



Rhonda J. Alexander
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August 14, 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 June, 2017. In compliance with the Commission's decision in Docket No. 20160134-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 "Rhonda J. Alexander".

Rhonda J. Alexander
Regulatory, Forecasting 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

June 2017

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*
June, 2017

	(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	188,962,341	(73,901,249)	115,061,091	0	115,061,091
Average Rate Base	3,655,805,619	(1,326,920,128)	2,328,885,491	0	2,328,885,491
Average Rate of Return	5.17%		4.94%		4.94%
II. Year End Rate of Return (Jurisdictional)					
	(a)	(b)			
Net Operating Income	188,967,769	(72,878,607)	116,089,161	0	116,089,161
Year End Rate Base	3,651,979,901	(1,305,802,640)	2,346,177,260	0	2,346,177,260
Year End Rate of Return	5.17%		4.95%		4.95%

(a) Includes AFUDC Earnings

(b) Includes Reversal of AFUDC Earnings

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

Low	5.10%
Midpoint	5.49%
High	5.88%

IV. Financial Integrity Indicators

A. Tie With AFUDC	5.27 x (System per Books Basis)
B. Tie Without AFUDC	5.27 x (System per Books Basis)
C. AFUDC To Net Income	0.03% (System per Books Basis)
D. Internally Generated Funds	77.74% (System per Books Basis)
E. LTD To Total Investor Funds	39.97% (FPSC Adjusted Basis)
F. STD To Total Investor Funds	4.04% (FPSC Adjusted Basis)
G. Return on Common Equity	8.82% (FPSC Adjusted Basis)
H. Return on Common Equity	8.82% (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

Signature

Date

Josh J. Mason
Assistant Treasurer, Financial Planning & Budgeting Manager



8/14/17

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

GULF POWER COMPANY
AVERAGE RATE OF RETURN
RATE BASE, INCLUDING SCHERER 3*
June, 2017

	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	5,096,926,889	1,655,289,988	3,441,636,901	14,754,000	64,302,324	0	3,520,693,225	260,732,824	3,781,426,049
JURISDICTIONAL PER BOOKS	4,849,844,072	1,595,417,228	3,254,426,844	14,322,374	61,573,128	0	3,330,322,346	325,483,273	3,655,805,619
FPSC ADJUSTMENTS:									
ENVIRONMENTAL RECOVERY CLAUSE	(1,501,328,479)	(255,867,805)	(1,245,460,674)		(8,743,877)		(1,254,204,551)	(22,199,666)	(1,276,404,217)
INT BEARING CWIP					(907,210)		(907,210)	0	(907,210)
ENERGY CONSERVATION CLAUSE	(14,720,603)	7,947,445	(22,668,048)				(22,668,048)	(654,492)	(23,322,540)
LOANS TO EMPLOYEES / RETIREES								(38,897)	(38,897)
INTEREST AND DIVIDENDS RECEIVABLE								0	0
FUNDED PROP RES, N. ESCAMBIA & OTHER INV.				(12,661,331)			(12,661,331)	(4,531,629)	(17,192,960)
FUEL RELATED DEFERRED DEBITS								(5,825,632)	(5,825,632)
ACCRUED PROVISION FOR REFUND								0	0
UNAMORTIZED RATE CASE EXPENSES								(3,228,672)	(3,228,672)
TOTAL FPSC ADJUSTMENTS	(1,516,049,082)	(247,920,360)	(1,268,128,722)	(12,661,331)	(9,651,087)	0	(1,290,441,140)	(38,478,988)	(1,328,920,128)
FPSC ADJUSTED	3,333,794,990	1,347,496,868	1,986,298,122	1,661,043	51,922,041	0	2,039,881,206	289,004,285	2,328,885,491
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	3,333,794,990	1,347,496,868	1,986,298,122	1,661,043	51,922,041	0	2,039,881,206	289,004,285	2,328,885,491

*In compliance with the Florida Public Service Commission's decision in Docket 160134-El on September 13, 2016, this Jurisdictional Rate of Return Report reflects Scherer Unit 3 as a retail resource 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*
June, 2017

	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	1,491,834,906	586,279,017	346,182,177	146,173,492	116,514,395	34,674,258	60,371,435	(452,676)	0	1,289,742,097	202,092,809 (a)
JURISDICTIONAL PER BOOKS	1,350,609,920	481,141,748	337,421,615	140,615,792	115,337,893	34,424,016	53,130,430	(384,920)	0	1,161,686,574	186,923,347 (a)
LESS FPSC ADJUSTMENTS:	(397,361,217)	(397,093,167)				(111,115)				(397,204,282)	(176,935)
RETAIL FUEL REVENUES & EXPENSES	(84,073,133)	(84,048,581)				(9,471)				(84,058,052)	(15,061)
PURCHASED POWER CAPACITY REVENUES & EXPENSES	(11,185,320)		(8,547,546)	(407,730)	(332,841)	(731,808)				(10,020,025)	(1,165,295)
ENERGY CONSERVATION COST REVENUES & EXPENSES	(204,598,620)		(36,456,720)	(52,263,193)	(7,671,683)	(41,733,145)				(138,144,741)	(66,453,879)
ENVIRONMENTAL COST RECOVERY CLAUSE	(42,324,424)				(42,058,231)	(102,684)				(42,160,915)	(163,509)
FRANCHISE FEE REVENUE & EXPENSE	(31,252,128)				(30,849,612)	(155,270)				(31,004,882)	(247,246)
GROSS RECEIPTS TAX REVENUE & ADJUSTMENT			(112,791)			43,569				(69,282)	69,282
MARKETING SUPPORT ACTIVITIES			(229,163)			66,400				(140,763)	140,763
WHOLESALE EXPENSES			(112,263)			43,305				(68,958)	68,958
INSTITUTIONAL ADVERTISING EXPENSE			(57,428)			22,153				(35,275)	35,275
ECONOMIC DEVELOPMENT EXPENSE			(20,298)			7,830				(12,468)	12,468
MGMT FINANCIAL PLANNING SERVICES			(36,691)			14,154				(22,537)	22,537
DIRECTORS' & OFFICERS' INSURANCE			(1,801)			695				(1,106)	1,106
INDUSTRY ASSOCIATION DUES			(459,209)			185,621				(295,575)	295,575
TALLAHASSEE LIAISON EXPENSES					(21,987)	549,224				(674,557)	674,557
GRT, FPSC FEES ON CLAUSES & FEES					(1,423,761)					0	0
GAIN / LOSS ON DISPOSITION OF PROPERTY						7,160,831				7,160,831	(7,160,831)
INTEREST SYNCHRONIZATION										0	0
TOTAL FPSC ADJUSTMENTS	(770,814,841)	(481,141,748)	(46,033,910)	(52,690,923)	(62,358,235)	(34,727,770)	0	0	0	(696,952,586)	(79,862,255)
FPSC ADJUSTED	579,795,079	0	291,387,705	87,924,869	32,979,658	(303,754)	53,130,430	(384,920)	0	464,733,988	115,061,091
PRO FORMA REVENUE ANNUALIZATION ADJUSTMENTS	0	0	0	0	0	0	0	0	0	0	0
TOTAL PRO FORMA ADJUSTMENTS	579,795,079	0	291,387,705	87,924,869	32,979,658	(303,754)	53,130,430	(384,920)	0	464,733,988	115,061,091
PRO FORMA ADJUSTED	132,586,624	51,227,255	24,418,829	14,612,299	10,111,412	7,154,245	3,550,997	(32,825)	0	111,042,211	21,544,413
(a) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM NOI BY				38,921	AND THE JURISDICTIONAL NOI BY		38,994				
CURRENT MONTH SYSTEM PER BOOKS	120,999,536	42,561,008	22,788,540	14,157,101	10,007,677	7,179,463	3,293,225	(27,267)	0	99,959,747	21,039,789
CURRENT MONTH JURISDICTIONAL PER BOOKS											

