



Robert L. McGee, Jr.  
Regulatory & Pricing Manager

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November 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 September, 2016. In compliance with the Commission's decision in Docket 160134-El 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." with a stylized flourish at the end.

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

**September 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\*  
September, 2016

	(1) Actual Per Books	(2) FPSC Adjustments	(3) FPSC Adjusted	(4) Pro Forma Adjustments	(5) Pro Forma Adjusted
<b>I. Average Rate of Return (Jurisdictional)</b>					
	(a)	(b)			
Net Operating Income	178,463,627	(67,303,714)	111,159,913	0	111,159,913
Average Rate Base	3,503,225,937	(1,405,282,543)	2,097,943,393	0	2,097,943,393
Average Rate of Return	5.09%		5.30%		5.30%
<b>II. Year End Rate of Return (Jurisdictional)</b>					
	(a)	(b)			
Net Operating Income	178,468,146	(67,913,788)	110,554,358	0	110,554,358
Year End Rate Base	3,551,779,790	(1,410,664,680)	2,141,115,109	0	2,141,115,109
Year End Rate of Return	5.02%		5.16%		5.16%

(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	5.50%
High	5.86%

**IV. Financial Integrity Indicators**

A. Tie With AFUDC	5.15 x (System per Books Basis)
B. Tie Without AFUDC	5.11 x (System per Books Basis)
C. AFUDC To Net Income	1.55% (System per Books Basis)
D. Internally Generated Funds	155.89% (System per Books Basis)
E. LTD To Total Investor Funds	43.42% (FPSC Adjusted Basis)
F. STD To Total Investor Funds	3.52% (FPSC Adjusted Basis)
G. Return on Common Equity	9.71% (FPSC Adjusted Basis)
H. Return on Common Equity	9.71% (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

11/14/16

\*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  
AVERAGE RATE OF RETURN  
RATE BASE, INCLUDING SCHERER 3\*  
September, 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
<b>SYSTEM PER BOOKS</b>	5,050,427,654	1,607,458,192	3,442,969,462	14,755,439	113,317,758	0	3,571,042,659	149,516,038	3,720,558,697
<b>JURISDICTIONAL PER BOOKS</b>	4,652,327,468	1,507,735,999	3,144,591,469	14,323,771	109,504,335	0	3,268,419,576	234,806,361	3,503,225,937
<b>FPSC ADJUSTMENTS:</b>									
ENVIRONMENTAL RECOVERY CLAUSE	(1,310,379,753)	(209,906,160)	(1,100,473,593)		(16,248,478)		(1,116,722,071)	(7,741,804)	(1,124,463,875)
INT BEARING CWIP					(52,477,264)		(52,477,264)	0	(52,477,264)
ENERGY CONSERVATION CLAUSE	(13,714,905)	7,594,989	(21,309,894)		3,002		(21,306,892)	(1,266,415)	(22,573,308)
TRANSMISSION INVESTMENT PURSUANT TO STIP. & SETT.	(177,292,693)		(177,292,693)				(177,292,693)	0	(177,292,693)
CAPITALIZED DEF. EARNINGS ON TRANSM PURSUANT TO STIP. & SETT.								(7,999,810)	(7,999,810)
LOANS TO EMPLOYEES / RETIREES								(47,866)	(47,866)
INTEREST AND DIVIDENDS RECEIVABLE								(13,274)	(13,274)
FUNDED PROP RES. N. ESCAMBIA & OTHER INV.				(12,661,331)			(12,661,331)	(4,388,236)	(17,029,567)
FUEL RELATED DEFERRED DEBITS								(2,338,286)	(2,338,286)
ACCRUED PROVISION FOR REFUND								0	0
UNAMORTIZED RATE CASE EXPENSES								(1,046,600)	(1,046,600)
<b>TOTAL FPSC ADJUSTMENTS</b>	(1,501,387,351)	(202,311,171)	(1,299,076,180)	(12,661,331)	(68,722,740)	0	(1,380,460,252)	(24,822,291)	(1,405,282,543)
<b>FPSC ADJUSTED</b>	3,150,940,117	1,305,424,828	1,845,515,289	1,662,440	40,781,595	0	1,887,959,324	209,984,069	2,097,943,393
<b>PRO FORMA REVENUE AND ANNUALIZATION ADJUSTMENTS</b>	0	0	0	0	0	0	0	0	0
<b>TOTAL PRO FORMA ADJUST</b>	0	0	0	0	0	0	0	0	0
<b>PRO FORMA ADJUSTED</b>	3,150,940,117	1,305,424,828	1,845,515,289	1,662,440	40,781,595	0	1,887,959,324	209,984,069	2,097,943,393

\*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  
AVERAGE RATE OF RETURN  
INCOME STATEMENT, INCLUDING SCHERER 3\*  
September, 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	1,449,094,457	559,603,874	311,580,620	171,662,483	119,857,870	40,229,663	48,717,886	(559,074)	0	1,251,103,123	197,991,334 (a)
JURISDICTIONAL PER BOOKS	1,311,599,859	477,704,947	298,825,396	183,743,354	118,342,900	37,470,638	39,795,425	(417,270)	0	1,135,465,389	176,134,470 (a)
LESS FPSC ADJUSTMENTS:	(392,417,540)	(392,097,754)				(123,357)				(392,221,111)	(196,428)
RETAIL FUEL REVENUES & EXPENSES	(85,497,876)	(85,607,192)				42,169				(85,565,023)	67,148
PURCHASED POWER CAPACITY REVENUES & EXPENSES	(12,923,131)		(10,363,313)	(384,315)	(332,818)	(710,815)				(11,791,261)	(1,131,869)
ENERGY CONSERVATION COST REVENUES & EXPENSES	(170,681,823)		(25,805,569)	(47,847,277)	(4,903,677)	(35,541,192)				(114,097,715)	(56,594,108)
ENVIRONMENTAL COST RECOVERY CLAUSE	(42,685,074)				(41,489,706)	(453,398)				(41,943,104)	(221,970)
FRANCHISE FEE REVENUE & EXPENSE	(31,934,127)				(31,556,847)	(145,535)				(31,702,382)	(231,745)
GROSS RECEIPTS TAX REVENUE & ADJUSTMENT			(160,970)			62,094				(98,876)	96,876
MARKETING SUPPORT ACTIVITIES			(390,243)			146,679				(233,564)	233,564
WHOLESALE EXPENSES			(317,026)			122,293				(194,733)	194,733
INSTITUTIONAL ADVERTISING EXPENSE			(56,455)			21,777				(34,678)	34,678
ECONOMIC DEVELOPMENT EXPENSE			(13,755)			5,306				(8,449)	8,449
MGMT FINANCIAL PLANNING SERVICES			(43,054)			16,608				(26,446)	26,446
DIRECTORS' & OFFICERS' INSURANCE			(1,316)			508				(808)	808
INDUSTRY ASSOCIATION DUES			(470,893)			190,122				(302,740)	302,740
TALLHASSEE LIAISON EXPENSES					(21,969)	190,122				(899,473)	899,473
GRT, FPSC FEES ON CLAUSES & FEES					(1,464,343)	964,870				(13,053)	13,053
(GAIN) / LOSS ON DISPOSITION OF PROPERTY						8,198			(21,251)	7,978,404	(7,978,404)
INTEREST SYNCHRONIZATION						7,978,404					
TOTAL FPSC ADJUSTMENTS	(736,129,570)	(477,704,947)	(37,612,595)	(48,231,592)	(79,769,360)	(27,815,269)	0	0	(21,251)	(671,155,013)	(64,974,557)
FPSC ADJUSTED	575,470,289	0	261,212,801	115,511,762	39,573,540	9,655,369	39,795,425	(417,270)	(21,251)	464,310,376	111,159,913
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	575,470,289	0	261,212,801	115,511,762	39,573,540	9,655,369	39,795,425	(417,270)	(21,251)	464,310,376	111,159,913
(a) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM NOI BY				2,384,554	AND THE JURISDICTIONAL NOI BY	2,329,157					
CURRENT MONTH SYSTEM PER BOOKS	131,755,771	51,461,516	27,893,514	19,913,762	11,485,342	5,533,083	453,537	(42,621)	0	116,704,112	15,051,659
CURRENT MONTH JURISDICTIONAL PER BOOKS	122,743,367	45,628,841	26,497,848	19,450,366	11,377,508	5,263,754	382,200	(36,886)	0	108,443,631	14,299,737

TOTALS MAY NOT ADD DUE TO ROUNDING.

