



Robert L. McGee, Jr.
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January 17, 2017

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 November, 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

November 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*
November, 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	175,880,321	(71,664,122)	104,216,200	0	104,216,200
Average Rate Base	3,534,467,807	(1,492,860,545)	2,041,607,262	0	2,041,607,262
Average Rate of Return	4.98%		5.10%		5.10%
II. Year End Rate of Return (Jurisdictional)					
	(a)	(b)			
Net Operating Income	175,884,538	(72,375,568)	103,508,971	0	103,508,971
Year End Rate Base	3,582,592,919	(1,512,697,562)	2,069,895,357	0	2,069,895,357
Year End Rate of Return	4.91%		5.00%		5.00%

(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	5.85%

IV. Financial Integrity Indicators

A. Tie With AFUDC	5.12 x (System per Books Basis)
B. Tie Without AFUDC	5.12 x (System per Books Basis)
C. AFUDC To Net Income	-0.01% (System per Books Basis)
D. Internally Generated Funds	107.80% (System per Books Basis)
E. LTD To Total Investor Funds	42.85% (FPSC Adjusted Basis)
F. STD To Total Investor Funds	3.76% (FPSC Adjusted Basis)
G. Return on Common Equity	9.22% (FPSC Adjusted Basis)
H. Return on Common Equity	9.22% (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
 1/17/17

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GULF POWER COMPANY
AVERAGE RATE OF RETURN
RATE BASE, INCLUDING SCHERER 3*
November, 2016

	PLANT IN SERVICE	ACCUMULATED DEPRECIATION & AMORTIZATION	NET PLANT SERVICE	PROPERTY HELD FOR FUTURE USE	CONSTRUCTION WORK IN PROGRESS	NUCLEAR FUEL (NET)	UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE
SYSTEM PER BOOKS	5,098,813,874	1,617,343,780	3,481,470,094	14,755,017	63,596,196	0	3,559,821,307	162,041,595	3,721,862,902
JURISDICTIONAL PER BOOKS	4,749,238,464	1,532,178,650	3,217,059,814	14,323,361	61,022,633	0	3,292,405,809	242,061,998	3,534,467,807
FPSC ADJUSTMENTS:									
ENVIRONMENTAL RECOVERY CLAUSE	(1,461,556,193)	(224,158,489)	(1,237,397,704)		(14,120,317)		(1,251,518,021)	(11,026,423)	(1,262,544,444)
INT BEARING CWP					(48,503)		(48,503)	0	(48,503)
ENERGY CONSERVATION CLAUSE	(13,908,337)	7,703,899	(21,612,236)		3,002		(21,609,234)	(1,082,199)	(22,691,434)
TRANSMISSION INVESTMENT PURSUANT TO STIP. & SETT.	(177,371,029)		(177,371,029)				(177,371,029)	0	(177,371,029)
CAPITALIZED DEF. EARNINGS ON TRANSM PURSUANT TO STIP. & SETT.								(9,444,413)	(9,444,413)
LOANS TO EMPLOYEES / RETIREES								(45,618)	(45,618)
INTEREST AND DIVIDENDS RECEIVABLE				(12,661,331)			(12,661,331)	(4,425)	(4,425)
FUNDED PROP RES. N. ESCAMBIA & OTHER INV.								(4,389,226)	(17,050,557)
FUEL RELATED DEFERRED DEBITS								(2,665,282)	(2,665,282)
FLAME RESISTANT CLOTHING								0	0
ACCRUED PROVISION FOR REFUND								0	0
UNAMORTIZED RATE CASE EXPENSES								(994,840)	(994,840)
SALE OF RAILCARS								0	0
TOTAL FPSC ADJUSTMENTS	(1,652,835,559)	(216,454,590)	(1,436,380,969)	(12,661,331)	(14,165,818)	0	(1,463,208,119)	(29,652,426)	(1,492,860,545)
FPSC ADJUSTED	3,096,402,905	1,315,724,060	1,780,678,845	1,662,030	46,856,815	0	1,829,197,690	212,409,572	2,041,607,262
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	3,096,402,905	1,315,724,060	1,780,678,845	1,662,030	46,856,815	0	1,829,197,690	212,409,572	2,041,607,262

*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*
November, 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	1,466,984,159	564,047,130	328,987,895	172,808,865	119,756,509	39,022,770	48,568,378	(527,326)	0	1,272,684,222	194,299,937 (a)
JURISDICTIONAL PER BOOKS	1,336,805,945	482,698,080	316,650,593	165,870,620	118,402,266	37,149,601	40,564,299	(417,607)	0	1,160,917,852	175,888,093 (a)
LESS FPSC ADJUSTMENTS:											
RETAIL FUEL REVENUES & EXPENSES	(397,798,823)	(397,485,328)				(120,931)				(397,606,259)	(192,564)
PURCHASED POWER CAPACITY REVENUES & EXPENSES	(85,111,485)	(85,212,752)				39,064				(85,173,688)	62,203
ENERGY CONSERVATION COST REVENUES & EXPENSES	(12,078,580)		(9,519,961)	(388,898)	(327,808)	(710,518)				(10,947,185)	(1,131,395)
ENVIRONMENTAL COST RECOVERY CLAUSE	(189,366,948)		(30,432,612)	(51,584,030)	(4,908,536)	(39,516,913)				(126,442,091)	(62,924,857)
FRANCHISE FEE REVENUE & EXPENSE	(42,933,726)				(42,454,374)	(184,383)				(42,639,407)	(294,319)
GROSS RECEIPTS TAX, REVENUE & ADJUSTMENT	(32,040,358)				(31,049,812)	(152,968)				(31,802,780)	(243,578)
MARKETING SUPPORT ACTIVITIES			(99,745)			38,477				(61,268)	61,268
WHOLESALE EXPENSES			(377,123)			145,475				(231,648)	231,648
INSTITUTIONAL ADVERTISING EXPENSE			(282,200)			108,859				(173,341)	173,341
ECONOMIC DEVELOPMENT EXPENSE			(56,221)			21,887				(34,534)	34,534
AGMT FINANCIAL PLANNING SERVICES			(5,864)			2,262				(3,602)	3,602
DIRECTORS' & OFFICERS' INSURANCE			(41,741)			16,102				(25,639)	25,639
INDUSTRY ASSOCIATION DUES			(1,444)			557				(887)	887
TALLAHASSEE LIAISON EXPENSES			(446,438)		(21,188)	180,387				(287,238)	287,239
GRT, FPSC FEES ON CLAUSES & FEES					(1,463,184)	564,423				(898,761)	898,761
(GAIN)/LOSS ON DISPOSITION OF PROPERTY										0	0
INTEREST SYNCHRONIZATION						8,664,305				8,664,305	(8,664,305)
TOTAL FPSC ADJUSTMENTS	(759,335,919)	(482,698,080)	(41,263,349)	(51,972,928)	(80,825,102)	(30,904,566)	0	0	0	(687,664,925)	(71,671,894)
FPSC ADJUSTED	577,470,027	0	275,387,244	113,897,692	37,577,164	6,245,035	40,564,299	(417,607)	0	473,253,827	104,216,200
PRO FORMA REVENUE ADJUSTMENTS											
TOTAL PRO FORMA ADJUSTMENTS	0	0	0	0	0	0	0	0	0	0	0
PRO FORMA ADJUSTED	577,470,027	0	275,387,244	113,897,692	37,577,164	6,245,035	40,564,299	(417,607)	0	473,253,827	104,216,200
(a) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM NOI BY				(7,956)	AND THE JURISDICTIONAL NOI BY		(7,772)				
CURRENT MONTH SYSTEM PER BOOKS	112,489,511	35,697,119	34,031,859	14,318,634	6,228,070	(2,249,298)	6,537,975	(42,621)	0	98,521,738	13,967,773
CURRENT MONTH JURISDICTIONAL PER BOOKS	106,303,181	32,449,000	32,055,672	13,850,808	6,148,828	(5,423,671)	12,607,233	(36,866)	0	92,850,985	13,652,196

TOTALS MAY NOT ADD DUE TO ROUNDING.