TOTALS MAY NOT ADD DUE TO ROUNDING.

*In compliance with the Florida Public Service Commission's decision in Docket 160134-E 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
SYSTEM ADJUSTMENTS, INCLUDING SCHERER 3*
June, 2017

<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	(1,545,488,094)	FUEL & IIC FUEL REVENUES AND ECONOMY PROFITS	(502,499,837)	(193,839,312)
ACCUMULATED DEPRECIATION	263,393,822	ENVIRONMENTAL COST RECOVERY CLAUSE REVENUES	(210,359,999)	(81,146,370)
CWIP	(9,001,067)	PURCHASED POWER CAPACITY COST CLAUSE REVENUES	(84,177,169)	(32,471,343)
ENERGY CONSERVATION COST RECOVERY INVESTMENT	(14,720,803)	ENERGY CONSERVATION COST RECOVERY CLAUSE REVENUES	(11,185,320)	(4,314,737)
ACCUMULATED DEPRECIATION	(7,947,445)	FUEL EXPENSE	(499,743,841)	192,776,187
CWIP	0	PURCHASED POWER CAPACITY COST EXPENSE	(86,521,871)	33,375,812
FAS 143 NET PLANT	(54,565,269)	CONSERVATION EXPENSES - DEPRECIATION AND O & M	(8,955,276)	3,454,498
INTEREST BEARING CWIP	(928,788)	CONSERVATION EXPENSES - OTHER TAXES	(332,941)	128,432
PHFU - NORTH ESCAMBIA	(13,042,899)	ENVIRONMENTAL COST RECOVERY EXPENSE	(99,184,514)	38,260,428
		FRANCHISE FEE REVENUES	(42,324,424)	(16,326,647)
		FRANCHISE FEE	(42,058,231)	16,223,963
WORKING CAPITAL:		GROSS RECEIPTS TAX REVENUES	(31,252,128)	(12,055,508)
ECRC WORKING CAPITAL	(22,852,640)	GROSS RECEIPTS TAX EXPENSE	(30,849,612)	11,900,238
CONSERVATION/AEM INVENTORY	(654,492)	MARKETING SUPPORT ACTIVITIES	(112,791)	43,509
FUNDED PROPERTY INSURANCE RESERVE	0	WHOLESALE EXPENSES	(236,147)	91,094
LOANS TO EMPLOYEES AND RETIREES	(40,595)	INSTITUTIONAL ADVERTISING EXPENSE	(114,475)	44,159
INTEREST & DIVIDENDS RECEIVABLE	0	ECONOMIC DEVELOPMENT EXPENSE	(57,428)	22,153
NORTH ESCAMBIA SITE	(4,729,632)	MGMT FINANCIAL PLANNING SERVICES	(20,746)	8,003
UNAMORTIZED RATE CASE EXPENSE	(3,389,744)	DIRECTORS' & OFFICERS' INSURANCE	(37,501)	14,466
FUEL RELATED DEFERRED DEBITS	(5,825,632)	INDUSTRY ASSOCIATION DUES	(1,837)	709
UNREALIZED LOSS ON FWD CONTRACT	(207,420)	TALLAHASSEE LIAISON EXPENSE	(491,826)	189,722
ACCUM. PROV. FOR RATE REFUNDS	0	GRT/FPSC FEES ON CLAUSE REV ADJ & FRAN FEES	(1,423,781)	549,224
FAS 143 WORKING CAPITAL	66,110,101	COMP SALES/TRANS REV/G/L SALE GAS/PROV RT REPRN. ESC REV	(90,139)	(34,771)
FAS 158 REGULATORY ASSETS	(158,992,227)	GAIN/LOSS ON DISPOSITION OF PROPERTY	0	0
FAS 158 REGULATORY LIABILITIES	158,992,227	INTEREST SYNCHRONIZATION	7,299,493	7,299,493
PPA REGULATORY ASSETS	(141,089,415)			
PPA REGULATORY LIABILITIES	141,089,415			
FAS 133 REGULATORY ASSETS	(41,006,284)			
FAS 133 REGULATORY LIABILITIES	41,006,284			

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GULF POWER COMPANY
YEAR END RATE OF RETURN
RATE BASE, INCLUDING SCHERER 3*
June, 2017

	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	5,139,789,941	1,707,323,523	3,432,466,418	14,754,000	56,087,636	0	3,503,308,055	280,732,824	3,764,040,879
JURISDICTIONAL PER BOOKS	4,903,024,808	1,644,664,223	3,258,360,585	14,322,375	54,193,797	0	3,326,876,757	325,103,144	3,651,979,901
<u>FPSC ADJUSTMENTS:</u>									
ENVIRONMENTAL RECOVERY CLAUSE INT BEARING CWIP	(1,507,256,919)	(286,804,036)	(1,220,454,883)		(10,713,157)		(1,231,168,040)	(22,199,666)	(1,253,367,706)
ENERGY CONSERVATION CLAUSE	(15,465,079)	7,864,888	(23,349,967)		(2,144,315)		(2,144,315)	0	(2,144,315)
LOANS TO EMPLOYEES AND RETIREES INTEREST AND DIVIDENDS RECEIVABLE							(23,349,967)	(654,492)	(24,004,459)
FUNDED PROP RES. N. ESCAMBIA SITE, & OTHER INV.				(12,661,331)			(12,661,331)	0	(12,661,331)
FUEL RELATED DEFERRED DEBITS								(4,531,629)	(4,531,629)
ACCRUED PROVISION FOR REFUND								(5,825,632)	(5,825,632)
UNAMORTIZED RATE CASE EXPENSES								(3,228,672)	(3,228,672)
TOTAL FPSC ADJUSTMENTS	(1,522,723,998)	(278,919,148)	(1,243,804,850)	(12,661,331)	(12,857,472)	0	(1,269,323,653)	(36,478,988)	(1,305,802,640)
FPSC ADJUSTED	3,380,300,810	1,365,745,075	2,014,555,735	1,661,044	41,336,325	0	2,057,553,104	288,624,156	2,346,177,260
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	3,380,300,810	1,365,745,075	2,014,555,735	1,661,044	41,336,325	0	2,057,553,104	288,624,156	2,346,177,260

