387	64,067,771	26,354,506	14,286,118	11,541,536	13,327,949	(495,224)	(42,621)	0	129,040,035	25,187,352
CURRENT MONTH JURISDICTIONAL PER BOOKS	138,637,878	52,692,144	23,874,622	13,318,007	11,373,834	13,333,952	(502,042)	(21,142)	0	114,089,375	24,766,502

TOTALS MAY NOT ADD DUE TO ROUNDING.

GULF POWER COMPANY
AVERAGE RATE OF RETURN
SYSTEM ADJUSTMENTS
July, 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	(1,295,563,598)	FUEL & IIC FUEL REVENUES AND ECONOMY PROFITS	(472,323,221)	(182,198,683)
ACCUMULATED DEPRECIATION	213,317,897	ENVIRONMENTAL COST RECOVERY CLAUSE REVENUES	(167,476,526)	(64,604,070)
CWIP	(19,282,778)	PURCHASED POWER CAPACITY COST CLAUSE REVENUES	(86,011,208)	(33,178,823)
ENERGY CONSERVATION COST RECOVERY INVESTMENT	(13,533,031)	ENERGY CONSERVATION COST RECOVERY CLAUSE REVENUES	(14,451,855)	(5,574,803)
ACCUMULATED DEPRECIATION	(7,464,970)	FUEL EXPENSE	(468,286,913)	180,641,677
CWIP	3,002	PURCHASED POWER CAPACITY COST EXPENSE	(88,544,114)	34,155,892
TRANSMISSION PURSUANT TO STIP. & SETT. INVESTMENT	(177,011,027)	CONSERVATION EXPENSES - DEPRECIATION AND O & M	(12,284,409)	4,738,711
FAS 143 NET PLANT	(88,777,504)	CONSERVATION EXPENSES - OTHER TAXES	(324,877)	125,321
INTEREST BEARING CWIP	(106,042,749)	ENVIRONMENTAL COST RECOVERY EXPENSE	(78,267,458)	29,420,171
PHFU - NORTH ESCAMBIA	(13,042,899)	FRANCHISE FEE REVENUES	(42,787,851)	(18,505,413)
		FRANCHISE FEE	(41,609,326)	18,050,797
WORKING CAPITAL:		GROSS RECEIPTS TAX REVENUES	(32,121,791)	(12,390,981)
ECRC WORKING CAPITAL	(6,334,035)	GROSS RECEIPTS TAX EXPENSE	(31,740,061)	12,243,728
CONSERVATION/AEM INVENTORY	(1,439,093)	MARKETING SUPPORT ACTIVITIES	(144,322)	55,672
CAPITALIZED DEF. EARNINGS ON TRANSMISSION PURSUANT TO STIP. & SETT.	(6,568,013)	WHOLESALE EXPENSES	(348,321)	134,365
FUNDED PROPERTY INSURANCE RESERVE	(3)	INSTITUTIONAL ADVERTISING EXPENSE	(294,948)	113,776
LOANS TO EMPLOYEES AND RETIREES	(50,930)	ECONOMIC DEVELOPMENT EXPENSE	(54,720)	21,108
INTEREST & DIVIDENDS RECEIVABLE	(22,352)	MGMT FINANCIAL PLANNING SERVICES	(13,625)	5,256
NORTH ESCAMBIA SITE	(4,551,586)	DIRECTORS' & OFFICERS' INSURANCE	(45,347)	17,493
UNAMORTIZED RATE CASE EXPENSE	(1,310,283)	INDUSTRY ASSOCIATION DUES	(1,321)	510
FUEL RELATED DEFERRED DEBITS	(4,197,478)	TALLAHASSEE LIAISON EXPENSE	(459,166)	177,123
UNREALIZED LOSS ON FWD CONTRACT	(11,669)	GRT/FPSC FEES ON CLAUSE REV ADJ & FRAN FEES	(1,478,151)	570,197
ACCUM. PROV. FOR RATE REFUNDS	0	COMP SALES/TRANS REV/G/L SALE GAS/PROV RT REPN. ESC REV	(953,393)	(367,771)
FAS 143 WORKING CAPITAL	103,186,569	GAIN/LOSS ON DISPOSITION OF PROPERTY	(21,642)	8,348
FAS 158 REGULATORY ASSETS	(152,525,886)	INTEREST SYNCHRONIZATION	7,876,273	7,876,273
FAS 158 REGULATORY LIABILITIES	152,525,886			
PPA REGULATORY ASSETS	(161,245,046)			
PPA REGULATORY LIABILITIES	161,245,046			
FAS 133 REGULATORY ASSETS	(87,420,563)			
FAS 133 REGULATORY LIABILITIES	87,420,563			