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GULF POWER COMPANY
AVERAGE RATE OF RETURN
SYSTEM ADJUSTMENTS, INCLUDING SCHERER 3*
November, 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	(1,505,486,709)	FUEL & IIC FUEL REVENUES AND ECONOMY PROFITS	(480,172,282)	(185,226,458)
ACCUMULATED DEPRECIATION	230,896,100	ENVIRONMENTAL COST RECOVERY CLAUSE REVENUES	(195,022,185)	(75,229,808)
CWIP	(14,544,737)	PURCHASED POWER CAPACITY COST CLAUSE REVENUES	(85,285,895)	(32,899,034)
ENERGY CONSERVATION COST RECOVERY INVESTMENT	(13,908,337)	ENERGY CONSERVATION COST RECOVERY CLAUSE REVENUES	(12,078,580)	(4,659,312)
ACCUMULATED DEPRECIATION	(7,703,899)	FUEL EXPENSE	(476,252,052)	183,714,229
CWIP	3,002	PURCHASED POWER CAPACITY COST EXPENSE	(87,783,528)	33,862,496
TRANSMISSION PURSUANT TO STIP. & SETT. INVESTMENT	(177,371,029)	CONSERVATION EXPENSES - DEPRECIATION AND O & M	(9,908,859)	3,822,342
FAS 143 NET PLANT	(76,983,817)	CONSERVATION EXPENSES - OTHER TAXES	(327,808)	126,452
INTEREST BEARING CWIP	(49,657)	ENVIRONMENTAL COST RECOVERY EXPENSE	(89,462,122)	34,510,013
PHFU - NORTH ESCAMBIA	(13,042,899)	FRANCHISE FEE REVENUES	(42,933,726)	(16,561,685)
		FRANCHISE FEE	(42,454,574)	16,376,852
		GROSS RECEIPTS TAX REVENUES	(32,046,358)	(12,361,883)
		GROSS RECEIPTS TAX EXPENSE	(31,649,812)	12,208,915
		MARKETING SUPPORT ACTIVITIES	(99,745)	38,477
WORKING CAPITAL:		WHOLESALE EXPENSES	(388,063)	149,895
ECRC WORKING CAPITAL	(11,357,848)	INSTITUTIONAL ADVERTISING EXPENSE	(287,759)	111,003
CONSERVATION/AEM INVENTORY	(1,082,199)	ECONOMIC DEVELOPMENT EXPENSE	(56,221)	21,687
CAPITALIZED DEF. EARNINGS ON TRANSMISSION PURSUANT TO STIP. & SETT.	(9,444,413)	MGMT FINANCIAL PLANNING SERVICES	(5,993)	2,312
FUNDED PROPERTY INSURANCE RESERVE	2	DIRECTORS' & OFFICERS' INSURANCE	(42,862)	16,457
LOANS TO EMPLOYEES AND RETIREES	(47,609)	INDUSTRY ASSOCIATION DUES	(1,472)	568
INTEREST & DIVIDENDS RECEIVABLE	(4,618)	TALLAHASSEE LIAISON EXPENSE	(477,956)	184,372
NORTH ESCAMBIA SITE	(4,582,089)	GRT/FPSC FEES ON CLAUSE REV ADJ & FRAN FEES	(1,463,184)	564,423
UNAMORTIZED RATE CASE EXPENSE	(1,038,308)	COMP SALES/TRANS REVQ/L SALE GAS/PROV RT REFN. ESC REV	(2,271,033)	(876,051)
FUEL RELATED DEFERRED DEBITS	(2,665,282)	GAIN/LOSS ON DISPOSITION OF PROPERTY	0	0
UNREALIZED LOSS ON FWD CONTRACT	(92,099)	INTEREST SYNCHRONIZATION	8,900,879	8,900,879
ACCUM. PROV. FOR RATE REFUNDS	0			
FAS 143 WORKING CAPITAL	90,658,328			
FAS 158 REGULATORY ASSETS	(152,956,061)			
FAS 158 REGULATORY LIABILITIES	152,956,061			
PPA REGULATORY ASSETS	(153,915,725)			
PPA REGULATORY LIABILITIES	153,915,725			
FAS 133 REGULATORY ASSETS	(74,183,678)			
FAS 133 REGULATORY LIABILITIES	74,183,678			

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GULF POWER COMPANY
YEAR END RATE OF RETURN
RATE BASE, INCLUDING SCHERER 3*
November, 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	5,084,202,586	1,659,704,560	3,424,498,026	14,754,000	77,284,429	0	3,516,536,455	162,041,595	3,678,578,050
JURISDICTIONAL PER BOOKS	4,844,669,010	1,600,392,005	3,244,277,005	14,322,375	74,270,413	0	3,332,869,793	249,723,126	3,582,592,919
<u>FPSC ADJUSTMENTS:</u>									
ENVIRONMENTAL RECOVERY CLAUSE	(1,500,143,934)	(242,091,465)	(1,258,052,469)		(7,639,974)		(1,265,692,443)	(11,026,423)	(1,276,718,866)
INT BEARING CWIP								0	0
ENERGY CONSERVATION CLAUSE	(14,702,220)	8,051,484	(22,753,704)				(22,753,704)	(1,082,199)	(23,835,903)
TRANSMISSION INVESTMENT PURSUANT TO STIP. & SETT.	(177,547,200)		(177,547,200)				(177,547,200)	0	(177,547,200)
CAPITALIZED DEF. EARNINGS ON TRANSM PURSUANT TO STIP. & SETT.								(13,834,871)	(13,834,871)
LOANS TO EMPLOYEES AND RETIREES								(45,618)	(45,618)
INTEREST AND DIVIDENDS RECEIVABLE								(4,425)	(4,425)
FUNDED PROP RES. N. ESCAMBIA SITE, & OTHER INV.				(12,661,331)			(12,661,331)	(4,389,226)	(17,050,557)
FUEL RELATED DEFERRED DEBITS								(2,665,282)	(2,665,282)
ACCRUED PROVISION FOR REFUND								0	0
UNAMORTIZED RATE CASE EXPENSES								(994,840)	(994,840)
<u>TOTAL FPSC ADJUSTMENTS</u>	<u>(1,692,393,354)</u>	<u>(234,039,981)</u>	<u>(1,458,353,373)</u>	<u>(12,661,331)</u>	<u>(7,639,974)</u>	<u>0</u>	<u>(1,478,654,678)</u>	<u>(34,042,884)</u>	<u>(1,512,697,562)</u>
FPSC ADJUSTED	3,152,275,656	1,366,352,024	1,785,923,632	1,661,044	66,630,439	0	1,854,215,115	215,680,242	2,069,895,357
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	3,152,275,656	1,366,352,024	1,785,923,632	1,661,044	66,630,439	0	1,854,215,115	215,680,242	2,069,895,357