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

GULF POWER COMPANY
YEAR END RATE OF RETURN
INCOME STATEMENT, INCLUDING SCHERER 3*
June, 2017

	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	1,491,834,906	586,279,017	346,182,177	146,173,492	116,514,395	34,674,258	60,371,435	(452,676)	0	1,289,742,097	202,092,809 (a)
JURISDICTIONAL PER BOOKS	1,350,609,920	481,141,748	337,421,615	140,615,792	115,337,893	34,424,903	53,124,115	(384,920)	0	1,161,681,146	188,928,775 (a)
LESS FPSC ADJUSTMENTS:	(397,381,217)	(397,093,167)				(111,115)				(397,204,282)	(176,935)
RETAIL FUEL REVENUES & EXPENSES	(84,073,133)	(84,048,581)				(9,471)				(84,056,052)	(15,081)
PURCHASED POWER CAPACITY REVENUES & EXPENSES	(11,185,320)	(8,547,546)	(8,547,546)	(407,730)	(332,941)	(731,608)				(10,020,025)	(1,165,295)
ENERGY CONSERVATION COST REVENUES & EXPENSES	(204,598,920)	(36,456,720)	(36,456,720)	(52,283,193)	(7,671,683)	(41,733,145)				(138,144,741)	(66,453,879)
ENVIRONMENTAL COST RECOVERY CLAUSE	(42,324,424)				(42,058,231)	(102,664)				(42,160,915)	(163,509)
FRANCHISE FEE REVENUE & EXPENSE	(31,252,128)				(30,849,612)	(155,270)				(31,004,882)	(247,246)
GROSS RECEIPTS TAX REVENUE & ADJUSTMENT			(112,791)			43,509				(69,282)	69,282
MARKETING SUPPORT ACTIVITIES			(228,163)			88,400				(140,763)	140,763
WHOLESALE EXPENSES			(112,263)			43,305				(68,958)	68,958
INSTITUTIONAL ADVERTISING EXPENSE			(57,428)			22,153				(35,275)	35,275
ECONOMIC DEVELOPMENT EXPENSE			(20,298)			7,830				(12,468)	12,468
MGMT FINANCIAL PLANNING SERVICES			(36,691)			14,154				(22,537)	22,537
DIRECTORS' & OFFICERS' INSURANCE			(1,801)			695				(1,106)	1,106
INDUSTRY ASSOCIATION DUES			(439,209)		(21,987)	185,621				(295,575)	295,575
TALLAHASSEE LIAISON EXPENSES					(1,423,781)	549,224				(874,557)	874,557
GRT, FPSC FEES ON CLAUSES & FEES										0	0
(GAIN) / LOSS ON DISPOSITION OF PROPERTY										0	0
INTEREST SYNCHRONIZATION						6,138,189				6,138,189	(6,138,189)
TOTAL FPSC ADJUSTMENTS	(770,814,841)	(481,141,748)	(46,033,910)	(52,690,923)	(82,359,235)	(35,750,412)	0	0	0	(697,975,228)	(72,839,613)
FPSC ADJUSTED	579,795,079	0	291,387,705	87,924,869	32,979,658	(1,325,509)	53,124,115	(384,920)	0	463,705,918	116,089,161
PRO FORMA REVENUE ANNUALIZATION	0	0	0	0	0	0	0	0	0	0	0
TOTAL PRO FORMA ADJUSTMENTS	0	0	0	0	0	0	0	0	0	0	0
PRO FORMA ADJUSTED	579,795,079	0	291,387,705	87,924,869	32,979,658	(1,325,509)	53,124,115	(384,920)	0	463,705,918	116,089,161
(a) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM NOI BY				39,921			38,994				

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

GULF POWER COMPANY
YEAR END RATE OF RETURN
SYSTEM ADJUSTMENTS, INCLUDING SCHERER 3*
June, 2017

SCHEDULE 3
PAGE 3 OF 3

RATE BASE ADJUSTMENTS	AMOUNT	NET OPERATING INCOME STATEMENT ADJUSTMENTS	AMOUNT	TAX EFFECT
ENVIRONMENTAL COST RECOVERY CLAUSE INVESTMENT	(1,550,282,281)	FUEL & IIC FUEL REVENUES AND ECONOMY PROFITS	(502,499,837)	(193,839,312)
ACCUMULATED DEPRECIATION	294,990,502	ENVIRONMENTAL COST RECOVERY CLAUSE REVENUES	(210,359,999)	(81,146,370)
CWIP	(11,018,954)	PURCHASED POWER CAPACITY COST CLAUSE REVENUES	(84,177,169)	(32,471,343)
ENERGY CONSERVATION COST RECOVERY INVESTMENT	(15,465,079)	ENERGY CONSERVATION COST RECOVERY CLAUSE REVENUES	(11,185,320)	(4,314,737)
ACCUMULATED DEPRECIATION	(7,884,888)	FUEL EXPENSE	(499,743,841)	192,776,187
CWIP	0	PURCHASED POWER CAPACITY COST EXPENSE	(86,521,871)	33,375,812
FAS 143 NET PLANT	(46,880,981)	CONSERVATION EXPENSES - DEPRECIATION AND O & M	(8,955,276)	3,454,498
INTEREST BEARING CWIP	(2,195,316)	CONSERVATION EXPENSES - OTHER TAXES	(332,941)	128,432
PHFU - NORTH ESCAMBIA	(13,042,899)	ENVIRONMENTAL COST RECOVERY EXPENSE	(99,184,514)	38,260,426
		FRANCHISE FEE REVENUES	(42,324,424)	(16,326,647)
		FRANCHISE FEE	(42,058,231)	16,223,963
WORKING CAPITAL:		GROSS RECEIPTS TAX REVENUES	(31,252,128)	(12,055,508)
ECRC WORKING CAPITAL	(22,852,640)	GROSS RECEIPTS TAX EXPENSE	(30,849,612)	11,900,238
CONSERVATION/AEM INVENTORY	(654,492)	MARKETING SUPPORT ACTIVITIES	(112,791)	43,509
FUNDED PROPERTY INSURANCE RESERVE	0	WHOLESALE EXPENSES	(236,147)	91,094
LOANS TO EMPLOYEES AND RETIREES	(40,595)	INSTITUTIONAL ADVERTISING EXPENSE	(114,475)	44,159
INTEREST & DIVIDENDS RECEIVABLE	0	ECONOMIC DEVELOPMENT EXPENSE	(57,428)	22,153
NORTH ESCAMBIA SITE	(4,729,632)	MGMT FINANCIAL PLANNING SERVICES	(20,746)	8,003
UNAMORTIZED RATE CASE EXPENSE	(3,369,744)	DIRECTORS' & OFFICERS' INSURANCE	(37,501)	14,466
FUEL RELATED DEFERRED DEBITS	(5,825,632)	INDUSTRY ASSOCIATION DUES	(1,837)	709
UNREALIZED LOSS ON FWD CONTRACT	(207,420)	TALLAHASSEE LIAISON EXPENSE	(491,826)	189,722
ACCUM. PROV. FOR RATE REFUNDS	0	GRT/FPSC FEES ON CLAUSE REV ADJ & FRAN FEES	(1,423,781)	549,224
FAS 143 WORKING CAPITAL	66,110,101	COMP SALES/TRANS REV/G/L SALE GAS/PROV RT REFIN. ESC REV	(90,139)	(34,771)
FAS 158 REGULATORY ASSETS	(158,992,227)	GAIN/LOSS ON DISPOSITION OF PROPERTY	0	0
FAS 158 REGULATORY LIABILITIES	158,992,227	INTEREST SYNCHRONIZATION	6,291,653	6,291,653
PPA REGULATORY ASSETS	(141,089,415)			
PPA REGULATORY LIABILITIES	141,089,415			
FAS 133 REGULATORY ASSETS	(41,006,284)			
FAS 133 REGULATORY LIABILITIES	41,006,284			

