



**BEGGS & LANE** RLLP  
ATTORNEYS and COUNSELLORS at LAW  
SINCE 1883

E. DIXIE BEGGS  
1908 - 2001

BERT H. LANE  
1917 - 1981

POST OFFICE Box 12950  
PENSACOLA, FL 32591-2950  
TELEPHONE (850) 432-2451  
FAX (850) 469-3331

JEFFREY A. STONE

[JAS@BEGGS.LANE.COM](mailto:JAS@BEGGS.LANE.COM)

June 21, 2016

Danijela Janjic, Senior Attorney  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

Re: Docket No. 160134-EI - Petition for accounting recognition of Gulf Power Company's ownership in Plant Scherer as being in service to retail customers. Staff's First Data Request

Dear Ms. Janjic:

Enclosed are Gulf Power Company's responses to Staff's First Data Requests in the docket referred to above. As discussed in Gulf's responses, there are no changes to the requested Earnings Surveillance Report Schedules or impacts to the Company's monthly fuel schedules for December 2015. This is due to the fact that Gulf's ownership interest in Plant Scherer was fully committed to interim long-term off system power sales through the end of December 2015.

The first of three existing contracts for these interim long-term off system power sales expired at the end of 2015, releasing approximately 52% of Gulf's ownership in Plant Scherer to resume its role serving Gulf's native load customers in Northwest Florida. The second of the three existing contracts expired at the end of May 2016, releasing an additional 24% of Gulf's ownership in Plant Scherer to resume its role serving Gulf's native load customers in Northwest Florida. The final contract is scheduled to expire at the end of 2019, releasing the final 24% of Gulf's ownership in Plant Scherer to resume its role serving Gulf's native load customers in Northwest Florida.

If there are any questions regarding the attached responses, please do not hesitate to contact me.

Very truly yours,

A handwritten signature in black ink, appearing to read 'J. Stone', written over a horizontal line.

Jeffrey A. Stone  
For the firm

cc: Office of Commission Clerk  
Office of Public Counsel (Kelly, Morse)  
Sierra Club (Csank)  
FIPUG (Moyle)  
Gulf Power (McGee, Henderson)

1. Please provide Earnings Surveillance Report Schedules 1, 2, 4 and 5 for the following periods with and without the proposed inclusion of Plant Scherer:
  - a. December 2015
  - b. March 2016
  - c. Forecasted December 2016
  - d. Forecasted January 2020

Clearly show the adjustments made to include Plant Scherer in the ESR schedules. The Pro Forma section on Schedules 1, 2 and 5 can be used to show these adjustments for rate base, net operating income and the return on equity calculations.

RESPONSE:

Gulf's ownership interest was fully committed to interim long-term off system power sales through the end of December 2015. The first of three existing contracts for these interim long-term off system power sales expired at the end of 2015, releasing approximately 52% of Gulf's ownership in Plant Scherer to resume its role serving Gulf's native load customers in Northwest Florida. The second of the three existing contracts expired at the end of May 2016, releasing an additional 24% of Gulf's ownership in Plant Scherer to resume its role serving Gulf's native load customers in Northwest Florida. The final contract is scheduled to expire at the end of 2019, releasing the final 24% of Gulf's ownership in Plant Scherer to resume its role serving Gulf's native load customers in Northwest Florida.

For all calculations, no additional rate relief is assumed and the current wholesale/retail allocation of costs to serve Gulf's native load customers remains unchanged. For the purpose of preparing the requested schedules, Gulf utilized its Forecasted Jurisdictional Model (Utilities International software), with actual data as appropriate, to prepare all attached schedules which may vary slightly from the Excel-based ESR schedules previously filed with the Commission.

- a. There is no change to the Earnings Surveillance Report (ESR) schedules previously filed with the Commission for the period December 2015. See pages 1 through 6 of Attachment A for all requested schedules. The jurisdictional return on common equity as shown on Schedule 1, line H. is 10.88%.
- b. For purposes of preparing the requested ESR schedules for March 2016 attached to this response, the Company assumed that 52% of Gulf's ownership in Plant Scherer began serving native load customers in Northwest Florida on January 1, 2016. See pages 7 through 24 of Attachment A for all requested

schedules. To summarize, the jurisdictional return on common equity with the inclusion of Scherer is 9.84%. The jurisdictional return on common equity without the inclusion of Scherer is 10.22%. These values can be found on Schedule 1, line H of each analysis.

- c. For purposes of preparing the requested ESR schedules for Forecasted December 2016 attached to this response, the Company assumed that beginning June 1, 2016, 76% (52% plus 24%) of Gulf's ownership in Plant Scherer is serving these customers. See pages 25 through 42 of Attachment A for all requested schedules. To summarize, the jurisdictional return on common equity with the inclusion of Scherer is 8.32%. The jurisdictional return on common equity without the inclusion of Scherer is 10.25%. These values can be found on Schedule 1, line H of each analysis.
- d. For purposes of preparing the requested ESR schedules for Forecasted January 2020 attached to this response, the Company assumed that 100% of Gulf's ownership in Plant Scherer will be serving native load customers in Northwest Florida as of January 1, 2020. See pages 43 through 60 of Attachment A for all requested schedules. To summarize, the jurisdictional return on common equity with the inclusion of Scherer is 5.43%. The jurisdictional return on common equity without the inclusion of Scherer is 7.72%. These values can be found on Schedule 1, line H of each analysis.

2. Please provide an estimated impact on the Company's monthly A-6 schedules filed in accordance with annual fuel clause for the following periods:
  - a. December 2015
  - b. March 2016
  - c. Forecasted December 2016
  - d. Forecasted January 2020

RESPONSE:

Gulf's ownership interest was fully committed to interim long-term off system power sales through the end of December 2015. The first of three existing contracts for these interim long-term off system power sales expired at the end of 2015, releasing approximately 52% of Gulf's ownership in Plant Scherer to resume its role serving Gulf's native load customers in Northwest Florida. The second of the three existing contracts expired at the end of May 2016, releasing an additional 24% of Gulf's ownership in Plant Scherer to resume its role serving Gulf's native load customers in Northwest Florida. The final contract is scheduled to expire at the end of 2019, releasing the final 24% of Gulf's ownership in Plant Scherer to resume its role serving Gulf's native load customers in Northwest Florida.

For each of the time periods requested above, there is no proposed change to the Company's A-6 (or E-6) schedules. Gulf's proposed treatment of Scherer Unit 3 will continue to exclude power sales revenue from the fuel clause for the portion of Unit 3 that remains committed to interim long-term off system power sales. Energy produced by Scherer Unit 3 that is not committed under the interim long-term off system power sales agreements will be presented in the fuel clause as fuel cost of system net generation on Schedules A-3 and A-4.

- a. There is no change to the monthly A-schedules previously filed with the Commission for the period December 2015 due to the fact that Gulf's ownership interest was fully committed to interim long-term off system power sales through the end of December 2015. See Attachment B.
- b. For purposes of preparing the requested impact on Gulf's fuel clause for March 2016, the Company assumed that 52% of Gulf's ownership in Plant Scherer began serving native load customers in Northwest Florida on January 1, 2016. The impact to Gulf's fuel clause for the month of March 2016 is an estimated net increase of \$265,000. See Attachment B.
- c. For purposes of preparing the requested impact Gulf's monthly A-schedules for December 2016 attached to this response, the Company assumed that beginning June 1, 2016, 76% (52% plus 24%) of Gulf's ownership in Plant Scherer is

serving these customers. The impact to Gulf's fuel clause for the month of December is an estimated net increase of \$43,000. For the year ending December 2016 the estimated net impact is a decrease of \$322,000. See Attachment B.

- d. For purposes of preparing the requested impact on for Forecasted January 2020 attached to this response, the Company assumed that 100% of Gulf's ownership in Plant Scherer will be serving native load customers in Northwest Florida as of January 1, 2020. The impact to Gulf's fuel clause for the month of January 2020 is an estimated net decrease of \$1,138,000. See Attachment B.

**GULF POWER COMPANY**  
**EARNINGS SURVEILLANCE REPORT SUMMARY**  
December 2015  
No Inclusion of Scherer

**SCHEDULE 1**

	(1) Actual Per Books	(2) FPSC Adjustments	(3) FPSC Adjusted	(4) Pro Forma Adjustments	(5) Pro Forma Adjusted
<b>I. Average Rate of Return</b> (Jurisdictional)					
Net Operating Income	(a) \$185,944,761.44	(b) (\$70,438,660)	\$115,506,101	\$0	\$115,506,101
Average Rate Base	\$3,410,070,433	(\$1,412,165,831)	\$1,997,904,602	\$0	\$1,997,904,602
Average Rate of Return	5.45%		5.78%		5.78%

<b>II. Year End Rate of Return</b> (JURISDICTIONAL)					
Net Operating Income	(a) \$185,896,922	(b) (\$70,962,293)	\$114,934,629	\$0	\$114,934,629
Year End Rate Base	\$3,439,575,798	(\$1,439,155,897)	\$2,000,419,901	\$0	\$2,000,419,901
Year End Rate of Return	5.40%		5.75%		5.75%

- (a) Includes AFUDC Earnings  
(b) Includes Reversal of AFUDC Earnings

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

Low	5.19%
Midpoint	5.55%
High	5.91%

**IV. Financial Integrity Indicators**

A. T.I.E. With AFUDC	5.09 x (System per Books Basis)
B. T.I.E. Without AFUDC	4.79 x (System per Books Basis)
C. AFUDC To Net Income	10.80% (System per Books Basis)
D. Internally Generated Funds	100.65% (System per Books Basis)
E. LTD To Total Investor Funds	46.18% (FPSC Adjusted Basis)
F. STD To Total Investor Funds	2.45% (FPSC Adjusted Basis)
G. Return on Common Equity	10.88% (FPSC Adjusted Basis)
H. Return on Common Equity	10.88% (Proforma Basis)

SCHEDULE 2  
PAGE 1 OF 3

GULF POWER COMPANY  
AVERAGE RATE OF RETURN  
RATE BASE  
December 2015  
No Inclusion of Scherer

	PLANT IN SERVICE	ACCUMULATED DEPRECIATION & AMORTIZATION	NET PLANT IN SERVICE	PROPERTY HELD FOR FUTURE USE	CONSTRUCTION WORK IN PROGRESS	NUCLEAR FUEL (NET)	NET UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE
<b>SYSTEM PER BOOKS</b>	4,714,582,373	1,576,544,757	3,138,037,616	14,894,609	375,074,599	0	3,528,006,824	220,471,582	3,748,478,406
<b>JURISDICTIONAL PER BOOKS</b>	4,187,833,933	1,424,917,529	2,762,916,404	14,458,870	364,016,177	0	3,141,391,452	268,678,981	3,410,070,433
<b>FPSC ADJUSTMENTS</b>									
ENVIRONMENTAL RECOVERY CLAUSE	(1,074,220,268)	(191,993,189)	(882,227,079)		(19,447,144)		(901,674,223)	(6,201,524)	(907,875,747)
INT BEARING CWIP					(310,641,317)		(310,641,317)		(310,641,317)
ENERGY CONSERVATION CLAUSE	(12,940,416)	7,166,263	(20,106,680)		(5,769)		(20,112,449)	(1,438,557)	(21,551,006)
TRANSMISSION INVESTMENT PURSUANT TO STIP. & SETT.	(122,461,561)		(122,461,561)				(122,461,561)		(122,461,561)
CAPITALIZED DEF. EARNINGS ON TRANSM PURSUANT TO STIP. & SETT.								(2,140,395)	(2,140,395)
LOANS TO EMPLOYEES / RETIREES								(47,248)	(47,248)
INTEREST AND DIVIDENDS RECEIVABLE								(46,826)	(46,826)
FUNDED PROP RES. N. ESCAMBIA & OTHER INV.				(12,661,331)			(12,661,331)	(4,358,940)	(17,020,271)
FUEL RELATED DEFERRED DEBITS								(27,411,293)	(27,411,293)
ACCURED PROVISION FOR REFUND								0	0
UNAMORTIZED RATE CASE EXPENSES								(2,970,167)	(2,970,167)
<b>TOTAL FPSC ADJUSTMENTS</b>	(1,209,622,245)	(184,826,925)	(1,024,795,319)	(12,661,331)	(330,094,230)	0	(1,367,550,881)	(44,614,950)	(1,412,165,831)
<b>FPSC ADJUSTED</b>	2,978,211,688	1,240,090,603	1,738,121,085	1,797,539	33,921,947	0	1,773,840,571	224,064,032	1,997,904,602
<b>PRO FORMA REVENUE AND ADJUSTMENTS</b>	0	0	0	0	0	0	0	0	0
<b>TOTAL PRO FORMA ADJUSTMENTS</b>	0	0	0	0	0	0	0	0	0
<b>PRO FORMA ADJUSTED</b>	2,978,211,688	1,240,090,603	1,738,121,085	1,797,539	33,921,947	0	1,773,840,571	224,064,032	1,997,904,602

SCHEDULE 2  
PAGE 2 OF 3

GULF POWER COMPANY  
AVERAGE RATE OF RETURN  
INCOME STATEMENT  
December 2015  
No Inclusion of Scherer

	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	1,483,006,057	588,570,036	344,885,010	142,152,478	117,719,928	(25,771,874)	116,648,583	(701,940)	0	1,283,502,221	199,503,836 (a)
JURISDICTIONAL PER BOOKS	1,316,664,579	502,305,018	325,363,226	130,764,687	115,862,841	(12,719,929)	87,515,958	(440,564)	0	1,148,451,238	168,213,342 (a)
LESS FPSC ADJUSTMENTS:											
RETAIL FUEL REVENUES & EXPENSES	(416,405,233)	(415,874,804)				(204,613)				(416,079,417)	(325,816)
PURCHASED POWER CAPACITY REVENUES & EXPENSES	(86,068,944)	(86,241,287)				66,481				(86,174,806)	105,862
ENERGY CONSERVATION COST REVENUES & EXPENSES	(17,979,330)		(15,487,773)	(362,456)	(331,115)	(693,573)				(16,874,917)	(1,104,413)
ENVIRONMENTAL COST RECOVERY CLAUSE	(143,731,287)		(25,261,256)	(40,670,812)	(3,806,806)	(28,619,806)				(98,158,466)	(45,572,821)
FRANCHISE FEE REVENUE & EXPENSE	(44,092,637)				(42,958,504)	(437,492)				(43,395,996)	(696,641)
GROSS RECEIPTS TAX REVENUE & ADJUSTMENT	(33,197,242)				(32,832,285)	(140,782)				(32,973,067)	(224,175)
MARKETING SUPPORT ACTIVITIES			(175,763)			67,808				(107,975)	107,975
WHOLESALE EXPENSES		(188,927)				72,879				(116,048)	116,048
INSTITUTIONAL ADVERTISING EXPENSE			(180,285)			69,545				(110,740)	110,740
ECONOMIC DEVELOPMENT EXPENSE			(60,300)			23,261				(37,039)	37,039
MGMT FINANCIAL PLANNING SERVICES			(18,996)			7,328				(11,668)	11,668
DIRECTORS' & OFFICERS' INSURANCE			(46,505)			17,939				(28,566)	28,566
INDUSTRY ASSOCIATION DUES			(1,316)			508				(808)	808
TALLAHASSEE LIAISON EXPENSES			(436,232)		(21,304)	176,495				(281,041)	281,041
GRT, FPSC FEES ON CLAUSES & FEES					(1,556,218)	600,311				(955,907)	955,907
(GAIN) / LOSS ON DISPOSITION						8,198			(21,251)	(13,053)	13,053
INTEREST SYNCHRONIZATION						6,552,084				6,552,084	(6,552,084)
TOTAL FPSC ADJUSTMENTS	(741,474,673)	(502,305,018)	(41,668,446)	(41,033,268)	(81,306,018)	(22,433,430)	0	0	(21,251)	(688,767,431)	(62,707,241)
FPSC ADJUSTED	575,189,906	0	283,694,780	89,731,418	34,356,823	(35,153,359)	87,515,958	(440,564)	(21,251)	459,683,805	115,506,101
PRO FORMA REVENUE ANNUALIZATION ADJUSTMENTS											
TOTAL PRO FORMA ADJUSTMENTS	0	0	0	0	0	0	0	0	0	0	0
PRO FORMA ADJUSTED	575,189,906	0	283,694,780	89,731,418	34,356,823	(35,153,359)	87,515,958	(440,564)	(21,251)	459,683,805	115,506,101
(a) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM NOI BY				\$18,153,153			\$17,731,419				
CURRENT MONTH SYSTEM PER BOOKS	103,134,478	31,563,056	31,223,087	14,463,719	8,773,540	(17,782,154)	23,087,065	(68,495)	0	91,269,819	11,864,660
CURRENT MONTH JURISDICTIONAL PER BOOKS	92,400,791	28,988,708	28,342,280	13,490,883	8,801,432	(4,330,033)	8,714,287	(36,720)	0	83,770,838	8,629,952

TOTALS MAY NOT ADD DUE TO ROUNDING.