GULF POWER COMPANY
YEAR END RATE OF RETURN
RATE BASE
July, 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	5,072,882,095	1,577,683,169	3,495,198,925	14,754,000	67,331,085	0	3,577,284,011	153,338,984	3,730,622,995
JURISDICTIONAL PER BOOKS	4,492,746,375	1,415,476,925	3,077,267,450	14,322,375	62,958,013	0	3,154,547,898	242,234,558	3,396,782,396
FPSC ADJUSTMENTS:									
ENVIRONMENTAL RECOVERY CLAUSE	(1,348,104,438)	(209,558,831)	(1,138,545,607)		(17,653,367)		(1,156,198,974)	(6,149,294)	(1,162,348,268)
INT BEARING CWIP								0	0
ENERGY CONSERVATION CLAUSE	(13,967,737)	7,581,076	(21,548,813)				(21,548,813)	(1,439,093)	(22,987,906)
TRANSMISSION INVESTMENT PURSUANT TO STIP. & SETT.	(177,583,464)		(177,583,464)				(177,583,464)	0	(177,583,464)
CAPITALIZED DEF. EARNINGS ON TRANSM PURSUANT TO STIP. & SETT.								(10,905,880)	(10,905,880)
LOANS TO EMPLOYEES AND RETIREES								(48,800)	(48,800)
INTEREST AND DIVIDENDS RECEIVABLE				(12,661,331)			(12,661,331)	(21,417)	(21,417)
FUNDED PROP RES. N. ESCAMBIA SITE, & OTHER INV.								(4,360,020)	(17,021,351)
FUEL RELATED DEFERRED DEBITS								(4,197,478)	(4,197,478)
ACCRUED PROVISION FOR REFUND								0	0
UNAMORTIZED RATE CASE EXPENSES								(1,255,429)	(1,255,429)
TOTAL FPSC ADJUSTMENTS	(1,539,655,639)	(201,977,755)	(1,337,677,884)	(12,661,331)	(17,653,367)	0	(1,367,992,582)	(28,377,411)	(1,396,369,993)
FPSC ADJUSTED	2,953,090,736	1,213,501,170	1,739,589,566	1,661,044	45,304,646	0	1,786,555,256	213,857,148	2,000,412,404
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	2,953,090,736	1,213,501,170	1,739,589,566	1,661,044	45,304,646	0	1,786,555,256	213,857,148	2,000,412,404