*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
June, 2017

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	1,144,865,347	1,104,525,794	(400,901,377)	0	703,624,417	30.21	4.18	1.26	4.18	1.26	4.18	1.26
SHORT TERM DEBT	121,573,774	111,522,999	(40,478,660)	0	71,044,339	3.05	0.29	0.01	0.29	0.01	0.29	0.01
PREFERENCE STOCK	135,234,757	130,445,255	(47,346,728)	0	83,098,527	3.57	6.14	0.22	6.14	0.22	6.14	0.22
CUSTOMER DEPOSITS	35,515,293	35,395,927	(12,847,392)	0	22,548,535	0.97	2.37	0.02	2.37	0.02	2.37	0.02
COMMON EQUITY	1,453,021,940	1,416,877,308	(514,273,245)	0	902,604,063	38.76	9.25	3.59	10.25	3.97	11.25	4.36
DEFERRED INCOME TAXES	937,168,938	907,758,709	(329,482,316)	0	578,276,393	24.83						
FASB 109 DEFERRED TAXES	(53,660,283)	(51,976,315)	18,865,450	0	(33,110,865)	(1.42)						
TAX CREDITS - ZERO COST	0	0	0	0	0	0.00						
TAX CREDITS - WEIGHTED COST	1,585,822	1,255,942	(455,860)	0	800,082	0.03	6.99	0.00	7.52	0.00	8.05	0.00
TOTAL	3,775,305,588	3,655,805,619	(1,326,920,128)	0	2,328,885,491	100.00 %		5.10 %		5.49 %		5.88 %

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	1,274,249,525	1,207,880,334	(431,889,926)	0	775,990,408	33.07	4.09	1.3518	4.09	1.35	4.09	1.35
SHORT TERM DEBT	77,932,917	68,259,861	(24,407,009)	0	43,852,852	1.87	0.64	0.0119	0.64	0.01	0.64	0.01
PREFERENCE STOCK	0	0	0	0	0	0.00	0.00	0.0000	0.00	0.00	0.00	0.00
CUSTOMER DEPOSITS	35,223,293	34,435,818	(12,312,878)	0	22,122,940	0.94	3.59	0.0337	3.59	0.03	3.59	0.03
COMMON EQUITY	1,554,880,051	1,472,171,938	(526,390,083)	0	945,781,855	40.31	9.25	3.7287	10.25	4.13	11.25	4.53
DEFERRED INCOME TAXES	966,110,693	918,037,743	(328,253,753)	0	589,783,990	25.15						
FASB 109 DEFERRED TAXES	(52,472,902)	(49,861,890)	17,828,627	0	(32,033,263)	(1.37)						
TAX CREDITS - ZERO COST	0	0	0	0	0	0.00						
TAX CREDITS - WEIGHTED COST	1,373,048	1,056,086	(377,618)	0	678,478	0.03	6.92	0.0021	7.47	0.00	8.02	0.00
TOTAL	3,857,296,624	3,651,979,901	(1,305,802,640)	0	2,346,177,260	100.00 %		5.1182 %		5.53 %		5.93 %

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GULF POWER COMPANY
Financial Integrity Indicators, Including Scherer 3*
June, 2017

A. Times Interest Earned with AFUDC

Earnings Before Interest	180,031,063
AFUDC - Debt	11,932
Income Taxes	85,514,870
	<hr/>
Total	265,557,865
Interest Charges (Before Deducting AFUDC - Debt)	50,407,476
	<hr/>
T.I.E. With AFUDC	5.27 x

B. Times Interest Earned without AFUDC

Earnings Before Interest	180,031,063
AFUDC - Other	(27,989)
Income Taxes	85,514,870
	<hr/>
Total	265,517,944
Interest Charges (Before Deducting AFUDC - Debt)	50,407,476
	<hr/>
T.I.E. Without AFUDC	5.27 x

C. Percent AFUDC To Net Income Available for Common Stockholders

AFUDC - Debt	11,932
X (1 - Income Tax Rate)	0.61425
	<hr/>
Subtotal	7,329
AFUDC - Other	27,989
	<hr/>
Total	35,318
	<hr/>
Net Income Available for Common Stockholders	120,933,101
Percent AFUDC to Available Net Income	0.03%

D. Percent Internally Generated Funds

Net Income	129,635,519
Preference Dividends	(8,702,418)
Common Dividends	(122,534,000)
AFUDC (Debt & Other)	(39,921)
Depreciation & Amortization	155,641,717
Deferred Income Taxes	60,371,435
Investment Tax Credits	0
Other	(38,295,772)
	<hr/>
Total	176,076,560
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Construction Expenditures (Excluding AFUDC Other & Debt)	226,491,846
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Percent Internally Generated Funds	77.74%

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	703,624,417
Short Term Debt	71,044,339
Preference Stock	83,098,527
Common Equity	902,604,063
	<hr/>
Total	1,760,371,346
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% Long Term Debt To Total	39.97%
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% Short Term Debt To Total	4.04%