**GULF POWER COMPANY**  
**AVERAGE RATE OF RETURN**  
**SYSTEM ADJUSTMENTS**  
**December 2015**  
**No Inclusion of Scherer**

**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		FUEL & IIC FUEL REVENUES AND ECONOMY PROFITS	(503,731,707)	(194,314,506)
INVESTMENT	(1,106,539,726)	ENVIRONMENTAL COST RECOVERY CLAUSE REVENUES	(147,879,286)	(57,044,435)
ACCUMULATED DEPRECIATION	197,769,579	PURCHASED POWER CAPACITY COST CLAUSE REVENUES	(86,307,864)	(33,293,258)
CWIP	(20,032,239)	ENERGY CONSERVATION COST RECOVERY CLAUSE REVENUES	(17,979,330)	(6,935,527)
ENERGY CONSERVATION COST RECOVERY		FUEL EXPENSE	(499,634,597)	192,734,046
INVESTMENT	(12,940,416)	PURCHASED POWER CAPACITY COST EXPENSE	(88,843,092)	34,271,223
ACCUMULATED DEPRECIATION	(7,166,263)	CONSERVATION EXPENSES - O & M AND DEPRECIATION	(15,850,230)	6,114,226
CWIP	(5,769)	CONSERVATION EXPENSES - OTHER TAXES	(331,115)	127,728
TRANSMISSION PURSUANT TO STIP. & SETT.		ENVIRONMENTAL COST RECOVERY EXPENSE	(71,565,669)	27,606,457
INVESTMENT	(122,461,561)	FRANCHISE FEE REVENUES	(44,092,637)	(17,008,735)
FAS 143 NET PLANT	(54,228,587)	FRANCHISE FEE	(42,958,504)	16,571,243
INTEREST BEARING CWIP	(318,029,785)	GROSS RECEIPTS TAX REVENUES	(33,197,242)	(12,805,836)
PHFU - NORTH ESCAMBIA	(13,042,899)	GROSS RECEIPTS TAX EXPENSE	(32,832,285)	12,665,054
WORKING CAPITAL:		MARKETING SUPPORT ACTIVITIES	(175,783)	67,808
ECRC WORKING CAPITAL	(6,388,106)	WHOLESALE EXPENSE	(194,685)	75,100
CONSERVATION/AEM INVENTORY	(1,438,557)	INSTITUTIONAL ADVERTISING EXPENSE	(183,837)	70,915
CAPITALIZED DEF. EARNINGS ON TRANSMISSION		ECONOMIC DEVELOPMENT EXPENSE	(60,300)	23,261
PURSUANT TO STIP. & SETT.	(2,140,395)	MGMT FINANCIAL PLANNING SERVICES	(19,415)	7,489
FUNDED PROPERTY INSURANCE RESERVE - NET	0	DIRECTORS' & OFFICERS' INSURANCE	(47,532)	18,335
LOANS TO EMPLOYEES AND RETIREES	(49,311)	INDUSTRY ASSOCIATION DUES	(1,342)	518
INTEREST & DIVIDENDS RECEIVABLE	(48,870)	TALLAHASSEE LIAISON EXPENSE	(467,644)	180,394
NORTH ESCAMBIA SITE	(4,549,398)	GRT/FPSC FEES ON CLAUSE REV ADJ & FRAN FEES	(1,556,218)	600,311
UNAMORTIZED RATE CASE EXPENSE	(3,099,945)	COMP SALES/TRANS REV/G/L SALE GAS/PROV RATE REFIN. ESC REV	(123,939)	(47,810)
FUEL RELATED DEFERRED DEBITS	(27,411,293)	GAIN/LOSS ON DISPOSITION OF PROPERTY	(21,642)	8,348
UNREALIZED LOSS ON FWD CONTRACT	(420)	INTEREST SYNCHRONIZATION	6,747,988	6,747,988
ACCUM. PROV. FOR RATE REFUNDS	0			
FAS 143 WORKING CAPITAL	66,392,953			
FAS 158 REGULATORY ASSETS	(146,321,423)			
FAS 158 REGULATORY LIABILITIES	146,321,423			
PPA REGULATORY ASSETS	(174,071,356)			
PPA REGULATORY LIABILITIES	174,071,356			
FAS 133 REGULATORY ASSETS	(88,321,311)			
FAS 133 REGULATORY LIABILITIES	88,321,311			

SCHEDULE 4

GULF POWER COMPANY  
CAPITAL STRUCTURE  
FPSC ADJUSTED BASIS  
December 2015  
No Inclusion of Scherer

AVERAGE	SYSTEM PER BOOKS	RETAIL PER BOOKS	ADJUSTMENTS		ADJUSTED RETAIL	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
			PRO RATA	SPECIFIC			WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)
LONG TERM DEBT	1,336,512,647	1,220,802,324	(505,553,955)	0	715,248,369	35.80	4.46	1.60	4.46	1.60	4.46	1.60
SHORT TERM DEBT	100,537,218	64,702,143	(26,794,434)	0	37,907,709	1.90	0.42	0.01	0.42	0.01	0.42	0.01
PREFERRED STOCK	146,503,969	133,817,790	(55,416,212)	0	78,401,578	3.92	6.15	0.24	6.15	0.24	6.15	0.24
CUSTOMER DEPOSITS	35,612,499	35,927,641	(14,878,579)	0	21,049,062	1.05	2.37	0.02	2.37	0.02	2.37	0.02
COMMON EQUITY	1,333,096,388	1,224,475,047	(507,074,858)	0	717,400,189	35.91	9.25	3.32	10.25	3.68	11.25	4.04
DEFERRED INCOME TAXES	841,601,131	780,875,918	(323,373,266)	0	457,502,652	22.90						
FASB 109 DEFERRED TAXES	(55,284,015)	(51,294,732)	21,241,798	0	(30,052,934)	-1.50						
TAX CREDITS - ZERO COST	0	0	0	0	0	0.00						
TAX CREDITS - WEIGHTED COST	2,432,420	764,302	(316,325)	0	447,977	0.02	6.82	0.00	7.30	0.00	7.77	0.00
TOTAL	3,741,014,258	3,410,070,433	(1,412,165,831)	0	1,997,904,602	100.00	5.19	5.55	5.55	5.55	5.91	5.91

YEAR - END	SYSTEM PER BOOKS	RETAIL PER BOOKS	ADJUSTMENTS		ADJUSTED RETAIL	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
			PRO RATA	SPECIFIC			WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)
LONG TERM DEBT	1,287,017,182	1,170,801,315	(489,875,715)	0	680,925,600	34.04	4.44	1.51	4.44	1.51	4.44	1.51
SHORT TERM DEBT	141,924,078	102,065,781	(42,705,512)	0	59,360,269	2.97	0.51	0.02	0.51	0.02	0.51	0.02
PREFERRED STOCK	146,504,320	133,275,843	(55,764,413)	0	77,511,430	3.87	6.15	0.24	6.15	0.24	6.15	0.24
CUSTOMER DEPOSITS	35,860,079	36,135,389	(15,119,772)	0	21,015,617	1.05	2.68	0.03	2.68	0.03	2.68	0.03
COMMON EQUITY	1,355,224,272	1,221,437,988	(511,062,868)	0	710,375,020	35.51	9.25	3.28	10.25	3.64	11.25	4.00
DEFERRED INCOME TAXES	893,042,871	826,771,829	(345,929,903)	0	480,841,926	24.037						
FASB 109 DEFERRED TAXES	(55,576,577)	(51,462,482)	21,528,333	0	(29,924,149)	-1.50						
TAX CREDITS - ZERO COST	0	0	0	0	0	0.00						
TAX CREDITS - WEIGHTED COST	2,081,450	540,135	(225,947)	0	314,188	0.02	6.86	0.00	7.34	0.00	7.82	0.00
TOTAL	3,806,077,675	3,439,575,798	(1,439,155,897)	0	2,000,419,901	100.00	5.08	5.43	5.43	5.43	5.79	5.79

**GULF POWER COMPANY**  
**FINANCIAL INTEGRITY INDICATORS**  
December 2015  
No Inclusion of Scherer

**SCHEDULE 5**

**A. Times Interest Earned with AFUDC**

Earnings Before Interest	212,191,807
AFUDC - Debt	5,607,503
Income Taxes	<u>91,752,950</u>
Total	309,552,259
Interest Charges (Before Deducting AFUDC - Debt)	0 60,796,735
T.I.E. With AFUDC	<u>5.09</u> x

**B. Times Interest Earned without AFUDC**

Earnings Before Interest	212,191,807
AFUDC - Other	(12,545,650)
Income Taxes	<u>91,752,950</u>
Total	291,399,106
Interest Charges (Before Deducting AFUDC - Debt)	60,796,735
T.I.E. Without AFUDC	<u>4.79</u> x

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

AFUDC - Debt	5,607,503
X (1 - Income Tax Rate)	<u>0.6143</u>
Subtotal	3,444,409
AFUDC - Other	<u>12,545,650</u>
Total	<u>15,990,059</u>
Net Income Available for Common Stockholders	<u>148,000,075</u>
Percent AFUDC to Available Net Income	<u>10.80%</u>

**D. Percent Internally Generated Funds**

Net Income	157,002,575
Preference Dividends	(9,002,500)
Common Dividends	(130,160,000)
AFUDC (Debt & Other)	(18,153,153)
Depreciation & Amortization	151,167,193
Deferred Income Taxes	116,648,583
Investment Tax Credits	0
Other	<u>(36,492,879)</u>
Total	231,009,819
Construction Expenditures (Excluding AFUDC Other & Debt)	<u>229,508,542</u>
<b>Percent Internally Generated Funds</b>	<u>100.65%</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	715,248,369
Short Term Debt	37,907,709
Preference Stock	78,401,578
Common Equity	<u>717,400,189</u>
Total	1,548,957,845
% Long Term Debt To Total	<u>46.18%</u>
% Short Term Debt To Total	<u>2.45%</u>

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

	<b>G. FPSC ADJ.</b>	<b>H. PROFORMA</b>
FPSC Adjusted Average Earned Rate of Return	<u>5.78%</u>	<u>5.78%</u>
Less: Reconciled Average Retail Weighted Cost Rates For:		
Long Term Debt	(1.60)	(1.60)
Short Term Debt	(0.01)	(0.01)
Preference Stock	(0.24)	(0.24)
Customer Deposits	(0.02)	(0.02)
Tax Credits - @ Wt. Cost (Midpoint) (Common Equity at Midpoint)	<u>(0.00)</u>	<u>(0.00)</u>
Subtotal	<u>(1.87)</u>	<u>(1.87)</u>
Total	3.91	3.91
Divided by Common Equity Ratio	<u>35.91</u>	<u>35.91</u>
<b>Jurisdictional Return on Common Equity</b>	<u>10.88%</u>	<u>10.88%</u>

**GULF POWER COMPANY**  
**EARNINGS SURVEILLANCE REPORT SUMMARY**  
**March 2016**  
**With the Inclusion of Scherer\***

**SCHEDULE 1**

	(1) Actual Per Books	(2) FPSC Adjustments	(3) FPSC Adjusted	(4) Pro Forma Adjustments	(5) Pro Forma Adjusted
<b>I. Average Rate of Return</b>					
<u>(Jurisdictional)</u>					
Net Operating Income	(a) \$178,313,549	(b) (\$68,848,799)	\$109,464,750	\$0	\$109,464,750
Average Rate Base	\$3,451,974,369	(\$1,416,217,518)	\$2,035,756,851	\$0	\$2,035,756,851
Average Rate of Return	5.17%		5.38%		5.38%
<b>II. Year End Rate of Return</b>					
<u>(JURISDICTIONAL)</u>					
Net Operating Income	(a) \$178,239,771	(b) (\$68,321,102)	\$109,918,669	\$0	\$109,918,669
Year End Rate Base	\$3,572,037,029	(\$1,419,061,057)	\$2,152,975,971	\$0	\$2,152,975,971
Year End Rate of Return	4.99%		5.11%		5.11%
(a) Includes AFUDC Earnings					
(b) Includes Reversal of AFUDC Earnings					
<b>III. Required Rates of Return</b>					
<u>Average Capital Structure</u> <u>(FPSC Adjusted Basis)</u>					
Low	5.17%				
Midpoint	5.52%				
High	5.88%				
<b>IV. Financial Integrity Indicators</b>					
A. T.I.E. With AFUDC	4.97 x (System per Books Basis)				
B. T.I.E. Without AFUDC	4.77 x (System per Books Basis)				
C. AFUDC To Net Income	7.67% (System per Books Basis)				
D. Internally Generated Funds	181.66% (System per Books Basis)				
E. LTD To Total Investor Funds	45.71% (FPSC Adjusted Basis)				
F. STD To Total Investor Funds	2.66% (FPSC Adjusted Basis)				
G. Return on Common Equity	9.84% (FPSC Adjusted Basis)				
H. Return on Common Equity	9.84% (Proforma Basis)				

\* Assumes that 52% of Scherer is dedicated to the base retail jurisdiction from January 2016 - March 2016.