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GULF POWER COMPANY
YEAR END RATE OF RETURN
INCOME STATEMENT, INCLUDING SCHERER 3*
November, 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	1,466,984,159	564,047,130	328,987,895	172,808,865	119,756,509	39,022,770	48,588,378	(527,326)	0	1,272,684,222	194,299,937 (a)
JURISDICTIONAL PER BOOKS	1,336,805,945	482,698,080	316,650,593	165,870,620	118,402,266	37,149,869	40,559,814	(417,607)	0	1,160,913,635	175,892,310 (a)
LESS FPSC ADJUSTMENTS:											
RETAIL FUEL REVENUES & EXPENSES	(397,798,823)	(397,485,328)				(120,931)				(397,606,259)	(192,564)
PURCHASED POWER CAPACITY REVENUES & EXPENSES	(85,111,485)	(85,212,752)				39,064				(85,173,888)	62,203
ENERGY CONSERVATION COST REVENUES & EXPENSES	(12,076,580)		(9,519,961)	(388,898)	(327,808)	(710,518)				(10,947,185)	(1,131,395)
ENVIRONMENTAL COST RECOVERY CLAUSE	(189,366,948)		(30,432,612)	(51,584,030)	(4,908,536)	(39,516,913)				(126,442,091)	(62,924,857)
FRANCHISE FEE REVENUE & EXPENSE	(42,933,726)				(42,454,574)	(184,833)				(42,639,407)	(294,319)
GROSS RECEIPTS TAX REVENUE & ADJUSTMENT	(32,046,358)				(31,648,812)	(152,968)				(31,802,780)	(243,578)
MARKETING SUPPORT ACTIVITIES			(99,745)			38,477				(61,268)	61,268
WHOLESALE EXPENSES			(377,123)			145,475				(231,648)	231,648
INSTITUTIONAL ADVERTISING EXPENSE			(282,200)			108,859				(173,341)	173,341
ECONOMIC DEVELOPMENT EXPENSE			(56,221)			21,687				(34,534)	34,534
MGMT FINANCIAL PLANNING SERVICES			(5,864)			2,262				(3,602)	3,602
DIRECTORS' & OFFICERS' INSURANCE			(41,741)			16,102				(25,639)	25,639
INDUSTRY ASSOCIATION DUES			(1,444)			557				(887)	887
TALLAHASSEE LIAISON EXPENSES			(446,438)		(21,188)	180,387				(287,239)	287,239
GRT FPSC FEES ON CLAUSES & FEES					(1,463,184)	564,423				(898,761)	898,761
(GAIN)/ LOSS ON DISPOSITION OF PROPERTY										0	0
INTEREST SYNCHRONIZATION										9,375,751	(9,375,751)
TOTAL FPSC ADJUSTMENTS	(759,335,919)	(482,698,080)	(41,263,349)	(51,972,928)	(80,825,102)	(30,193,120)	0	0	0	(686,952,579)	(72,383,340)
FPSC ADJUSTED	577,470,027	0	275,387,244	113,897,692	37,577,164	6,956,749	40,559,814	(417,607)	0	473,961,056	103,508,971
PRO FORMA REVENUE ANNUALIZATION											
TOTAL PRO FORMA ADJUSTMENTS	0	0	0	0	0	0	0	0	0	0	0
PRO FORMA ADJUSTED	577,470,027	0	275,387,244	113,897,692	37,577,164	6,956,749	40,559,814	(417,607)	0	473,961,056	103,508,971
(a) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM NOI BY				(7,956)	AND THE JURISDICTIONAL NOI BY		(7,772)				

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GULF POWER COMPANY
YEAR END RATE OF RETURN
SYSTEM ADJUSTMENTS, INCLUDING SCHERER 3*
November, 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	(1,545,470,393)	FUEL & IIC FUEL REVENUES AND ECONOMY PROFITS	(480,172,282)	(185,226,458)
ACCUMULATED DEPRECIATION	249,406,196	ENVIRONMENTAL COST RECOVERY CLAUSE REVENUES	(195,022,185)	(75,229,808)
CWIP	(7,870,814)	PURCHASED POWER CAPACITY COST CLAUSE REVENUES	(85,285,895)	(32,899,034)
ENERGY CONSERVATION COST RECOVERY INVESTMENT	(14,702,220)	ENERGY CONSERVATION COST RECOVERY CLAUSE REVENUES	(12,078,590)	(4,659,312)
ACCUMULATED DEPRECIATION	(8,051,484)	FUEL EXPENSE	(478,252,052)	183,714,229
CWIP	0	PURCHASED POWER CAPACITY COST EXPENSE	(87,783,528)	33,862,496
TRANSMISSION PURSUANT TO STIP. & SETT. INVESTMENT	(177,547,200)	CONSERVATION EXPENSES - DEPRECIATION AND O & M	(9,908,859)	3,822,342
FAS 143 NET PLANT	(47,894,227)	CONSERVATION EXPENSES - OTHER TAXES	(327,808)	126,452
INTEREST BEARING CWIP	0	ENVIRONMENTAL COST RECOVERY EXPENSE	(89,462,122)	34,510,013
PHFU - NORTH ESCAMBIA	(13,042,899)	FRANCHISE FEE REVENUES	(42,933,726)	(16,561,685)
		FRANCHISE FEE	(42,454,574)	16,376,852
WORKING CAPITAL:		GROSS RECEIPTS TAX REVENUES	(32,046,358)	(12,361,883)
ECRC WORKING CAPITAL	(11,357,848)	GROSS RECEIPTS TAX EXPENSE	(31,649,812)	12,208,915
CONSERVATION/AEM INVENTORY	(1,082,199)	MARKETING SUPPORT ACTIVITIES	(99,745)	38,477
CAPITALIZED DEF. EARNINGS ON TRANSMISSION PURSUANT TO STIP. & SETT.	(9,444,413)	WHOLESALE EXPENSES	(388,063)	149,695
FUNDED PROPERTY INSURANCE RESERVE	2	INSTITUTIONAL ADVERTISING EXPENSE	(287,759)	111,003
LOANS TO EMPLOYEES AND RETIREES	(47,609)	ECONOMIC DEVELOPMENT EXPENSE	(56,221)	21,687
INTEREST & DIVIDENDS RECEIVABLE	(4,618)	MGMT FINANCIAL PLANNING SERVICES	(5,993)	2,312
NORTH ESCAMBIA SITE	(4,582,069)	DIRECTORS' & OFFICERS' INSURANCE	(42,662)	16,457
UNAMORTIZED RATE CASE EXPENSE	(1,038,308)	INDUSTRY ASSOCIATION DUES	(1,472)	568
FUEL RELATED DEFERRED DEBITS	(2,665,282)	TALLAHASSEE LIAISON EXPENSE	(477,956)	184,372
UNREALIZED LOSS ON FWD CONTRACT	(92,099)	GRT/FPSC FEES ON CLAUSE REV ADJ & FRAN FEES	(1,463,184)	564,423
ACCUM. PROV. FOR RATE REFUNDS	0	COMP SALES/TRANS REV/AGL SALE GAS/PROV RT REF.N. ESC REV	(2,271,033)	(876,051)
FAS 143 WORKING CAPITAL	90,658,328	GAINLOSS ON DISPOSITION OF PROPERTY	0	0
FAS 158 REGULATORY ASSETS	(152,956,061)	INTEREST SYNCHRONIZATION	9,924,904	9,924,904
FAS 158 REGULATORY LIABILITIES	152,956,061			
PPA REGULATORY ASSETS	(153,915,725)			
PPA REGULATORY LIABILITIES	153,915,725			
FAS 133 REGULATORY ASSETS	(74,183,678)			
FAS 133 REGULATORY LIABILITIES	74,183,678			

