



Robert L. McGee, Jr.
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December 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 October, 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.".

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

October 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*
October, 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	174,421,727	(67,160,583)	107,261,143	0	107,261,143
Average Rate Base	3,517,273,752	(1,405,293,284)	2,111,980,469	0	2,111,980,469
Average Rate of Return	4.96%		5.08%		5.08%
II. Year End Rate of Return (Jurisdictional)					
	(a)	(b)			
Net Operating Income	174,424,171	(67,661,904)	106,762,266	0	106,762,266
Year End Rate Base	3,568,049,622	(1,391,336,516)	2,176,713,106	0	2,176,713,106
Year End Rate of Return	4.89%		4.90%		4.90%

(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	5.09 x (System per Books Basis)
B. Tie Without AFUDC	5.08 x (System per Books Basis)
C. AFUDC To Net Income	0.51% (System per Books Basis)
D. Internally Generated Funds	134.24% (System per Books Basis)
E. LTD To Total Investor Funds	43.16% (FPSC Adjusted Basis)
F. STD To Total Investor Funds	3.58% (FPSC Adjusted Basis)
G. Return on Common Equity	9.12% (FPSC Adjusted Basis)
H. Return on Common Equity	9.12% (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
12/15/16

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GULF POWER COMPANY
AVERAGE RATE OF RETURN
RATE BASE, INCLUDING SCHERER 3*
October, 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	5,073,905,268	1,613,304,818	3,460,600,450	14,755,228	89,717,704	0	3,565,073,382	154,000,106	3,719,073,488
JURISDICTIONAL PER BOOKS	4,700,601,233	1,520,880,258	3,179,720,975	14,323,566	86,500,853	0	3,280,545,395	236,728,358	3,517,273,752
FPSC ADJUSTMENTS:									
ENVIRONMENTAL RECOVERY CLAUSE	(1,336,790,365)	(211,476,017)	(1,125,314,348)		(15,068,293)		(1,140,372,641)	(9,336,891)	(1,149,709,532)
INT BEARING CWIP					(26,432,729)		(26,432,729)	0	(26,432,729)
ENERGY CONSERVATION CLAUSE	(13,802,155)	7,647,552	(21,449,707)		3,002		(21,446,705)	(1,170,376)	(22,617,082)
TRANSMISSION INVESTMENT PURSUANT TO STIP. & SETT.	(177,297,203)		(177,297,203)				(177,297,203)	0	(177,297,203)
CAPITALIZED DEF. EARNINGS ON TRANSM PURSUANT TO STIP. & SETT.								(8,719,826)	(8,719,826)
LOANS TO EMPLOYEES / RETIREES								(47,409)	(47,409)
INTEREST AND DIVIDENDS RECEIVABLE								(8,849)	(8,849)
FUNDED PROP RES. N. ESCAMBIA & OTHER INV.				(12,661,331)			(12,661,331)	(4,376,762)	(17,038,093)
FUEL RELATED DEFERRED DEBITS								(2,418,490)	(2,418,490)
FLAME RESISTANT CLOTHING								0	0
ACCRUED PROVISION FOR REFUND								0	0
UNAMORTIZED RATE CASE EXPENSES								0	0
SALE OF RAILCARS								(1,004,070)	(1,004,070)
TOTAL FPSC ADJUSTMENTS	(1,527,869,723)	(203,828,465)	(1,324,061,258)	(12,661,331)	(41,488,020)	0	(1,378,210,610)	(27,082,674)	(1,405,293,284)
FPSC ADJUSTED	3,172,711,510	1,317,051,793	1,855,659,717	1,662,235	45,012,833	0	1,902,334,785	209,645,684	2,111,980,469
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	3,172,711,510	1,317,051,793	1,855,659,717	1,662,235	45,012,833	0	1,902,334,785	209,645,684	2,111,980,469

*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*
October, 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	1,455,272,864	562,950,892	319,390,616	172,207,415	120,527,975	42,165,597	44,717,658	(543,200)	0	1,261,386,952	193,885,912
JURISDICTIONAL PER BOOKS	1,322,046,775	481,922,990	306,956,699	164,787,954	119,073,775	39,224,365	36,813,573	(417,440)	0	1,148,371,916	173,674,859
LESS FPSC ADJUSTMENTS:											
RETAIL FUEL REVENUES & EXPENSES	(396,803,861)	(396,486,259)				(122,522)				(396,608,781)	(195,100)
PURCHASED POWER CAPACITY REVENUES & EXPENSES	(85,333,352)	(85,436,731)				39,878				(85,396,853)	63,501
ENERGY CONSERVATION COST REVENUES & EXPENSES	(12,725,421)				(326,295)	(710,417)				(11,594,187)	(1,131,234)
ENVIRONMENTAL COST RECOVERY CLAUSE	(173,815,361)	(10,170,602)		(386,873)	(5,035,299)	(36,276,459)				(116,050,449)	(57,764,912)
FRANCHISE FEE REVENUE & EXPENSE	(42,928,007)	(26,090,109)		(48,648,592)	(41,743,928)	(455,987)				(42,199,915)	(726,092)
GROSS RECEIPTS TAX REVENUE & ADJUSTMENT	(32,078,361)			(31,677,999)		(154,440)				(31,832,439)	(245,922)
MARKETING SUPPORT ACTIVITIES		(109,666)				42,304				(67,362)	67,362
WHOLESALE EXPENSES		(372,979)				143,877				(229,102)	229,102
INSTITUTIONAL ADVERTISING EXPENSE		(285,535)				110,145				(175,390)	175,390
ECONOMIC DEVELOPMENT EXPENSE		(54,434)				20,998				(33,436)	33,436
MGMT FINANCIAL PLANNING SERVICES		(5,864)				2,262				(3,602)	3,602
DIRECTORS' & OFFICERS' INSURANCE		(42,448)				16,374				(26,074)	26,074
INDUSTRY ASSOCIATION DUES		(1,440)				555				(885)	885
TALLAHASSEE LIAISON EXPENSES		(447,578)			(21,162)	180,816				(287,924)	287,924
GRT, FPSC FEES ON CLAUSES & FEES					(1,468,295)	566,395				(901,900)	901,900
(GAIN) / LOSS ON DISPOSITION OF PROPERTY										0	0
INTEREST SYNCHRONIZATION						8,139,631				8,139,631	(8,139,631)
TOTAL FPSC ADJUSTMENTS	(743,682,383)	(481,922,990)	(37,580,655)	(49,035,465)	(80,272,968)	(28,456,590)	0	0	0	(677,268,668)	(66,413,715)
FPSC ADJUSTED	578,364,391	0	269,386,044	115,752,489	36,800,807	10,767,775	36,813,573	(417,440)	0	471,103,248	107,261,143
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	578,364,391	0	269,386,044	115,752,489	36,800,807	10,767,775	36,813,573	(417,440)	0	471,103,248	107,261,143
(a) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM NOI BY				764,631	AND THE JURISDICTIONAL NOI BY		746,868				
CURRENT MONTH SYSTEM PER BOOKS	115,590,976	43,141,077	31,756,063	14,460,011	10,079,095	2,136,588	1,728,350	(42,621)	0	103,258,583	12,332,393
CURRENT MONTH JURISDICTIONAL PER BOOKS	107,522,537	38,115,567	29,845,730	13,993,272	9,981,843	2,913,984	802,333	(36,886)	0	95,615,642	11,906,694