SCHEDULE 2  
PAGE 1 OF 3

GULF POWER COMPANY  
AVERAGE RATE OF RETURN  
RATE BASE  
March 2016  
With the Inclusion of Scherer

	PLANT IN SERVICE	ACCUMULATED DEPRECIATION & AMORTIZATION	NET PLANT IN SERVICE	PROPERTY HELD FOR FUTURE USE	CONSTRUCTION WORK IN PROGRESS	NUCLEAR FUEL (NET)	NET UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE
<b>SYSTEM PER BOOKS</b>	4,871,853,048	1,600,056,553	3,271,796,495	14,763,827	275,862,865	0	3,562,423,187	193,843,495	3,756,266,682
<b>JURISDICTIONAL PER BOOKS</b>	4,369,694,349	1,462,100,069	2,907,594,280	14,331,914	267,506,289	0	3,189,432,483	262,541,886	3,451,974,369
<b>FPSC ADJUSTMENTS</b>									
ENVIRONMENTAL RECOVERY CLAUSE	(1,156,779,834)	(202,138,820)	(954,641,014)		(19,229,082)		(973,870,096)	(6,168,410)	(980,038,506)
INT BEARING CWIP					(212,934,881)		(212,934,881)		(212,934,881)
ENERGY CONSERVATION CLAUSE	(13,192,107)	7,312,080	(20,504,188)		3,002		(20,501,186)	(1,477,584)	(21,978,770)
TRANSMISSION INVESTMENT PURSUANT TO STIP. & SETT.	(162,118,507)		(162,118,507)				(162,118,507)	(3,813,470)	(162,118,507)
CAPITALIZED DEF. EARNINGS ON TRANSM PURSUANT TO STIP. & SETT.								(48,782)	(48,782)
LOANS TO EMPLOYEES / RETIREES								(36,664)	(36,664)
INTEREST AND DIVIDENDS RECEIVABLE								(4,357,923)	(4,357,923)
FUNDED PROP RES. N. ESCAMBIA & OTHER INV.				(12,661,331)			(12,661,331)	(16,129,577)	(17,019,254)
FUEL RELATED DEFERRED DEBITS								0	0
ACCURED PROVISION FOR REFUND								(2,099,108)	(2,099,108)
UNAMORTIZED RATE CASE EXPENSES									
<b>TOTAL FPSC ADJUSTMENTS</b>	(1,332,090,448)	(194,826,740)	(1,137,263,708)	(12,661,331)	(232,160,961)	0	(1,382,086,001)	(34,131,517)	(1,416,217,518)
<b>FPSC ADJUSTED</b>	3,037,603,902	1,267,273,330	1,770,330,572	1,670,583	35,345,328	0	1,807,346,482	228,410,369	2,035,756,851
<b>PRO FORMA REVENUE AND ANNUALIZATION ADJUSTMENTS</b>	0	0	0	0	0	0	0	0	0
<b>TOTAL PRO FORMA ADJUSTMENTS</b>	0	0	0	0	0	0	0	0	0
<b>PRO FORMA ADJUSTED</b>	3,037,603,902	1,267,273,330	1,770,330,572	1,670,583	35,345,328	0	1,807,346,482	228,410,369	2,035,756,851

SCHEDULE 2  
PAGE 2 OF 3

GULF POWER COMPANY  
AVERAGE RATE OF RETURN  
INCOME STATEMENT  
March 2016  
With the inclusion of Scherer

	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	1,461,720,234	571,092,165	328,894,871	160,391,545	118,502,036	16,352,997	71,761,668	(654,318)	0	1,266,340,964	195,379,271 (a)
JURISDICTIONAL PER BOOKS	1,306,886,239	488,781,147	312,539,027	149,787,829	116,677,851	19,678,858	53,419,343	(426,186)	0	1,140,457,869	166,428,370 (a)
LESS FPSC ADJUSTMENTS:											
RETAIL FUEL REVENUES & EXPENSES	(402,776,567)	(402,372,366)				(155,920)				(402,528,286)	(248,280)
PURCHASED POWER CAPACITY REVENUES & EXPENSES	(85,980,868)	(86,118,226)				52,990				(86,065,237)	84,378
ENERGY CONSERVATION COST REVENUES & EXPENSES	(16,629,036)		(14,112,076)	(370,130)	(323,707)	(703,270)				(15,509,183)	(1,119,853)
ENVIRONMENTAL COST RECOVERY CLAUSE	(151,007,179)		(23,388,370)	(43,212,129)	(4,057,234)	(30,994,799)				(101,652,532)	(49,354,647)
FRANCHISE FEE REVENUE & EXPENSE	(43,514,852)				(42,395,573)	(431,762)				(42,827,335)	(687,517)
GROSS RECEIPTS TAX REVENUE & ADJUSTMENT	(32,687,688)		(161,034)		(32,305,262)	(147,521)				(32,452,783)	(234,905)
MARKETING SUPPORT ACTIVITIES						62,119				(98,915)	98,915
WHOLESALE EXPENSES		(290,554)				112,081				(178,473)	178,473
INSTITUTIONAL ADVERTISING EXPENSE			(271,161)			104,600				(166,561)	166,561
ECONOMIC DEVELOPMENT EXPENSE			(61,333)			23,659				(37,674)	37,674
MGMT FINANCIAL PLANNING SERVICES			(29,944)			11,551				(18,393)	18,393
DIRECTORS' & OFFICERS' INSURANCE			(45,589)			17,586				(28,003)	28,003
INDUSTRY ASSOCIATION DUES			(1,306)			504				(802)	802
TALLAHASSEE LIAISON EXPENSES			(430,379)		(20,922)	174,089				(277,212)	277,212
GRT, FPSC FEES ON CLAUSES & FEES					(1,524,227)	587,971				(836,257)	936,257
(GAIN) / LOSS ON DISPOSITION						8,198			(21,251)	(13,053)	13,053
INTEREST SYNCHRONIZATION						7,158,138				7,158,138	(7,158,138)
TOTAL FPSC ADJUSTMENTS	(732,596,179)	(488,781,147)	(38,501,192)	(43,582,259)	(80,626,926)	(24,119,786)	0	0	(21,251)	(675,632,560)	(56,963,620)
FPSC ADJUSTED	574,290,059	0	274,037,835	106,205,571	36,050,925	(4,440,928)	53,419,343	(426,186)	(21,251)	464,825,309	109,464,750
PRO FORMA REVENUE ANNUALIZATION ADJUSTMENTS											
TOTAL PRO FORMA ADJUSTMENTS	0	0	0	0	0	0	0	0	0	0	0
PRO FORMA ADJUSTED	574,290,059	0	274,037,835	106,205,571	36,050,925	(4,440,928)	53,419,343	(426,186)	(21,251)	464,825,309	109,464,750
(a) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM NOI BY				\$12,167,862			\$11,885,179				
CURRENT MONTH SYSTEM PER BOOKS	103,499,906	35,583,129	28,950,716	12,400,214	9,835,022	2,873,560	1,836,970	(42,621)	0	91,436,989	12,062,916
CURRENT MONTH JURISDICTIONAL PER BOOKS	92,279,905	28,464,414	26,869,123	11,770,573	9,693,786	3,405,215	449,621	(31,913)	0	80,620,818	11,659,086

TOTALS MAY NOT ADD DUE TO ROUNDING.

**GULF POWER COMPANY**  
**AVERAGE RATE OF RETURN**  
**SYSTEM ADJUSTMENTS**  
**March 2016**  
**With the Inclusion of Scherer**

**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		FUEL & IIC FUEL REVENUES AND ECONOMY PROFITS	(486,101,257)	(187,513,560)
INVESTMENT	(1,191,549,855)	ENVIRONMENTAL COST RECOVERY CLAUSE REVENUES	(155,506,304)	(59,986,557)
ACCUMULATED DEPRECIATION	208,214,627	PURCHASED POWER CAPACITY COST CLAUSE REVENUES	(86,182,971)	(33,245,081)
CWIP	(19,807,062)	ENERGY CONSERVATION COST RECOVERY CLAUSE REVENUES	(16,629,036)	(6,414,651)
ENERGY CONSERVATION COST RECOVERY		FUEL EXPENSE	(482,053,786)	185,952,248
INVESTMENT	(13,192,107)	PURCHASED POWER CAPACITY COST EXPENSE	(88,716,319)	34,222,320
ACCUMULATED DEPRECIATION	(7,312,080)	CONSERVATION EXPENSES - O & M AND DEPRECIATION	(14,482,206)	5,586,511
CWIP	3,002	CONSERVATION EXPENSES - OTHER TAXES	(323,707)	124,870
TRANSMISSION PURSUANT TO STIP. & SETT.		ENVIRONMENTAL COST RECOVERY EXPENSE	(72,721,034)	28,052,139
INVESTMENT	(162,118,507)	FRANCHISE FEE REVENUES	(43,514,852)	(16,785,854)
FAS 143 NET PLANT	(71,324,451)	FRANCHISE FEE	(42,395,573)	16,354,092
INTEREST BEARING CWIP	(217,999,445)	GROSS RECEIPTS TAX REVENUES	(32,687,688)	(12,609,276)
PHFU - NORTH ESCAMBIA	(13,042,899)	GROSS RECEIPTS TAX EXPENSE	(32,305,262)	12,461,755
WORKING CAPITAL:		MARKETING SUPPORT ACTIVITIES	(161,034)	62,119
ECRC WORKING CAPITAL	(6,353,817)	WHOLESALE EXPENSE	(299,410)	115,497
CONSERVATION/AEM INVENTORY	(1,477,584)	INSTITUTIONAL ADVERTISING EXPENSE	(276,503)	106,661
CAPITALIZED DEF. EARNINGS ON TRANSMISSION		ECONOMIC DEVELOPMENT EXPENSE	(61,333)	23,659
PURSUANT TO STIP. & SETT.	(3,813,470)	MGMT FINANCIAL PLANNING SERVICES	(30,605)	11,806
FUNDED PROPERTY INSURANCE RESERVE - NET	(0)	DIRECTORS' & OFFICERS' INSURANCE	(46,596)	17,974
LOANS TO EMPLOYEES AND RETIREES	(50,911)	INDUSTRY ASSOCIATION DUES	(1,332)	514
INTEREST & DIVIDENDS RECEIVABLE	(38,265)	TALLAHASSEE LIAISON EXPENSE	(461,271)	177,935
NORTH ESCAMBIA SITE	(4,549,398)	GRT/FPSC FEES ON CLAUSE REV ADJ & FRAN FEES	(1,524,227)	587,971
UNAMORTIZED RATE CASE EXPENSE	(2,190,826)	COMP SALES/TRANS REV/G/L SALE GAS/PROV RATE REFIN. ESC REV	(457)	(176)
FUEL RELATED DEFERRED DEBITS	(16,129,577)	GAIN/LOSS ON DISPOSITION OF PROPERTY	(21,642)	8,348
UNREALIZED LOSS ON FWD CONTRACT	(102)	INTEREST SYNCHRONIZATION	7,331,047	7,331,047
ACCUM. PROV. FOR RATE REFUNDS	0			
FAS 143 WORKING CAPITAL	84,463,294			
FAS 158 REGULATORY ASSETS	(152,373,213)			
FAS 158 REGULATORY LIABILITIES	152,373,213			
PPA REGULATORY ASSETS	(168,574,366)			
PPA REGULATORY LIABILITIES	168,574,366			
FAS 133 REGULATORY ASSETS	(93,430,634)			
FAS 133 REGULATORY LIABILITIES	93,430,634			

SCHEDULE 4

GULF POWER COMPANY  
CAPITAL STRUCTURE  
FPSC ADJUSTED BASIS  
March 2016  
With the Inclusion of Scherer

AVERAGE	SYSTEM PER BOOKS	ADJUSTMENTS			ADJUSTED RETAIL	RATIO (%)	LOW POINT			MIDPOINT			HIGH POINT		
		RETAIL PER BOOKS	PRO RATA	SPECIFIC			RETAIL	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)
LONG TERM DEBT	1,322,465,777	1,216,306,008	(499,005,659)	0	717,300,349	35.24	4.45	1.57	4.45	1.57	4.45	1.57	4.45	1.57	
SHORT TERM DEBT	94,551,524	70,889,551	(29,083,443)	0	41,806,108	2.05	0.54	0.01	0.54	0.01	0.54	0.01	0.54	0.01	
PREFERRED STOCK	146,504,074	134,782,105	(55,296,213)	0	79,485,892	3.90	6.15	0.24	6.15	0.24	6.15	0.24	6.15	0.24	
CUSTOMER DEPOSITS	35,821,909	36,034,200	(14,783,895)	0	21,250,305	1.04	2.36	0.02	2.36	0.02	2.36	0.02	2.36	0.02	
COMMON EQUITY	1,339,619,982	1,239,030,641	(508,328,619)	0	730,702,022	35.89	9.25	3.32	10.25	3.68	11.25	3.68	11.25	4.04	
DEFERRED INCOME TAXES	863,657,130	806,097,422	(330,710,866)	0	475,386,556	23.35	-1.51								
FASB 109 DEFERRED TAXES	(55,714,229)	(52,000,927)	21,333,901	0	(30,667,026)	-1.51									
TAX CREDITS - ZERO COST	0	0	0	0	0	0.00									
TAX CREDITS - WEIGHTED COST	2,264,261	835,370	(342,725)	0	492,645	0.02	6.83	0.00	7.31	0.00	7.79	0.00	7.79	0.00	
TOTAL	3,749,170,428	3,451,974,370	(1,416,217,518)	0	2,035,756,851	100.00		5.17 %		5.52 %		5.52 %		5.88 %	

YEAR - END	SYSTEM PER BOOKS	ADJUSTMENTS			ADJUSTED RETAIL	RATIO (%)	LOW POINT			MIDPOINT			HIGH POINT		
		RETAIL PER BOOKS	PRO RATA	SPECIFIC			RETAIL	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)
LONG TERM DEBT	1,283,534,363	1,237,343,434	(491,558,493)	0	745,784,941	34.64	4.44	1.54	4.44	1.54	4.44	1.54	4.44	1.54	
SHORT TERM DEBT	56,457,075	38,295,051	(15,213,754)	0	23,081,297	1.07	0.79	0.01	0.79	0.01	0.79	0.01	0.79	0.01	
PREFERRED STOCK	146,504,320	141,231,721	(56,106,836)	0	85,124,885	3.95	6.15	0.24	6.15	0.24	6.15	0.24	6.15	0.24	
CUSTOMER DEPOSITS	36,204,010	37,035,732	(14,712,825)	0	22,322,907	1.04	2.29	0.02	2.29	0.02	2.29	0.02	2.29	0.02	
COMMON EQUITY	1,356,056,761	1,295,181,388	(514,535,930)	0	780,645,458	36.26	9.25	3.35	10.25	3.72	11.25	3.72	11.25	4.08	
DEFERRED INCOME TAXES	901,220,011	875,108,851	(347,654,349)	0	527,454,502	24.50	-1.50								
FASB 109 DEFERRED TAXES	(55,000,660)	(53,406,463)	21,216,382	0	(32,190,081)	-1.50									
TAX CREDITS - ZERO COST	0	0	0	0	0	0.00									
TAX CREDITS - WEIGHTED COST	1,953,587	1,247,315	(495,252)	0	752,063	0.03	6.86	0.00	7.34	0.00	7.83	0.00	7.83	0.00	
TOTAL	3,726,929,467	3,572,037,028	(1,419,061,057)	0	2,152,975,971	100.00		5.17 %		5.53 %		5.53 %		5.90 %	