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GULF POWER COMPANY  
AVERAGE RATE OF RETURN  
SYSTEM ADJUSTMENTS, INCLUDING SCHERER 3\*  
September, 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	(1,349,748,502)	FUEL & IIC FUEL REVENUES AND ECONOMY PROFITS	(475,464,363)	(183,410,378)
ACCUMULATED DEPRECIATION	216,212,533	ENVIRONMENTAL COST RECOVERY CLAUSE REVENUES	(176,084,249)	(67,924,499)
CWIP	(16,736,644)	PURCHASED POWER CAPACITY COST CLAUSE REVENUES	(85,681,403)	(33,051,601)
ENERGY CONSERVATION COST RECOVERY INVESTMENT	(13,714,905)	ENERGY CONSERVATION COST RECOVERY CLAUSE REVENUES	(12,923,131)	(4,985,098)
ACCUMULATED DEPRECIATION	(7,594,989)	FUEL EXPENSE	(471,411,426)	181,846,957
CWIP	3,002	PURCHASED POWER CAPACITY COST EXPENSE	(88,189,868)	34,019,242
TRANSMISSION PURSUANT TO STIP. & SETT. INVESTMENT	(177,292,693)	CONSERVATION EXPENSES - DEPRECIATION AND O & M	(10,747,628)	4,145,898
FAS 143 NET PLANT	(82,895,450)	CONSERVATION EXPENSES - OTHER TAXES	(332,818)	128,385
INTEREST BEARING CWIP	(53,725,410)	ENVIRONMENTAL COST RECOVERY EXPENSE	(80,848,595)	31,187,345
PHFU - NORTH ESCAMBIA	(13,042,899)	FRANCHISE FEE REVENUES	(42,665,074)	(16,458,052)
		FRANCHISE FEE	(41,489,706)	16,004,854
		GROSS RECEIPTS TAX REVENUES	(31,934,127)	(12,318,589)
		GROSS RECEIPTS TAX EXPENSE	(31,556,847)	12,173,054
		MARKETING SUPPORT ACTIVITIES	(160,970)	62,094
WORKING CAPITAL:		WHOLESALE EXPENSES	(391,279)	150,936
ECRC WORKING CAPITAL	(7,974,397)	INSTITUTIONAL ADVERTISING EXPENSE	(323,271)	124,702
CONSERVATION/AEM INVENTORY	(1,266,415)	ECONOMIC DEVELOPMENT EXPENSE	(56,456)	21,778
CAPITALIZED DEF. EARNINGS ON TRANSMISSION PURSUANT TO STIP. & SETT.	(7,999,810)	MGMT FINANCIAL PLANNING SERVICES	(14,058)	5,423
FUNDED PROPERTY INSURANCE RESERVE	0	DIRECTORS' & OFFICERS' INSURANCE	(44,005)	16,975
LOANS TO EMPLOYEES AND RETIREES	(49,956)	INDUSTRY ASSOCIATION DUES	(1,342)	518
INTEREST & DIVIDENDS RECEIVABLE	(13,853)	TALLAHASSEE LIAISON EXPENSE	(503,749)	194,321
NORTH ESCAMBIA SITE	(4,560,161)	GRT/FPSC FEES ON CLAUSE REV ADJ & FRAN FEES	(1,464,343)	564,870
UNAMORTIZED RATE CASE EXPENSE	(1,092,330)	COMP SALES/TRANS REV/G/L SALE GAS/PROV RT REFM. ESC REV	(2,269,760)	(875,560)
FUEL RELATED DEFERRED DEBITS	(2,338,286)	GAIN/LOSS ON DISPOSITION OF PROPERTY	(21,642)	8,348
UNREALIZED LOSS ON FWD CONTRACT	(15,937)	INTEREST SYNCHRONIZATION	8,220,341	8,220,341
ACCUM. PROV. FOR RATE REFUNDS	0			
FAS 143 WORKING CAPITAL	96,941,540			
FAS 158 REGULATORY ASSETS	(152,706,286)			
FAS 158 REGULATORY LIABILITIES	152,706,286			
PPA REGULATORY ASSETS	(157,580,385)			
PPA REGULATORY LIABILITIES	157,580,385			
FAS 133 REGULATORY ASSETS	(82,839,696)			
FAS 133 REGULATORY LIABILITIES	82,839,696			

\*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 re-designated to service Gulf Power's natural gas customers to the extent it is not committed to off-system sales.

GULF POWER COMPANY  
YEAR END RATE OF RETURN  
RATE BASE, INCLUDING SCHERER 3\*  
September, 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	5,057,780,857	1,663,622,026	3,394,158,832	14,754,000	61,517,436	0	3,470,430,269	149,516,038	3,619,946,307
JURISDICTIONAL PER BOOKS	4,820,545,715	1,605,416,652	3,215,129,063	14,322,375	59,214,213	0	3,288,665,651	263,114,139	3,551,779,790
<u>FPSC ADJUSTMENTS:</u>									
ENVIRONMENTAL RECOVERY CLAUSE INT BEARING CWIP	(1,364,211,271)	(217,765,909)	(1,146,445,362)		(3,337,877)		(1,149,783,239)	(26,867,372)	(1,176,650,611)
ENERGY CONSERVATION CLAUSE	(14,292,837)	8,075,470	(22,368,307)				(22,368,307)	(1,266,415)	(23,634,722)
TRANSMISSION INVESTMENT PURSUANT TO STIP. & SETT.	(177,577,780)		(177,577,780)				(177,577,780)	0	(177,577,780)
CAPITALIZED DEF. EARNINGS ON TRANSM PURSUANT TO STIP. & SETT.								(12,325,974)	(12,325,974)
LOANS TO EMPLOYEES AND RETIREES INTEREST AND DIVIDENDS RECEIVABLE								(47,866)	(47,866)
FUNDED PROP RES. N. ESCAMBIA SITE, & OTHER INV.				(12,661,331)			(12,661,331)	(13,274)	(13,274)
FUEL RELATED DEFERRED DEBITS								(4,368,236)	(17,029,567)
ACCRUED PROVISION FOR REFUND								(2,338,286)	(2,338,286)
UNAMORTIZED RATE CASE EXPENSES								0	0
TOTAL FPSC ADJUSTMENTS	(1,556,081,888)	(209,690,439)	(1,346,391,449)	(12,661,331)	(3,337,877)	0	(1,362,390,657)	(48,274,023)	(1,410,664,680)
FPSC ADJUSTED	3,264,463,827	1,395,726,213	1,868,737,614	1,661,044	55,876,336	0	1,926,274,994	214,840,115	2,141,115,109
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	3,264,463,827	1,395,726,213	1,868,737,614	1,661,044	55,876,336	0	1,926,274,994	214,840,115	2,141,115,109