TOTALS MAY NOT ADD DUE TO ROUNDING

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GULF POWER COMPANY
AVERAGE RATE OF RETURN
SYSTEM ADJUSTMENTS, INCLUDING SCHERER 3*
October, 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	(1,376,953,040)	FUEL & IIC FUEL REVENUES AND ECONOMY PROFITS	(478,904,418)	(184,737,379)
ACCUMULATED DEPRECIATION	217,829,626	ENVIRONMENTAL COST RECOVERY CLAUSE REVENUES	(179,355,519)	(69,186,391)
CWIP	(15,510,706)	PURCHASED POWER CAPACITY COST CLAUSE REVENUES	(85,510,348)	(32,985,617)
ENERGY CONSERVATION COST RECOVERY INVESTMENT	(13,802,155)	ENERGY CONSERVATION COST RECOVERY CLAUSE REVENUES	(12,725,421)	(4,908,831)
ACCUMULATED DEPRECIATION	(7,647,552)	FUEL EXPENSE	(474,926,878)	183,203,043
CWIP	3,002	PURCHASED POWER CAPACITY COST EXPENSE	(88,014,264)	33,951,502
TRANSMISSION PURSUANT TO STIP. & SETT. INVESTMENT	(177,297,203)	CONSERVATION EXPENSES - DEPRECIATION AND O & M	(10,557,475)	4,072,546
FAS 143 NET PLANT	(79,950,635)	CONSERVATION EXPENSES - OTHER TAXES	(326,295)	125,868
INTEREST BEARING CWIP	(27,061,419)	ENVIRONMENTAL COST RECOVERY EXPENSE	(82,100,347)	31,670,209
PHFU - NORTH ESCAMBIA	(13,042,899)	FRANCHISE FEE REVENUES	(42,926,007)	(16,558,707)
		FRANCHISE FEE	(41,743,928)	16,102,720
		GROSS RECEIPTS TAX REVENUES	(32,078,361)	(12,374,228)
		GROSS RECEIPTS TAX EXPENSE	(31,677,999)	12,219,788
		MARKETING SUPPORT ACTIVITIES	(109,666)	42,304
WORKING CAPITAL:		WHOLESALE EXPENSES	(383,793)	148,048
ECRC WORKING CAPITAL	(9,617,409)	INSTITUTIONAL ADVERTISING EXPENSE	(291,160)	112,315
CONSERVATION/AEM INVENTORY	(1,170,376)	ECONOMIC DEVELOPMENT EXPENSE	(54,434)	20,998
CAPITALIZED DEF. EARNINGS ON TRANSMISSION PURSUANT TO STIP. & SETT.	(8,719,826)	MGMT FINANCIAL PLANNING SERVICES	(5,993)	2,312
FUNDED PROPERTY INSURANCE RESERVE	0	DIRECTORS' & OFFICERS' INSURANCE	(43,385)	16,736
LOANS TO EMPLOYEES AND RETIREES	(49,479)	INDUSTRY ASSOCIATION DUES	(1,468)	566
INTEREST & DIVIDENDS RECEIVABLE	(9,235)	TALLAHASSEE LIAISON EXPENSE	(479,095)	184,811
NORTH ESCAMBIA SITE	(4,569,060)	GRT/FPSC FEES ON CLAUSE REV ADJ & FRAN FEES	(1,468,295)	566,395
UNAMORTIZED RATE CASE EXPENSE	(1,047,942)	COMP SALES/TRANS REV/G/L SALE GAS/PROV RT REFM. ESC REV	(2,272,290)	(876,536)
FUEL RELATED DEFERRED DEBITS	(2,418,490)	GAIN/LOSS ON DISPOSITION OF PROPERTY	0	0
UNREALIZED LOSS ON FWD CONTRACT	(47,087)	INTEREST SYNCHRONIZATION	8,371,215	8,371,215
ACCUM. PROV. FOR RATE REFUNDS	0			
FAS 143 WORKING CAPITAL	93,809,228			
FAS 158 REGULATORY ASSETS	(152,822,502)			
FAS 158 REGULATORY LIABILITIES	152,822,502			
PPA REGULATORY ASSETS	(155,748,055)			
PPA REGULATORY LIABILITIES	155,748,055			
FAS 133 REGULATORY ASSETS	(79,087,182)			
FAS 133 REGULATORY LIABILITIES	79,087,182			

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GULF POWER COMPANY
YEAR END RATE OF RETURN
RATE BASE, INCLUDING SCHERER 3*
October, 2016

	PLANT IN SERVICE	ACCUMULATED DEPRECIATION & AMORTIZATION	NET PLANT IN SERVICE	PROPERTY HELD FOR FUTURE USE	CONSTRUCTION WORK IN PROGRESS	NUCLEAR FUEL (NET)	UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE
SYSTEM PER BOOKS	5,063,801,255	1,672,889,635	3,390,911,619	14,754,000	99,330,195	0	3,504,995,815	154,000,106	3,658,995,921
JURISDICTIONAL PER BOOKS	4,826,418,705	1,614,015,230	3,212,403,475	14,322,375	95,982,984	0	3,322,708,834	245,340,788	3,568,049,622
<u>FPSC ADJUSTMENTS:</u>									
ENVIRONMENTAL RECOVERY CLAUSE	(1,364,461,476)	(221,860,781)	(1,142,600,695)		(4,700,597)		(1,147,301,292)	(9,336,891)	(1,156,638,183)
INT BEARING CWIP								0	0
ENERGY CONSERVATION CLAUSE	(14,314,852)	8,046,324	(22,361,176)				(22,361,176)	(1,170,376)	(23,531,552)
TRANSMISSION INVESTMENT PURSUANT TO STIP. & SETT.	(177,571,899)		(177,571,899)				(177,571,899)	0	(177,571,899)
CAPITALIZED DEF. EARNINGS ON TRANSM PURSUANT TO STIP. & SETT.								(13,077,971)	(13,077,971)
LOANS TO EMPLOYEES AND RETIREES								(47,409)	(47,409)
INTEREST AND DIVIDENDS RECEIVABLE								(8,849)	(8,849)
FUNDED PROP RES. N. ESCAMBIA SITE. & OTHER INV.				(12,661,331)			(12,661,331)	(4,376,762)	(17,038,093)
FUEL RELATED DEFERRED DEBITS								(2,418,490)	(2,418,490)
ACCRUED PROVISION FOR REFUND								0	0
UNAMORTIZED RATE CASE EXPENSES								(1,004,070)	(1,004,070)
TOTAL FPSC ADJUSTMENTS	(1,556,348,227)	(213,814,457)	(1,342,533,770)	(12,661,331)	(4,700,597)	0	(1,359,895,698)	(31,440,818)	(1,391,336,516)
FPSC ADJUSTED	3,270,070,478	1,400,200,773	1,869,869,705	1,661,044	91,282,387	0	1,962,813,136	213,899,970	2,176,713,106
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	3,270,070,478	1,400,200,773	1,869,869,705	1,661,044	91,282,387	0	1,962,813,136	213,899,970	2,176,713,106