**GULF POWER COMPANY**  
**FINANCIAL INTEGRITY INDICATORS**  
**March 2016**  
**With the Inclusion of Scherer**

**SCHEDULE 5**

**A. Times Interest Earned with AFUDC**

Earnings Before Interest	204,899,535
AFUDC - Debt	3,758,651
Income Taxes	<u>89,608,261</u>
Total	298,266,446
Interest Charges (Before Deducting AFUDC - Debt)	<u>60,003,705</u>
T.I.E. With AFUDC	<u><u>4.97</u></u> x

**B. Times Interest Earned without AFUDC**

Earnings Before Interest	204,899,535
AFUDC - Other	(8,409,212)
Income Taxes	<u>89,608,261</u>
Total	286,098,584
Interest Charges (Before Deducting AFUDC - Debt)	<u>60,003,705</u>
T.I.E. Without AFUDC	<u><u>4.77</u></u> x

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

AFUDC - Debt	3,758,651
X (1 - Income Tax Rate)	<u>0.6143</u>
Subtotal	2,308,751
AFUDC - Other	<u>8,409,212</u>
Total	<u>10,717,963</u>
Net Income Available for Common Stockholders	<u>139,651,980</u>
Percent AFUDC to Available Net Income	<u><u>7.67%</u></u>

**D. Percent Internally Generated Funds**

Net Income	148,654,480
Preference Dividends	(9,002,500)
Common Dividends	(127,637,000)
AFUDC (Debt & Other)	(12,167,862)
Depreciation & Amortization	169,425,735
Deferred Income Taxes	71,761,668
Investment Tax Credits	0
Other	<u>86,642,107</u>
Total	327,676,628
Construction Expenditures (Excluding AFUDC Other & Debt)	<u>180,375,069</u>
<b>Percent Internally Generated Funds</b>	<u><u>181.66%</u></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	717,300,349
Short Term Debt	41,806,108
Preference Stock	79,485,892
Common Equity	<u>730,702,022</u>
Total	1,569,294,370
% Long Term Debt To Total	<u>45.71%</u>
% Short Term Debt To Total	<u><u>2.66%</u></u>

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

	<b>G. FPSC ADJ.</b>	<b>H. PROFORMA</b>
FPSC Adjusted Average Earned Rate of Return	<u>5.38%</u>	<u>5.38%</u>
Less: Reconciled Average Retail Weighted Cost Rates For:		
Long Term Debt	(1.57)	(1.57)
Short Term Debt	(0.01)	(0.01)
Preference Stock	(0.24)	(0.24)
Customer Deposits	(0.02)	(0.02)
Tax Credits - @ Wt. Cost (Midpoint) (Common Equity at Midpoint)	<u>(0.00)</u>	<u>(0.00)</u>
Subtotal	<u>(1.84)</u>	<u>(1.84)</u>
Total	3.53	3.53
Divided by Common Equity Ratio	<u>35.89</u>	<u>35.89</u>
<b>Jurisdictional Return on Common Equity</b>	<u><u>9.84%</u></u>	<u><u>9.84%</u></u>

**GULF POWER COMPANY**  
**EARNINGS SURVEILLANCE REPORT SUMMARY**  
**March 2016**  
**Without the Inclusion of Scherer**

**SCHEDULE 1**

	(1) Actual Per Books	(2) FPSC Adjustments	(3) FPSC Adjusted	(4) Pro Forma Adjustments	(5) Pro Forma Adjusted
<b>I. Average Rate of Return</b> (Jurisdictional)					
Net Operating Income	(a) \$179,285,008.61	(b) (\$68,845,975)	\$110,439,034	\$0	\$110,439,034
Average Rate Base	\$3,421,520,153	(\$1,416,217,518)	\$2,005,302,635	\$0	\$2,005,302,635
Average Rate of Return	5.24%		5.51%		5.51%

**II. Year End Rate of Return**  
(JURISDICTIONAL)

Net Operating Income	(a) \$179,221,372	(b) (\$68,973,500)	\$110,247,872	\$0	\$110,247,872
Year End Rate Base	\$3,439,437,468	(\$1,419,061,057)	\$2,020,376,411	\$0	\$2,020,376,411
Year End Rate of Return	5.21%		5.46%		5.46%

- (a) Includes AFUDC Earnings  
(b) Includes Reversal of AFUDC Earnings

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

Low	5.16%
Midpoint	5.52%
High	5.88%

**IV. Financial Integrity Indicators**

A. T.I.E. With AFUDC	4.97 x (System per Books Basis)
B. T.I.E. Without AFUDC	4.77 x (System per Books Basis)
C. AFUDC To Net Income	7.67% (System per Books Basis)
D. Internally Generated Funds	181.66% (System per Books Basis)
E. LTD To Total Investor Funds	45.72% (FPSC Adjusted Basis)
F. STD To Total Investor Funds	2.66% (FPSC Adjusted Basis)
G. Return on Common Equity	10.22% (FPSC Adjusted Basis)
H. Return on Common Equity	10.22% (Proforma Basis)

SCHEDULE 2  
PAGE 1 OF 3

GULF POWER COMPANY  
AVERAGE RATE OF RETURN  
RATE BASE  
March 2016

Without the Inclusion of Scherer

	PLANT IN SERVICE	ACCUMULATED DEPRECIATION & AMORTIZATION	NET PLANT IN SERVICE	PROPERTY HELD FOR FUTURE USE	CONSTRUCTION WORK IN PROGRESS	NUCLEAR FUEL (NET)	NET UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE
<b>SYSTEM PER BOOKS</b>	4,871,853,048	1,600,056,553	3,271,796,495	14,763,827	275,862,865	0	3,562,423,187	193,843,495	3,756,266,682
<b>JURISDICTIONAL PER BOOKS</b>	4,324,198,565	1,445,958,805	2,878,239,760	14,331,914	267,210,221	0	3,159,781,895	261,738,258	3,421,520,153
<b>FPSC ADJUSTMENTS</b>									
ENVIRONMENTAL RECOVERY CLAUSE	(1,156,779,834)	(202,138,820)	(954,641,014)		(19,229,082)		(973,870,096)	(6,188,410)	(980,038,506)
INT BEARING CWIP					(212,934,881)		(212,934,881)		(212,934,881)
ENERGY CONSERVATION CLAUSE	(13,192,107)	7,312,080	(20,504,188)		3,002		(20,501,186)	(1,477,584)	(21,978,770)
TRANSMISSION INVESTMENT PURSUANT TO STIP. & SETT.	(162,118,507)		(162,118,507)				(162,118,507)	(3,813,470)	(162,118,507)
CAPITALIZED DEF. EARNINGS ON TRANSM PURSUANT TO STIP. & SETT.								(3,813,470)	(3,813,470)
LOANS TO EMPLOYEES / RETIREES								(48,782)	(48,782)
INTEREST AND DIVIDENDS RECEIVABLE								(36,664)	(36,664)
FUNDED PROP RES. N. ESCAMBIA & OTHER INV.				(12,661,331)			(12,661,331)	(4,357,923)	(17,019,254)
FUEL RELATED DEFERRED DEBITS								(16,129,577)	(16,129,577)
ACCURED PROVISION FOR REFUND								0	0
UNAMORTIZED RATE CASE EXPENSES								(2,099,108)	(2,099,108)
<b>TOTAL FPSC ADJUSTMENTS</b>	<b>(1,332,090,448)</b>	<b>(194,826,740)</b>	<b>(1,137,263,706)</b>	<b>(12,661,331)</b>	<b>(232,160,961)</b>	<b>0</b>	<b>(1,382,086,001)</b>	<b>(34,131,517)</b>	<b>(1,416,217,518)</b>
<b>FPSC ADJUSTED</b>	<b>2,992,108,117</b>	<b>1,251,132,066</b>	<b>1,740,976,051</b>	<b>1,670,583</b>	<b>35,049,260</b>	<b>0</b>	<b>1,777,695,894</b>	<b>227,606,741</b>	<b>2,005,302,635</b>
PRO FORMA REVENUE AND ANNUALIZATION ADJUSTMENTS	0	0	0	0	0	0	0	0	0
TOTAL PRO FORMA ADJUSTMENTS	0	0	0	0	0	0	0	0	0
<b>PRO FORMA ADJUSTED</b>	<b>2,992,108,117</b>	<b>1,251,132,066</b>	<b>1,740,976,051</b>	<b>1,670,583</b>	<b>35,049,260</b>	<b>0</b>	<b>1,777,695,894</b>	<b>227,606,741</b>	<b>2,005,302,635</b>

SCHEDULE 2  
PAGE 2 OF 3

GULF POWER COMPANY  
AVERAGE RATE OF RETURN  
INCOME STATEMENT  
March 2016  
Without the Inclusion of Scherer

	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	1,461,720,234	571,092,165	328,894,871	160,391,545	118,502,036	16,352,997	71,761,668	(654,318)	0	1,266,340,964	195,379,271 (a)
JURISDICTIONAL PER BOOKS	1,306,290,474	488,781,147	311,200,940	148,750,045	116,550,890	19,198,073	54,803,417	(393,866)	0	1,138,690,644	167,389,830 (a)
LESS FPSC ADJUSTMENTS:											
RETAIL FUEL REVENUES & EXPENSES	(402,776,567)	(402,372,366)				(155,920)				(402,528,286)	(248,280)
PURCHASED POWER CAPACITY REVENUES & EXPENSES	(85,980,868)	(86,118,226)				52,990				(86,065,237)	84,378
ENERGY CONSERVATION COST REVENUES & EXPENSES	(16,629,036)		(14,112,076)	(370,130)	(323,707)	(703,270)				(15,509,183)	(1,119,853)
ENVIRONMENTAL COST RECOVERY CLAUSE	(151,007,179)		(23,388,370)	(43,212,129)	(4,057,234)	(30,994,799)				(101,652,532)	(49,354,647)
FRANCHISE FEE REVENUE & EXPENSE	(43,514,852)				(42,395,573)	(431,762)				(42,827,335)	(687,517)
GROSS RECEIPTS TAX REVENUE & ADJUSTMENT	(32,687,688)		(161,034)		(32,305,262)	(147,521)				(32,452,783)	(234,905)
MARKETING SUPPORT ACTIVITIES						62,119				(98,915)	98,915
WHOLESALE EXPENSES		(290,554)				112,081				(178,473)	178,473
INSTITUTIONAL ADVERTISING EXPENSE			(271,161)			104,600				(166,561)	166,561
ECONOMIC DEVELOPMENT EXPENSE			(61,333)			23,659				(37,674)	37,674
MGMT FINANCIAL PLANNING SERVICES			(29,944)			11,551				(18,393)	18,393
DIRECTORS' & OFFICERS' INSURANCE			(45,558)			17,586				(28,003)	28,003
INDUSTRY ASSOCIATION DUES			(1,306)			504				(802)	802
TALLAHASSEE LIAISON EXPENSES			(430,379)		(20,922)	174,089				(277,212)	277,212
GRT, FPSC FEES ON CLAUSES & FEES					(1,524,227)	587,971				(836,257)	936,257
(GAIN) / LOSS ON DISPOSITION						8,198			(21,251)	(13,053)	13,053
INTEREST SYNCHRONIZATION						7,155,314				7,155,314	(7,155,314)
TOTAL FPSC ADJUSTMENTS	(732,596,179)	(488,781,147)	(38,501,192)	(43,582,259)	(80,626,926)	(24,122,610)	0	0	(21,251)	(675,635,584)	(56,960,790)
FPSC ADJUSTED	573,694,294	0	272,699,748	105,167,786	35,923,964	(4,924,537)	54,803,417	(393,866)	(21,251)	463,255,260	110,439,034
PRO FORMA REVENUE ANNUALIZATION ADJUSTMENTS											
TOTAL PRO FORMA ADJUSTMENTS	0	0	0	0	0	0	0	0	0	0	0
PRO FORMA ADJUSTED	573,694,294	0	272,699,748	105,167,786	35,923,964	(4,924,537)	54,803,417	(393,866)	(21,251)	463,255,260	110,439,034
(a) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM NOI BY				\$12,167,862			\$11,885,179				
CURRENT MONTH SYSTEM PER BOOKS	103,499,906	35,583,129	28,950,716	12,400,214	9,835,022	2,873,560	1,836,970	(42,621)	0	91,436,989	12,062,916
CURRENT MONTH JURISDICTIONAL PER BOOKS	92,289,898	28,464,414	26,455,826	11,425,146	9,655,018	3,456,058	495,903	(21,141)	0	79,931,225	12,358,673

TOTALS MAY NOT ADD DUE TO ROUNDING.