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GULF POWER COMPANY  
YEAR END RATE OF RETURN  
INCOME STATEMENT, INCLUDING SCHERER 3\*  
September, 2016

	O & M 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	1,449,094,457	559,603,874	311,590,620	171,682,483	119,857,870	40,229,663	48,717,686	(559,074)	0	1,251,103,123	197,991,334 (a)
JURISDICTIONAL PER BOOKS	1,311,599,859	477,704,947	298,825,396	163,743,354	118,342,900	37,470,456	39,791,088	(417,270)	0	1,135,460,870	176,138,989 (a)
LESS FPSC ADJUSTMENTS:	(392,417,540)	(392,097,754)				(123,357)				(392,221,111)	(196,428)
RETAIL FUEL REVENUES & EXPENSES	(85,497,876)	(85,607,192)				42,169				(85,565,023)	67,148
PURCHASED POWER CAPACITY REVENUES & EXPENSES	(12,923,131)		(10,363,313)	(384,315)	(332,818)	(710,815)				(11,791,261)	(1,131,869)
ENERGY CONSERVATION COST REVENUES & EXPENSES	(170,691,823)		(25,805,569)	(47,847,277)	(4,903,677)	(35,541,192)				(114,097,715)	(56,584,108)
ENVIRONMENTAL COST RECOVERY CLAUSE	(42,665,074)				(41,489,706)	(453,398)				(41,943,104)	(721,970)
FRANCHISE FEE REVENUE & EXPENSE	(31,934,127)		(150,970)		(31,556,847)	(145,535)				(31,702,382)	(231,745)
GROSS RECEIPTS TAX REVENUE & ADJUSTMENT						62,094				(98,876)	98,876
MARKETING SUPPORT ACTIVITIES			(380,243)			146,679				(233,564)	233,564
WHOLESALE EXPENSES			(317,026)			122,293				(194,733)	194,733
INSTITUTIONAL ADVERTISING EXPENSE			(56,455)			21,777				(34,678)	34,678
ECONOMIC DEVELOPMENT EXPENSE			(13,755)			5,306				(8,449)	8,449
MGMT FINANCIAL PLANNING SERVICES			(43,054)			16,608				(26,446)	26,446
DIRECTORS' & OFFICERS' INSURANCE			(1,316)			508				(808)	808
INDUSTRY ASSOCIATION DUES			(470,893)			190,122				(302,740)	302,740
TALLAHASSEE LIAISON EXPENSES					(21,969)					(899,473)	899,473
GRT, FPSC FEES ON CLAUSES & FEES					(1,464,343)	564,370				(13,053)	13,053
(GAIN) / LOSS ON DISPOSITION OF PROPERTY						8,198			(21,251)	8,588,478	(8,588,478)
INTEREST SYNCHRONIZATION						8,588,478					
TOTAL FPSC ADJUSTMENTS	(736,129,570)	(477,704,947)	(37,612,595)	(48,231,592)	(79,789,360)	(27,205,195)	0	0	(21,251)	(670,544,999)	(65,584,631)
FPSC ADJUSTED	575,470,289	0	261,212,801	115,511,762	38,573,540	10,265,261	39,791,088	(417,270)	(21,251)	464,915,931	110,554,358
PRO FORMA REVENUE ANNUALIZATION	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	575,470,289	0	261,212,801	115,511,762	38,573,540	10,265,261	39,791,088	(417,270)	(21,251)	464,915,931	110,554,358
(a) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM NOI BY				2,384,564	AND THE JURISDICTIONAL NOI BY		2,329,157				

\*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  
YEAR END RATE OF RETURN  
SYSTEM ADJUSTMENTS, INCLUDING SCHERER 3\*  
September, 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	(1,405,060,253)	FUEL & IIC FUEL REVENUES AND ECONOMY PROFITS	(475,464,363)	(183,410,378)
ACCUMULATED DEPRECIATION	224,286,538	ENVIRONMENTAL COST RECOVERY CLAUSE REVENUES	(176,084,249)	(67,924,499)
CWIP	(3,437,824)	PURCHASED POWER CAPACITY COST CLAUSE REVENUES	(85,681,403)	(33,051,601)
ENERGY CONSERVATION COST RECOVERY INVESTMENT	(14,292,837)	ENERGY CONSERVATION COST RECOVERY CLAUSE REVENUES	(12,923,131)	(4,985,096)
ACCUMULATED DEPRECIATION	(8,075,470)	FUEL EXPENSE	(471,411,426)	181,846,957
CWIP	0	PURCHASED POWER CAPACITY COST EXPENSE	(88,189,868)	34,019,242
TRANSMISSION PURSUANT TO STIP. & SETT. INVESTMENT	(177,577,780)	CONSERVATION EXPENSES - DEPRECIATION AND O & M	(10,747,628)	4,145,898
FAS 143 NET PLANT	(48,456,620)	CONSERVATION EXPENSES - OTHER TAXES	(332,818)	128,385
INTEREST BEARING CWIP	0	ENVIRONMENTAL COST RECOVERY EXPENSE	(80,848,595)	31,187,345
PHFU - NORTH ESCAMBIA	(13,042,899)	FRANCHISE FEE REVENUES	(42,665,074)	(16,458,052)
		FRANCHISE FEE	(41,489,708)	16,004,854
WORKING CAPITAL:		GROSS RECEIPTS TAX REVENUES	(31,934,127)	(12,318,589)
ECRC WORKING CAPITAL	(7,974,397)	GROSS RECEIPTS TAX EXPENSE	(31,556,847)	12,173,054
CONSERVATION/AEM INVENTORY	(1,266,415)	MARKETING SUPPORT ACTIVITIES	(160,970)	62,094
CAPITALIZED DEF. EARNINGS ON TRANSMISSION PURSUANT TO STIP. & SETT.	(7,999,810)	WHOLESALER EXPENSES	(391,279)	150,936
FUNDED PROPERTY INSURANCE RESERVE	0	INSTITUTIONAL ADVERTISING EXPENSE	(323,271)	124,702
LOANS TO EMPLOYEES AND RETIREES	(49,956)	ECONOMIC DEVELOPMENT EXPENSE	(56,456)	21,778
INTEREST & DIVIDENDS RECEIVABLE	(13,853)	MGMT FINANCIAL PLANNING SERVICES	(14,058)	5,423
NORTH ESCAMBIA SITE	(4,560,161)	DIRECTORS' & OFFICERS' INSURANCE	(44,005)	16,975
UNAMORTIZED RATE CASE EXPENSE	(1,092,330)	INDUSTRY ASSOCIATION DUES	(1,342)	518
FUEL RELATED DEFERRED DEBITS	(2,338,286)	TALLAHASSEE LIAISON EXPENSE	(503,749)	194,321
UNREALIZED LOSS ON FWD CONTRACT	(15,937)	GRT/PPSC FEES ON CLAUSE REV ADJ & FRAN FEES	(1,464,343)	564,870
ACCUM. PROV. FOR RATE REFUNDS	0	COMP SALES/TRANS REV/Q/L SALE GAS/PROV RT REFUN. ESC REV	(2,269,760)	(875,560)
FAS 143 WORKING CAPITAL	96,941,540	GAIN/LOSS ON DISPOSITION OF PROPERTY	(21,642)	8,348
FAS 158 REGULATORY ASSETS	(152,706,286)	INTEREST SYNCHRONIZATION	9,432,887	9,432,887
FAS 158 REGULATORY LIABILITIES	152,706,286			
PPA REGULATORY ASSETS	(157,580,385)			
PPA REGULATORY LIABILITIES	157,580,385			
FAS 133 REGULATORY ASSETS	(82,839,696)			
FAS 133 REGULATORY LIABILITIES	82,839,696			