*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
 November, 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	1,217,210,395	1,152,232,266	(486,670,747)	0	665,561,519	32.60	4.43	1.44	4.43	1.44	4.43	1.44
SHORT TERM DEBT	109,164,510	101,167,028	(42,730,129)	0	58,436,899	2.86	0.39	0.01	0.39	0.01	0.39	0.01
PREFERENCE STOCK	146,504,320	138,794,389	(58,622,876)	0	80,171,513	3.93	6.14	0.24	6.14	0.24	6.14	0.24
CUSTOMER DEPOSITS	35,962,004	35,941,928	(15,180,867)	0	20,761,061	1.02	2.38	0.02	2.38	0.02	2.38	0.02
COMMON EQUITY	1,355,291,588	1,296,916,012	(547,781,123)	0	749,134,889	36.69	9.25	3.39	10.25	3.76	11.25	4.13
DEFERRED INCOME TAXES	902,160,696	861,294,657	(363,786,822)	0	497,507,835	24.37						
FASB 109 DEFERRED TAXES	(54,793,285)	(52,311,260)	22,094,816	0	(30,216,444)	(1.48)						
TAX CREDITS - ZERO COST	0	0	0	0	0	0.00						
TAX CREDITS - WEIGHTED COST	1,869,566	432,787	(182,797)	0	249,990	0.01	6.94	0.00	7.44	0.00	7.94	0.00
TOTAL	3,713,369,794	3,534,467,807	(1,492,860,545)	0	2,041,607,262	100.00		5.12		5.48		5.85

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	1,165,601,333	1,117,123,324	(471,689,016)	0	645,434,308	31.18	4.32	1.35	4.32	1.35	4.32	1.35
SHORT TERM DEBT	124,974,250	117,172,749	(49,474,483)	0	67,698,266	3.27	0.00	0.00	0.00	0.00	0.00	0.00
PREFERENCE STOCK	146,504,320	140,411,123	(59,286,547)	0	81,124,576	3.92	6.14	0.24	6.14	0.24	6.14	0.24
CUSTOMER DEPOSITS	35,421,479	35,235,515	(14,877,682)	0	20,357,833	0.98	2.46	0.02	2.46	0.02	2.46	0.02
COMMON EQUITY	1,370,754,203	1,340,177,510	(565,870,390)	0	774,307,120	37.41	9.25	3.46	10.25	3.83	11.25	4.21
DEFERRED INCOME TAXES	917,111,186	883,138,315	(372,892,261)	0	510,246,054	24.65						
FASB 109 DEFERRED TAXES	(53,933,588)	(51,935,707)	21,929,094	0	(30,006,613)	(1.45)						
TAX CREDITS - ZERO COST	0	0	0	0	0	0.00						
TAX CREDITS - WEIGHTED COST	1,612,619	1,270,090	(536,277)	0	733,813	0.04	6.96	0.00	7.48	0.00	7.99	0.00
TOTAL	3,708,045,801	3,582,592,919	(1,512,697,562)	0	2,069,895,357	100.00		5.07		5.45		5.82

*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 reclassified to serving Gulf Power's native load customers to the extent it is not committed to off-system sales.

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

A. Times Interest Earned with AFUDC

Earnings Before Interest	195,168,862
AFUDC - Debt	(2,857)
Income Taxes	<u>90,405,138</u>
Total	285,571,143
Interest Charges (Before Deducting AFUDC - Debt)	<u>55,739,148</u>
T.I.E. With AFUDC	<u>5.12 x</u>

B. Times Interest Earned without AFUDC

Earnings Before Interest	195,168,862
AFUDC - Other	5,099
Income Taxes	<u>90,405,138</u>
Total	285,579,100
Interest Charges (Before Deducting AFUDC - Debt)	<u>55,739,148</u>
T.I.E. Without AFUDC	<u>5.12 x</u>

C. Percent AFUDC To Net Income Available for Common Stockholders

AFUDC - Debt	(2,857)
X (1 - Income Tax Rate)	0.61425
Subtotal	(1,755)
AFUDC - Other	<u>(5,099)</u>
Total	(6,854)
Net Income Available for Common Stockholders	<u>130,424,357</u>
Percent AFUDC to Available Net Income	<u>-0.01%</u>

D. Percent Internally Generated Funds

Net Income	139,426,857
Preference Dividends	(9,002,500)
Common Dividends	(120,068,000)
AFUDC (Debt & Other)	7,956
Depreciation & Amortization	181,817,506
Deferred Income Taxes	48,703,107
Investment Tax Credits	0
Other	<u>(31,318,645)</u>
Total	209,566,282
Construction Expenditures (Excluding AFUDC Other & Debt)	<u>194,396,550</u>
Percent Internally Generated Funds	<u>107.80%</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	665,561,519
Short Term Debt	58,436,899
Preference Stock	80,171,513
Common Equity	<u>749,134,889</u>
Total	<u>1,553,304,820</u>
% Long Term Debt To Total	<u>42.85%</u>
% Short Term Debt To Total	<u>3.76%</u>

G. FPSC Adjusted Average Jurisdictional Return On Common Equity

	G. FPSC ADJ.	H. PROFORMA
FPSC Adjusted Average Earned Rate of Return	5.10%	5.10%
Less: Reconciled Average Retail Weighted Cost Rates For:		
Long Term Debt	(1.44)	(1.44)
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>(1.72)</u>	<u>(1.72)</u>
Total	3.38	3.38
Divided by Common Equity Ratio	<u>36.69</u>	<u>36.69</u>
Jurisdictional Return on Common Equity	<u>9.22%</u>	<u>9.22%</u>