**GULF POWER COMPANY**  
**AVERAGE RATE OF RETURN**  
**SYSTEM ADJUSTMENTS**  
**March 2016**  
**Without the Inclusion of Scherer**

**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		FUEL & IIC FUEL REVENUES AND ECONOMY PROFITS	(486,101,257)	(187,513,560)
INVESTMENT	(1,191,549,855)	ENVIRONMENTAL COST RECOVERY CLAUSE REVENUES	(155,506,304)	(59,986,557)
ACCUMULATED DEPRECIATION	208,214,627	PURCHASED POWER CAPACITY COST CLAUSE REVENUES	(86,182,971)	(33,245,081)
CWIP	(19,807,062)	ENERGY CONSERVATION COST RECOVERY CLAUSE REVENUES	(16,629,036)	(6,414,651)
ENERGY CONSERVATION COST RECOVERY		FUEL EXPENSE	(482,053,786)	185,952,248
INVESTMENT	(13,192,107)	PURCHASED POWER CAPACITY COST EXPENSE	(88,716,319)	34,222,320
ACCUMULATED DEPRECIATION	(7,312,080)	CONSERVATION EXPENSES - O & M AND DEPRECIATION	(14,482,206)	5,586,511
CWIP	3,002	CONSERVATION EXPENSES - OTHER TAXES	(323,707)	124,870
TRANSMISSION PURSUANT TO STIP. & SETT.		ENVIRONMENTAL COST RECOVERY EXPENSE	(72,721,034)	28,052,139
INVESTMENT	(162,118,507)	FRANCHISE FEE REVENUES	(43,514,852)	(16,785,854)
FAS 143 NET PLANT	(71,324,451)	FRANCHISE FEE	(42,395,573)	16,354,092
INTEREST BEARING CWIP	(217,999,445)	GROSS RECEIPTS TAX REVENUES	(32,687,688)	(12,609,276)
PHFU - NORTH ESCAMBIA	(13,042,899)	GROSS RECEIPTS TAX EXPENSE	(32,305,262)	12,461,755
WORKING CAPITAL:		MARKETING SUPPORT ACTIVITIES	(161,034)	62,119
ECRC WORKING CAPITAL	(6,353,817)	WHOLESALE EXPENSE	(299,410)	115,497
CONSERVATION/AEM INVENTORY	(1,477,584)	INSTITUTIONAL ADVERTISING EXPENSE	(276,503)	106,661
CAPITALIZED DEF. EARNINGS ON TRANSMISSION		ECONOMIC DEVELOPMENT EXPENSE	(61,333)	23,659
PURSUANT TO STIP. & SETT.	(3,813,470)	MGMT FINANCIAL PLANNING SERVICES	(30,605)	11,806
FUNDED PROPERTY INSURANCE RESERVE - NET	(0)	DIRECTORS' & OFFICERS' INSURANCE	(46,596)	17,974
LOANS TO EMPLOYEES AND RETIREES	(50,911)	INDUSTRY ASSOCIATION DUES	(1,332)	514
INTEREST & DIVIDENDS RECEIVABLE	(38,265)	TALLAHASSEE LIAISON EXPENSE	(461,271)	177,935
NORTH ESCAMBIA SITE	(4,549,398)	GRT/FPSC FEES ON CLAUSE REV ADJ & FRAN FEES	(1,524,227)	587,971
UNAMORTIZED RATE CASE EXPENSE	(2,190,826)	COMP SALES/TRANS REV/G/L SALE GAS/PROV RATE REFIN. ESC REV	(457)	(176)
FUEL RELATED DEFERRED DEBITS	(16,129,577)	GAIN/LOSS ON DISPOSITION OF PROPERTY	(21,642)	8,348
UNREALIZED LOSS ON FWD CONTRACT	(102)	INTEREST SYNCHRONIZATION	7,331,047	7,331,047
ACCUM. PROV. FOR RATE REFUNDS	0			
FAS 143 WORKING CAPITAL	84,463,294			
FAS 158 REGULATORY ASSETS	(152,373,213)			
FAS 158 REGULATORY LIABILITIES	152,373,213			
PPA REGULATORY ASSETS	(168,574,366)			
PPA REGULATORY LIABILITIES	168,574,366			
FAS 133 REGULATORY ASSETS	(93,430,634)			
FAS 133 REGULATORY LIABILITIES	93,430,634			

SCHEDULE 4

GULF POWER COMPANY  
CAPITAL STRUCTURE  
FPSC ADJUSTED BASIS  
March 2016  
Without the Inclusion of Scherer

AVERAGE	SYSTEM PER BOOKS	RETAIL PER BOOKS	ADJUSTMENTS		ADJUSTED RETAIL	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
			PRO RATA	SPECIFIC			WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)
	1,322,465,777	1,204,956,221	(498,749,323)	0	706,206,898	35.22	4.45	1.57	4.45	1.57	4.45	1.57
LONG TERM DEBT												
SHORT TERM DEBT	94,551,524	70,230,266	(29,069,281)	0	41,160,975	2.05	0.53	0.01	0.53	0.01	0.53	0.01
PREFERRED STOCK	146,504,074	133,486,342	(55,252,310)	0	78,234,032	3.90	6.15	0.24	6.15	0.24	6.15	0.24
CUSTOMER DEPOSITS	35,821,909	36,031,681	(14,914,187)	0	21,117,494	1.05	2.36	0.02	2.36	0.02	2.36	0.02
COMMON EQUITY	1,339,619,982	1,227,046,730	(507,892,424)	0	719,154,306	35.86	9.25	3.32	10.25	3.68	11.25	4.03
DEFERRED INCOME TAXES	863,657,130	800,767,111	(331,448,716)	0	469,318,395	23.40						
FASB 109 DEFERRED TAXES	(55,714,229)	(51,657,623)	21,382,052	0	(30,275,571)	-1.51						
TAX CREDITS - ZERO COST	0	0	0	0	0	0.00						
TAX CREDITS - WEIGHTED COST	2,264,261	659,437	(273,330)	0	386,107	0.02	6.83	0.00	7.31	0.00	7.79	0.00
TOTAL	3,749,170,428	3,421,520,154	(1,416,217,518)	0	2,005,302,635	100.00		5.16 %		5.52 %		5.88 %

YEAR - END	SYSTEM PER BOOKS	RETAIL PER BOOKS	ADJUSTMENTS		ADJUSTED RETAIL	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
			PRO RATA	SPECIFIC			WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)
	1,283,534,363	1,187,514,207	(489,950,697)	0	697,563,510	34.53	4.44	1.53	4.44	1.53	4.44	1.53
LONG TERM DEBT												
SHORT TERM DEBT	56,457,075	36,080,488	(14,885,950)	0	21,194,538	1.05	0.79	0.01	0.79	0.01	0.79	0.01
PREFERRED STOCK	146,504,320	135,544,604	(55,923,777)	0	79,620,827	3.94	6.15	0.24	6.15	0.24	6.15	0.24
CUSTOMER DEPOSITS	36,204,010	37,057,280	(15,288,964)	0	21,768,316	1.08	2.29	0.02	2.29	0.02	2.29	0.02
COMMON EQUITY	1,356,056,761	1,243,022,917	(512,852,823)	0	730,169,994	36.14	9.25	3.34	10.25	3.70	11.25	4.07
DEFERRED INCOME TAXES	901,220,011	851,713,465	(351,404,928)	0	500,308,537	24.76						
FASB 109 DEFERRED TAXES	(55,000,660)	(51,979,657)	21,446,270	0	(30,533,387)	-1.51						
TAX CREDITS - ZERO COST	0	0	0	0	0	0.00						
TAX CREDITS - WEIGHTED COST	1,953,587	484,163	(200,088)	0	284,075	0.01	6.86	0.00	7.34	0.00	7.83	0.00
TOTAL	3,726,929,467	3,439,437,468	(1,419,061,057)	0	2,020,376,411	100.00		5.15		5.51		5.88 %

**GULF POWER COMPANY**  
**FINANCIAL INTEGRITY INDICATORS**  
**March 2016**  
**Without the Inclusion of Scherer**

**SCHEDULE 5**

**A. Times Interest Earned with AFUDC**

Earnings Before Interest	204,899,535
AFUDC - Debt	3,758,651
Income Taxes	<u>89,608,261</u>
Total	298,266,446
Interest Charges (Before Deducting AFUDC - Debt)	<u>60,003,705</u>
T.I.E. With AFUDC	<u><u>4.97</u></u> x

**B. Times Interest Earned without AFUDC**

Earnings Before Interest	204,899,535
AFUDC - Other	(8,409,212)
Income Taxes	<u>89,608,261</u>
Total	286,098,584
Interest Charges (Before Deducting AFUDC - Debt)	<u>60,003,705</u>
T.I.E. Without AFUDC	<u><u>4.77</u></u> x

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

AFUDC - Debt	3,758,651
X (1 - Income Tax Rate)	<u>0.6143</u>
Subtotal	2,308,751
AFUDC - Other	<u>8,409,212</u>
Total	<u>10,717,963</u>
Net Income Available for Common Stockholders	<u>139,651,980</u>
Percent AFUDC to Available Net Income	<u><u>7.67%</u></u>

**D. Percent Internally Generated Funds**

Net Income	148,654,480
Preference Dividends	(9,002,500)
Common Dividends	(127,637,000)
AFUDC (Debt & Other)	(12,167,862)
Depreciation & Amortization	169,425,735
Deferred Income Taxes	71,761,668
Investment Tax Credits	0
Other	<u>86,642,107</u>
Total	327,676,628
Construction Expenditures (Excluding AFUDC Other & Debt)	<u>180,375,069</u>
<b>Percent Internally Generated Funds</b>	<u><u>181.66%</u></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	706,206,898
Short Term Debt	41,160,975
Preference Stock	78,234,032
Common Equity	<u>719,154,306</u>
Total	1,544,756,211
% Long Term Debt To Total	<u>45.72%</u>
% Short Term Debt To Total	<u><u>2.66%</u></u>

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

	<b>G. FPSC ADJ.</b>	<b>H. PROFORMA</b>
FPSC Adjusted Average Earned Rate of Return	<u>5.51%</u>	<u>5.51%</u>
Less: Reconciled Average Retail Weighted Cost Rates For:		
Long Term Debt	(1.57)	(1.57)
Short Term Debt	(0.01)	(0.01)
Preference Stock	(0.24)	(0.24)
Customer Deposits	(0.02)	(0.02)
Tax Credits - @ Wt. Cost (Midpoint) (Common Equity at Midpoint)	<u>(0.00)</u>	<u>(0.00)</u>
Subtotal	<u>(1.84)</u>	<u>(1.84)</u>
Total	3.66	3.66
Divided by Common Equity Ratio	<u>35.86</u>	<u>35.86</u>
<b>Jurisdictional Return on Common Equity</b>	<u><u>10.22%</u></u>	<u><u>10.22%</u></u>

**GULF POWER COMPANY**  
**EARNINGS SURVEILLANCE REPORT SUMMARY**  
**March 2016**  
**Specific Line-by-Line Impacts of the Inclusion of Scherer**

**SCHEDULE 1**

	(1) Actual Per Books	(2) FPSC Adjustments	(3) FPSC Adjusted	(4) Pro Forma Adjustments	(5) Pro Forma Adjusted
<b>I. Average Rate of Return</b>					
<b>(JURISDICTIONAL)</b>					
Net Operating Income	(a) (\$971,460)	(b) (\$2,824)	(\$974,284)	\$0	(\$974,284)
Average Rate Base	\$30,454,216	\$0	\$30,454,216	\$0	\$30,454,216
Average Rate of Return	-0.07%		-0.13%		-0.13%
<b>II. Year End Rate of Return</b>					
<b>(JURISDICTIONAL)</b>					
Net Operating Income	(a) (\$981,601)	(b) \$652,398	(\$329,203)	\$0	(\$329,203)
Year End Rate Base	\$132,599,561	\$0	\$132,599,561	\$0	\$132,599,561
Year End Rate of Return	-0.22%		-0.35%		-0.35%
(a) Includes AFUDC Earnings					
(b) Includes Reversal of AFUDC Earnings					
<b>III. Required Rates of Return</b>					
<b>Average Capital Structure</b>					
<b>(FPSC Adjusted Basis)</b>					
Low	0.00%				
Midpoint	0.00%				
High	0.00%				
<b>IV. Financial Integrity Indicators</b>					
A. T.I.E. With AFUDC	0.00 x (System per Books Basis)				
B. T.I.E. Without AFUDC	0.00 x (System per Books Basis)				
C. AFUDC To Net Income	0.00% (System per Books Basis)				
D. Internally Generated Funds	0.00% (System per Books Basis)				
E. LTD To Total Investor Funds	-0.01% (FPSC Adjusted Basis)				
F. STD To Total Investor Funds	0.00% (FPSC Adjusted Basis)				
G. Return on Common Equity	-0.37% (FPSC Adjusted Basis)				
H. Return on Common Equity	-0.37% (Proforma Basis)				



GULF POWER COMPANY  
AVERAGE RATE OF RETURN  
RATE BASE  
March 2016

Specific Line-by-Line Impacts of the Inclusion of Scherer

	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
<b>SYSTEM PER BOOKS</b>	0	0	0	0	0	0	0	0	0
<b>JURISDICTIONAL PER BOOKS</b>	45,495,784	16,141,264	29,354,520	0	296,068	0	29,650,588	803,628	30,454,216
<b>FPSC ADJUSTMENTS</b>	0	0	0	0	0	0	0	0	0
ENVIRONMENTAL RECOVERY CLAUSE	0	0	0	0	0	0	0	0	0
INT BEARING CWIP	0	0	0	0	0	0	0	0	0
ENERGY CONSERVATION CLAUSE	0	0	0	0	0	0	0	0	0
TRANSMISSION INVESTMENT PURSUANT TO STIP. & SETT.	0	0	0	0	0	0	0	0	0
CAPITALIZED DEF. EARNINGS ON TRANSM PURSUANT TO STIP.	0	0	0	0	0	0	0	0	0
LOANS TO EMPLOYEES / RETIREES	0	0	0	0	0	0	0	0	0
INTEREST AND DIVIDENDS RECEIVABLE	0	0	0	0	0	0	0	0	0
FUNDED PROP RES. N. ESCAMBIA & OTHER INV.	0	0	0	0	0	0	0	0	0
FUEL RELATED DEFERRED DEBITS	0	0	0	0	0	0	0	0	0
ACCURED PROVISION FOR REFUND	0	0	0	0	0	0	0	0	0
UNAMORTIZED RATE CASE EXPENSES	0	0	0	0	0	0	0	0	0
<b>TOTAL FPSC ADJUSTMENTS</b>	0	0	0	0	0	0	0	0	0
<b>FPSC ADJUSTED</b>	45,495,784	16,141,264	29,354,520	0	296,068	0	29,650,588	803,628	30,454,216
<b>PRO FORMA REVENUE AND ANNUALIZATION ADJUSTMENTS</b>	0	0	0	0	0	0	0	0	0
<b>TOTAL PRO FORMA ADJUSTMENTS</b>	0	0	0	0	0	0	0	0	0
<b>PRO FORMA ADJUSTED</b>	45,495,784	16,141,264	29,354,520	0	296,068	0	29,650,588	803,628	30,454,216