\*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  
 September, 2016

AVERAGE	ADJUSTMENTS			LOW POINT			MIDPOINT			HIGH POINT		
	SYSTEM PER BOOKS	RETAIL PER BOOKS	PRO RATA	SPECIFIC	ADJUSTED RETAIL	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
LONG TERM DEBT	1,236,113,584	1,159,581,154	(465,153,885)	0	694,427,269	33.10	4.45	1.47	4.45	1.47	4.45	1.47
SHORT TERM DEBT	101,855,433	93,923,643	(37,676,490)	0	56,247,153	2.68	0.47	0.01	0.47	0.01	0.47	0.01
PREFERENCE STOCK	146,504,285	137,561,388	(55,181,316)	0	82,380,072	3.93	6.14	0.24	6.14	0.24	6.14	0.24
CUSTOMER DEPOSITS	36,022,291	36,026,094	(14,451,492)	0	21,574,602	1.03	2.37	0.02	2.37	0.02	2.37	0.02
COMMON EQUITY	1,352,310,723	1,279,520,931	(513,266,475)	0	766,254,456	36.52	9.25	3.38	10.25	3.74	11.25	4.11
DEFERRED INCOME TAXES	894,448,787	848,266,043	(340,273,075)	0	507,992,968	24.21						
FASB 109 DEFERRED TAXES	(54,973,141)	(52,134,735)	20,913,306	0	(31,221,429)	(1.48)						
TAX CREDITS - ZERO COST	0	0	0	0	0	0.00						
TAX CREDITS - WEIGHTED COST	1,960,913	481,418	(193,116)	0	288,302	0.01	6.92	0.00	7.42	0.00	7.92	0.00
TOTAL	3,714,242,875	3,503,225,937	(1,405,282,543)	0	2,097,943,393	100.00		5.13		5.50		5.86

YEAR-END	ADJUSTMENTS			LOW POINT			MIDPOINT			HIGH POINT		
	SYSTEM PER BOOKS	RETAIL PER BOOKS	PRO RATA	SPECIFIC	ADJUSTED RETAIL	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
LONG TERM DEBT	1,157,586,985	1,117,159,629	(443,703,643)	0	673,455,986	31.45	4.38	1.38	4.38	1.38	4.38	1.38
SHORT TERM DEBT	101,830,739	95,973,681	(38,117,983)	0	57,855,698	2.70	0.18	0.00	0.18	0.00	0.18	0.00
PREFERENCE STOCK	146,504,320	141,387,829	(56,155,175)	0	85,232,654	3.98	6.14	0.24	6.14	0.24	6.14	0.24
CUSTOMER DEPOSITS	35,457,569	35,523,818	(14,109,038)	0	21,414,780	1.00	2.25	0.02	2.25	0.02	2.25	0.02
COMMON EQUITY	1,385,293,853	1,333,506,494	(529,630,389)	0	803,876,105	37.54	9.25	3.47	10.25	3.85	11.25	4.22
DEFERRED INCOME TAXES	906,897,721	879,430,158	(349,284,341)	0	530,145,817	24.77						
FASB 109 DEFERRED TAXES	(54,196,439)	(52,554,972)	20,873,322	0	(31,681,650)	(1.48)						
TAX CREDITS - ZERO COST	0	0	0	0	0	0.00						
TAX CREDITS - WEIGHTED COST	1,697,861	1,353,152	(537,433)	0	815,719	0.04	6.98	0.00	7.50	0.00	8.01	0.00
TOTAL	3,681,072,608	3,551,779,790	(1,410,664,680)	0	2,141,115,109	100.00		5.12		5.50		5.88

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

**A. Times Interest Earned with AFUDC**

Earnings Before Interest	200,248,234
AFUDC - Debt	736,189
Income Taxes	<u>91,359,505</u>
<b>Total</b>	<b>292,343,928</b>
Interest Charges (Before Deducting AFUDC - Debt)	<u>56,743,851</u>
<b>T.I.E. With AFUDC</b>	<b>5.15 x</b>

**B. Times Interest Earned without AFUDC**

Earnings Before Interest	200,248,234
AFUDC - Other	(1,648,366)
Income Taxes	<u>91,359,505</u>
<b>Total</b>	<b>289,959,374</b>
Interest Charges (Before Deducting AFUDC - Debt)	<u>56,743,851</u>
<b>T.I.E. Without AFUDC</b>	<b>5.11 x</b>

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

AFUDC - Debt	736,189
X (1 - Income Tax Rate)	0.61425
<b>Subtotal</b>	<b>452,204</b>
AFUDC - Other	<u>1,648,366</u>
<b>Total</b>	<b>2,100,570</b>
<b>Net Income Available for Common Stockholders</b>	<b>135,238,072</b>
<b>Percent AFUDC to Available Net Income</b>	<b>1.55%</b>

**D. Percent Internally Generated Funds**

Net Income	144,240,572
Preference Dividends	(9,002,500)
Common Dividends	(122,591,000)
AFUDC (Debt & Other)	(2,384,554)
Depreciation & Amortization	180,673,715
Deferred Income Taxes	48,696,015
Investment Tax Credits	0
Other	<u>(5,039,061)</u>
<b>Total</b>	<b>234,593,187</b>
<b>Construction Expenditures (Excluding AFUDC Other &amp; Debt)</b>	<b>150,483,826</b>
<b>Percent Internally Generated Funds</b>	<b>155.89%</b>

**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	694,427,269
Short Term Debt	56,247,153
Preference Stock	82,380,072
Common Equity	<u>766,254,456</u>
<b>Total</b>	<b>1,599,308,950</b>
<b>% Long Term Debt To Total</b>	<b>43.42%</b>
<b>% Short Term Debt To Total</b>	<b>3.52%</b>

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

	G. FPSC ADJ.	H. PROFORMA
FPSC Adjusted Average Earned Rate of Return	5.30%	5.30%
Less: Reconciled Average Retail Weighted Cost Rates For:		
Long Term Debt	(1.47)	(1.47)
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>
<b>Subtotal</b>	<b>(1.75)</b>	<b>(1.75)</b>
<b>Total</b>	<b>3.55</b>	<b>3.55</b>
<b>Divided by Common Equity Ratio</b>	<b>36.52</b>	<b>36.52</b>
<b>Jurisdictional Return on Common Equity</b>	<b>9.71%</b>	<b>9.71%</b>

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

**Supplemental 1**

<u>Month</u>	<u>Year</u>	<u>\$</u>
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
<b>September</b>	<b>2016</b>	<b>291,666</b>
<b>12 - M-T-D</b>		<b><u>3,500,000</u></b>

1 GULF POWER COMPANY

2 DOCKET NO. 990315-EI

3 RTP QUARTERLY REPORT

4  
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7 Sixty-Eighth Quarterly Report

8 Report Period: Third Quarter, 2016

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<u>Rate Class</u>	<u>Third Quarter Total Revenue</u>	<u>Third Quarter Total KWH Sales</u>	<u>Third Quarter ¢/KWH</u>	<u>12-Month Rolling Average ¢/KWH</u>
RTP	\$45,009,635.20	492,683,101	9.136	8.225
PX/PXT	-	-	-	-
LP/LPT	\$22,330,873.94	249,511,242	8.950	9.261