G. FPSC Adjusted Average Jurisdictional Return On Common Equity

	G. FPSC ADJ.	H. PROFORMA
FPSC Adjusted Average Earned Rate of Return	4.94%	4.94%
Less: Reconciled Average Retail Weighted Cost Rates For:		
Long Term Debt	(1.26)	(1.26)
Short Term Debt	(0.01)	(0.01)
Preference Stock	(0.22)	(0.22)
Customer Deposits	(0.02)	(0.02)
Tax Credits - Weighted Cost (Common Equity at Midpoint)	(0.00)	(0.00)
	<hr/>	<hr/>
Subtotal	(1.52)	(1.52)
	<hr/>	<hr/>
Total	3.42	3.42
Divided by Common Equity Ratio	38.76	38.76
	<hr/>	<hr/>
Jurisdictional Return on Common Equity	8.82%	8.82%

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GULF POWER COMPANY
Storm Accrual - Twelve Month to Date
June, 2017

Supplemental 1

<u>Month</u>	<u>Year</u>	<u>\$</u>
July	2016	291,667
August	2016	291,667
September	2016	291,667
October	2016	291,667
November	2016	291,667
December	2016	291,663
January	2017	291,667
February	2017	291,667
March	2017	291,667
April	2017	0
May	2017	0
June	2017	0
12 - M-T-D		<u><u>2,624,999</u></u>

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GULF POWER COMPANY

DOCKET NO. 990315-EI

RTP QUARTERLY REPORT

Seventy First Quarterly Report

Report Period: Second Quarter, 2017

<u>Rate Class</u>	<u>Second Quarter Total Revenue</u>	<u>Second Quarter Total KWH Sales</u>	<u>Second Quarter ¢/KWH</u>	<u>12-Month Rolling Average ¢/KWH</u>
RTP	\$29,508,482.33	392,074,482	7.526	8.263
PX/PXT	-	-	-	-
LP/LPT	\$17,926,820.79	204,158,247	8.781	8.948

**Notes to Quarterly
Real Time Pricing Report**

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

June 2017

Earnings Surveillance
Report
(Rate of Return)



GULF POWER COMPANY
Earnings Surveillance Report Summary
June, 2017

	(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	195,537,602	(73,851,717)	121,685,884	0	121,685,884
Average Rate Base	3,575,796,286	(1,326,920,128)	2,248,876,158	0	2,248,876,158
Average Rate of Return	5.47%		5.41%		5.41%
II. Year End Rate of Return (Jurisdictional)					
	(a)	(b)			
Net Operating Income	195,432,830	(72,779,943)	122,652,886	0	122,652,886
Year End Rate Base	3,586,022,986	(1,305,802,640)	2,280,220,345	0	2,280,220,345
Year End Rate of Return	5.45%		5.38%		5.38%

(a) Includes AFUDC Earnings

(b) Includes Reversal of AFUDC Earnings

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

Low	5.09%
Midpoint	5.48%
High	5.87%

IV. Financial Integrity Indicators

A. Tie With AFUDC	5.27 x (System per Books Basis)
B. Tie Without AFUDC	5.27 x (System per Books Basis)
C. AFUDC To Net Income	0.03% (System per Books Basis)
D. Internally Generated Funds	77.74% (System per Books Basis)
E. LTD To Total Investor Funds	39.96% (FPSC Adjusted Basis)
F. STD To Total Investor Funds	4.04% (FPSC Adjusted Basis)
G. Return on Common Equity	10.08% (FPSC Adjusted Basis)
H. Return on Common Equity	10.08% (Proforma Basis)

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

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

Name and Title

Josh J. Mason
Assistant Treasurer, Financial Planning & Budgeting Manager

Signature



Date

8/14/17

GULF POWER COMPANY
AVERAGE RATE OF RETURN
RATE BASE
June, 2017

	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	5,096,926,889	1,655,289,988	3,441,636,901	14,754,000	64,302,324	0	3,520,693,225	260,732,824	3,781,426,049
JURISDICTIONAL PER BOOKS	4,694,610,296	1,505,350,947	3,189,259,349	14,322,374	58,004,583	0	3,261,586,306	314,209,980	3,575,796,286
FPSC ADJUSTMENTS:									
ENVIRONMENTAL RECOVERY CLAUSE	(1,501,328,479)	(255,867,805)	(1,245,460,674)		(8,743,877)		(1,254,204,551)	(22,199,666)	(1,276,404,217)
INT BEARING CWIP					(907,210)		(907,210)	0	(907,210)
ENERGY CONSERVATION CLAUSE							(22,668,048)	(654,492)	(23,322,540)
LOANS TO EMPLOYEES / RETIREES	(14,720,603)	7,947,445	(22,668,048)					(38,897)	(38,897)
INTEREST AND DIVIDENDS RECEIVABLE								0	0
FUNDED PROP RES, N, ESCAMBIA & OTHER INV.				(12,661,331)			(12,661,331)	(4,531,629)	(17,192,960)
FUEL RELATED DEFERRED DEBITS								(5,825,632)	(5,825,632)
ACCRUED PROVISION FOR REFUND								0	0
UNAMORTIZED RATE CASE EXPENSES								(3,228,672)	(3,228,672)
TOTAL FPSC ADJUSTMENTS	(1,516,049,082)	(247,920,360)	(1,268,128,722)	(12,661,331)	(9,651,087)	0	(1,290,441,140)	(36,478,988)	(1,326,920,128)
FPSC ADJUSTED	3,178,561,214	1,257,430,587	1,921,130,627	1,661,043	48,353,496	0	1,971,145,166	277,730,992	2,248,876,158
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	3,178,561,214	1,257,430,587	1,921,130,627	1,661,043	48,353,496	0	1,971,145,166	277,730,992	2,248,876,158