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GULF POWER COMPANY
YEAR END RATE OF RETURN
INCOME STATEMENT, INCLUDING SCHERER 3*
October, 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	1,455,272,864	562,950,892	319,360,616	172,207,415	120,527,975	42,165,597	44,717,658	(543,200)	0	1,261,386,952	193,885,912
JURISDICTIONAL PER BOOKS	1,322,046,775	481,922,990	306,966,699	164,787,954	119,073,775	39,224,202	36,811,292	(417,440)	0	1,148,369,472	173,677,303
LESS FPSC ADJUSTMENTS:	(396,803,881)	(398,486,259)				(122,522)				(396,608,781)	(195,100)
RETAIL FUEL REVENUES & EXPENSES	(85,333,352)	(85,436,731)				39,878				(85,396,853)	63,501
PURCHASED POWER CAPACITY REVENUES & EXPENSES	(12,725,421)		(10,170,602)	(386,873)	(326,295)	(710,417)				(11,594,187)	(1,131,234)
ENERGY CONSERVATION COST REVENUES & EXPENSES	(173,815,361)		(28,090,109)	(48,648,592)	(5,035,289)	(36,276,459)				(116,050,449)	(57,764,912)
ENVIRONMENTAL COST RECOVERY CLAUSE	(42,926,007)				(41,743,928)	(455,987)				(42,199,915)	(726,092)
FRANCHISE FEE REVENUE & EXPENSE	(32,078,361)				(31,677,999)	(154,440)				(31,832,439)	(245,922)
GROSS RECEIPTS TAX REVENUE & ADJUSTMENT			(109,666)			42,304				(67,362)	67,362
MARKETING SUPPORT ACTIVITIES			(372,979)			143,877				(229,102)	229,102
WHOLESALE EXPENSES			(285,535)			110,145				(175,390)	175,390
INSTITUTIONAL ADVERTISING EXPENSE			(54,434)			20,998				(33,436)	33,436
ECONOMIC DEVELOPMENT EXPENSE			(5,864)			2,282				(3,602)	3,602
MGMT FINANCIAL PLANNING SERVICES			(42,448)			16,374				(26,074)	26,074
DIRECTORS' & OFFICERS' INSURANCE			(1,440)			555				(885)	885
INDUSTRY ASSOCIATION DUES			(447,578)			180,816				(287,924)	287,924
TALLAHASSEE LIAISON EXPENSES					(21,162)					(901,900)	901,900
GRT, FPSC FEES ON CLAUSES & FEES					(1,468,295)	566,395				0	0
(GAIN)/LOSS ON DISPOSITION OF PROPERTY						8,640,952				8,640,952	(8,640,952)
INTEREST SYNCRONIZATION											
TOTAL FPSC ADJUSTMENTS	(743,682,383)	(481,922,990)	(37,580,655)	(49,035,465)	(80,272,968)	(27,955,269)	0	0	0	(676,767,347)	(66,915,036)
FPSC ADJUSTED	578,364,391	0	269,386,044	115,752,489	38,800,807	11,268,933	36,811,292	(417,440)	0	471,602,125	106,762,266
PRO FORMA REVENUE ANNUALIZATION	0	0	0	0	0	0	0	0	0	0	0
TOTAL PRO FORMA ADJUSTMENTS	578,364,391	0	269,386,044	115,752,489	38,800,807	11,268,933	36,811,292	(417,440)	0	471,602,125	106,762,266
PRO FORMA ADJUSTED	578,364,391	0	269,386,044	115,752,489	38,800,807	11,268,933	36,811,292	(417,440)	0	471,602,125	106,762,266
(a) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM NOI BY			764,631			746,668					

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GULF POWER COMPANY
YEAR END RATE OF RETURN
SYSTEM ADJUSTMENTS, INCLUDING SCHERER 3*
October, 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	(1,405,367,185)	FUEL & IIC FUEL REVENUES AND ECONOMY PROFITS	(478,904,418)	(184,737,379)
ACCUMULATED DEPRECIATION	228,512,030	ENVIRONMENTAL COST RECOVERY CLAUSE REVENUES	(179,355,519)	(69,186,391)
CWIP	(4,841,518)	PURCHASED POWER CAPACITY COST CLAUSE REVENUES	(85,510,348)	(32,985,617)
ENERGY CONSERVATION COST RECOVERY INVESTMENT	(14,314,852)	ENERGY CONSERVATION COST RECOVERY CLAUSE REVENUES	(12,725,421)	(4,908,831)
ACCUMULATED DEPRECIATION	(8,046,324)	FUEL EXPENSE	(474,926,878)	183,203,043
CWIP	0	PURCHASED POWER CAPACITY COST EXPENSE	(88,014,264)	33,951,502
TRANSMISSION PURSUANT TO STIP. & SETT. INVESTMENT	(177,571,899)	CONSERVATION EXPENSES - DEPRECIATION AND O & M	(10,557,475)	4,072,546
FAS 143 NET PLANT	(48,175,423)	CONSERVATION EXPENSES - OTHER TAXES	(326,295)	125,868
INTEREST BEARING CWIP	0	ENVIRONMENTAL COST RECOVERY EXPENSE	(82,100,347)	31,670,209
PHFU - NORTH ESCAMBIA	(13,042,899)	FRANCHISE FEE REVENUES	(42,926,007)	(16,558,707)
WORKING CAPITAL:		FRANCHISE FEE	(41,743,928)	16,102,720
ECRC WORKING CAPITAL	(9,617,409)	GROSS RECEIPTS TAX REVENUES	(32,078,361)	(12,374,228)
CONSERVATION/AEM INVENTORY	(1,170,376)	GROSS RECEIPTS TAX EXPENSE	(31,677,999)	12,219,788
CAPITALIZED DEF. EARNINGS ON TRANSMISSION PURSUANT TO STIP. & SETT.	(8,719,826)	MARKETING SUPPORT ACTIVITIES	(109,656)	42,304
FUNDED PROPERTY INSURANCE RESERVE	0	WHOLESALE EXPENSES	(383,793)	148,048
LOANS TO EMPLOYEES AND RETIREES	(49,479)	INSTITUTIONAL ADVERTISING EXPENSE	(291,160)	112,315
INTEREST & DIVIDENDS RECEIVABLE	(9,235)	ECONOMIC DEVELOPMENT EXPENSE	(54,434)	20,998
NORTH ESCAMBIA SITE	(4,569,060)	MGMT FINANCIAL PLANNING SERVICES	(5,993)	2,312
UNAMORTIZED RATE CASE EXPENSE	(1,047,942)	DIRECTORS' & OFFICERS' INSURANCE	(43,385)	16,736
FUEL RELATED DEFERRED DEBITS	(2,418,490)	INDUSTRY ASSOCIATION DUES	(1,468)	566
UNREALIZED LOSS ON FWD CONTRACT	(47,087)	TALLAHASSEE LIAISON EXPENSE	(479,095)	184,811
ACCUM. PROV. FOR RATE REFUNDS	0	GRT/FPSC FEES ON CLAUSE REV ADJ & FRAN FEES	(1,468,295)	566,395
FAS 143 WORKING CAPITAL	93,809,228	COMP SALES/TRANS REV/CL SALE GAS/PROV RT REFM. ESC REV	(2,272,290)	(876,536)
FAS 158 REGULATORY ASSETS	(152,822,502)	GAIN/LOSS ON DISPOSITION OF PROPERTY	0	0
FAS 158 REGULATORY LIABILITIES	152,822,502	INTEREST SYNCHRONIZATION	9,278,000	9,278,000
PPA REGULATORY ASSETS	(155,748,055)			
PPA REGULATORY LIABILITIES	155,748,055			
FAS 133 REGULATORY ASSETS	(79,087,182)			
FAS 133 REGULATORY LIABILITIES	79,087,182			