25 Notes to Quarterly  
26 Real Time Pricing Report

- 27  
28 1. There were no changes made to the "M" multipliers during this period.
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31 2. RTP prices vary by hour and by season due to the "M" multipliers. The prices for the LP/LPT  
32 and PX/PXT rate classes do not have this variability in pricing. As a result, comparisons between  
33 RTP and the other rate classes are meaningful only on an annual basis or a 12-month rolling  
34 average basis.
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**September 2016**

Earnings Surveillance  
Report  
(Rate of Return)



**GULF POWER COMPANY**  
**Earnings Surveillance Report Summary**  
**September, 2016**

	(1) Actual Per Books	(2) FPSC Adjustments	(3) FPSC Adjusted	(4) Pro Forma Adjustments	(5) Pro Forma Adjusted
<b>I. Average Rate of Return</b>					
<b>(Jurisdictional)</b>					
	(a)	(b)			
Net Operating Income	182,773,470	(67,209,836)	115,563,634	0	115,563,634
Average Rate Base	3,384,273,449	(1,405,282,543)	1,978,990,905	0	1,978,990,905
Average Rate of Return	5.40%		5.84%		5.84%
<b>II. Year End Rate of Return</b>					
<b>(Jurisdictional)</b>					
	(a)	(b)			
Net Operating Income	182,776,302	(68,279,782)	114,496,520	0	114,496,520
Year End Rate Base	3,345,730,073	(1,410,664,680)	1,935,065,392	0	1,935,065,392
Year End Rate of Return	5.46%		5.92%		5.92%

(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	5.48%
High	5.84%

**IV. Financial Integrity Indicators**

A. Tie With AFUDC	5.15 x (System per Books Basis)
B. Tie Without AFUDC	5.11 x (System per Books Basis)
C. AFUDC To Net Income	1.55% (System per Books Basis)
D. Internally Generated Funds	155.89% (System per Books Basis)
E. LTD To Total Investor Funds	43.50% (FPSC Adjusted Basis)
F. STD To Total Investor Funds	3.50% (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

11/14/16

GULF POWER COMPANY  
AVERAGE RATE OF RETURN  
RATE BASE  
September, 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
<b>SYSTEM PER BOOKS</b>	5,050,427,654	1,607,458,192	3,442,969,462	14,755,439	113,317,758	0	3,571,042,659	149,516,038	3,720,558,697
<b>JURISDICTIONAL PER BOOKS</b>	4,481,771,223	1,448,596,162	3,033,175,061	14,323,771	108,352,667	0	3,155,851,500	228,421,949	3,384,273,449
<b>FPSC ADJUSTMENTS:</b>									
ENVIRONMENTAL RECOVERY CLAUSE	(1,310,379,753)	(209,906,160)	(1,100,473,593)		(16,248,478)		(1,116,722,071)	(7,741,804)	(1,124,463,875)
INT BEARING CWIP					(52,477,264)		(52,477,264)	0	(52,477,264)
ENERGY CONSERVATION CLAUSE	(13,714,905)	7,594,989	(21,309,894)		3,002		(21,306,892)	(1,266,415)	(22,573,308)
TRANSMISSION INVESTMENT PURSUANT TO STIP. & SETT.	(177,292,693)		(177,292,693)				(177,292,693)	0	(177,292,693)
CAPITALIZED DEF. EARNINGS ON TRANSM PURSUANT TO STIP. & SETT.								(7,999,810)	(7,999,810)
LOANS TO EMPLOYEES / RETIREES								(47,866)	(47,866)
INTEREST AND DIVIDENDS RECEIVABLE								(13,274)	(13,274)
FUNDED PROP RES. N. ESCAMBIA & OTHER INV.				(12,661,331)			(12,661,331)	(4,368,236)	(17,029,567)
FUEL RELATED DEFERRED DEBITS								(2,338,286)	(2,338,286)
ACCRUED PROVISION FOR REFUND								0	0
UNAMORTIZED RATE CASE EXPENSES								(1,046,600)	(1,046,600)
<b>TOTAL FPSC ADJUSTMENTS</b>	(1,501,387,351)	(202,311,171)	(1,299,076,180)	(12,661,331)	(68,722,740)	0	(1,380,460,252)	(24,822,291)	(1,405,282,543)
<b>FPSC ADJUSTED</b>	2,980,383,872	1,246,284,991	1,734,098,881	1,662,440	39,629,927	0	1,775,391,248	203,599,657	1,978,990,905
<b>PRO FORMA REVENUE AND ANNUALIZATION ADJUSTMENTS</b>	0	0	0	0	0	0	0	0	0
<b>TOTAL PRO FORMA ADJUST</b>	0	0	0	0	0	0	0	0	0
<b>PRO FORMA ADJUSTED</b>	2,980,383,872	1,246,284,991	1,734,098,881	1,662,440	39,629,927	0	1,775,391,248	203,599,657	1,978,990,905



GULF POWER COMPANY  
AVERAGE RATE OF RETURN  
INCOME STATEMENT  
September, 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	1,449,094,457	559,603,874	311,590,620	171,662,483	119,857,870	40,229,663	48,717,686	(559,074)	0	1,251,103,123	197,991,334 (a)
JURISDICTIONAL PER BOOKS	1,311,599,859	477,704,947	294,617,387	159,991,687	117,876,702	37,632,348	43,632,904	(300,428)	0	1,131,155,548	180,444,313 (a)
LESS FPSC ADJUSTMENTS:	(392,417,540)	(392,097,754)				(123,357)				(392,221,111)	(196,428)
RETAIL FUEL REVENUES & EXPENSES	(85,497,876)	(85,607,192)				42,169				(85,565,023)	67,148
PURCHASED POWER CAPACITY REVENUES & EXPENSES	(12,923,131)		(10,363,313)	(394,315)	(332,818)	(710,815)				(11,791,261)	(1,131,869)
ENERGY CONSERVATION COST REVENUES & EXPENSES	(170,691,823)		(25,803,569)	(47,847,277)	(4,903,677)	(35,541,192)				(114,097,715)	(56,594,108)
ENVIRONMENTAL COST RECOVERY CLAUSE	(42,665,074)				(41,488,706)	(433,398)				(41,943,104)	(721,970)
FRANCHISE FEE REVENUE & EXPENSE	(31,934,127)				(31,556,847)	(145,535)				(31,702,382)	(231,745)
GROSS RECEIPTS TAX REVENUE & ADJUSTMENT			(160,970)			62,094				(98,876)	98,876
MARKETING SUPPORT ACTIVITIES			(380,243)			146,679				(233,564)	233,564
WHOLESALE EXPENSES			(317,026)			22,293				(194,733)	194,733
INSTITUTIONAL ADVERTISING EXPENSE			(56,455)			21,777				(34,678)	34,678
ECONOMIC DEVELOPMENT EXPENSE			(13,755)			5,306				(8,449)	8,449
MGMT FINANCIAL PLANNING SERVICES			(43,054)			16,608				(26,446)	26,446
DIRECTORS' & OFFICERS' INSURANCE			(1,316)			508				(806)	808
INDUSTRY ASSOCIATION DUES			(470,893)			190,122				(302,740)	302,740
TALLAHASSEE LIAISON EXPENSES					(21,969)					(21,251)	
GRT: FPSC FEES ON CLAUSES & FEES					(1,464,343)	564,870				(899,473)	899,473
(GAIN) / LOSS ON DISPOSITION OF PROPERTY						8,198				(13,053)	13,053
INTEREST SYNCHRONIZATION						7,864,526				7,864,526	(7,864,526)
TOTAL FPSC ADJUSTMENTS	(736,129,570)	(477,704,947)	(37,612,595)	(48,231,592)	(79,769,360)	(27,909,147)	0	0	(21,251)	(671,246,891)	(64,880,679)
FPSC ADJUSTED	575,470,289	0	257,004,792	111,760,095	38,107,342	9,723,201	43,632,904	(300,428)	(21,251)	459,906,655	115,563,634
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	575,470,289	0	257,004,792	111,760,095	38,107,342	9,723,201	43,632,904	(300,428)	(21,251)	459,906,655	115,563,634
(a) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM NOI BY				2,384,554	AND THE JURISDICTIONAL NOI BY		2,328,157				
CURRENT MONTH SYSTEM PER BOOKS	131,755,771	51,461,516	27,899,514	19,913,762	11,485,342	5,533,063	453,537	(42,621)	0	116,704,112	15,051,659
CURRENT MONTH JURISDICTIONAL PER BOOKS	122,743,367	45,528,841	25,931,889	18,944,571	11,315,251	5,708,979	446,340	(21,142)	0	107,854,729	14,988,639

TOTALS MAY NOT ADD DUE TO ROUNDING.