GULF POWER COMPANY
AVERAGE RATE OF RETURN
SYSTEM ADJUSTMENTS
June, 2017

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	(1,545,488,094)	FUEL & IIC FUEL REVENUES AND ECONOMY PROFITS	(502,499,837)	(193,839,312)
ACCUMULATED DEPRECIATION	283,393,822	ENVIRONMENTAL COST RECOVERY CLAUSE REVENUES	(210,359,999)	(81,146,370)
CWIP	(9,001,067)	PURCHASED POWER CAPACITY COST CLAUSE REVENUES	(84,177,169)	(32,471,343)
ENERGY CONSERVATION COST RECOVERY INVESTMENT	(14,720,603)	ENERGY CONSERVATION COST RECOVERY CLAUSE REVENUES	(11,185,320)	(4,314,737)
ACCUMULATED DEPRECIATION	(7,947,445)	FUEL EXPENSE	(499,743,841)	192,776,187
CWIP	0	PURCHASED POWER CAPACITY COST EXPENSE	(86,521,871)	33,375,812
FAS 143 NET PLANT	(54,565,269)	CONSERVATION EXPENSES - DEPRECIATION AND O & M	(8,955,276)	3,454,498
INTEREST BEARING CWIP	(928,788)	CONSERVATION EXPENSES - OTHER TAXES	(332,941)	128,432
PHFU - NORTH ESCAMBIA	(13,042,899)	ENVIRONMENTAL COST RECOVERY EXPENSE	(99,184,514)	38,260,426
		FRANCHISE FEE REVENUES	(42,324,424)	(16,328,647)
		FRANCHISE FEE	(42,058,231)	16,223,963
		GROSS RECEIPTS TAX REVENUES	(31,252,128)	(12,055,508)
		GROSS RECEIPTS TAX EXPENSE	(30,849,612)	11,900,238
WORKING CAPITAL:		MARKETING SUPPORT ACTIVITIES	(112,791)	43,509
ECRC WORKING CAPITAL	(22,852,640)	WHOLESALE EXPENSES	(236,147)	91,094
CONSERVATION/AEM INVENTORY	(654,492)	INSTITUTIONAL ADVERTISING EXPENSE	(114,475)	44,159
FUNDED PROPERTY INSURANCE RESERVE	0	ECONOMIC DEVELOPMENT EXPENSE	(57,428)	22,153
LOANS TO EMPLOYEES AND RETIREES	(40,595)	MGMT FINANCIAL PLANNING SERVICES	(20,746)	8,003
INTEREST & DIVIDENDS RECEIVABLE	0	DIRECTORS' & OFFICERS' INSURANCE	(37,501)	14,466
NORTH ESCAMBIA SITE	(4,729,632)	INDUSTRY ASSOCIATION DUES	(1,837)	709
UNAMORTIZED RATE CASE EXPENSE	(3,369,744)	TALLAHASSEE LIAISON EXPENSE	(491,826)	189,722
FUEL RELATED DEFERRED DEBITS	(5,825,632)	GRT/FPSC FEES ON CLAUSE REV ADJ & FRAN FEES	(1,423,781)	549,224
UNREALIZED LOSS ON FWD CONTRACT	(207,420)	COMP SALESTRANS REV/G/L SALE GAS/PROV RT REFN. ESC REV	(90,139)	(34,771)
ACCUM. PROV. FOR RATE REFUNDS	0	GAIN/LOSS ON DISPOSITION OF PROPERTY	0	0
FAS 143 WORKING CAPITAL	66,110,101	INTEREST SYNCHRONIZATION	7,299,493	7,299,493
FAS 158 REGULATORY ASSETS	(158,992,227)			
FAS 158 REGULATORY LIABILITIES	158,992,227			
PPA REGULATORY ASSETS	(141,089,415)			
PPA REGULATORY LIABILITIES	141,089,415			
FAS 133 REGULATORY ASSETS	(41,006,284)			
FAS 133 REGULATORY LIABILITIES	41,006,284			

GULF POWER COMPANY
 YEAR END RATE OF RETURN
 RATE BASE
 June, 2017

	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	5,139,789,941	1,707,323,523	3,432,466,418	14,754,000	56,087,636	0	3,503,308,055	260,732,824	3,764,040,879
JURISDICTIONAL PER BOOKS	4,758,770,643	1,553,808,838	3,204,961,805	14,322,375	54,112,697	0	3,273,396,877	312,626,109	3,586,022,986
<u>FPSC ADJUSTMENTS:</u>									
ENVIRONMENTAL RECOVERY CLAUSE	(1,507,258,919)	(286,804,036)	(1,220,454,883)		(10,713,157)		(1,231,168,040)	(22,199,666)	(1,253,367,706)
INT BEARING CWIP					(2,144,315)		(2,144,315)	0	(2,144,315)
ENERGY CONSERVATION CLAUSE	(15,465,079)	7,884,888	(23,349,967)		(23,349,967)		(23,349,967)	(654,492)	(24,004,459)
LOANS TO EMPLOYEES AND RETIREES								(38,897)	(38,897)
INTEREST AND DIVIDENDS RECEIVABLE								0	0
FUNDED PROP RES, N. ESCAMBIA SITE, & OTHER INV.				(12,661,331)			(12,661,331)	(4,531,629)	(17,192,960)
FUEL RELATED DEFERRED DEBITS								(5,825,632)	(5,825,632)
ACCRUED PROVISION FOR REFUND								0	0
UNAMORTIZED RATE CASE EXPENSES								(3,228,672)	(3,228,672)
TOTAL FPSC ADJUSTMENTS	(1,522,723,998)	(278,919,148)	(1,243,804,850)	(12,661,331)	(12,857,472)	0	(1,269,323,653)	(36,478,988)	(1,305,802,640)
FPSC ADJUSTED	3,236,046,645	1,274,889,690	1,961,156,955	1,661,044	41,255,225	0	2,004,073,224	276,147,121	2,280,220,345
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	3,236,046,645	1,274,889,690	1,961,156,955	1,661,044	41,255,225	0	2,004,073,224	276,147,121	2,280,220,345

GULF POWER COMPANY
YEAR END RATE OF RETURN
INCOME STATEMENT
June, 2017

	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	1,491,834,906	586,279,017	346,182,177	146,173,492	116,514,395	34,674,258	60,371,435	(452,676)	0	1,289,742,087	202,092,809 (a)
JURISDICTIONAL PER BOOKS	1,350,609,950	481,141,748	329,616,334	137,436,697	114,726,872	33,617,168	58,873,301	(196,035)	0	1,155,216,085	195,393,836 (a)
LESS FPSC ADJUSTMENTS:	(397,381,217)	(397,093,167)			(111,115)					(397,204,282)	(176,935)
RETAIL FUEL REVENUES & EXPENSES	(84,073,133)	(84,048,581)			(9,471)					(84,058,052)	(15,081)
PURCHASED POWER CAPACITY REVENUES & EXPENSES	(11,185,320)		(8,547,546)	(407,730)	(332,941)	(731,808)				(10,020,025)	(1,165,295)
ENERGY CONSERVATION COST REVENUES & EXPENSES	(204,598,820)		(36,456,720)	(52,283,193)	(7,671,683)	(41,733,145)				(138,144,741)	(66,453,879)
ENVIRONMENTAL COST RECOVERY CLAUSE	(42,324,424)				(42,058,231)	(102,684)				(42,160,915)	(163,509)
FRANCHISE FEE REVENUE & EXPENSE	(31,252,128)				(30,849,612)	(155,270)				(31,004,882)	(247,246)
GROSS RECEIPTS TAX REVENUE & ADJUSTMENT			(112,791)			43,509				(69,282)	69,282
MARKETING SUPPORT ACTIVITIES			(228,163)			88,400				(140,763)	140,763
WHOLESALE EXPENSES			(112,263)			43,305				(68,958)	68,958
INSTITUTIONAL ADVERTISING EXPENSE			(57,428)			22,153				(35,275)	35,275
ECONOMIC DEVELOPMENT EXPENSE			(20,298)			7,830				(12,468)	12,468
MGMT FINANCIAL PLANNING SERVICES			(36,691)			14,154				(22,537)	22,537
DIRECTORS' & OFFICERS' INSURANCE			(1,801)			695				(1,106)	1,106
INDUSTRY ASSOCIATION DUES			(459,209)			185,621				(295,575)	295,575
TALLAHASSEE LIAISON EXPENSES					(21,987)	549,224				(874,557)	874,557
GRT, FPSC FEES ON CLAUSES & FEES					(1,423,781)					0	0
(GAIN) / LOSS ON DISPOSITION OF PROPERTY										6,039,525	(6,039,525)
INTEREST SYNCHRONIZATION										0	0
TOTAL FPSC ADJUSTMENTS	(770,814,841)	(481,141,748)	(46,033,910)	(52,690,923)	(82,358,235)	(35,849,076)	0	0	0	(696,073,892)	(72,740,949)
FPSC ADJUSTED	579,795,079	0	283,582,424	84,745,774	32,368,637	(2,231,908)	58,873,301	(196,035)	0	457,142,193	122,652,886
PRO FORMA REVENUE ANNUALIZATION											
TOTAL PRO FORMA ADJUSTMENTS	0	0	0	0	0	0	0	0	0	0	0
PRO FORMA ADJUSTED	579,795,079	0	283,582,424	84,745,774	32,368,637	(2,231,908)	58,873,301	(196,035)	0	457,142,193	122,652,886