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

Supplemental 1

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

November 2016

Earnings Surveillance
Report
(Rate of Return)



GULF POWER COMPANY
Earnings Surveillance Report Summary
November, 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	179,945,607	(71,630,523)	108,315,085	0	108,315,085
Average Rate Base	3,472,125,304	(1,492,860,545)	1,979,264,759	0	1,979,264,759
Average Rate of Return	5.18%		5.47%		5.47%
II. Year End Rate of Return (Jurisdictional)					
	(a)	(b)			
Net Operating Income	179,951,003	(72,434,352)	107,516,652	0	107,516,652
Year End Rate Base	3,496,895,093	(1,512,697,562)	1,984,197,531	0	1,984,197,531
Year End Rate of Return	5.15%		5.42%		5.42%
(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	5.12 x (System per Books Basis)				
B. Tie Without AFUDC	5.12 x (System per Books Basis)				
C. AFUDC To Net Income	-0.01% (System per Books Basis)				
D. Internally Generated Funds	107.80% (System per Books Basis)				
E. LTD To Total Investor Funds	42.81% (FPSC Adjusted Basis)				
F. STD To Total Investor Funds	3.77% (FPSC Adjusted Basis)				
G. Return on Common Equity	10.24% (FPSC Adjusted Basis)				
H. Return on Common Equity	10.24% (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
 Susan D. Ritenour
 Corporate Planning Manager, Corporate Treasurer & Secretary

Signature


Date
 11/17/17

GULF POWER COMPANY
AVERAGE RATE OF RETURN
RATE BASE
November, 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	5,098,813,874	1,617,343,780	3,481,470,094	14,755,017	63,596,196	0	3,559,821,307	162,041,595	3,721,862,902
JURISDICTIONAL PER BOOKS	4,632,101,550	1,467,842,890	3,164,258,660	14,323,361	59,411,988	0	3,237,994,010	234,131,294	3,472,125,304
FPSC ADJUSTMENTS:									
ENVIRONMENTAL RECOVERY CLAUSE	(1,461,556,193)	(224,158,489)	(1,237,397,704)		(14,120,317)		(1,251,518,021)	(11,026,423)	(1,262,544,444)
INT BEARING C/WIP					(48,503)		(48,503)	0	(48,503)
ENERGY CONSERVATION CLAUSE	(13,908,337)	7,703,899	(21,612,236)		3,002		(21,609,234)	(1,082,199)	(22,691,434)
TRANSMISSION INVESTMENT PURSUANT TO STIP. & SETT.	(177,371,029)		(177,371,029)				(177,371,029)	0	(177,371,029)
CAPITALIZED DEF. EARNINGS ON TRANSM PURSUANT TO STIP. & SETT.								(9,444,413)	(9,444,413)
LOANS TO EMPLOYEES / RETIREES								(45,618)	(45,618)
INTEREST AND DIVIDENDS RECEIVABLE								(4,425)	(4,425)
FUNDED PROP RES. N. ESCAMBIA & OTHER INV.				(12,661,331)			(12,661,331)	(4,389,226)	(17,050,557)
FUEL RELATED DEFERRED DEBITS								(2,665,282)	(2,665,282)
FLAME RESISTANT CLOTHING								0	0
ACCURUED PROVISION FOR REFUND								0	0
UNAMORTIZED RATE CASE EXPENSES								(994,840)	(994,840)
SALE OF RAILCARS								0	0
TOTAL FPSC ADJUSTMENTS	(1,652,835,559)	(216,454,590)	(1,436,380,969)	(12,661,331)	(14,165,818)	0	(1,463,208,119)	(29,652,426)	(1,492,860,545)
FPSC ADJUSTED	2,979,265,991	1,251,388,300	1,727,877,691	1,662,030	45,246,170	0	1,774,785,891	204,478,868	1,979,264,759
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	2,979,265,991	1,251,388,300	1,727,877,691	1,662,030	45,246,170	0	1,774,785,891	204,478,868	1,979,264,759

GULF POWER COMPANY
AVERAGE RATE OF RETURN
INCOME STATEMENT
November, 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	1,466,984,159	564,047,130	328,987,895	172,808,865	119,756,509	39,022,770	48,588,378	(527,326)	0	1,272,684,222	194,299,937
JURISDICTIONAL PER BOOKS	1,336,805,945	482,698,080	312,248,769	163,281,548	117,995,868	36,944,500	44,003,277	(269,276)	0	1,156,852,566	179,953,379
LESS FPSC ADJUSTMENTS:											
RETAIL FUEL REVENUES & EXPENSES	(397,798,823)	(397,485,328)				(120,931)				(397,606,259)	(192,564)
PURCHASED POWER CAPACITY REVENUES & EXPENSES	(85,111,485)	(85,212,752)				39,064				(85,173,688)	62,203
ENERGY CONSERVATION COST REVENUES & EXPENSES	(12,078,590)		(9,519,961)	(388,898)	(327,808)	(710,518)				(1,131,395)	(1,131,395)
ENVIRONMENTAL COST RECOVERY CLAUSE	(189,366,948)		(30,432,812)	(51,584,030)	(4,908,536)	(39,516,913)				(10,947,185)	(10,947,185)
FRANCHISE FEE REVENUE & EXPENSE	(42,933,726)				(42,454,574)	(184,833)				(26,442,091)	(26,442,091)
GROSS RECEIPTS TAX REVENUE & ADJUSTMENT	(32,046,358)				(31,649,812)	(152,968)				(42,639,407)	(294,319)
MARKETING SUPPORT ACTIVITIES			(99,745)			39,477				(31,902,780)	(243,578)
WHOLESALE EXPENSES			(377,123)			145,475				(61,266)	61,268
INSTITUTIONAL ADVERTISING EXPENSE			(282,200)			108,859				(231,646)	231,648
ECONOMIC DEVELOPMENT EXPENSE			(59,221)			21,687				(173,341)	173,341
MGMT FINANCIAL PLANNING SERVICES			(5,864)			2,262				(94,534)	34,534
DIRECTORS' & OFFICERS' INSURANCE			(41,741)			16,102				(25,639)	25,639
INDUSTRY ASSOCIATION DUES			(1,444)			557				(887)	887
TALLAHASSEE LIAISON EXPENSES			(446,438)		(21,188)	180,367				(287,239)	287,239
GRT, FPSC FEES ON CLAUSES & FEES					(1,463,184)	564,423				(898,761)	898,761
(GAIN) / LOSS ON DISPOSITION OF PROPERTY										0	0
INTEREST SYNCHRONIZATION						8,630,706				8,630,706	(8,630,706)
TOTAL FPSC ADJUSTMENTS	(759,335,919)	(482,698,080)	(41,263,349)	(51,972,928)	(80,825,102)	(90,938,165)	0	0	0	(667,697,624)	(71,638,295)
FPSC ADJUSTED	577,470,027	0	270,985,420	111,288,620	37,140,566	6,006,335	44,003,277	(269,276)	0	469,154,942	108,315,085
PRO FORMA REVENUE ANNUALIZATION ADJUSTMENTS	0	0	0	0	0	0	0	0	0	0	0
TOTAL PRO FORMA ADJUSTMENTS	0	0	0	0	0	0	0	0	0	0	0
PRO FORMA ADJUSTED	577,470,027	0	270,985,420	111,288,620	37,140,566	6,006,335	44,003,277	(269,276)	0	469,154,942	108,315,085
(a) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM NOI BY				(7,956)	AND THE JURISDICTIONAL NOI BY		(7,772)				
CURRENT MONTH SYSTEM PER BOOKS	112,489,511	35,697,119	34,031,859	14,318,634	8,228,070	(2,249,298)	6,537,975	(42,621)	0	98,521,738	13,967,773
CURRENT MONTH JURISDICTIONAL PER BOOKS	106,303,181	32,449,000	31,619,884	13,573,493	8,101,118	(2,450,157)	8,960,932	(21,142)	0	92,233,129	14,070,052

TOTALS MAY NOT ADD DUE TO ROUNDING.