GULF POWER COMPANY  
AVERAGE RATE OF RETURN  
SYSTEM ADJUSTMENTS  
September, 2018

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	(1,349,748,502)	FUEL & IIC FUEL REVENUES AND ECONOMY PROFITS	(475,464,363)	(183,410,378)
ACCUMULATED DEPRECIATION	216,212,533	ENVIRONMENTAL COST RECOVERY CLAUSE REVENUES	(178,084,249)	(67,924,499)
CWIP	(16,736,844)	PURCHASED POWER CAPACITY COST CLAUSE REVENUES	(85,681,403)	(33,051,601)
ENERGY CONSERVATION COST RECOVERY INVESTMENT	(13,714,905)	ENERGY CONSERVATION COST RECOVERY CLAUSE REVENUES	(12,923,131)	(4,985,098)
ACCUMULATED DEPRECIATION	(7,594,989)	FUEL EXPENSE	(471,411,426)	181,846,957
CWIP	3,002	PURCHASED POWER CAPACITY COST EXPENSE	(88,189,868)	34,019,242
TRANSMISSION PURSUANT TO STIP. & SETT. INVESTMENT	(177,292,693)	CONSERVATION EXPENSES - DEPRECIATION AND O & M	(10,747,628)	4,145,898
FAS 143 NET PLANT	(82,895,450)	CONSERVATION EXPENSES - OTHER TAXES	(332,818)	128,385
INTEREST BEARING CWIP	(53,725,410)	ENVIRONMENTAL COST RECOVERY EXPENSE	(80,848,595)	31,187,345
PHFU - NORTH ESCAMBIA	(13,042,899)	FRANCHISE FEE REVENUES	(42,865,074)	(16,458,052)
WORKING CAPITAL:		FRANCHISE FEE	(41,489,706)	16,004,654
ECRC WORKING CAPITAL	(7,974,397)	GROSS RECEIPTS TAX REVENUES	(31,934,127)	(12,318,589)
CONSERVATION/AEM INVENTORY	(1,266,415)	GROSS RECEIPTS TAX EXPENSE	(31,556,847)	12,173,054
CAPITALIZED DEF. EARNINGS ON TRANSMISSION PURSUANT TO STIP & SETT.	(7,999,810)	MARKETING SUPPORT ACTIVITIES	(160,970)	62,094
FUNDED PROPERTY INSURANCE RESERVE	0	WHOLESALE EXPENSES	(391,279)	150,936
LOANS TO EMPLOYEES AND RETIREES	(49,956)	INSTITUTIONAL ADVERTISING EXPENSE	(323,271)	124,702
INTEREST & DIVIDENDS RECEIVABLE	(13,853)	ECONOMIC DEVELOPMENT EXPENSE	(56,458)	21,778
NORTH ESCAMBIA SITE	(4,560,161)	MGMT FINANCIAL PLANNING SERVICES	(14,058)	5,423
UNAMORTIZED RATE CASE EXPENSE	(1,092,330)	DIRECTORS' & OFFICERS' INSURANCE	(44,005)	16,975
FUEL RELATED DEFERRED DEBITS	(2,338,286)	INDUSTRY ASSOCIATION DUES	(1,342)	518
UNREALIZED LOSS ON FWD CONTRACT	(15,937)	TALLAHASSEE LIAISON EXPENSE	(503,749)	194,321
ACCUM. PROV. FOR RATE REFUNDS	0	GRT/FPSC FEES ON CLAUSE REV ADJ & FRAN FEES	(1,464,343)	564,870
FAS 143 WORKING CAPITAL	96,941,540	COMP SALES/TRANS REV/G/L SALE GAS/PROV RT REFM. ESC REV	(2,269,760)	(875,560)
FAS 158 REGULATORY ASSETS	(152,706,286)	GAIN/LOSS ON DISPOSITION OF PROPERTY	(21,642)	8,348
FAS 158 REGULATORY LIABILITIES	152,706,286	INTEREST SYNCHRONIZATION	8,220,341	8,220,341
PPA REGULATORY ASSETS	(157,580,385)			
PPA REGULATORY LIABILITIES	157,580,385			
FAS 133 REGULATORY ASSETS	(82,839,696)			
FAS 133 REGULATORY LIABILITIES	82,839,696			

GULF POWER COMPANY  
YEAR END RATE OF RETURN  
RATE BASE  
September, 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	5,057,780,857	1,663,622,026	3,394,158,832	14,754,000	61,517,436	0	3,470,430,269	149,516,038	3,619,946,307
JURISDICTIONAL PER BOOKS	4,521,729,513	1,500,052,174	3,021,677,339	14,322,375	56,509,973	0	3,092,509,687	253,220,386	3,345,730,073
<u>FPSC ADJUSTMENTS:</u>									
ENVIRONMENTAL RECOVERY CLAUSE INT BEARING CWIP	(1,364,211,271)	(217,765,909)	(1,146,445,362)		(3,337,877)		(1,149,783,239)	(26,867,372)	(1,176,650,611)
ENERGY CONSERVATION CLAUSE	(14,292,837)	8,075,470	(22,368,307)				(22,368,307)	(1,266,415)	(23,634,722)
TRANSMISSION INVESTMENT PURSUANT TO STIP. & SETT.	(177,577,780)		(177,577,780)				(177,577,780)	0	(177,577,780)
CAPITALIZED DEF. EARNINGS ON TRANSM PURSUANT TO STIP. & SETT.								(12,325,974)	(12,325,974)
LOANS TO EMPLOYEES AND RETIREES								(47,866)	(47,866)
INTEREST AND DIVIDENDS RECEIVABLE								(13,274)	(13,274)
FUNDED PROP RES. N. ESCAMBIA SITE, & OTHER INV.				(12,661,331)			(12,661,331)	(4,368,236)	(17,029,567)
FUEL RELATED DEFERRED DEBIT								(2,338,286)	(2,338,286)
ACCRUED PROVISION FOR REFUND								0	0
UNAMORTIZED RATE CASE EXPENSES								(1,046,600)	(1,046,600)
<b>TOTAL FPSC ADJUSTMENTS</b>	<b>(1,556,081,888)</b>	<b>(209,690,439)</b>	<b>(1,346,391,449)</b>	<b>(12,661,331)</b>	<b>(3,337,877)</b>	<b>0</b>	<b>(1,362,390,657)</b>	<b>(48,274,023)</b>	<b>(1,410,664,680)</b>
<b>FPSC ADJUSTED</b>	<b>2,965,647,625</b>	<b>1,290,361,735</b>	<b>1,675,285,890</b>	<b>1,661,044</b>	<b>53,172,096</b>	<b>0</b>	<b>1,730,119,030</b>	<b>204,946,362</b>	<b>1,935,065,392</b>
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	2,965,647,625	1,290,361,735	1,675,285,890	1,661,044	53,172,096	0	1,730,119,030	204,946,362	1,935,065,392