*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
 October, 2016

AVERAGE	SYSTEM PER BOOKS			ADJUSTMENTS			LOW POINT			MIDPOINT			HIGH POINT		
	PER BOOKS	RETAIL PER BOOKS	RATIO (%)	PRO RATA	SPECIFIC	ADJUSTED RETAIL	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	
LONG TERM DEBT	1,226,510,405	1,155,892,509	32.86	(461,825,861)	0	694,066,648	4.44	1.46	4.44	1.46	4.44	1.46	4.44	1.46	
SHORT TERM DEBT	103,703,479	95,948,593	2.73	(38,335,348)	0	57,613,245	0.43	0.01	0.43	0.01	0.43	0.01	0.43	0.01	
PREFERENCE STOCK	146,504,320	138,194,003	3.93	(55,214,100)	0	82,979,903	6.14	0.24	6.14	0.24	6.14	0.24	6.14	0.24	
CUSTOMER DEPOSITS	35,993,285	35,989,587	1.02	(14,379,297)	0	21,610,290	2.38	0.02	2.38	0.02	2.38	0.02	2.38	0.02	
COMMON EQUITY	1,352,551,589	1,288,949,036	36.63	(514,747,607)	0	773,601,429	9.25	3.39	10.25	3.75	11.25	4.12	11.25	4.12	
DEFERRED INCOME TAXES	898,158,083	854,898,528	24.30	(341,486,670)	0	513,211,858	6.93	0.00	7.43	0.00	7.93	0.00	7.93	0.00	
FASB 109 DEFERRED TAXES	(54,912,107)	(52,255,050)	0.00	20,878,008	0	(31,377,042)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
TAX CREDITS - ZERO COST	0	0	0.00	0	0	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
TAX CREDITS - WEIGHTED COST	1,914,629	456,547	0.01	(182,409)	0	274,138	6.93	0.00	7.43	0.00	7.93	0.00	7.93	0.00	
TOTAL	3,710,423,683	3,517,273,752	100.00 %	(1,405,293,284)	0	2,111,980,469	5.13 %	5.13 %	5.13 %	5.13 %	5.49 %	5.49 %	5.49 %	5.86 %	

YEAR-END	SYSTEM PER BOOKS			ADJUSTMENTS			LOW POINT			MIDPOINT			HIGH POINT		
	PER BOOKS	RETAIL PER BOOKS	RATIO (%)	PRO RATA	SPECIFIC	ADJUSTED RETAIL	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	
LONG TERM DEBT	1,161,415,315	1,123,046,017	31.48	(437,924,104)	0	685,121,913	4.35	1.37	4.35	1.37	4.35	1.37	4.35	1.37	
SHORT TERM DEBT	100,000,000	94,312,266	2.64	(36,776,422)	0	57,535,844	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
PREFERENCE STOCK	146,504,320	141,664,304	3.97	(55,241,025)	0	86,423,279	6.14	0.24	6.14	0.24	6.14	0.24	6.14	0.24	
CUSTOMER DEPOSITS	35,406,032	35,542,289	1.00	(13,859,472)	0	21,682,817	2.19	0.02	2.19	0.02	2.19	0.02	2.19	0.02	
COMMON EQUITY	1,360,742,728	1,341,920,365	37.61	(523,272,657)	0	818,647,708	9.25	3.48	10.25	3.86	11.25	4.23	11.25	4.23	
DEFERRED INCOME TAXES	908,660,518	882,791,334	24.73	(344,238,435)	0	538,552,899	6.97	0.00	7.48	0.00	8.00	0.00	8.00	0.00	
FASB 109 DEFERRED TAXES	(54,085,372)	(52,545,583)	(1.47)	20,489,790	0	(32,055,793)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
TAX CREDITS - ZERO COST	0	0	0.00	0	0	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
TAX CREDITS - WEIGHTED COST	1,655,240	1,318,630	0.04	(514,191)	0	804,439	6.97	0.00	7.48	0.00	8.00	0.00	8.00	0.00	
TOTAL	3,660,298,780	3,568,049,622	100.00 %	(1,391,336,516)	0	2,176,713,106	5.12 %	5.12 %	5.12 %	5.12 %	5.49 %	5.49 %	5.49 %	5.87 %	

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

A. Times Interest Earned with AFUDC

Earnings Before Interest	195,960,944
AFUDC - Debt	235,795
Income Taxes	<u>90,238,818</u>
Total	286,435,557
Interest Charges (Before Deducting AFUDC - Debt)	<u>56,280,579</u>
T.I.E. With AFUDC	<u>5.09 x</u>

B. Times Interest Earned without AFUDC

Earnings Before Interest	195,960,944
AFUDC - Other	(528,837)
Income Taxes	<u>90,238,818</u>
Total	285,670,925
Interest Charges (Before Deducting AFUDC - Debt)	<u>56,280,579</u>
T.I.E. Without AFUDC	<u>5.08 x</u>

C. Percent AFUDC To Net Income Available for Common Stockholders

AFUDC - Debt	235,795
X (1 - Income Tax Rate)	0.61425
Subtotal	144,837
AFUDC - Other	<u>528,837</u>
Total	<u>673,674</u>
Net Income Available for Common Stockholders	<u>130,913,660</u>
Percent AFUDC to Available Net Income	<u>0.51%</u>

D. Percent Internally Generated Funds

Net Income	139,916,160
Preference Dividends	(9,002,500)
Common Dividends	(120,068,000)
AFUDC (Debt & Other)	(764,631)
Depreciation & Amortization	181,163,915
Deferred Income Taxes	44,830,696
Investment Tax Credits	0
Other	<u>7,918,554</u>
Total	243,994,194
Construction Expenditures (Excluding AFUDC Other & Debt)	<u>181,765,638</u>
Percent Internally Generated Funds	<u>134.24%</u>

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

Long Term Debt	694,066,648
Short Term Debt	57,613,245
Preference Stock	82,979,903
Common Equity	<u>773,601,429</u>
Total	<u>1,608,261,225</u>
% Long Term Debt To Total	<u>43.16%</u>
% Short Term Debt To Total	<u>3.58%</u>

G. FPSC Adjusted Average Jurisdictional Return
On Common Equity

	G. FPSC ADJ.	H. PROFORMA
FPSC Adjusted Average Earned Rate of Return	5.08%	5.08%
Less: Reconciled Average Retail Weighted Cost Rates For:		
Long Term Debt	(1.46)	(1.46)
Short Term Debt	(0.01)	(0.01)
Preference Stock	(0.24)	(0.24)
Customer Deposits	(0.02)	(0.02)
Tax Credits - Weighted Cost (Common Equity at Midpoint)	<u>(0.00)</u>	<u>(0.00)</u>
Subtotal	<u>(1.74)</u>	<u>(1.74)</u>
Total	3.34	3.34
Divided by Common Equity Ratio	<u>36.63</u>	<u>36.63</u>
Jurisdictional Return on Common Equity	<u>9.12%</u>	<u>9.12%</u>

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

Supplemental 1

<u>Month</u>	<u>Year</u>	<u>\$</u>
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
September	2016	291,666
October	2016	291,667
12 - M-T-D		<u><u>3,500,000</u></u>