GULF POWER COMPANY
AVERAGE RATE OF RETURN
SYSTEM ADJUSTMENTS
November, 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	(1,505,486,709)	FUEL & IIC FUEL REVENUES AND ECONOMY PROFITS	(480,172,282)	(185,226,458)
ACCUMULATED DEPRECIATION	230,896,100	ENVIRONMENTAL COST RECOVERY CLAUSE REVENUES	(185,022,185)	(75,229,808)
CWIP	(14,544,737)	PURCHASED POWER CAPACITY COST CLAUSE REVENUES	(85,285,895)	(32,899,034)
ENERGY CONSERVATION COST RECOVERY INVESTMENT	(13,908,337)	ENERGY CONSERVATION COST RECOVERY CLAUSE REVENUES	(12,078,580)	(4,659,312)
ACCUMULATED DEPRECIATION	(7,703,899)	FUEL EXPENSE	(476,252,052)	183,714,229
CWIP	3,002	PURCHASED POWER CAPACITY COST EXPENSE	(87,783,528)	33,862,496
TRANSMISSION PURSUANT TO STIP. & SETT. INVESTMENT	(177,371,029)	CONSERVATION EXPENSES - DEPRECIATION AND O & M	(9,908,859)	3,822,342
FAS 143 NET PLANT	(76,983,817)	CONSERVATION EXPENSES - OTHER TAXES	(327,808)	126,452
INTEREST BEARING CWIP	(49,657)	ENVIRONMENTAL COST RECOVERY EXPENSE	(89,462,122)	34,510,013
PHFU - NORTH ESCAMBIA	(13,042,899)	FRANCHISE FEE REVENUES	(42,933,726)	(16,561,685)
WORKING CAPITAL:		FRANCHISE FEE	(42,454,574)	16,376,852
ECRC WORKING CAPITAL	(11,357,848)	GROSS RECEIPTS TAX REVENUES	(32,046,358)	(12,361,883)
CONSERVATION/AEM INVENTORY	(1,082,199)	GROSS RECEIPTS TAX EXPENSE	(31,649,812)	12,208,915
CAPITALIZED DEF. EARNINGS ON TRANSMISSION PURSUANT TO STIP. & SETT.	(9,444,413)	MARKETING SUPPORT ACTIVITIES	(99,745)	38,477
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LOANS TO EMPLOYEES AND RETIREES	(47,609)	INSTITUTIONAL ADVERTISING EXPENSE	(287,759)	111,003
INTEREST & DIVIDENDS RECEIVABLE	(4,618)	ECONOMIC DEVELOPMENT EXPENSE	(56,221)	21,687
NORTH ESCAMBIA SITE	(4,582,089)	MGMT FINANCIAL PLANNING SERVICES	(5,993)	2,312
UNAMORTIZED RATE CASE EXPENSE	(1,038,308)	DIRECTORS' & OFFICERS' INSURANCE	(42,662)	16,457
FUEL RELATED DEFERRED DEBITS	(2,665,282)	INDUSTRY ASSOCIATION DUES	(1,472)	568
UNREALIZED LOSS ON FWD CONTRACT	(92,099)	TALLAHASSEE LIAISON EXPENSE	(477,958)	184,372
ACCUM. PROV. FOR RATE REFUNDS	0	GRT/FPSC FEES ON CLAUSE REV ADJ & FRAN FEES	(1,463,184)	564,423
FAS 143 WORKING CAPITAL	90,658,328	COMP SALES/TRANS REV/G/L SALE GAS/PROV RT REFN. ESC REV	(2,271,033)	(876,051)
FAS 158 REGULATORY ASSETS	(152,956,061)	GAIN/LOSS ON DISPOSITION OF PROPERTY	0	0
FAS 158 REGULATORY LIABILITIES	152,956,061	INTEREST SYNCHRONIZATION	8,900,879	8,900,879
PPA REGULATORY ASSETS	(153,915,725)			
PPA REGULATORY LIABILITIES	153,915,725			
FAS 133 REGULATORY ASSETS	(74,183,678)			
FAS 133 REGULATORY LIABILITIES	74,183,678			

GULF POWER COMPANY
 YEAR END RATE OF RETURN
 RATE BASE
 November, 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	5,084,202,586	1,659,704,560	3,424,498,026	14,754,000	77,284,429	0	3,516,536,455	162,041,595	3,678,578,050
JURISDICTIONAL PER BOOKS	4,683,120,855	1,510,354,396	3,172,766,459	14,322,375	70,563,643	0	3,257,652,477	239,242,616	3,496,895,093
EPSC ADJUSTMENTS:									
ENVIRONMENTAL RECOVERY CLAUSE INT BEARING CWIP	(1,500,143,934)	(242,091,465)	(1,258,052,469)		(7,639,974)		(1,265,692,443)	(11,026,423)	(1,276,718,866)
ENERGY CONSERVATION CLAUSE	(14,702,220)	8,051,484	(22,753,704)				(22,753,704)	(1,082,199)	(23,835,903)
TRANSMISSION INVESTMENT PURSUANT TO STIP. & SETT.	(177,547,200)		(177,547,200)				(177,547,200)	0	(177,547,200)
CAPITALIZED DEF. EARNINGS ON TRANSM PURSUANT TO STIP. & SETT.								(13,834,871)	(13,834,871)
LOANS TO EMPLOYEES AND RETIREES								(45,618)	(45,618)
INTEREST AND DIVIDENDS RECEIVABLE								(4,425)	(4,425)
FUNDED PROP RES. N. ESCAMBIA SITE. & OTHER INV.				(12,661,331)			(12,661,331)	(4,389,226)	(17,050,557)
FUEL RELATED DEFERRED DEBITS								(2,665,282)	(2,665,282)
ACCRUED PROVISION FOR REFUND								0	0
UNAMORTIZED RATE CASE EXPENSES								(994,840)	(994,840)
TOTAL FPSC ADJUSTMENTS	(1,692,393,354)	(234,039,981)	(1,458,353,373)	(12,661,331)	(7,639,974)	0	(1,478,654,678)	(34,042,884)	(1,512,697,562)
FPSC ADJUSTED	2,990,727,501	1,276,314,415	1,714,413,086	1,661,044	62,923,669	0	1,778,997,799	205,199,732	1,984,197,531
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	2,990,727,501	1,276,314,415	1,714,413,086	1,661,044	62,923,669	0	1,778,997,799	205,199,732	1,984,197,531