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

	OPERATING REVENUES	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	1,442,358,858	556,832,750	311,813,785	162,884,895	119,683,629	26,593,951	64,668,036	(590,822)	0	1,241,886,224	200,472,635 (a)
JURISDICTIONAL PER BOOKS	1,299,798,768	475,485,623	295,620,108	151,217,600	117,705,314	26,218,038	54,912,208	(331,574)	0	1,120,827,317	176,961,450 (a)
LESS FPSC ADJUSTMENTS:											
RETAIL FUEL REVENUES & EXPENSES	(389,862,472)	(389,534,556)				(126,492)				(389,661,050)	(201,421)
PURCHASED POWER CAPACITY REVENUES & EXPENSES	(85,820,462)	(85,951,064)				50,380				(85,900,684)	80,222
ENERGY CONSERVATION COST REVENUES & EXPENSES	(14,451,855)		(11,904,784)	(379,625)	(324,877)	(710,771)				(13,320,056)	(1,131,799)
ENVIRONMENTAL COST RECOVERY CLAUSE	(162,432,288)		(23,190,996)	(46,286,662)	(4,625,078)	(34,073,125)				(108,175,861)	(54,256,427)
FRANCHISE FEE REVENUE & EXPENSE	(42,787,851)				(41,609,328)	(454,616)				(42,063,942)	(723,969)
GROSS RECEIPTS TAX REVENUE & ADJUSTMENT	(32,121,791)				(31,740,061)	(147,253)				(31,887,314)	(234,477)
MARKETING SUPPORT ACTIVITIES			(144,322)			55,672				(88,650)	88,650
WHOLESALE EXPENSES			(338,556)			130,598				(207,958)	207,958
INSTITUTIONAL ADVERTISING EXPENSE			(289,250)			111,578				(177,672)	177,672
ECONOMIC DEVELOPMENT EXPENSE			(54,720)			21,108				(33,612)	33,612
MGMT FINANCIAL PLANNING SERVICES			(13,331)			5,142				(8,189)	8,189
DIRECTORS' & OFFICERS' INSURANCE			(44,368)			17,115				(27,253)	27,253
INDUSTRY ASSOCIATION DUES			(1,295)			500				(795)	795
TALLAHASSEE LIAISON EXPENSES			(428,032)			173,295				(275,947)	275,947
GRT, FPSC FEES ON CLAUSES & FEES					(1,478,152)	570,197				(907,955)	907,955
(GAIN) / LOSS ON DISPOSITION OF PROPERTY						8,198			(21,251)	(13,053)	13,053
INTEREST SYNCRONIZATION						8,755,130				8,755,130	(8,755,130)
TOTAL FPSC ADJUSTMENTS	(727,476,719)	(475,485,623)	(36,409,654)	(46,666,287)	(79,798,703)	(25,613,345)	0	0	(21,251)	(663,994,862)	(63,481,857)
FPSC ADJUSTED	572,312,048	0	259,210,454	104,551,314	37,906,611	604,693	54,912,208	(331,574)	(21,251)	456,832,455	115,479,593
PRO FORMA REVENUE ANNUALIZATION											
TOTAL PRO FORMA ADJUSTMENTS	0	0	0	0	0	0	0	0	0	0	0
PRO FORMA ADJUSTED	572,312,048	0	259,210,454	104,551,314	37,906,611	604,693	54,912,208	(331,574)	(21,251)	456,832,455	115,479,593
(a) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM NOI BY				5,567,624	AND THE JURISDICTIONAL NOI BY	5,438,276					

GULF POWER COMPANY
YEAR END RATE OF RETURN
SYSTEM ADJUSTMENTS
July, 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	(1,388,376,663)	FUEL & IIC FUEL REVENUES AND ECONOMY PROFITS	(472,323,221)	(182,198,683)
ACCUMULATED DEPRECIATION CWIP	215,819,029	ENVIRONMENTAL COST RECOVERY CLAUSE REVENUES	(167,476,526)	(64,604,070)
ENERGY CONSERVATION COST RECOVERY INVESTMENT	(18,180,730)	PURCHASED POWER CAPACITY COST CLAUSE REVENUES	(86,011,208)	(33,178,823)
ACCUMULATED DEPRECIATION CWIP	(13,967,737)	ENERGY CONSERVATION COST RECOVERY CLAUSE REVENUES	(14,451,855)	(5,574,803)
TRANSMISSION PURSUANT TO STIP. & SETT. INVESTMENT	(7,581,076)	FUEL EXPENSE	(468,286,913)	180,641,677
FAS 143 NET PLANT	0	PURCHASED POWER CAPACITY COST EXPENSE	(88,544,114)	34,155,892
INTEREST BEARING CWIP	(177,583,464)	CONSERVATION EXPENSES - DEPRECIATION AND O & M	(12,284,409)	4,738,711
PHFU - NORTH ESCAMBIA	(91,261,311)	CONSERVATION EXPENSES - OTHER TAXES	(324,877)	125,321
WORKING CAPITAL:		ENVIRONMENTAL COST RECOVERY EXPENSE	(76,267,456)	29,420,171
ECRC WORKING CAPITAL	(6,334,035)	FRANCHISE FEE REVENUES	(42,787,851)	(16,505,413)
CONSERVATION/AEM INVENTORY	(1,439,093)	FRANCHISE FEE	(41,809,326)	16,050,797
CAPITALIZED DEF. EARNINGS ON TRANSMISSION PURSUANT TO STIP. & SETT.	(6,568,013)	GROSS RECEIPTS TAX REVENUES	(32,121,791)	(12,390,981)
FUNDED PROPERTY INSURANCE RESERVE	(3)	GROSS RECEIPTS TAX EXPENSE	(31,740,061)	12,243,728
LOANS TO EMPLOYEES AND RETIREES	(50,930)	MARKETING SUPPORT ACTIVITIES	(144,322)	55,672
INTEREST & DIVIDENDS RECEIVABLE	(22,352)	WHOLESALE EXPENSES	(348,321)	134,365
NORTH ESCAMBIA SITE	(4,551,586)	INSTITUTIONAL ADVERTISING EXPENSE	(294,948)	113,776
UNAMORTIZED RATE CASE EXPENSE	(1,310,283)	ECONOMIC DEVELOPMENT EXPENSE	(54,720)	21,108
FUEL RELATED DEFERRED DEBITS	(4,197,478)	MGMT FINANCIAL PLANNING SERVICES	(13,625)	5,256
UNREALIZED LOSS ON FWD CONTRACT	(11,669)	DIRECTORS' & OFFICERS' INSURANCE	(45,347)	17,493
ACCUM. PROV. FOR RATE REFUNDS	0	INDUSTRY ASSOCIATION DUES	(1,321)	510
FAS 143 WORKING CAPITAL	103,186,569	TALLAHASSEE LIAISON EXPENSE	(459,166)	177,123
FAS 158 REGULATORY ASSETS	(152,525,886)	GRT/FPSC FEES ON CLAUSE REV ADJ & FRAN FEES	(1,478,151)	570,197
FAS 158 REGULATORY LIABILITIES	152,525,886	COMP SALES/TRANS REV/GAL SALE GAS/PROV RT REFN. ESC REV	(953,393)	(367,771)
PPA REGULATORY ASSETS	(161,245,046)	GAIN/LOSS ON DISPOSITION OF PROPERTY	(21,642)	8,348
PPA REGULATORY LIABILITIES	161,245,046	INTEREST SYNCHRONIZATION	9,182,428	9,182,428
FAS 133 REGULATORY ASSETS	(87,420,563)			
FAS 133 REGULATORY LIABILITIES	87,420,563			