October 2016

Earnings Surveillance
Report
(Rate of Return)



GULF POWER COMPANY
Earnings Surveillance Report Summary
October, 2016

	(1) Actual Per Books	(2) FPSC Adjustments	(3) FPSC Adjusted	(4) Pro Forma Adjustments	(5) Pro Forma Adjusted
I. Average Rate of Return (Jurisdictional)					
	(a)	(b)			
Net Operating Income	179,276,808	(67,054,681)	112,222,126	0	112,222,126
Average Rate Base	3,382,497,831	(1,405,293,284)	1,977,204,548	0	1,977,204,548
Average Rate of Return	5.30%		5.68%		5.68%
II. Year End Rate of Return (Jurisdictional)					
	(a)	(b)			
Net Operating Income	179,276,876	(67,913,992)	111,362,883	0	111,362,883
Year End Rate Base	3,362,345,009	(1,391,336,516)	1,971,008,493	0	1,971,008,493
Year End Rate of Return	5.33%		5.65%		5.65%

(a) Includes AFUDC Earnings

(b) Includes Reversal of AFUDC Earnings

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

Low	5.11%
Midpoint	5.48%
High	5.84%

IV. Financial Integrity Indicators

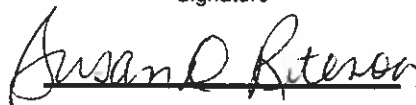
A. Tie With AFUDC	5.09	x (System per Books Basis)
B. Tie Without AFUDC	5.08	x (System per Books Basis)
C. AFUDC To Net Income	0.51%	(System per Books Basis)
D. Internally Generated Funds	134.24%	(System per Books Basis)
E. LTD To Total Investor Funds	43.24%	(FPSC Adjusted Basis)
F. STD To Total Investor Funds	3.56%	(FPSC Adjusted Basis)
G. Return on Common Equity	10.80%	(FPSC Adjusted Basis)
H. Return on Common Equity	10.80%	(Proforma Basis)

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

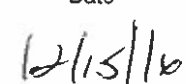
Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in s. 775.082, s. 775.083, or s. 775.084.

Name and Title
 Susan D. Ritenour
 Corporate Planning Manager, Corporate Treasurer & Secretary

Signature



Date



GULF POWER COMPANY
AVERAGE RATE OF RETURN
RATE BASE
October, 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	5,073,905,268	1,613,304,818	3,460,600,450	14,755,228	89,717,704	0	3,565,073,382	154,000,106	3,719,073,488
JURISDICTIONAL PER BOOKS	4,507,062,819	1,453,595,285	3,053,467,534	14,323,566	85,102,884	0	3,152,893,985	229,603,847	3,382,497,831
FPSC ADJUSTMENTS:									
ENVIRONMENTAL RECOVERY CLAUSE	(1,336,790,365)	(211,476,017)	(1,125,314,348)		(15,058,293)		(1,140,372,641)	(9,336,891)	(1,149,709,532)
INT BEARING CWIP					(26,432,729)		(26,432,729)	0	(26,432,729)
ENERGY CONSERVATION CLAUSE	(13,802,155)	7,647,552	(21,449,707)		3,002		(21,446,705)	(1,170,376)	(22,617,082)
TRANSMISSION INVESTMENT PURSUANT TO STIP. & SETT.	(177,297,203)	(177,297,203)	(177,297,203)				(177,297,203)	0	(177,297,203)
CAPITALIZED DEF. EARNINGS ON TRANSM PURSUANT TO STIP. & SETT.								(8,719,826)	(8,719,826)
LOANS TO EMPLOYEES / RETIREES								(47,409)	(47,409)
INTEREST AND DIVIDENDS RECEIVABLE								(8,849)	(8,849)
FUNDED PROP RES. N. ESCAMBIA & OTHER INV.				(12,661,331)			(12,661,331)	(4,376,762)	(17,038,093)
FUEL RELATED DEFERRED DEBITS								(2,418,490)	(2,418,490)
FLAME RESISTANT CLOTHING								0	0
ACCURED PROVISION FOR REFUND								0	0
UNAMORTIZED RATE CASE EXPENSES								(1,004,070)	(1,004,070)
SALE OF RAILCARS								0	0
TOTAL FPSC ADJUSTMENTS	(1,527,889,723)	(203,828,465)	(1,324,061,258)	(12,661,331)	(41,488,020)	0	(1,378,210,610)	(27,082,674)	(1,405,293,284)
FPSC ADJUSTED	2,979,173,096	1,249,766,820	1,729,406,276	1,662,235	43,614,864	0	1,774,683,375	202,521,173	1,977,204,548
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	2,979,173,096	1,249,766,820	1,729,406,276	1,662,235	43,614,864	0	1,774,683,375	202,521,173	1,977,204,548

GULF POWER COMPANY
AVERAGE RATE OF RETURN
INCOME STATEMENT
October, 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	1,455,272,864	582,950,892	319,360,616	172,207,415	120,527,975	42,165,597	44,717,658	(543,200)	0	1,261,366,952	193,885,912 (a)
JURISDICTIONAL PER BOOKS	1,322,046,775	481,922,990	302,274,631	160,530,446	118,549,417	39,523,301	41,000,904	(284,854)	0	1,143,516,835	178,529,940 (a)
LESS FPSC ADJUSTMENTS:	(396,803,881)	(396,488,259)				(122,522)				(396,608,761)	(195,100)
RETAIL FUEL REVENUES & EXPENSES	(85,333,352)	(85,436,731)				39,878				(85,396,853)	63,501
PURCHASED POWER CAPACITY REVENUES & EXPENSES	(12,725,421)				(326,295)	(710,417)				(11,594,167)	(1,131,234)
ENERGY CONSERVATION COST REVENUES & EXPENSES	(173,815,361)		(10,170,602)	(386,873)	(5,035,269)	(38,276,459)				(116,050,449)	(57,764,912)
ENVIRONMENTAL COST RECOVERY CLAUSE	(42,926,007)		(26,090,109)	(46,648,592)	(41,743,828)	(455,987)				(42,199,915)	(726,092)
FRANCHISE FEE REVENUE & EXPENSE	(92,078,361)				(31,677,999)	(154,440)				(31,832,439)	(245,922)
GROSS RECEIPTS TAX REVENUE & ADJUSTMENT						42,304				(67,362)	67,362
MARKETING SUPPORT ACTIVITIES			(109,666)			143,877				(229,102)	229,102
WHOLESALE ADVERTISEMENTS			(372,979)			110,145				(175,390)	175,390
INSTITUTIONAL ADVERTISING EXPENSE			(285,535)			20,998				(33,436)	33,436
ECONOMIC DEVELOPMENT EXPENSE			(54,434)			2,262				(3,602)	3,602
REGULATORY COMPLIANCE EXPENSE			(5,864)			16,374				(26,074)	26,074
DIRECTORS' & OFFICERS' INSURANCE			(42,448)			555				(885)	885
INDUSTRY ASSOCIATION DUES			(1,440)		(21,162)	180,815				(287,924)	287,924
TALLAHASSEE LIAISON EXPENSES			(447,578)		(1,466,295)	566,395				(901,900)	901,900
GRT, FPSC FEES ON CLAUSES & FEES						8,033,729				8,033,729	(8,033,729)
(GAIN) / LOSS ON DISPOSITION OF PROPERTY									0	0	0
INTEREST SYNCHRONIZATION											
TOTAL FPSC ADJUSTMENTS	(743,682,383)	(481,922,990)	(37,580,655)	(49,035,465)	(80,272,968)	(28,562,492)	0	0	0	(677,374,570)	(66,307,813)
FPSC ADJUSTED	578,364,391	0	264,693,976	111,494,981	38,276,449	10,960,809	41,000,904	(284,854)	0	466,142,265	112,222,126
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	578,364,391	0	264,693,976	111,494,981	38,276,449	10,960,809	41,000,904	(284,854)	0	466,142,265	112,222,126
(a) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM NOI BY			764,631				746,868				
CURRENT MONTH SYSTEM PER BOOKS	115,590,976	43,141,077	31,756,083	14,460,011	10,079,095	2,136,588	1,728,350	(42,621)	0	103,256,583	12,329,393
CURRENT MONTH JURISDICTIONAL PER BOOKS	107,522,537	38,115,567	29,361,671	13,487,431	9,923,662	2,260,006	1,951,380	(21,142)	0	95,078,584	12,443,942