GULF POWER COMPANY  
YEAR END RATE OF RETURN  
INCOME STATEMENT  
September, 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	1,448,094,457	559,603,874	311,590,620	171,862,483	119,857,870	40,229,663	48,717,886	(559,074)	0	1,251,103,123	197,991,334
JURISDICTIONAL PER BOOKS	1,311,599,859	477,704,947	294,617,387	159,991,687	117,876,702	37,632,234	43,630,186	(300,428)	0	1,131,152,714	180,447,145
LESS FPSC ADJUSTMENTS:	(392,417,540)	(392,097,754)				(123,357)				(392,221,111)	(196,428)
RETAIL FUEL REVENUES & EXPENSES	(85,497,876)	(85,607,192)				42,169				(85,565,023)	67,148
PURCHASED POWER CAPACITY REVENUES & EXPENSES	(12,923,131)		(10,363,313)	(384,315)	(332,818)	(710,815)				(11,791,261)	(1,131,869)
ENERGY CONSERVATION COST REVENUES & EXPENSES	(170,691,823)	(25,805,568)		(47,847,277)	(4,903,877)	(35,541,192)				(114,097,715)	(56,594,108)
ENVIRONMENTAL COST RECOVERY CLAUSE	(42,665,074)				(41,489,706)	(453,399)				(41,943,104)	(721,970)
FRANCHISE FEE REVENUE & EXPENSE	(31,934,127)				(31,556,947)	(145,535)				(31,702,382)	(231,745)
GROSS RECEIPTS TAX REVENUE & ADJUSTMENT			(160,970)			62,094				(98,876)	98,876
MARKETING SUPPORT ACTIVITIES			(380,243)			146,679				(233,564)	233,564
WHOLESALE EXPENSES			(317,026)			122,293				(194,733)	194,733
INSTITUTIONAL ADVERTISING EXPENSE			(56,455)			21,777				(34,678)	34,678
ECONOMIC DEVELOPMENT EXPENSE			(13,755)			5,306				(8,449)	8,449
MGMT FINANCIAL PLANNING SERVICES			(43,054)			16,808				(26,446)	26,446
DIRECTORS' & OFFICERS' INSURANCE			(1,316)			508				(808)	808
INDUSTRY ASSOCIATION DUES			(470,893)			190,122				(302,740)	302,740
TALLAHASSEE LIAISON EXPENSES					(21,969)					(21,969)	
GRT, FPSC FEES ON CLAUSES & FEES					(1,464,343)	564,870			(21,251)	(899,473)	899,473
INT. FPSC FEES ON CLAUSES & FEES						8,198				(13,053)	13,053
(GAIN) / LOSS ON DISPOSITION OF PROPERTY						8,954,472				8,954,472	(8,954,472)
INTEREST SYNCRONIZATION											
TOTAL FPSC ADJUSTMENTS	(736,129,570)	(477,704,947)	(37,612,595)	(48,231,592)	(79,769,960)	(26,899,201)	0	0	(21,251)	(670,176,945)	(65,950,625)
FPSC ADJUSTED	575,470,289	0	257,004,792	111,760,095	38,107,342	10,793,033	43,630,186	(300,428)	(21,251)	460,973,769	114,496,520
PRO FORMA REVENUE ANNUALIZATION											
TOTAL PRO FORMA ADJUSTMENTS	0	0	0	0	0	0	0	0	0	0	0
PRO FORMA ADJUSTED	575,470,289	0	257,004,792	111,760,095	38,107,342	10,793,033	43,630,186	(300,428)	(21,251)	460,973,769	114,496,520

(b) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM NOI BY 2,384,554 AND THE JURISDICTIONAL NOI BY 2,329,157

GULF POWER COMPANY  
YEAR END RATE OF RETURN  
SYSTEM ADJUSTMENTS  
September, 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	(1,405,060,253)	FUEL & IIC FUEL REVENUES AND ECONOMY PROFITS	(475,464,363)	(183,410,378)
ACCUMULATED DEPRECIATION	224,286,538	ENVIRONMENTAL COST RECOVERY CLAUSE REVENUES	(178,084,249)	(67,924,499)
CWIP	(3,437,824)	PURCHASED POWER CAPACITY COST CLAUSE REVENUES	(85,681,403)	(33,051,601)
ENERGY CONSERVATION COST RECOVERY INVESTMENT	(14,292,837)	ENERGY CONSERVATION COST RECOVERY CLAUSE REVENUES	(12,923,131)	(4,985,098)
ACCUMULATED DEPRECIATION	(8,075,470)	FUEL EXPENSE	(471,411,426)	181,846,957
CWIP	0	PURCHASED POWER CAPACITY COST EXPENSE	(88,189,868)	34,019,242
TRANSMISSION PURSUANT TO STIP. & SETT. INVESTMENT	(177,577,780)	CONSERVATION EXPENSES - DEPRECIATION AND O & M	(10,747,628)	4,145,898
FAS 143 NET PLANT	(48,456,620)	CONSERVATION EXPENSES - OTHER TAXES	(332,818)	128,385
INTEREST BEARING CWIP	0	ENVIRONMENTAL COST RECOVERY EXPENSE	(80,848,595)	31,187,345
PHFU - NORTH ESCAMBIA	(13,042,899)	FRANCHISE FEE REVENUES	(42,685,074)	(16,458,052)
		FRANCHISE FEE	(41,489,706)	16,004,854
WORKING CAPITAL:		GROSS RECEIPTS TAX REVENUES	(31,934,127)	(12,318,589)
ECRC WORKING CAPITAL	(7,974,397)	GROSS RECEIPTS TAX EXPENSE	(31,556,847)	12,173,054
CONSERVATION/AEM INVENTORY	(1,266,415)	MARKETING SUPPORT ACTIVITIES	(160,970)	62,094
CAPITALIZED DEF. EARNINGS ON TRANSMISSION PURSUANT TO STIP. & SETT.	(7,999,810)	WHOLESALE EXPENSES	(391,279)	150,936
FUNDED PROPERTY INSURANCE RESERVE	0	INSTITUTIONAL ADVERTISING EXPENSE	(323,271)	124,702
LOANS TO EMPLOYEES AND RETIREES	(49,956)	ECONOMIC DEVELOPMENT EXPENSE	(56,456)	21,778
INTEREST & DIVIDENDS RECEIVABLE	(13,853)	MGMT FINANCIAL PLANNING SERVICES	(14,058)	5,423
NORTH ESCAMBIA SITE	(4,560,181)	DIRECTORS' & OFFICERS' INSURANCE	(44,005)	16,975
UNAMORTIZED RATE CASE EXPENSE	(1,092,330)	INDUSTRY ASSOCIATION DUES	(1,342)	518
FUEL RELATED DEFERRED DEBITS	(2,338,286)	TALLAHASSEE LIAISON EXPENSE	(503,749)	194,321
UNREALIZED LOSS ON FWD CONTRACT	(15,937)	GRT/FPSC FEES ON CLAUSE REV ADJ & FRAN FEES	(1,484,343)	564,870
ACCUM. PROV. FOR RATE REFUNDS	0	COMP SALES/TRANS REV/G/L SALE GAS/PROV RT REFV. ESC REV	(2,269,760)	(875,560)
FAS 143 WORKING CAPITAL	96,941,540	GAIN/LOSS ON DISPOSITION OF PROPERTY	(21,642)	8,348
FAS 158 REGULATORY ASSETS	(152,706,286)	INTEREST SYNCHRONIZATION	9,432,887	9,432,887
FAS 158 REGULATORY LIABILITIES	152,706,286			
PPA REGULATORY ASSETS	(157,580,385)			
PPA REGULATORY LIABILITIES	157,580,385			
FAS 133 REGULATORY ASSETS	(82,839,696)			
FAS 133 REGULATORY LIABILITIES	82,839,696			