GULF POWER COMPANY
CAPITAL STRUCTURE
FPSC ADJUSTED BASIS
July, 2016

AVERAGE	SYSTEM PER BOOKS		RETAIL PER BOOKS	PRO RATA	SPECIFIC	ADJUSTED RETAIL	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
	PER BOOKS	PER BOOKS											
LONG TERM DEBT	1,265,101,072	1,147,291,892	(474,951,531)	0	672,340,361	33.74	4.47	1.51	4.47	1.51	4.47	1.51	4.47
SHORT TERM DEBT	102,865,552	89,172,248	(36,915,186)	0	52,257,060	2.62	0.55	0.01	0.55	0.01	0.55	0.01	0.55
PREFERENCE STOCK	146,504,214	132,861,490	(55,001,494)	0	77,859,996	3.91	6.14	0.24	6.14	0.24	6.14	0.24	6.14
CUSTOMER DEPOSITS	36,007,189	36,050,462	(14,924,033)	0	21,126,429	1.06	2.36	0.03	2.36	0.03	2.36	0.03	2.36
COMMON EQUITY	1,345,738,709	1,228,876,483	(508,725,610)	0	720,150,873	36.14	9.25	3.34	10.25	3.70	11.25	4.07	11.25
DEFERRED INCOME TAXES	884,593,216	816,321,374	(337,937,616)	0	478,383,758	24.01							
FASB 109 DEFERRED TAXES	(54,943,692)	(50,703,203)	20,989,919	0	(29,713,284)	(1.49)							
TAX CREDITS - ZERO COST	0	0	0	0	0	0.00							
TAX CREDITS - WEIGHTED COST	2,057,145	535,048	(221,497)	0	313,551	0.02	6.90	0.00	7.39	0.00	7.88	0.00	7.88
TOTAL	3,727,923,405	3,400,405,793	(1,407,687,050)	0	1,992,718,744	100.00		5.13		5.49		5.86	