TOTALS MAY NOT ADD DUE TO ROUNDING.

GULF POWER COMPANY
AVERAGE RATE OF RETURN
SYSTEM ADJUSTMENTS
October, 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	(1,376,953,040)	FUEL & IIC FUEL REVENUES AND ECONOMY PROFITS	(478,904,418)	(184,737,379)
ACCUMULATED DEPRECIATION	217,829,626	ENVIRONMENTAL COST RECOVERY CLAUSE REVENUES	(179,355,519)	(69,186,391)
CWIP	(15,510,706)	PURCHASED POWER CAPACITY COST CLAUSE REVENUES	(85,510,348)	(32,985,617)
ENERGY CONSERVATION COST RECOVERY INVESTMENT	(13,802,155)	ENERGY CONSERVATION COST RECOVERY CLAUSE REVENUES	(12,725,421)	(4,908,831)
ACCUMULATED DEPRECIATION	(7,647,552)	FUEL EXPENSE	(474,926,878)	183,203,043
CWIP	3,002	PURCHASED POWER CAPACITY COST EXPENSE	(88,014,264)	33,951,502
TRANSMISSION PURSUANT TO STIP. & SETT. INVESTMENT	(177,297,203)	CONSERVATION EXPENSES - DEPRECIATION AND O & M	(10,557,475)	4,072,546
FAS 143 NET PLANT	(79,950,635)	CONSERVATION EXPENSES - OTHER TAXES	(326,295)	125,868
INTEREST BEARING CWIP	(27,061,419)	ENVIRONMENTAL COST RECOVERY EXPENSE	(82,100,347)	31,670,209
PHFU - NORTH ESCAMBIA	(13,042,899)	FRANCHISE FEE REVENUES	(42,926,007)	(16,558,707)
		FRANCHISE FEE	(41,743,928)	16,102,720
		GROSS RECEIPTS TAX REVENUES	(32,078,361)	(12,374,228)
		GROSS RECEIPTS TAX EXPENSE	(31,677,999)	12,219,788
		MARKETING SUPPORT ACTIVITIES	(109,666)	42,304
		WHOLESALE EXPENSES	(383,793)	148,048
		INSTITUTIONAL ADVERTISING EXPENSE	(291,160)	112,315
		ECONOMIC DEVELOPMENT EXPENSE	(54,434)	20,998
		MGMT FINANCIAL PLANNING SERVICES	(5,993)	2,312
		DIRECTORS' & OFFICERS' INSURANCE	(43,385)	16,736
		INDUSTRY ASSOCIATION DUES	(1,468)	566
		TALLAHASSEE LIAISON EXPENSE	(479,095)	184,811
		GRT/FPSC FEES ON CLAUSE REV ADJ & FRAN FEES	(1,468,295)	566,395
		COMP SALES/TRANS REV/G/L SALE GAS/PROV RT REFN. ESC REV	(2,272,290)	(876,536)
		GAIN/LOSS ON DISPOSITION OF PROPERTY	0	0
		INTEREST SYNCHRONIZATION	8,371,215	8,371,215
WORKING CAPITAL:				
ECRC WORKING CAPITAL	(9,617,409)			
CONSERVATION/AEM INVENTORY	(1,170,376)			
CAPITALIZED DEF. EARNINGS ON TRANSMISSION PURSUANT TO STIP. & SETT.	(8,719,826)			
FUNDED PROPERTY INSURANCE RESERVE	0			
LOANS TO EMPLOYEES AND RETIREES	(49,479)			
INTEREST & DIVIDENDS RECEIVABLE	(9,235)			
NORTH ESCAMBIA SITE	(4,569,060)			
UNAMORTIZED RATE CASE EXPENSE	(1,047,942)			
FUEL RELATED DEFERRED DEBITS	(2,418,490)			
UNREALIZED LOSS ON FWD CONTRACT	(47,087)			
ACCUM. PROV. FOR RATE REFUNDS	0			
FAS 143 WORKING CAPITAL	93,809,228			
FAS 158 REGULATORY ASSETS	(152,822,502)			
FAS 158 REGULATORY LIABILITIES	152,822,502			
PPA REGULATORY ASSETS	(155,748,055)			
PPA REGULATORY LIABILITIES	155,748,055			
FAS 133 REGULATORY ASSETS	(79,087,182)			
FAS 133 REGULATORY LIABILITIES	79,087,182			

GULF POWER COMPANY
YEAR END RATE OF RETURN
RATE BASE
October, 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	5,063,801,255	1,672,889,635	3,390,911,619	14,754,000	99,330,195	0	3,504,995,815	154,000,106	3,658,995,921
JURISDICTIONAL PER BOOKS	4,527,650,506	1,508,128,459	3,019,522,047	14,322,375	92,781,073	0	3,126,625,495	235,719,514	3,362,345,009
<u>FPSC ADJUSTMENTS:</u>									
ENVIRONMENTAL RECOVERY CLAUSE INT BEARING CW/P	(1,364,461,476)	(221,860,781)	(1,142,600,695)		(4,700,597)		(1,147,301,292)	(9,336,891)	(1,156,638,189)
ENERGY CONSERVATION CLAUSE	(14,314,852)	8,046,324	(22,361,176)				(22,361,176)	(1,170,376)	(23,531,552)
TRANSMISSION INVESTMENT PURSUANT TO STIP. & SETT. CAPITALIZED DEF. EARNINGS ON TRANSM PURSUANT TO STIP. & SETT.	(177,571,899)	(177,571,899)	(177,571,899)				(177,571,899)	0	(177,571,899)
LOANS TO EMPLOYEES AND RETIREES INTEREST AND DIVIDENDS RECEIVABLE								(13,077,971)	(13,077,971)
FUNDED PROP RES. N. ESCAMBIA SITE, & OTHER INV.				(12,661,331)			(12,661,331)	(47,409)	(47,409)
FUEL RELATED DEFERRED DEBITS								(8,849)	(8,849)
ACCRUED PROVISION FOR REFUND								(4,376,762)	(17,038,093)
UNAMORTIZED RATE CASE EXPENSES								(2,418,490)	(2,418,490)
								0	0
								(1,004,070)	(1,004,070)
TOTAL FPSC ADJUSTMENTS	(1,556,348,227)	(213,814,457)	(1,342,533,770)	(12,661,331)	(4,700,597)	0	(1,359,895,698)	(31,440,818)	(1,391,336,516)
FPSC ADJUSTED	2,971,302,279	1,294,314,002	1,676,988,277	1,661,044	88,080,476	0	1,766,729,797	204,278,696	1,971,008,493
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	2,971,302,279	1,294,314,002	1,676,988,277	1,661,044	88,080,476	0	1,766,729,797	204,278,696	1,971,008,493