GULF POWER COMPANY
YEAR END RATE OF RETURN
INCOME STATEMENT
November, 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	1,466,984,159	564,047,130	328,987,895	172,808,865	119,756,509	39,022,770	48,588,378	(527,326)	0	1,272,684,222	194,299,937
JURISDICTIONAL PER BOOKS	1,336,805,945	482,698,080	312,248,769	163,261,548	117,965,668	36,944,842	43,997,539	(269,276)	0	1,156,847,170	179,958,775
LESS FPSC ADJUSTMENTS:											
RETAIL FUEL REVENUES & EXPENSES	(397,798,823)	(397,465,328)				(120,931)				(397,806,259)	(192,564)
PURCHASED POWER CAPACITY REVENUES & EXPENSES	(85,111,485)	(85,212,752)				39,064				(85,173,668)	62,203
ENERGY CONSERVATION COST REVENUES & EXPENSES	(12,078,580)		(9,519,961)	(388,898)	(327,808)	(710,518)				(10,947,185)	(1,131,395)
ENVIRONMENTAL COST RECOVERY CLAUSE	(189,366,948)		(30,432,612)	(51,584,030)	(4,908,536)	(39,516,913)				(126,442,091)	(62,924,857)
FRANCHISE FEE REVENUE & EXPENSE	(42,933,726)				(42,454,574)	(184,833)				(42,639,407)	(294,319)
GROSS RECEIPTS TAX REVENUE & ADJUSTMENT	(32,046,358)				(31,649,812)	(152,968)				(31,802,780)	(243,578)
MARKETING SUPPORT ACTIVITIES			(99,745)			38,477				(61,268)	61,268
WHOLESALE EXPENSES			(377,123)			145,475				(231,648)	231,648
INSTITUTIONAL ADVERTISING EXPENSE			(282,200)			108,859				(173,341)	173,341
ECONOMIC DEVELOPMENT EXPENSE			(56,221)			21,687				(34,534)	34,534
MGMT FINANCIAL PLANNING SERVICES			(5,864)			2,262				(3,602)	3,602
DIRECTORS' & OFFICERS' INSURANCE			(41,741)			16,102				(25,639)	25,639
INDUSTRY ASSOCIATION DUES			(1,444)			557				(887)	887
TALLAHASSEE LIAISON EXPENSES			(446,438)			180,387				(287,239)	287,239
GRT, FPSC FEES ON CLAUSES & FEES					(1,463,184)	584,423				(898,761)	898,761
(GAIN) / LOSS ON DISPOSITION OF PROPERTY						9,434,535				9,434,535	(9,434,535)
INTEREST SYNCHRONIZATION											
TOTAL FPSC ADJUSTMENTS	(759,335,919)	(482,698,080)	(41,263,349)	(51,972,928)	(80,825,102)	(30,134,336)	0	0	0	(686,993,795)	(72,442,124)
FPSC ADJUSTED	577,470,027	0	270,985,420	111,288,620	37,140,566	6,810,506	43,997,539	(269,276)	0	469,953,375	107,516,652
PRO FORMA REVENUE ANNUALIZATION											
TOTAL PRO FORMA ADJUSTMENTS	0	0	0	0	0	0	0	0	0	0	0
PRO FORMA ADJUSTED	577,470,027	0	270,985,420	111,288,620	37,140,566	6,810,506	43,997,539	(269,276)	0	469,953,375	107,516,652

(e) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM NOI BY (7,956) AND THE JURISDICTIONAL NOI BY (7,772)

GULF POWER COMPANY
YEAR END RATE OF RETURN
SYSTEM ADJUSTMENTS
November, 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	(1,545,470,393)	FUEL & IIC FUEL REVENUES AND ECONOMY PROFITS	(480,172,282)	(185,226,458)
ACCUMULATED DEPRECIATION	249,406,196	ENVIRONMENTAL COST RECOVERY CLAUSE REVENUES	(195,022,185)	(75,229,808)
CWIP	(7,870,814)	PURCHASED POWER CAPACITY COST CLAUSE REVENUES	(85,285,895)	(32,899,034)
ENERGY CONSERVATION COST RECOVERY INVESTMENT	(14,702,220)	ENERGY CONSERVATION COST RECOVERY CLAUSE REVENUES	(12,078,590)	(4,659,312)
ACCUMULATED DEPRECIATION	(8,051,484)	FUEL EXPENSE	(478,252,052)	183,714,229
CWIP	0	PURCHASED POWER CAPACITY COST EXPENSE	(87,783,528)	33,862,496
TRANSMISSION PURSUANT TO STIP. & SETT. INVESTMENT	(177,547,200)	CONSERVATION EXPENSES - DEPRECIATION AND O & M	(9,908,859)	3,822,342
FAS 143 NET PLANT	(47,894,227)	CONSERVATION EXPENSES - OTHER TAXES	(327,808)	126,452
INTEREST BEARING CWIP	0	ENVIRONMENTAL COST RECOVERY EXPENSE	(89,462,122)	34,510,013
PHFU - NORTH ESCAMBIA	(13,042,899)	FRANCHISE FEE REVENUES	(42,933,726)	(16,561,685)
		FRANCHISE FEE	(42,454,574)	16,376,852
WORKING CAPITAL:		GROSS RECEIPTS TAX REVENUES	(32,046,358)	(12,361,883)
ECRC WORKING CAPITAL	(11,357,848)	GROSS RECEIPTS TAX EXPENSE	(31,649,812)	12,208,915
CONSERVATION/AEM INVENTORY	(1,082,199)	MARKETING SUPPORT ACTIVITIES	(99,745)	38,477
CAPITALIZED DEF. EARNINGS ON TRANSMISSION PURSUANT TO STIP. & SETT.	(9,444,413)	WHOLESALE EXPENSES	(388,063)	149,695
FUNDED PROPERTY INSURANCE RESERVE	2	INSTITUTIONAL ADVERTISING EXPENSE	(287,759)	111,003
LOANS TO EMPLOYEES AND RETIREES	(47,609)	ECONOMIC DEVELOPMENT EXPENSE	(56,221)	21,687
INTEREST & DIVIDENDS RECEIVABLE	(4,618)	MGMT FINANCIAL PLANNING SERVICES	(5,993)	2,312
NORTH ESCAMBIA SITE	(4,582,069)	DIRECTORS' & OFFICERS' INSURANCE	(42,662)	16,457
UNAMORTIZED RATE CASE EXPENSE	(1,038,308)	INDUSTRY ASSOCIATION DUES	(1,472)	568
FUEL RELATED DEFERRED DEBITS	(2,685,282)	TALLAHASSEE LIAISON EXPENSE	(477,956)	184,372
UNREALIZED LOSS ON FWD CONTRACT	(92,099)	GRT/FPSC FEES ON CLAUSE REV ADJ & FRAN FEES	(1,463,184)	564,423
ACCUM. PROV. FOR RATE REFUNDS	0	COMP SALES/TRANS REV/G/L SALE GAS/PROV RT REPN. ESC REV	(2,271,033)	(876,051)
FAS 143 WORKING CAPITAL	90,658,328	GAIN/LOSS ON DISPOSITION OF PROPERTY	0	0
FAS 158 REGULATORY ASSETS	(152,956,061)	INTEREST SYNCHRONIZATION	9,924,904	9,924,904
FAS 158 REGULATORY LIABILITIES	152,956,061			
PPA REGULATORY ASSETS	(153,915,725)			
PPA REGULATORY LIABILITIES	153,915,725			
FAS 133 REGULATORY ASSETS	(74,183,678)			
FAS 133 REGULATORY LIABILITIES	74,183,678			