GULF POWER COMPANY  
AVERAGE RATE OF RETURN  
INCOME STATEMENT  
March 2016

Specific Line-by-Line Impacts of the Inclusion of Scherer

	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	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
SYSTEM PER BOOKS	0	0	0	0	0	0	0	0	0	0	0
JURISDICTIONAL PER BOOKS	595,765	0	1,338,087	1,037,785	126,961	483,785	(1,384,074)	(32,319)	0	1,567,225	(971,460)
LESS FPSC ADJUSTMENTS:											
RETAIL FUEL REVENUES & EXPENSES	0	0	0	0	0	0	0	0	0	0	0
PURCHASED POWER CAPACITY REVENUES & EXPENSES	0	0	0	0	0	0	0	0	0	0	0
ENERGY CONSERVATION COST REVENUES & EXPENSES	0	0	0	0	0	0	0	0	0	0	0
ENVIRONMENTAL COST RECOVERY CLAUSE	0	0	0	0	0	0	0	0	0	0	0
FRANCHISE FEE REVENUE & EXPENSE	0	0	0	0	0	0	0	0	0	0	0
GROSS RECEIPTS TAX REVENUE & ADJUSTMENT	0	0	0	0	0	0	0	0	0	0	0
MARKETING SUPPORT ACTIVITIES	0	0	0	0	0	0	0	0	0	0	0
WHOLESALE EXPENSES	0	0	0	0	0	0	0	0	0	0	0
INSTITUTIONAL ADVERTISING EXPENSE	0	0	0	0	0	0	0	0	0	0	0
ECONOMIC DEVELOPMENT EXPENSE	0	0	0	0	0	0	0	0	0	0	0
MGMT FINANCIAL PLANNING SERVICES	0	0	0	0	0	0	0	0	0	0	0
DIRECTORS' & OFFICERS' INSURANCE	0	0	0	0	0	0	0	0	0	0	0
INDUSTRY ASSOCIATION DUES	0	0	0	0	0	0	0	0	0	0	0
TALLAHASSEE LIASON EXPENSES	0	0	0	0	0	0	0	0	0	0	0
GRT, FPSC FEES ON CLAUSES & FEES	0	0	0	0	0	0	0	0	0	0	0
(GAIN) / LOSS ON DISPOSITION	0	0	0	0	0	2,824	0	0	0	0	0
INTEREST SYNCHRONIZATION	0	0	0	0	0	0	0	0	0	2,824	(2,824)
TOTAL FPSC ADJUSTMENTS	0	0	0	0	0	2,824	0	0	0	2,824	(2,824)
FPSC ADJUSTED	595,765	0	1,338,087	1,037,785	126,961	483,609	(1,384,074)	(32,319)	0	1,570,049	(974,284)
PRO FORMA REVENUE ANNUALIZATION ADJUSTMENTS											
TOTAL PRO FORMA ADJUSTMENTS	0	0	0	0	0	0	0	0	0	0	0
PRO FORMA ADJUSTED	595,765	0	1,338,087	1,037,785	126,961	483,609	(1,384,074)	(32,319)	0	1,570,049	(974,284)
(a) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM NOI BY						\$0	\$0				
CURRENT MONTH - SYSTEM PER BOOKS	0	0	0	0	0	0	0	0	0	0	0
CURRENT MONTH - JURISDICTIONAL PER BOOKS	(9,983)	0	413,297	345,426	36,768	(50,843)	(46,282)	(10,773)	0	689,593	(699,586)

TOTALS MAY NOT ADD DUE TO ROUNDING.

GULF POWER COMPANY  
AVERAGE RATE OF RETURN  
SYSTEM ADJUSTMENTS  
March 2016

SCHEDULE 2  
PAGE 3 OF 3

Specific Line-by-Line Impacts of the Inclusion of Scherer

<u>RATE BASE ADJUSTMENTS</u>	<u>AMOUNT</u>	<u>INCOME STATEMENT ADJUSTMENTS</u>	<u>AMOUNT</u>	<u>TAX EFFECT</u>
ENVIRONMENTAL COST RECOVERY CLAUSE INVESTMENT	0	FUEL & IIC FUEL REVENUES AND ECONOMY PROFITS	0	0
ACCUMULATED DEPRECIATION CWIP	0	ENVIRONMENTAL COST RECOVERY CLAUSE REVENUE	0	0
ENERGY CONSERVATION COST RECOVERY INVESTMENT	0	PURCHASED POWER CAPACITY COST CLAUSE REVENUE	0	0
ACCUMULATED DEPRECIATION CWIP	0	ENERGY CONSERVATION COST RECOVERY CLAUSE REVENUE	0	0
TRANSMISSION PURSUANT TO STIP. & SETT. INVESTMENT	0	FUEL EXPENSE	0	0
FAS 143 NET PLANT	0	PURCHASED POWER CAPACITY COST EXPENSE	0	0
INTEREST BEARING CWIP	0	CONSERVATION EXPENSES - O & M AND DEPRECIATION	0	0
PHFU - NORTH ESCAMBIA	0	CONSERVATION EXPENSES - OTHER TAXES	0	0
WORKING CAPITAL:		ENVIRONMENTAL COST RECOVERY EXPENSE	0	0
ECRC WORKING CAPITAL	0	FRANCHISE FEE REVENUES	0	0
CONSERVATION/AEM INVENTORY	0	FRANCHISE FEE	0	0
CAPITALIZED DEF. EARNINGS ON TRANSMISSION PURSUANT TO STIP. & SETT.	0	GROSS RECEIPTS TAX REVENUES	0	0
FUNDED PROPERTY INSURANCE RESERVE	0	GROSS RECEIPTS TAX EXPENSE	0	0
LOANS TO EMPLOYEES AND RETIREES	0	MARKETING SUPPORT ACTIVITIES	0	0
INTEREST & DIVIDENDS RECEIVABLE	0	WHOLESALE EXPENSE	0	0
NORTH ESCAMBIA SITE	0	INSTITUTIONAL ADVERTISING EXPENSE	0	0
UNAMORTIZED RATE CASE EXPENSE	0	ECONOMIC DEVELOPMENT EXPENSE	0	0
FUEL RELATED DEFERRED DEBITS	0	MGMT FINANCIAL PLANNING SERVICES	0	0
UNREALIZED LOSS ON FWD CONTRACT	0	DIRECTORS' & OFFICERS' INSURANCE	0	0
ACCUM. PROV. FOR RATE REFUNDS	0	INDUSTRY ASSOCIATION DUES	0	0
FAS 143 WORKING CAPITAL	0	TALLAHASSEE LIAISON EXPENSE	0	0
FAS 158 REGULATORY ASSETS	0	GRT/FPSC FEES ON CLAUSE REV ADJ & FRAN FEES	0	0
FAS 158 REGULATORY LIABILITIES	0	COMP SALES/TRANS REV/G/L SALE GAS/PROV RATE RE	0	0
PPA REGULATORY ASSETS	0	GAIN/LOSS ON DISPOSITION OF PROPERTY	0	0
PPA REGULATORY LIABILITIES	0	INTEREST SYNCHRONIZATION	0	0
FAS 133 REGULATORY ASSETS	0			
FAS 133 REGULATORY LIABILITIES	0			



**GULF POWER COMPANY**  
**FINANCIAL INTEGRITY INDICATORS**  
**March 2016**

**SCHEDULE 5**

**Specific Line-by-Line Impacts of the Inclusion of Scherer**

**A. Times Interest Earned with AFUDC**

Earnings Before Interest	0
AFUDC - Debt	0
Income Taxes	0
	<hr/>
Total	0
Interest Charges (Before Deducting AFUDC - Debt)	0
Tie With AFUDC	<u>0.00</u> x

**B. Times Interest Earned without AFUDC**

Earnings Before Interest	0
AFUDC - Other	0
Income Taxes	0
	<hr/>
Total	0
Interest Charges (Before Deducting AFUDC - Debt)	0
Tie Without AFUDC	<u>0.00</u> x

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

AFUDC - Debt	0
X (1 - Income Tax Rate)	0.0000
	<hr/>
Subtotal	0
AFUDC - Other	0
	<hr/>
Total	0
Net Income Available for Common Stockholders	0
Percent AFUDC to Available Net Income	<u>0.00%</u>

**D. Percent Internally Generated Funds**

Net Income	0
Preferred Dividends	0
Common Dividends	0
AFUDC (Debt & Other)	0
Depreciation & Amortization	0
Deferred Income Taxes	0
Investment Tax Credits	0
Other	0
	<hr/>
Total	0
Construction Expenditures (Excluding AFUDC Other & Debt)	0
	<hr/>
<b>Percent Internally Generated Funds</b>	<u>0.00%</u>

**E. Long Term Debt as Percent of Total  
Investor Capital**

**F. Short Term Debt as Percent of Total Investor Capital**

Reconciled Average Retail Amounts

Long Term Debt	11,093,451
Short Term Debt	645,133
Preferred Stock	1,251,860
Common Equity	<u>11,547,716</u>

Total	24,538,159
-------	------------

% Long Term Debt To Total	<u>-0.01%</u>
---------------------------	---------------

% Short Term Debt To Total	<u>0.00%</u>
----------------------------	--------------

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

	<b>G. FPSC ADJ.</b>	<b>H. PROFORMA</b>
FPSC Adjusted Average Earned Rate of Return	<u>-0.13%</u>	<u>-0.13%</u>
Less: Reconciled Average Retail Weighted Cost Rates For:		
Long Term Debt	(0.00)	(0.00)
Short Term Debt	(0.00)	(0.00)
Preferred Stock	0.00	0.00
Customer Deposits	0.00	0.00
Tax Credits - @ Wt. Cost (Midpoint)	(0.00)	(0.00)
	<hr/>	<hr/>
Subtotal	(0.00)	(0.00)
Total	(0.13)	(0.13)
Divided by Common Equity Ratio	<u>0.03</u>	<u>0.03</u>
<b>Jurisdictional Return on Common Equity</b>	<u>-0.37%</u>	<u>-0.37%</u>

**GULF POWER COMPANY**  
**EARNINGS SURVEILLANCE REPORT SUMMARY**  
**December 2016**  
**With the Inclusion of Scherer\***

**SCHEDULE 1**

	(1) Actual Per Books	(2) FPSC Adjustments	(3) FPSC Adjusted	(4) Pro Forma Adjustments	(5) Pro Forma Adjusted
<b>I. Average Rate of Return</b>					
<u>(Jurisdictional)</u>					
	(a)	(b)			
Net Operating Income	\$174,210,993	(\$68,831,328)	\$105,379,665	\$0	\$105,379,665
Average Rate Base	\$3,562,917,353	(\$1,402,222,226)	\$2,160,695,127	\$0	\$2,160,695,127
Average Rate of Return	4.89%		4.88%		4.88%
<b>II. Year End Rate of Return</b>					
<u>(JURISDICTIONAL)</u>					
	(a)	(b)			
Net Operating Income	\$174,178,031	(\$68,116,752)	\$106,061,279	\$0	\$106,061,279
Year End Rate Base	\$3,641,983,040	(\$1,396,052,934)	\$2,245,930,106	\$0	\$2,245,930,106
Year End Rate of Return	4.78%		4.72%		4.72%
<b>III. Required Rates of Return</b>					
<u>Average Capital Structure</u> <u>(FPSC Adjusted Basis)</u>					
Low	5.22%				
Midpoint	5.58%				
High	5.94%				
<b>IV. Financial Integrity Indicators</b>					
A. T.I.E. With AFUDC	4.49 x (System per Books Basis)				
B. T.I.E. Without AFUDC	4.49 x (System per Books Basis)				
C. AFUDC To Net Income	0.00% (System per Books Basis)				
D. Internally Generated Funds	135.58% (System per Books Basis)				
E. LTD To Total Investor Funds	45.55% (FPSC Adjusted Basis)				
F. STD To Total Investor Funds	1.27% (FPSC Adjusted Basis)				
G. Return on Common Equity	8.32% (FPSC Adjusted Basis)				
H. Return on Common Equity	8.32% (Proforma Basis)				

\* Assumes that 52% of Scherer is dedicated to the base retail jurisdiction from January 2016 - May 2016, and 76% of Scherer is dedicated to the base retail jurisdiction from June 2016 - December 2016

SCHEDULE 2  
PAGE 1 OF 3

GULF POWER COMPANY  
AVERAGE RATE OF RETURN  
RATE BASE  
December 2016  
With the Inclusion of Scherer

	PLANT IN SERVICE	ACCUMULATED DEPRECIATION & AMORTIZATION	NET PLANT IN SERVICE	PROPERTY HELD FOR FUTURE USE	CONSTRUCTION WORK IN PROGRESS	NUCLEAR FUEL (NET)	NET UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE
<b>SYSTEM PER BOOKS</b>	5,141,590,655	1,607,542,207	3,534,048,448	14,756,744	54,904,364	0	3,603,709,556	131,068,439	3,734,777,996
<b>JURISDICTIONAL PER BOOKS</b>	4,803,333,465	1,530,860,981	3,272,472,484	14,325,038	52,058,986	0	3,338,856,509	224,060,844	3,562,917,353
<b>FPSC ADJUSTMENTS</b>									
ENVIRONMENTAL RECOVERY CLAUSE	(1,373,931,178)	(215,630,386)	(1,158,300,793)		(9,399,614)		(1,167,700,407)	(6,128,931)	(1,173,829,338)
INT BEARING CWIP					(5,389)		(5,389)		(5,389)
ENERGY CONSERVATION CLAUSE	(14,713,705)	7,169,234	(21,882,940)		0		(21,882,940)	(1,519,589)	(23,402,528)
TRANSMISSION INVESTMENT PURSUANT TO STIP. & SETT.	(177,044,601)		(177,044,601)				(177,044,601)		(177,044,601)
CAPITALIZED DEF. EARNINGS ON TRANSM PURSUANT TO STIP. & SETT.								(10,361,815)	(10,361,815)
LOANS TO EMPLOYEES / RETIREES								(59,045)	(59,045)
INTEREST AND DIVIDENDS RECEIVABLE								(23,007)	(23,007)
FUNDED PROP RES. N. ESCAMBIA & OTHER INV.				(12,661,331)			(12,661,331)	(4,358,940)	(17,020,271)
FUEL RELATED DEFERRED DEBITS								(473,954)	(473,954)
ACCURED PROVISION FOR REFUND								0	0
UNAMORTIZED RATE CASE EXPENSES								(2,278)	(2,278)
<b>TOTAL FPSC ADJUSTMENTS</b>	<b>(1,565,689,485)</b>	<b>(208,461,152)</b>	<b>(1,357,228,333)</b>	<b>(12,661,331)</b>	<b>(9,405,003)</b>	<b>0</b>	<b>(1,379,294,668)</b>	<b>(22,927,658)</b>	<b>(1,402,222,226)</b>
<b>FPSC ADJUSTED</b>	3,237,643,981	1,322,399,830	1,915,244,151	1,663,707	42,653,983	0	1,959,561,841	201,133,285	2,160,695,127
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
<b>PRO FORMA ADJUSTED</b>	3,237,643,981	1,322,399,830	1,915,244,151	1,663,707	42,653,983	0	1,959,561,841	201,133,285	2,160,695,127

SCHEDULE 2  
PAGE 2 OF 3

GULF POWER COMPANY  
AVERAGE RATE OF RETURN  
INCOME STATEMENT  
December 2016  
With the inclusion of Scherer