(a) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM NOI BY 39,921 AND THE JURISDICTIONAL NOI BY 36,994

GULF POWER COMPANY
YEAR END RATE OF RETURN
SYSTEM ADJUSTMENTS
June, 2017

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	(1,550,282,281)	FUEL & IIC FUEL REVENUES AND ECONOMY PROFITS	(502,499,837)	(193,839,312)
ACCUMULATED DEPRECIATION	294,990,602	ENVIRONMENTAL COST RECOVERY CLAUSE REVENUES	(210,359,999)	(81,146,370)
CWIP	(11,018,954)	PURCHASED POWER CAPACITY COST CLAUSE REVENUES	(84,177,169)	(32,471,343)
ENERGY CONSERVATION COST RECOVERY INVESTMENT	(15,465,079)	ENERGY CONSERVATION COST RECOVERY CLAUSE REVENUES	(11,185,320)	(4,314,737)
ACCUMULATED DEPRECIATION	(7,884,888)	FUEL EXPENSE	(499,743,841)	192,776,187
CWIP	0	PURCHASED POWER CAPACITY COST EXPENSE	(86,521,871)	33,375,812
FAS 143 NET PLANT	(46,880,981)	CONSERVATION EXPENSES - DEPRECIATION AND O & M	(8,955,276)	3,454,498
INTEREST BEARING CWIP	(2,195,316)	CONSERVATION EXPENSES - OTHER TAXES	(332,941)	128,432
PHFU - NORTH ESCAMBIA	(13,042,899)	ENVIRONMENTAL COST RECOVERY EXPENSE	(99,184,514)	38,260,426
		FRANCHISE FEE REVENUES	(42,324,424)	(16,326,647)
		FRANCHISE FEE	(42,058,231)	16,223,963
		GROSS RECEIPTS TAX REVENUES	(31,252,128)	(12,055,508)
WORKING CAPITAL:		GROSS RECEIPTS TAX EXPENSE	(30,849,612)	11,900,238
ECRC WORKING CAPITAL	(22,852,640)	MARKETING SUPPORT ACTIVITIES	(112,791)	43,509
CONSERVATION/AEM INVENTORY	(654,492)	WHOLESALE EXPENSES	(236,147)	91,094
FUNDED PROPERTY INSURANCE RESERVE	0	INSTITUTIONAL ADVERTISING EXPENSE	(114,475)	44,159
LOANS TO EMPLOYEES AND RETIREES	(40,595)	ECONOMIC DEVELOPMENT EXPENSE	(57,428)	22,153
INTEREST & DIVIDENDS RECEIVABLE	0	MGMT FINANCIAL PLANNING SERVICES	(20,746)	8,003
NORTH ESCAMBIA SITE	(4,729,632)	DIRECTORS' & OFFICERS' INSURANCE	(37,501)	14,466
UNAMORTIZED RATE CASE EXPENSE	(3,369,744)	INDUSTRY ASSOCIATION DUES	(1,837)	709
FUEL RELATED DEFERRED DEBITS	(5,825,632)	TALLAHASSEE LIAISON EXPENSE	(491,826)	189,722
UNREALIZED LOSS ON FWD CONTRACT	(207,420)	GRT/FPSC FEES ON CLAUSE REV ADJ & FRAN FEES	(1,423,781)	549,224
ACCUM. PROV. FOR RATE REFUNDS	0	COMP SALES/TRANS REV/GAL SALE GAS/PROV RT REFV. ESC REV	(90,139)	(34,771)
FAS 143 WORKING CAPITAL	66,110,101	GAIN/LOSS ON DISPOSITION OF PROPERTY	0	0
FAS 158 REGULATORY ASSETS	(158,992,227)	INTEREST SYNCHRONIZATION	6,291,653	6,291,653
FAS 158 REGULATORY LIABILITIES	158,992,227			
PPA REGULATORY ASSETS	(141,089,415)			
PPA REGULATORY LIABILITIES	141,089,415			
FAS 133 REGULATORY ASSETS	(41,006,284)			
FAS 133 REGULATORY LIABILITIES	41,006,284			

GULF POWER COMPANY
CAPITAL STRUCTURE
FPSC ADJUSTED BASIS
June, 2017

AVERAGE	SYSTEM PER BOOKS	RETAIL PER BOOKS	ADJUSTMENTS			LOW POINT			MIDPOINT			HIGH POINT		
			PRO RATA	SPECIFIC	ADJUSTED RETAIL	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
LONG TERM DEBT	1,144,865,347	1,078,336,168	(400,153,099)	0	678,183,069	30.16	4.18	1.26	4.18	1.26	4.18	1.26	4.18	1.26
SHORT TERM DEBT	121,573,774	109,152,007	(40,504,543)	0	68,647,464	3.05	0.29	0.01	0.29	0.01	0.29	0.01	0.29	0.01
PREFERENCE STOCK	135,234,757	127,287,799	(47,234,442)	0	80,053,357	3.56	6.14	0.22	6.14	0.22	6.14	0.22	6.14	0.22
CUSTOMER DEPOSITS	35,515,293	35,389,601	(13,132,508)	0	22,257,093	0.99	2.37	0.02	2.37	0.02	2.37	0.02	2.37	0.02
COMMON EQUITY	1,453,021,940	1,383,684,605	(513,462,962)	0	870,221,643	38.70	9.25	3.58	10.25	3.97	11.25	4.35	11.25	4.35
DEFERRED INCOME TAXES	937,168,938	892,764,458	(331,290,441)	0	561,474,017	24.97								
FASB 109 DEFERRED TAXES	(53,660,283)	(51,117,775)	18,968,978	0	(32,148,797)	(1.43)								
TAX CREDITS - ZERO COST	0	0	0	0	0	0.00	6.99	0.00	7.52	0.00	8.05	0.00	8.05	0.00
TAX CREDITS - WEIGHTED COST	1,585,822	299,423	(111,111)	0	188,312	0.01								
TOTAL	3,775,305,588	3,575,796,286	(1,326,920,128)	0	2,248,876,158	100.00		5.09		5.48		5.87		5.87