GULF POWER COMPANY
YEAR END RATE OF RETURN
INCOME STATEMENT
October, 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	1,455,272,864	562,950,892	319,360,616	172,207,415	120,527,975	42,165,597	44,717,658	(543,200)	0	1,261,386,952	193,885,912 (a)
JURISDICTIONAL PER BOOKS	1,322,046,775	481,922,990	302,274,631	160,530,446	118,549,417	39,523,297	41,000,840	(284,854)	0	1,143,516,767	176,530,008 (a)
LESS FPSC ADJUSTMENTS:	(396,803,881)	(395,486,259)				(122,522)				(396,608,781)	(195,100)
RETAIL FUEL REVENUES & EXPENSES	(85,333,352)	(85,436,731)				39,878				(85,396,853)	60,501
PURCHASED POWER CAPACITY REVENUES & EXPENSES	(12,725,421)		(10,170,602)	(386,673)	(325,295)	(710,417)				(11,594,187)	(1,131,234)
ENERGY CONSERVATION COST REVENUES & EXPENSES	(173,815,361)		(26,090,109)	(48,648,592)	(5,035,289)	(36,276,459)				(116,050,449)	(57,784,912)
ENVIRONMENTAL COST RECOVERY CLAUSE	(42,926,007)				(41,743,928)	(455,967)				(42,199,915)	(726,092)
FRANCHISE FEE REVENUE & EXPENSE	(32,078,361)				(31,677,999)	(154,440)				(31,832,439)	(245,922)
GROSS RECEIPTS TAX REVENUE & ADJUSTMENT						42,304				(67,362)	67,362
MARKETING SUPPORT ACTIVITIES			(109,666)			143,877				(229,102)	229,102
WHOLESALE EXPENSES			(372,979)			110,145				(175,390)	175,390
INSTITUTIONAL ADVERTISING EXPENSE			(285,535)			20,998				(33,436)	33,436
ECONOMIC DEVELOPMENT EXPENSE			(54,434)			2,262				(3,602)	3,602
MGMT FINANCIAL PLANNING SERVICES			(42,448)			16,374				(26,074)	26,074
DIRECTORS' & OFFICERS' INSURANCE			(1,440)			555				(885)	885
INDUSTRY ASSOCIATION DUES			(447,576)			180,816				(287,924)	287,924
TALLAHASSEE LIAISON EXPENSES					(21,162)					(901,900)	901,900
GRT, FPSC FEES ON CLAUSES & FEES					(1,468,295)	568,395				0	0
(GAIN) / LOSS ON DISPOSITION OF PROPERTY						8,893,040				8,893,040	(8,893,040)
INTEREST SYNCHRONIZATION											
TOTAL FPSC ADJUSTMENTS	(743,682,383)	(481,922,990)	(37,580,655)	(49,035,465)	(80,272,968)	(27,703,181)	0	0	0	(676,515,259)	(67,167,124)
FPSC ADJUSTED	578,364,391	0	264,693,976	111,494,981	38,276,449	11,820,116	41,000,840	(284,854)	0	467,001,508	111,362,883
PRO FORMA REVENUE ANNUALIZATION	0	0	0	0	0	0	0	0	0	0	0
TOTAL PRO FORMA ADJUSTMENTS	578,364,391	0	264,693,976	111,494,981	38,276,449	11,820,116	41,000,840	(284,854)	0	467,001,508	111,362,883
PRO FORMA ADJUSTED											
(a) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM NOI BY				764,631			746,868				

GULF POWER COMPANY
YEAR END RATE OF RETURN
SYSTEM ADJUSTMENTS
October, 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	(1,405,367,185)	FUEL & IIC FUEL REVENUES AND ECONOMY PROFITS	(478,904,418)	(184,737,379)
ACCUMULATED DEPRECIATION	228,512,030	ENVIRONMENTAL COST RECOVERY CLAUSE REVENUES	(179,355,519)	(69,186,391)
CWIP	(4,841,518)	PURCHASED POWER CAPACITY COST CLAUSE REVENUES	(85,510,348)	(32,985,617)
ENERGY CONSERVATION COST RECOVERY INVESTMENT	(14,314,852)	ENERGY CONSERVATION COST RECOVERY CLAUSE REVENUES	(12,725,421)	(4,908,831)
ACCUMULATED DEPRECIATION	(8,046,324)	FUEL EXPENSE	(474,926,878)	183,203,043
CWIP	0	PURCHASED POWER CAPACITY COST EXPENSE	(88,014,264)	33,951,502
TRANSMISSION PURSUANT TO STIP. & SETT. INVESTMENT	(177,571,899)	CONSERVATION EXPENSES - DEPRECIATION AND O & M	(10,557,475)	4,072,546
FAS 143 NET PLANT	(48,175,423)	CONSERVATION EXPENSES - OTHER TAXES	(326,295)	125,868
INTEREST BEARING CWIP	0	ENVIRONMENTAL COST RECOVERY EXPENSE	(82,100,347)	31,670,209
PHFU - NORTH ESCAMBIA	(13,042,899)	FRANCHISE FEE REVENUES	(42,926,007)	(16,558,707)
		FRANCHISE FEE	(41,743,928)	16,102,720
WORKING CAPITAL:		GROSS RECEIPTS TAX REVENUES	(32,078,361)	(12,374,228)
ECRC WORKING CAPITAL	(9,617,409)	GROSS RECEIPTS TAX EXPENSE	(31,677,999)	12,219,788
CONSERVATION/AEM INVENTORY	(1,170,376)	MARKETING SUPPORT ACTIVITIES	(109,666)	42,304
CAPITALIZED DEF. EARNINGS ON TRANSMISSION PURSUANT TO STIP. & SETT.	(8,719,826)	WHOLESALE EXPENSES	(383,793)	148,048
FUNDED PROPERTY INSURANCE RESERVE	0	INSTITUTIONAL ADVERTISING EXPENSE	(291,160)	112,315
LOANS TO EMPLOYEES AND RETIREES	(49,479)	ECONOMIC DEVELOPMENT EXPENSE	(54,434)	20,998
INTEREST & DIVIDENDS RECEIVABLE	(9,235)	MGMT FINANCIAL PLANNING SERVICES	(5,993)	2,312
NORTH ESCAMBIA SITE	(4,569,060)	DIRECTORS' & OFFICERS' INSURANCE	(43,385)	16,736
UNAMORTIZED RATE CASE EXPENSE	(1,047,942)	INDUSTRY ASSOCIATION DUES	(1,468)	566
FUEL RELATED DEFERRED DEBITS	(2,418,490)	TALLAHASSEE LIAISON EXPENSE	(479,095)	184,811
UNREALIZED LOSS ON FWD CONTRACT	(47,087)	GRT/FPSC FEES ON CLAUSE REV ADJ & FRAN FEES	(1,468,295)	566,395
ACCUM. PROV. FOR RATE REFUNDS	0	COMP SALES\TRANS REV\G/L SALE GAS\PROV RT REPN. ESC REV	(2,272,290)	(876,536)
FAS 143 WORKING CAPITAL	93,809,228	GAIN/LOSS ON DISPOSITION OF PROPERTY	0	0
FAS 158 REGULATORY ASSETS	(152,822,502)	INTEREST SYNCHRONIZATION	9,278,000	9,278,000
FAS 158 REGULATORY LIABILITIES	152,822,502			
PPA REGULATORY ASSETS	(155,748,055)			
PPA REGULATORY LIABILITIES	155,748,055			
FAS 133 REGULATORY ASSETS	(79,087,182)			
FAS 133 REGULATORY LIABILITIES	79,087,182			