	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	1,433,470,448	535,007,205	372,559,654	142,131,202	113,126,251	36,800,933	45,943,884	(511,455)	0	1,245,057,674	188,412,774 (a)
JURISDICTIONAL PER BOOKS	1,304,471,227	445,767,726	361,985,965	135,712,402	111,623,394	36,764,787	38,823,852	(417,893)	0	1,130,260,234	174,210,993 (a)
LESS FPSC ADJUSTMENTS:											
RETAIL FUEL REVENUES & EXPENSES	(382,802,312)	(359,895,246)				(1,121,401)				(361,016,646)	(1,785,666)
PURCHASED POWER CAPACITY REVENUES & EXPENSES	(85,653,817)	(85,653,237)				(26,455)				(85,611,691)	(42,125)
ENERGY CONSERVATION COST REVENUES & EXPENSES	(13,184,000)		(10,347,924)	(410,629)	(599,058)	(704,529)				(12,062,141)	(1,121,859)
ENVIRONMENTAL COST RECOVERY CLAUSE	(194,548,000)		(46,457,114)	(49,684,183)	(3,476,697)	(36,626,965)				(136,224,958)	(58,323,042)
FRANCHISE FEE REVENUE & EXPENSE	(40,116,236)				(39,084,446)	(398,013)				(39,482,459)	(633,777)
GROSS RECEIPTS TAX REVENUE & ADJUSTMENT	(30,364,726)				(30,342,864)	(8,433)				(30,351,297)	(13,429)
MARKETING SUPPORT ACTIVITIES			(181,250)			69,917				(111,333)	111,333
WHOLESALE EXPENSES		(287,244)				110,804				(176,440)	176,440
INSTITUTIONAL ADVERTISING EXPENSE			(441,272)			170,221				(271,051)	271,051
ECONOMIC DEVELOPMENT EXPENSE			(60,184)			23,216				(36,968)	36,968
MGMT FINANCIAL PLANNING SERVICES			(41,582)			16,040				(25,542)	25,542
DIRECTORS & OFFICERS' INSURANCE			(105,137)			40,557				(64,580)	64,580
INDUSTRY ASSOCIATION DUES			(1,488)			574				(914)	914
TALLAHASSEE LIAISON EXPENSES			(523,508)		(34,446)	215,231				(342,723)	342,723
GRT, FPSC FEES ON CLAUSES & FEES					(1,350,050)	520,782				(829,268)	829,268
(GAIN) / LOSS ON DISPOSITION						0			0	0	0
INTEREST SYNCHRONIZATION						8,770,250				8,770,250	(8,770,250)
TOTAL FPSC ADJUSTMENTS	(726,668,091)	(445,767,726)	(58,159,459)	(50,074,812)	(74,887,560)	(28,948,205)	0	0	0	(657,837,763)	(68,831,328)
FPSC ADJUSTED	577,802,136	0	303,826,506	85,637,590	36,735,834	7,816,582	38,823,852	(417,893)	0	472,422,471	105,379,665
PRO FORMA REVENUE ANNUALIZATION ADJUSTMENTS											
TOTAL PRO FORMA ADJUSTMENTS	0	0	0	0	0	0	0	0	0	0	0
PRO FORMA ADJUSTED	577,802,136	0	303,826,506	85,637,590	36,735,834	7,816,582	38,823,852	(417,893)	0	472,422,471	105,379,665
(a) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM NOI BY				\$0			\$0				
CURRENT MONTH SYSTEM PER BOOKS	110,578,795	38,583,656	36,860,502	14,486,052	8,729,158	(1,250,967)	3,832,136	(42,621)	0	101,207,915	9,370,879
CURRENT MONTH JURISDICTIONAL PER BOOKS	101,727,397	32,658,844	34,875,530	12,645,623	8,633,446	(4,968,796)	7,384,065	(36,883)	0	91,191,818	10,535,578

TOTALS MAY NOT ADD DUE TO ROUNDING.



**GULF POWER COMPANY**  
**AVERAGE RATE OF RETURN**  
**SYSTEM ADJUSTMENTS**  
**December 2016**  
**With the Inclusion of Scherer**

**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		FUEL & IIC FUEL REVENUES AND ECONOMY PROFITS	(450,546,610)	(173,798,355)
INVESTMENT	(1,415,420,993)	ENVIRONMENTAL COST RECOVERY CLAUSE REVENUES	(200,577,767)	(77,372,874)
ACCUMULATED DEPRECIATION	222,141,967	PURCHASED POWER CAPACITY COST CLAUSE REVENUES	(85,653,817)	(33,040,960)
CWIP	(9,683,463)	ENERGY CONSERVATION COST RECOVERY CLAUSE REVENUES	(13,184,000)	(5,085,728)
ENERGY CONSERVATION COST RECOVERY		FUEL EXPENSE	(446,543,956)	172,254,331
INVESTMENT	(14,713,705)	PURCHASED POWER CAPACITY COST EXPENSE	(88,167,250)	34,010,517
ACCUMULATED DEPRECIATION	(7,169,234)	CONSERVATION EXPENSES - O & M AND DEPRECIATION	(10,758,553)	4,150,112
CWIP	0	CONSERVATION EXPENSES - OTHER TAXES	(599,058)	231,087
TRANSMISSION PURSUANT TO STIP. & SETT.		ENVIRONMENTAL COST RECOVERY EXPENSE	(102,557,300)	39,561,478
INVESTMENT	(177,044,601)	FRANCHISE FEE REVENUES	(40,116,236)	(15,474,838)
FAS 143 NET PLANT	(89,715,380)	FRANCHISE FEE	(39,084,446)	15,076,825
INTEREST BEARING CWIP	(5,517)	GROSS RECEIPTS TAX REVENUES	(30,364,726)	(11,713,193)
PHFU - NORTH ESCAMBIA	(13,042,899)	GROSS RECEIPTS TAX EXPENSE	(30,342,864)	11,704,760
WORKING CAPITAL:		MARKETING SUPPORT ACTIVITIES	(181,250)	69,917
ECRC WORKING CAPITAL	(6,314,012)	WHOLESALE EXPENSE	(295,999)	114,181
CONSERVATION/AEM INVENTORY	(1,519,589)	INSTITUTIONAL ADVERTISING EXPENSE	(449,965)	173,574
CAPITALIZED DEF. EARNINGS ON TRANSMISSION		ECONOMIC DEVELOPMENT EXPENSE	(60,184)	23,216
PURSUANT TO STIP. & SETT.	(10,361,815)	MGMT FINANCIAL PLANNING SERVICES	(42,500)	16,394
FUNDED PROPERTY INSURANCE RESERVE - NET	(0)	DIRECTORS' & OFFICERS' INSURANCE	(107,458)	41,452
LOANS TO EMPLOYEES AND RETIREES	(61,623)	INDUSTRY ASSOCIATION DUES	(1,517)	585
INTEREST & DIVIDENDS RECEIVABLE	(24,012)	TALLAHASSEE LIAISON EXPENSE	(570,282)	219,986
NORTH ESCAMBIA SITE	(4,549,398)	GRT/FPSC FEES ON CLAUSE REV ADJ & FRAN FEES	(1,350,050)	520,782
UNAMORTIZED RATE CASE EXPENSE	(2,378)	COMP SALES/TRANS REV/G/L SALE GAS/PROV RATE REFIN. ESC REV	0	0
FUEL RELATED DEFERRED DEBITS	(473,954)	GAIN/LOSS ON DISPOSITION OF PROPERTY	0	0
UNREALIZED LOSS ON FWD CONTRACT	0	INTEREST SYNCHRONIZATION	8,932,300	8,932,300
ACCUM. PROV. FOR RATE REFUNDS	0			
FAS 143 WORKING CAPITAL	103,017,182			
FAS 158 REGULATORY ASSETS	(163,945,822)			
FAS 158 REGULATORY LIABILITIES	163,945,822			
PPA REGULATORY ASSETS	(152,083,395)			
PPA REGULATORY LIABILITIES	152,083,395			
FAS 133 REGULATORY ASSETS	(99,766,557)			
FAS 133 REGULATORY LIABILITIES	99,766,557			

SCHEDULE 4

GULF POWER COMPANY  
CAPITAL STRUCTURE  
FPSC ADJUSTED BASIS  
December 2016  
With the Inclusion of Scherer

AVERAGE	SYSTEM PER BOOKS	RETAIL PER BOOKS	ADJUSTMENTS		ADJUSTED RETAIL	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
			PRO RATA	SPECIFIC			WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)
LONG TERM DEBT	1,291,439,698	1,230,556,547	(484,298,110)		0	34.54	4.54	1.57	4.54	1.57	4.54	1.57
SHORT TERM DEBT	36,957,794	34,196,188	(13,458,529)		0	0.96	1.43	0.01	1.43	0.01	1.43	0.01
PREFERRED STOCK	146,504,320	139,591,962	(54,937,665)		0	3.92	6.15	0.24	6.15	0.24	6.15	0.24
CUSTOMER DEPOSITS	36,076,155	36,099,729	(14,207,316)		0	1.01	2.30	0.02	2.30	0.02	2.30	0.02
COMMON EQUITY	1,355,443,557	1,297,365,332	(510,591,179)		0	36.41	9.25	3.37	10.25	3.73	11.25	4.10
DEFERRED INCOME TAXES	914,929,815	875,969,681	(344,746,150)		0	24.59						
FASB 109 DEFERRED TAXES	(54,433,782)	(52,115,467)	20,510,304		0	-1.46						
TAX CREDITS - ZERO COST	0	0	0		0	0.00						
TAX CREDITS - WEIGHTED COST	1,825,722	1,253,381	(483,582)		0	0.04	6.81	0.00	7.40	0.00	7.89	0.00
TOTAL	3,728,743,279	3,562,917,354	(1,402,222,226)		0	100.00		5.22 %		5.58 %		5.94 %

YEAR - END	SYSTEM PER BOOKS	RETAIL PER BOOKS	ADJUSTMENTS		ADJUSTED RETAIL	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
			PRO RATA	SPECIFIC			WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)
LONG TERM DEBT	1,328,620,689	1,286,869,646	(492,609,842)		0	35.29	4.51	1.59	4.51	1.59	4.51	1.59
SHORT TERM DEBT	9,572,757	8,804,469	(3,370,072)		0	0.24	1.39	0.00	1.39	0.00	1.39	0.00
PREFERRED STOCK	146,504,320	141,900,448	(54,319,024)		0	3.89	6.14	0.24	6.14	0.24	6.14	0.24
CUSTOMER DEPOSITS	36,254,450	36,484,914	(13,966,114)		0	1.00	2.30	0.02	2.30	0.02	2.30	0.02
COMMON EQUITY	1,369,157,085	1,314,122,219	(503,042,546)		0	36.03	9.25	3.33	10.25	3.69	11.25	4.05
DEFERRED INCOME TAXES	936,676,964	909,267,011	(348,065,314)		0	24.93						
FASB 109 DEFERRED TAXES	(53,290,986)	(51,731,833)	19,803,011		0	-1.42						
TAX CREDITS - ZERO COST	0	0	0		0	0.00						
TAX CREDITS - WEIGHTED COST	1,569,995	1,261,107	(483,034)		0	0.03	6.87	0.00	7.34	0.00	7.82	0.00
TOTAL	3,775,065,273	3,646,977,982	(1,386,052,934)		0	100.00		5.19		5.55		5.91

**GULF POWER COMPANY**  
**FINANCIAL INTEGRITY INDICATORS**  
December 2016  
With the Inclusion of Scherer

**SCHEDULE 5**

**A. Times Interest Earned with AFUDC**

Earnings Before Interest	187,709,153
AFUDC - Debt	0
Income Taxes	<u>82,846,992</u>
Total	270,556,145
Interest Charges (Before Deducting AFUDC - Debt)	<u>60,260,942</u>
T.I.E. With AFUDC	<u>4.49</u> x

**B. Times Interest Earned without AFUDC**

Earnings Before Interest	187,709,153
AFUDC - Other	0
Income Taxes	<u>82,846,992</u>
Total	270,556,145
Interest Charges (Before Deducting AFUDC - Debt)	<u>60,260,942</u>
T.I.E. Without AFUDC	<u>4.49</u> x

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

AFUDC - Debt	0
X (1 - Income Tax Rate)	<u>0.6143</u>
Subtotal	0
AFUDC - Other	<u>0</u>
Total	<u>0</u>
Net Income Available for Common Stockholders	<u>118,445,711</u>
Percent AFUDC to Available Net Income	<u>0.00%</u>

**D. Percent Internally Generated Funds**

Net Income	127,448,211
Preference Dividends	(9,002,500)
Common Dividends	(120,068,000)
AFUDC (Debt & Other)	0
Depreciation & Amortization	146,783,784
Deferred Income Taxes	45,943,884
Investment Tax Credits	0
Other	<u>100,713,258</u>
Total	291,818,637
Construction Expenditures (Excluding AFUDC Other & Debt)	<u>215,237,208</u>
<b>Percent Internally Generated Funds</b>	<u>135.58%</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	746,258,437
Short Term Debt	20,737,659
Preference Stock	84,654,297
Common Equity	<u>786,774,153</u>
Total	1,638,424,546
% Long Term Debt To Total	<u>45.55%</u>
% Short Term Debt To Total	<u>1.27%</u>

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

	<b>G.</b> <b>FPSC ADJ.</b>	<b>H.</b> <b>PROFORMA</b>
FPSC Adjusted Average Earned Rate of Return	<u>4.88%</u>	<u>4.88%</u>
Less: Reconciled Average Retail Weighted Cost Rates For:		
Long Term Debt	(1.57)	(1.57)
Short Term Debt	(0.01)	(0.01)
Preference Stock	(0.24)	(0.24)
Customer Deposits	(0.02)	(0.02)
Tax Credits - @ Wt. Cost (Midpoint) (Common Equity at Midpoint)	<u>(0.00)</u>	<u>(0.00)</u>
Subtotal	<u>(1.85)</u>	<u>(1.85)</u>
Total	3.03	3.03
Divided by Common Equity Ratio	<u>36.41</u>	<u>36.41</u>
<b>Jurisdictional Return on Common Equity</b>	<u>8.32%</u>	<u>8.32%</u>

**GULF POWER COMPANY**  
**EARNINGS SURVEILLANCE REPORT SUMMARY**  
December 2016  
Without the Inclusion of Scherer

**SCHEDULE 1**

	(1) Actual Per Books	(2) FPSC Adjustments	(3) FPSC Adjusted	(4) Pro Forma Adjustments	(5) Pro Forma Adjusted
<b>I. Average Rate of Return</b> (Jurisdictional)					
Net Operating Income	(a) \$179,885,793	(b) (\$68,824,393)	\$111,061,400	\$0	\$111,061,400
Average Rate Base	\$3,398,652,770	(\$1,402,222,226)	\$1,996,430,544	\$0	\$1,996,430,544
Average Rate of Return	5.29%		5.56%		5.56%

<b>II. Year End Rate of Return</b> (JURISDICTIONAL)					
Net Operating Income	(a) \$179,852,672	(b) (\$68,372,531)	\$111,480,141	\$0	\$111,480,141
Year End Rate Base	\$3,437,852,622	(\$1,396,052,934)	\$2,041,799,689	\$0	\$2,041,799,689
Year End Rate of Return	5.23%		5.46%		5.46%