YEAR-END	SYSTEM PER BOOKS	RETAIL PER BOOKS	ADJUSTMENTS			LOW POINT			MIDPOINT			HIGH POINT		
			PRO RATA	SPECIFIC	ADJUSTED RETAIL	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
LONG TERM DEBT	1,274,249,525	1,184,829,265	(431,439,840)	0	753,389,425	33.04	4.09	1.3506	4.09	1.35	4.09	1.35	4.09	1.35
SHORT TERM DEBT	77,932,917	66,850,468	(24,342,710)	0	42,507,758	1.86	0.64	0.0118	0.64	0.01	0.64	0.01	0.64	0.01
PREFERENCE STOCK	0	0	0	0	0	0.00	0.00	0.0000	0.00	0.00	0.00	0.00	0.00	0.00
CUSTOMER DEPOSITS	35,223,293	34,414,613	(12,531,624)	0	21,882,989	0.96	3.59	0.0345	3.59	0.03	3.59	0.03	3.59	0.03
COMMON EQUITY	1,554,880,051	1,444,077,155	(525,841,516)	0	918,235,639	40.27	9.25	3.7250	10.25	4.13	11.25	4.53	11.25	4.53
DEFERRED INCOME TAXES	966,110,693	904,783,057	(329,464,732)	0	575,318,325	25.23								
FASB 109 DEFERRED TAXES	(52,472,902)	(49,141,980)	17,894,399	0	(31,247,581)	(1.37)								
TAX CREDITS - ZERO COST	0	0	0	0	0	0.00	6.92	0.0007	7.47	0.00	8.02	0.00	8.02	0.00
TAX CREDITS - WEIGHTED COST	1,373,048	210,407	(76,617)	0	133,790	0.01								
TOTAL	3,857,296,624	3,586,022,986	(1,305,802,640)	0	2,280,220,345	100.00		5.1125		5.53		5.93		5.93

GULF POWER COMPANY
Financial Integrity Indicators
June, 2017

A. Times Interest Earned with AFUDC

Earnings Before Interest	180,031,063
AFUDC - Debt	11,932
Income Taxes	<u>85,514,870</u>
Total	265,557,865
Interest Charges (Before Deducting AFUDC - Debt)	<u>50,407,476</u>
T.I.E. With AFUDC	<u>5.27</u> x

B. Times Interest Earned without AFUDC

Earnings Before Interest	180,031,063
AFUDC - Other	(27,989)
Income Taxes	<u>85,514,870</u>
Total	265,517,944
Interest Charges (Before Deducting AFUDC - Debt)	<u>50,407,476</u>
T.I.E. Without AFUDC	<u>5.27</u> x

C. Percent AFUDC To Net Income Available for Common Stockholders

AFUDC - Debt	11,932
X (1 - Income Tax Rate)	0.61425
Subtotal	7,329
AFUDC - Other	<u>27,989</u>
Total	<u>35,318</u>
Net Income Available for Common Stockholders	<u>120,933,101</u>
Percent AFUDC to Available Net Income	<u>0.03%</u>

D. Percent Internally Generated Funds

Net Income	129,635,519
Preference Dividends	(8,702,418)
Common Dividends	(122,534,000)
AFUDC (Debt & Other)	(39,921)
Depreciation & Amortization	155,641,717
Deferred Income Taxes	60,371,435
Investment Tax Credits	0
Other	<u>(38,295,772)</u>
Total	176,076,560
Construction Expenditures (Excluding AFUDC Other & Debt)	<u>226,491,846</u>
Percent Internally Generated Funds	<u>77.74%</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	678,183,069
Short Term Debt	68,647,464
Preference Stock	80,053,357
Common Equity	<u>870,221,643</u>
Total	<u>1,697,105,533</u>
% Long Term Debt To Total	<u>39.96%</u>
% Short Term Debt To Total	<u>4.04%</u>

G. FPSC Adjusted Average Jurisdictional Return
On Common Equity

	G. FPSC ADJ.	H. PROFORMA
FPSC Adjusted Average Earned Rate of Return	5.41%	5.41%
Less: Reconciled Average Retail Weighted Cost Rates For:		
Long Term Debt	(1.26)	(1.26)
Short Term Debt	(0.01)	(0.01)
Preference Stock	(0.22)	(0.22)
Customer Deposits	(0.02)	(0.02)
Tax Credits - Weighted Cost (Common Equity at Midpoint)	<u>(0.00)</u>	<u>(0.00)</u>
Subtotal	<u>(1.51)</u>	<u>(1.51)</u>
Total	3.90	3.90
Divided by Common Equity Ratio	<u>38.70</u>	<u>38.70</u>
Jurisdictional Return on Common Equity	<u>10.08%</u>	<u>10.08%</u>

GULF POWER COMPANY
Storm Accrual - Twelve Month to Date
June, 2017

Supplemental 1

<u>Month</u>	<u>Year</u>	<u>\$</u>
July	2016	291,667
August	2016	291,667
September	2016	291,667
October	2016	291,667
November	2016	291,667
December	2016	291,663
January	2017	291,667
February	2017	291,667
March	2017	291,667
April	2017	0
May	2017	0
June	2017	0
12 - M-T-D		<u><u>2,624,999</u></u>

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GULF POWER COMPANY

DOCKET NO. 990315-EI

RTP QUARTERLY REPORT

Seventy First Quarterly Report

Report Period: Second Quarter, 2017

<u>Rate Class</u>	<u>Second Quarter Total Revenue</u>	<u>Second Quarter Total KWH Sales</u>	<u>Second Quarter ¢/KWH</u>	<u>12-Month Rolling Average ¢/KWH</u>
RTP	\$29,508,482.33	392,074,482	7.526	8.263
PX/PXT	-	-	-	-
LP/LPT	\$17,926,820.79	204,158,247	8.781	8.948

**Notes to Quarterly
Real Time Pricing Report**

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