GULF POWER COMPANY
CAPITAL STRUCTURE
FPSC ADJUSTED BASIS
November, 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 (%)	COST RATE (%)	WEIGHTED COST (%)
LONG TERM DEBT	1,217,210,395	1,129,065,025	(485,448,099)	0	643,616,926	32.52	4.43	1.44	4.43	1.44	4.43	1.44	4.43	1.44
SHORT TERM DEBT	109,164,510	99,428,251	(42,749,757)	0	56,678,494	2.86	0.39	0.01	0.39	0.01	0.39	0.01	0.39	0.01
PREFERENCE STOCK	146,504,320	135,960,540	(58,457,028)	0	77,503,512	3.92	6.14	0.24	6.14	0.24	6.14	0.24	6.14	0.24
CUSTOMER DEPOSITS	35,962,004	35,943,454	(15,454,098)	0	20,489,356	1.04	2.38	0.02	2.38	0.02	2.38	0.02	2.38	0.02
COMMON EQUITY	1,355,291,588	1,273,212,518	(547,425,155)	0	725,787,363	36.87	9.25	3.39	10.25	3.76	11.25	4.13	11.25	4.13
DEFERRED INCOME TAXES	902,160,696	849,689,159	(365,328,814)	0	484,360,345	24.47								
FASB 109 DEFERRED TAXES	(54,793,285)	(51,606,394)	22,188,470	0	(29,417,924)	(1.49)								
TAX CREDITS - ZERO COST	0	0	0	0	0	0.00								
TAX CREDITS - WEIGHTED COST	1,869,566	432,751	(186,064)	0	246,687	0.01	6.94	0.00	7.44	0.00	7.94	0.00	7.94	0.00
TOTAL	3,713,369,794	3,472,125,304	(1,492,860,545)	0	1,979,264,759	100.00		5.11		5.48		5.84		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 (%)	COST RATE (%)	WEIGHTED COST (%)
LONG TERM DEBT	1,165,601,333	1,088,463,102	(470,850,694)	0	617,612,408	31.13	4.32	1.34	4.32	1.34	4.32	1.34	4.32	1.34
SHORT TERM DEBT	124,974,250	114,100,267	(49,357,842)	0	64,742,425	3.26	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PREFERENCE STOCK	146,504,320	136,808,822	(59,181,178)	0	77,627,644	3.91	6.14	0.24	6.14	0.24	6.14	0.24	6.14	0.24
CUSTOMER DEPOSITS	35,421,479	35,231,870	(15,240,710)	0	19,991,160	1.01	2.46	0.02	2.46	0.02	2.46	0.02	2.46	0.02
COMMON EQUITY	1,370,754,203	1,305,794,743	(564,864,679)	0	740,930,064	37.34	9.25	3.45	10.25	3.83	11.25	4.20	11.25	4.20
DEFERRED INCOME TAXES	917,111,186	867,190,907	(375,132,092)	0	492,058,815	24.80								
FASB 109 DEFERRED TAXES	(53,933,588)	(60,997,871)	22,060,815	0	(28,937,056)	(1.46)								
TAX CREDITS - ZERO COST	0	0	0	0	0	0.00								
TAX CREDITS - WEIGHTED COST	1,612,619	303,253	(131,182)	0	172,071	0.01	6.96	0.00	7.48	0.00	7.99	0.00	7.99	0.00
TOTAL	3,708,045,801	3,496,895,093	(1,512,697,562)	0	1,984,197,531	100.00		5.06		5.44		5.81		5.81

GULF POWER COMPANY
Financial Integrity Indicators
November, 2016

A. Times Interest Earned with AFUDC

Earnings Before Interest	195,168,862
AFUDC - Debt	(2,857)
Income Taxes	<u>90,405,138</u>
Total	285,571,143
Interest Charges (Before Deducting AFUDC - Debt)	<u>55,739,148</u>
T.I.E. With AFUDC	<u>5.12 x</u>

B. Times Interest Earned without AFUDC

Earnings Before Interest	195,168,862
AFUDC - Other	5,099
Income Taxes	<u>90,405,138</u>
Total	285,579,100
Interest Charges (Before Deducting AFUDC - Debt)	<u>55,739,148</u>
T.I.E. Without AFUDC	<u>5.12 x</u>

C. Percent AFUDC To Net Income Available for Common Stockholders

AFUDC - Debt	(2,857)
X (1 - Income Tax Rate)	0.61425
Subtotal	(1,755)
AFUDC - Other	<u>(5,099)</u>
Total	<u>(6,854)</u>
Net Income Available for Common Stockholders	<u>130,424,357</u>
Percent AFUDC to Available Net Income	<u>-0.01%</u>

D. Percent Internally Generated Funds

Net Income	139,426,857
Preference Dividends	(9,002,500)
Common Dividends	(120,068,000)
AFUDC (Debt & Other)	7,956
Depreciation & Amortization	181,817,506
Deferred Income Taxes	48,703,107
Investment Tax Credits	0
Other	<u>(31,318,645)</u>
Total	209,566,282
Construction Expenditures (Excluding AFUDC Other & Debt)	<u>194,396,550</u>
Percent Internally Generated Funds	<u>107.80%</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	643,616,926
Short Term Debt	56,678,494
Preference Stock	77,503,512
Common Equity	<u>725,787,363</u>
Total	<u>1,503,586,295</u>
% Long Term Debt To Total	<u>42.81%</u>
% Short Term Debt To Total	<u>3.77%</u>

G. FPSC Adjusted Average Jurisdictional Return
On Common Equity

	G. FPSC ADJ.	H. PROFORMA
FPSC Adjusted Average Earned Rate of Return	5.47%	5.47%
Less: Reconciled Average Retail Weighted Cost Rates For:		
Long Term Debt	(1.44)	(1.44)
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>(1.72)</u>	<u>(1.72)</u>
Total	3.76	3.76
Divided by Common Equity Ratio	<u>36.67</u>	<u>36.67</u>
Jurisdictional Return on Common Equity	<u>10.24%</u>	<u>10.24%</u>

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

Supplemental 1

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