YEAR-END	SYSTEM PER BOOKS		RETAIL PER BOOKS	PRO RATA	SPECIFIC	ADJUSTED RETAIL	RATIO (%)	LOW POINT			MIDPOINT			HIGH POINT		
	PER BOOKS	PER BOOKS						COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	
LONG TERM DEBT	1,156,412,487	1,050,627,312	(431,898,273)	0	618,729,039	30.93	4.37	1.35	4.37	1.35	4.37	1.35	4.37			
SHORT TERM DEBT	150,461,161	132,554,658	(54,491,376)	0	78,063,282	3.90	0.36	0.01	0.36	0.01	0.36	0.01	0.36			
PREFERENCE STOCK	146,504,320	133,102,539	(54,716,602)	0	78,385,937	3.92	6.14	0.24	6.14	0.24	6.14	0.24	6.14			
CUSTOMER DEPOSITS	36,210,680	36,401,978	(14,964,347)	0	21,437,631	1.07	2.17	0.02	2.17	0.02	2.17	0.02	2.17			
COMMON EQUITY	1,353,432,258	1,252,812,231	(515,013,681)	0	737,798,550	36.88	9.25	3.41	10.25	3.78	11.25	4.15	11.25			
DEFERRED INCOME TAXES	907,271,184	841,437,576	(345,903,283)	0	495,534,293	24.78										
FASB 109 DEFERRED TAXES	(54,500,062)	(50,545,418)	20,778,518	0	(29,766,900)	(1.49)										
TAX CREDITS - ZERO COST	0	0	0	0	0	0.00										
TAX CREDITS - WEIGHTED COST	1,783,103	391,521	(160,949)	0	230,572	0.01	6.97	0.00	7.49	0.00	8.00	0.00	8.00			
TOTAL	3,697,575,130	3,396,782,396	(1,396,369,993)	0	2,000,412,404	100.00		5.04		5.41		5.78				

GULF POWER COMPANY
Financial Integrity Indicators
July, 2016

A. Times Interest Earned with AFUDC

Earnings Before Interest	205,907,265
AFUDC - Debt	1,719,444
Income Taxes	92,965,728
	<hr/>
Total	300,592,437
Interest Charges (Before Deducting AFUDC - Debt)	57,980,333
	<hr/>
T.I.E. With AFUDC	5.18 x

B. Times Interest Earned without AFUDC

Earnings Before Interest	205,907,265
AFUDC - Other	(3,848,181)
Income Taxes	92,965,728
	<hr/>
Total	295,024,812
Interest Charges (Before Deducting AFUDC - Debt)	57,980,333
	<hr/>
T.I.E. Without AFUDC	5.09 x

C. Percent AFUDC To Net Income Available for Common Stockholders

AFUDC - Debt	1,719,444
X (1 - Income Tax Rate)	0.61425
	<hr/>
Subtotal	1,056,168
AFUDC - Other	3,848,181
	<hr/>
Total	4,904,349
	<hr/>
Net Income Available for Common Stockholders	140,643,876
Percent AFUDC to Available Net Income	3.49%

D. Percent Internally Generated Funds

Net Income	149,646,376
Preference Dividends	(9,002,500)
Common Dividends	(122,591,000)
AFUDC (Debt & Other)	(5,567,624)
Depreciation & Amortization	171,922,636
Deferred Income Taxes	64,643,227
Investment Tax Credits	0
Other	59,444,387
	<hr/>
Total	308,495,501
	<hr/>
Construction Expenditures (Excluding AFUDC Other & Debt)	149,009,688
	<hr/>
Percent Internally Generated Funds	207.03%

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	672,340,361
Short Term Debt	52,257,060
Preference Stock	77,859,996
Common Equity	720,150,873
	<hr/>
Total	1,522,608,290
	<hr/>
% Long Term Debt To Total	44.16%
	<hr/>
% Short Term Debt To Total	3.43%

G. FPSC Adjusted Average Jurisdictional Return
On Common Equity

	G. FPSC ADJ.	H. PROFORMA
FPSC Adjusted Average Earned Rate of Return	5.85%	5.85%
Less: Reconciled Average Retail Weighted Cost Rates For:		
Long Term Debt	(1.51)	(1.51)
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	(1.79)	(1.79)
	<hr/>	<hr/>
Total	4.07	4.07
Divided by Common Equity Ratio	36.14	36.14
	<hr/>	<hr/>
Jurisdictional Return on Common Equity	11.25%	11.25%

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

Supplemental 1

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