AVERAGE	ADJUSTMENTS			LOW POINT			MIDPOINT			HIGH POINT		
	SYSTEM PER BOOKS	RETAIL PER BOOKS	PRO RATA	SPECIFIC	ADJUSTED RETAIL	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
LONG TERM DEBT	1,236,113,594	1,119,514,266	(464,866,066)	0	654,648,220	33.08	4.45	1.47	4.45	1.47	4.45	1.47
SHORT TERM DEBT	101,853,433	89,956,746	(37,353,555)	0	52,603,191	2.66	0.47	0.01	0.47	0.01	0.47	0.01
PREFERENCE STOCK	146,504,285	132,682,391	(55,094,912)	0	77,587,479	3.92	6.14	0.24	6.14	0.24	6.14	0.24
CUSTOMER DEPOSITS	36,022,291	36,028,286	(14,960,352)	0	21,067,934	1.06	2.37	0.03	2.37	0.03	2.37	0.03
COMMON EQUITY	1,352,310,723	1,231,399,851	(511,325,323)	0	720,074,528	36.39	9.25	3.37	10.25	3.73	11.25	4.09
DEFERRED INCOME TAXES	894,448,787	824,909,759	(342,534,757)	0	482,375,002	24.37						
FASB 109 DEFERRED TAXES	(54,973,141)	(50,699,247)	21,052,308	0	(29,646,939)	(1.50)						
TAX CREDITS - ZERO COST	0	0	0	0	0	0.00						
TAX CREDITS - WEIGHTED COST	1,960,913	481,376	(199,886)	0	281,490	0.01	6.92	0.00	7.42	0.00	7.91	0.00
TOTAL	3,714,242,875	3,384,273,449	(1,405,282,543)	0	1,978,990,905	100.00		5.12		5.48		5.84

YEAR-END	ADJUSTMENTS			LOW POINT			MIDPOINT			HIGH POINT		
	SYSTEM PER BOOKS	RETAIL PER BOOKS	PRO RATA	SPECIFIC	ADJUSTED RETAIL	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
LONG TERM DEBT	1,157,586,985	1,047,975,444	(441,859,299)	0	606,116,145	31.32	4.38	1.37	4.38	1.37	4.38	1.37
SHORT TERM DEBT	101,830,739	89,887,731	(37,899,485)	0	51,988,246	2.69	0.18	0.00	0.18	0.00	0.18	0.00
PREFERENCE STOCK	146,504,320	132,631,874	(55,921,756)	0	76,710,118	3.96	6.14	0.24	6.14	0.24	6.14	0.24
CUSTOMER DEPOSITS	35,457,569	35,531,117	(14,981,033)	0	20,550,084	1.06	2.25	0.02	2.25	0.02	2.25	0.02
COMMON EQUITY	1,385,293,853	1,250,924,246	(527,428,876)	0	723,495,370	37.39	9.25	3.46	10.25	3.83	11.25	4.21
DEFERRED INCOME TAXES	906,897,721	838,543,327	(353,556,153)	0	484,987,174	25.07						
FASB 109 DEFERRED TAXES	(54,196,439)	(50,111,563)	21,128,606	0	(28,982,957)	(1.50)						
TAX CREDITS - ZERO COST	0	0	0	0	0	0.00						
TAX CREDITS - WEIGHTED COST	1,697,861	347,896	(146,684)	0	201,212	0.01	6.98	0.00	7.50	0.00	8.01	0.00
TOTAL	3,681,072,608	3,345,730,073	(1,410,664,680)	0	1,935,065,392	100.00		5.10		5.48		5.85

GULF POWER COMPANY  
Financial Integrity Indicators  
September, 2016

## A. Times Interest Earned with AFUDC

Earnings Before Interest	200,248,234
AFUDC - Debt	736,189
Income Taxes	91,359,505
	<hr/>
Total	292,343,928
Interest Charges (Before Deducting AFUDC - Debt)	56,743,851
	<hr/>
T.I.E. With AFUDC	5.15 x

## B. Times Interest Earned without AFUDC

Earnings Before Interest	200,248,234
AFUDC - Other	(1,648,366)
Income Taxes	91,359,505
	<hr/>
Total	289,959,374
Interest Charges (Before Deducting AFUDC - Debt)	56,743,851
	<hr/>
T.I.E. Without AFUDC	5.11 x

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

AFUDC - Debt	736,189
X (1 - Income Tax Rate)	0.61425
	<hr/>
Subtotal	452,204
AFUDC - Other	1,648,366
	<hr/>
Total	2,100,570
	<hr/>
Net Income Available for Common Stockholders	135,238,072
	<hr/>
Percent AFUDC to Available Net Income	1.55%

## D. Percent Internally Generated Funds

Net Income	144,240,572
Preference Dividends	(9,002,500)
Common Dividends	(122,591,000)
AFUDC (Debt & Other)	(2,384,554)
Depreciation & Amortization	180,673,715
Deferred Income Taxes	48,696,015
Investment Tax Credits	0
Other	(5,039,061)
	<hr/>
Total	234,593,187
	<hr/>
Construction Expenditures (Excluding AFUDC Other & Debt)	150,483,826
	<hr/>
Percent Internally Generated Funds	155.89%

## 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	654,648,220
Short Term Debt	52,603,191
Preference Stock	77,587,479
Common Equity	720,074,528
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Total	1,504,913,418
	<hr/>
% Long Term Debt To Total	43.50%
	<hr/>
% Short Term Debt To Total	3.50%

## 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	(1.47)	(1.47)
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	(1.75)	(1.75)
	<hr/>	<hr/>
Total	4.09	4.09
Divided by Common Equity Ratio	36.39	36.39
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Jurisdictional Return on Common Equity	11.24%	11.24%

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

Supplemental 1

<u>Month</u>	<u>Year</u>	<u>\$</u>
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
<b>September</b>	<b>2016</b>	<b>291,666</b>
<b>12 - M-T-D</b>		<b><u>3,500,000</u></b>



1 GULF POWER COMPANY

2 DOCKET NO. 990315-EI

3 RTP QUARTERLY REPORT

4  
5  
6  
7  
8 Sixty-Eighth Quarterly Report

9  
10 Report Period: Third Quarter, 2016

11  
12  
13

14 <u>Rate Class</u>	15 <u>Third Quarter Total Revenue</u>	16 <u>Third Quarter Total KWH Sales</u>	17 <u>Third Quarter ¢/KWH</u>	18 <u>12-Month Rolling Average ¢/KWH</u>
19 RTP	20 \$45,009,635.20	21 492,683,101	22 9.136	23 8.225
24 PX/PXT	25 -	26 -	27 -	28 -
29 LP/LPT	30 \$22,330,873.94	31 249,511,242	32 8.950	33 9.261

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Notes to Quarterly  
Real Time Pricing Report

1. There were no changes made to the "M" multipliers during this period.
2. RTP prices vary by hour and by season due to the "M" multipliers. The prices for the LP/LPT and PX/PXT rate classes do not have this variability in pricing. As a result, comparisons between RTP and the other rate classes are meaningful only on an annual basis or a 12-month rolling average basis.