GULF POWER COMPANY
CAPITAL STRUCTURE
FPSC ADJUSTED BASIS
October, 2016

AVERAGE	ADJUSTMENTS			LOW POINT			MIDPOINT			HIGH POINT		
	SYSTEM PER BOOKS	RETAIL PER BOOKS	PRO RATA	ADJUSTED RETAIL	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)
LONG TERM DEBT	1,226,510,405	1,110,505,656	(461,370,921)	649,134,735	32.83	4.44	1.46	4.44	1.46	4.44	1.46	4.44
SHORT TERM DEBT	103,703,479	91,522,992	(38,024,162)	53,498,830	2.71	0.43	0.01	0.43	0.01	0.43	0.01	0.43
PREFERENCE STOCK	146,504,320	132,643,578	(55,108,130)	77,535,448	3.92	6.14	0.24	6.14	0.24	6.14	0.24	6.14
CUSTOMER DEPOSITS	35,993,285	35,991,319	(14,952,961)	21,038,358	1.06	2.38	0.03	2.38	0.03	2.38	0.03	2.38
COMMON EQUITY	1,352,551,589	1,233,802,946	(512,596,040)	721,206,906	36.48	9.25	3.37	10.25	3.74	11.25	4.10	11.25
DEFERRED INCOME TAXES	898,158,083	828,210,441	(344,088,490)	484,121,951	24.49							
FASB 109 DEFERRED TAXES	(54,912,107)	(50,635,608)	21,037,081	(29,598,527)	(1.50)							
TAX CREDITS - ZERO COST	0	0	0	0	0.00							
TAX CREDITS - WEIGHTED COST	1,914,629	456,508	(189,661)	266,847	0.01	6.93	0.00	7.43	0.00	7.92	0.00	7.92
TOTAL	3,710,423,683	3,382,497,831	(1,405,293,284)	1,977,204,548	100.00	5.11	5.48	5.11	5.48	5.84	5.84	5.84

YEAR-END	ADJUSTMENTS			LOW POINT			MIDPOINT			HIGH POINT		
	SYSTEM PER BOOKS	RETAIL PER BOOKS	PRO RATA	ADJUSTED RETAIL	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)
LONG TERM DEBT	1,161,415,315	1,053,975,221	(436,134,367)	617,840,854	31.35	4.35	1.36	4.35	1.36	4.35	1.36	4.35
SHORT TERM DEBT	100,000,000	88,364,956	(36,565,370)	51,799,586	2.63	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PREFERENCE STOCK	146,504,320	132,951,513	(55,015,263)	77,936,250	3.95	6.14	0.24	6.14	0.24	6.14	0.24	6.14
CUSTOMER DEPOSITS	35,406,032	35,554,216	(14,712,315)	20,841,901	1.06	2.19	0.02	2.19	0.02	2.19	0.02	2.19
COMMON EQUITY	1,360,742,728	1,259,388,121	(521,134,112)	738,254,009	37.46	9.25	3.47	10.25	3.84	11.25	4.21	11.25
DEFERRED INCOME TAXES	908,660,518	841,895,007	(348,375,691)	493,519,316	25.03							
FASB 109 DEFERRED TAXES	(54,085,372)	(50,111,350)	20,736,049	(29,375,301)	(1.49)							
TAX CREDITS - ZERO COST	0	0	0	0	0.00							
TAX CREDITS - WEIGHTED COST	1,655,240	327,325	(135,447)	191,878	0.01	6.97	0.00	7.48	0.00	8.00	0.00	8.00
TOTAL	3,660,298,780	3,362,345,009	(1,391,336,516)	1,971,008,493	100.00	5.09	5.47	5.09	5.47	5.84	5.84	5.84

GULF POWER COMPANY
Financial Integrity Indicators
October, 2016

A. Times Interest Earned with AFUDC

Earnings Before Interest	195,960,944
AFUDC - Debt	235,795
Income Taxes	<u>90,238,818</u>
Total	286,435,557
Interest Charges (Before Deducting AFUDC - Debt)	<u>56,280,579</u>
T.I.E. With AFUDC	<u>5.09 x</u>

B. Times Interest Earned without AFUDC

Earnings Before Interest	195,960,944
AFUDC - Other	(528,837)
Income Taxes	<u>90,238,818</u>
Total	285,670,925
Interest Charges (Before Deducting AFUDC - Debt)	<u>56,280,579</u>
T.I.E. Without AFUDC	<u>5.08 x</u>

C. Percent AFUDC To Net Income Available
for Common Stockholders

AFUDC - Debt	235,795
X (1 - Income Tax Rate)	0.61425
Subtotal	144,837
AFUDC - Other	<u>528,837</u>
Total	<u>673,674</u>
Net Income Available for Common Stockholders	<u>130,913,660</u>
Percent AFUDC to Available Net Income	<u>0.51%</u>

D. Percent Internally Generated Funds

Net Income	139,916,160
Preference Dividends	(9,002,500)
Common Dividends	(120,068,000)
AFUDC (Debt & Other)	(764,631)
Depreciation & Amortization	181,163,915
Deferred Income Taxes	44,830,696
Investment Tax Credits	0
Other	<u>7,918,554</u>
Total	243,994,194
Construction Expenditures (Excluding AFUDC Other & Debt)	<u>181,765,638</u>
Percent Internally Generated Funds	<u>134.24%</u>

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

Long Term Debt	649,134,735
Short Term Debt	53,498,830
Preference Stock	77,535,448
Common Equity	<u>721,206,906</u>
Total	<u>1,501,375,919</u>
% Long Term Debt To Total	<u>43.24%</u>
% Short Term Debt To Total	<u>3.56%</u>

G. FPSC Adjusted Average Jurisdictional Return
On Common Equity

	G. FPSC ADJ.	H. PROFORMA
FPSC Adjusted Average Earned Rate of Return	5.68%	5.68%
Less: Reconciled Average Retail Weighted Cost Rates For:		
Long Term Debt	(1.46)	(1.46)
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)	<u>(0.00)</u>	<u>(0.00)</u>
Subtotal	<u>(1.74)</u>	<u>(1.74)</u>
Total	3.94	3.94
Divided by Common Equity Ratio	<u>36.48</u>	<u>36.48</u>
Jurisdictional Return on Common Equity	<u>10.80%</u>	<u>10.80%</u>

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

Supplemental 1

<u>Month</u>	<u>Year</u>	<u>\$</u>
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
September	2016	291,666
October	2016	291,667
12 - M-T-D		<u><u>3,500,000</u></u>