(a) Includes AFUDC Earnings  
(b) Includes Reversal of AFUDC Earnings

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

Low	5.20%
Midpoint	5.56%
High	5.93%

**IV. Financial Integrity Indicators**

A. T.I.E. With AFUDC	4.49 x (System per Books Basis)
B. T.I.E. Without AFUDC	4.49 x (System per Books Basis)
C. AFUDC To Net Income	0.00% (System per Books Basis)
D. Internally Generated Funds	135.58% (System per Books Basis)
E. LTD To Total Investor Funds	45.54% (FPSC Adjusted Basis)
F. STD To Total Investor Funds	1.29% (FPSC Adjusted Basis)
G. Return on Common Equity	10.25% (FPSC Adjusted Basis)
H. Return on Common Equity	10.25% (Proforma Basis)

SCHEDULE 2  
PAGE 1 OF 3

GULF POWER COMPANY  
AVERAGE RATE OF RETURN  
RATE BASE  
December 2016  
Without the Inclusion of Scherer

	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
<b>SYSTEM PER BOOKS</b>	5,141,590,655	1,607,542,207	3,534,048,448	14,756,744	54,904,364	0	3,603,709,556	131,068,439	3,734,777,996
<b>JURISDICTIONAL PER BOOKS</b>	4,564,631,467	1,447,193,315	3,117,438,152	14,325,038	48,772,481	0	3,180,535,672	218,117,098	3,398,652,770
<b>FPSC ADJUSTMENTS</b>									
ENVIRONMENTAL RECOVERY CLAUSE	(1,373,931,178)	(215,630,386)	(1,158,300,793)		(9,399,614)		(1,167,700,407)	(6,128,931)	(1,173,829,338)
INT BEARING CWIP					(5,389)		(5,389)		(5,389)
ENERGY CONSERVATION CLAUSE	(14,713,705)	7,169,234	(21,882,940)	0	0		(21,882,940)	(1,519,589)	(23,402,528)
TRANSMISSION INVESTMENT PURSUANT TO STIP. & SETT.	(177,044,601)		(177,044,601)				(177,044,601)		(177,044,601)
CAPITALIZED DEF. EARNINGS ON TRANSM PURSUANT TO STIP. & SETT.								(10,361,815)	(10,361,815)
LOANS TO EMPLOYEES / RETIREES								(59,045)	(59,045)
INTEREST AND DIVIDENDS RECEIVABLE								(23,007)	(23,007)
FUNDED PROP RES. N. ESCAMBIA & OTHER INV.				(12,661,331)			(12,661,331)	(4,358,940)	(17,020,271)
FUEL RELATED DEFERRED DEBITS								(473,954)	(473,954)
ACCURED PROVISION FOR REFUND								0	0
UNAMORTIZED RATE CASE EXPENSES								(2,278)	(2,278)
<b>TOTAL FPSC ADJUSTMENTS</b>	<b>(1,565,689,485)</b>	<b>(208,461,152)</b>	<b>(1,357,228,333)</b>	<b>(12,661,331)</b>	<b>(9,405,003)</b>	<b>0</b>	<b>(1,379,294,666)</b>	<b>(22,927,558)</b>	<b>(1,402,222,226)</b>
<b>FPSC ADJUSTED</b>	2,998,941,982	1,238,732,163	1,760,209,819	1,663,707	39,367,478	0	1,801,241,004	195,189,540	1,996,430,544
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
<b>PRO FORMA ADJUSTED</b>	2,998,941,982	1,238,732,163	1,760,209,819	1,663,707	39,367,478	0	1,801,241,004	195,189,540	1,996,430,544

SCHEDULE 2  
PAGE 2 OF 3

GULF POWER COMPANY  
AVERAGE RATE OF RETURN  
INCOME STATEMENT  
December 2016  
Without the Inclusion of Scherer

	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	1,433,470,448	535,007,205	372,559,654	142,131,202	113,126,251	36,800,933	45,943,884	(511,455)	0	1,245,057,674	188,412,774 (a)
JURISDICTIONAL PER BOOKS	1,303,321,147	445,767,726	355,574,196	130,432,338	110,984,703	36,630,267	44,300,164	(254,041)	0	1,123,435,354	179,885,793 (a)
LESS FPSC ADJUSTMENTS:											
RETAIL FUEL REVENUES & EXPENSES	(382,802,312)	(359,895,246)				(1,121,401)				(361,016,646)	(1,785,666)
PURCHASED POWER CAPACITY REVENUES & EXPENSES	(85,653,817)	(85,685,237)				(26,455)				(85,611,691)	(42,125)
ENERGY CONSERVATION COST REVENUES & EXPENSES	(13,184,000)		(10,347,924)	(410,629)	(599,058)	(704,529)				(12,062,141)	(1,121,859)
ENVIRONMENTAL COST RECOVERY CLAUSE	(194,548,000)		(46,457,114)	(49,684,183)	(3,476,697)	(36,626,965)				(136,224,958)	(58,323,042)
FRANCHISE FEE REVENUE & EXPENSE	(40,116,236)				(39,084,446)	(398,013)				(39,482,459)	(633,777)
GROSS RECEIPTS TAX REVENUE & ADJUSTMENT	(30,364,726)		(181,250)		(30,342,864)	(8,433)				(30,351,297)	(13,429)
MARKETING SUPPORT ACTIVITIES						69,917				(11,333)	11,333
WHOLESALE EXPENSES		(287,244)				110,804				(176,440)	176,440
INSTITUTIONAL ADVERTISING EXPENSE			(441,272)			170,221				(271,051)	271,051
ECONOMIC DEVELOPMENT EXPENSE			(60,184)			23,216				(36,968)	36,968
MGMT FINANCIAL PLANNING SERVICES			(41,582)			16,040				(25,542)	25,542
DIRECTORS' & OFFICERS' INSURANCE			(105,137)			40,557				(64,580)	64,580
INDUSTRY ASSOCIATION DUES			(1,489)			574				(914)	914
TALLAHASSEE LIAISON EXPENSES			(523,508)		(34,446)	215,231				(342,723)	342,723
GRT, FPSC FEES ON CLAUSES & FEES					(1,350,050)	520,782				(829,268)	829,268
(GAIN) / LOSS ON DISPOSITION						0			0	0	0
INTEREST SYNCHRONIZATION						8,763,315				8,763,315	(8,763,315)
TOTAL FPSC ADJUSTMENTS	(726,668,091)	(445,767,726)	(581,594,559)	(50,074,812)	(74,887,560)	(28,955,140)	0	0	0	(657,844,698)	(68,824,393)
FPSC ADJUSTED	576,652,056	0	297,414,737	80,357,526	36,097,142	7,675,127	44,300,164	(254,041)	0	465,590,656	111,061,400
PRO FORMA REVENUE ANNUALIZATION ADJUSTMENTS											
TOTAL PRO FORMA ADJUSTMENTS	0	0	0	0	0	0	0	0	0	0	0
PRO FORMA ADJUSTED	576,652,056	0	297,414,737	80,357,526	36,097,142	7,675,127	44,300,164	(254,041)	0	465,590,656	111,061,400
(a) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM NOI BY				\$0			\$0				
CURRENT MONTH SYSTEM PER BOOKS	110,578,795	38,583,656	36,860,502	14,486,052	8,729,158	(1,250,967)	3,832,136	(42,621)	0	101,207,915	9,370,879
CURRENT MONTH JURISDICTIONAL PER BOOKS	101,727,397	32,658,844	34,282,808	12,138,164	8,573,578	(1,393,086)	4,252,609	(21,170)	0	90,491,746	11,235,651

TOTALS MAY NOT ADD DUE TO ROUNDING.

**GULF POWER COMPANY**  
**AVERAGE RATE OF RETURN**  
**SYSTEM ADJUSTMENTS**  
December 2016  
Without the Inclusion of Scherer

**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		FUEL & IIC FUEL REVENUES AND ECONOMY PROFITS	(450,546,610)	(173,798,355)
INVESTMENT	(1,415,420,993)	ENVIRONMENTAL COST RECOVERY CLAUSE REVENUES	(200,577,767)	(77,372,874)
ACCUMULATED DEPRECIATION	222,141,967	PURCHASED POWER CAPACITY COST CLAUSE REVENUES	(85,653,817)	(33,040,960)
CWIP	(9,683,463)	ENERGY CONSERVATION COST RECOVERY CLAUSE REVENUES	(13,184,000)	(5,085,728)
ENERGY CONSERVATION COST RECOVERY		FUEL EXPENSE	(446,543,956)	172,254,331
INVESTMENT	(14,713,705)	PURCHASED POWER CAPACITY COST EXPENSE	(88,167,250)	34,010,517
ACCUMULATED DEPRECIATION	(7,169,234)	CONSERVATION EXPENSES - O & M AND DEPRECIATION	(10,758,553)	4,150,112
CWIP	0	CONSERVATION EXPENSES - OTHER TAXES	(599,058)	231,087
TRANSMISSION PURSUANT TO STIP. & SETT.		ENVIRONMENTAL COST RECOVERY EXPENSE	(102,557,300)	39,561,478
INVESTMENT	(177,044,601)	FRANCHISE FEE REVENUES	(40,116,236)	(15,474,838)
FAS 143 NET PLANT	(89,715,380)	FRANCHISE FEE	(39,084,446)	15,076,825
INTEREST BEARING CWIP	(5,517)	GROSS RECEIPTS TAX REVENUES	(30,364,726)	(11,713,193)
PHFU - NORTH ESCAMBIA	(13,042,899)	GROSS RECEIPTS TAX EXPENSE	(30,342,864)	11,704,760
WORKING CAPITAL:		MARKETING SUPPORT ACTIVITIES	(181,250)	69,917
ECRC WORKING CAPITAL	(6,314,012)	WHOLESALE EXPENSE	(295,999)	114,181
CONSERVATION/AEM INVENTORY	(1,519,589)	INSTITUTIONAL ADVERTISING EXPENSE	(449,965)	173,574
CAPITALIZED DEF. EARNINGS ON TRANSMISSION		ECONOMIC DEVELOPMENT EXPENSE	(60,184)	23,216
PURSUANT TO STIP. & SETT.	(10,361,815)	MGMT FINANCIAL PLANNING SERVICES	(42,500)	16,394
FUNDED PROPERTY INSURANCE RESERVE - NET	(0)	DIRECTORS' & OFFICERS' INSURANCE	(107,458)	41,452
LOANS TO EMPLOYEES AND RETIREES	(61,623)	INDUSTRY ASSOCIATION DUES	(1,517)	585
INTEREST & DIVIDENDS RECEIVABLE	(24,012)	TALLAHASSEE LIAISON EXPENSE	(570,282)	219,986
NORTH ESCAMBIA SITE	(4,549,398)	GRT/FPSC FEES ON CLAUSE REV ADJ & FRAN FEES	(1,350,050)	520,782
UNAMORTIZED RATE CASE EXPENSE	(2,378)	COMP SALES/TRANS REV/G/L SALE GAS/PROV RATE REFIN. ESC REV	0	0
FUEL RELATED DEFERRED DEBITS	(473,954)	GAIN/LOSS ON DISPOSITION OF PROPERTY	0	0
UNREALIZED LOSS ON FWD CONTRACT	0	INTEREST SYNCHRONIZATION	8,932,300	8,932,300
ACCUM. PROV. FOR RATE REFUNDS	0			
FAS 143 WORKING CAPITAL	103,017,182			
FAS 158 REGULATORY ASSETS	(163,945,822)			
FAS 158 REGULATORY LIABILITIES	163,945,822			
PPA REGULATORY ASSETS	(152,083,395)			
PPA REGULATORY LIABILITIES	152,083,395			
FAS 133 REGULATORY ASSETS	(99,766,557)			
FAS 133 REGULATORY LIABILITIES	99,766,557			

SCHEDULE 4

GULF POWER COMPANY  
CAPITAL STRUCTURE  
FPSC ADJUSTED BASIS  
December 2016  
Without the Inclusion of Scherer

AVERAGE	SYSTEM PER BOOKS	RETAIL PER BOOKS	ADJUSTMENTS		ADJUSTED RETAIL	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
			PRO RATA	SPECIFIC			WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)
LONG TERM DEBT	1,291,439,698	1,170,577,078	(482,958,988)	0	687,618,090	34.44	4.54	1.56	4.54	1.56	4.54	1.56
SHORT TERM DEBT	36,957,794	33,032,162	(13,628,198)	0	19,403,964	0.97	1.42	0.01	1.42	0.01	1.42	0.01
PREFERRED STOCK	146,504,320	132,792,647	(54,787,627)	0	78,005,020	3.91	6.15	0.24	6.15	0.24	6.15	0.24
CUSTOMER DEPOSITS	36,076,155	36,087,647	(14,888,796)	0	21,198,851	1.06	2.30	0.02	2.30	0.02	2.30	0.02
COMMON EQUITY	1,355,443,557	1,234,060,251	(509,151,097)	0	724,909,154	36.31	9.25	3.36	10.25	3.72	11.25	4.08
DEFERRED INCOME TAXES	914,929,815	841,733,300	(347,284,172)	0	494,449,128	24.77	-1.47	0.00	7.40	0.00	7.89	0.00
FASB 109 DEFERRED TAXES	(54,433,782)	(50,079,013)	20,661,745	0	(29,417,268)	-1.47	0.00	0.00	7.40	0.00	7.89	0.00
TAX CREDITS - ZERO COST	0	0	0	0	0	0.00	6.81	0.00	7.40	0.00	7.89	0.00
TAX CREDITS - WEIGHTED COST	1,825,722	448,697	(185,093)	0	263,604	0.01	5.20	5.56	5.56	5.56	5.56	5.56
TOTAL	3,728,743,279	3,398,652,770	(1,402,222,226)	0	1,996,430,544	100.00	5.20	5.20	5.56	5.56	5.56	5.93

YEAR - END	SYSTEM PER BOOKS	RETAIL PER BOOKS	ADJUSTMENTS		ADJUSTED RETAIL	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
			PRO RATA	SPECIFIC			WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)
LONG TERM DEBT	1,328,620,689	1,210,775,830	(490,961,104)	0	719,814,726	35.17	4.51	1.59	4.51	1.59	4.51	1.59
SHORT TERM DEBT	9,572,757	8,256,119	(3,347,735)	0	4,908,384	0.24	1.39	0.00	1.39	0.00	1.39	0.00
PREFERRED STOCK	146,504,320	133,510,053	(54,137,537)	0	79,372,516	3.88	6.15	0.24	6.15	0.24	6.15	0.24
CUSTOMER DEPOSITS	36,254,450	36,487,596	(14,795,369)	0	21,692,227	1.06	2.30	0.02	2.30	0.02	2.30	0.02
COMMON EQUITY	1,369,157,085	1,236,416,994	(501,358,906)	0	735,058,088	35.91	9.25	3.32	10.25	3.68	11.25	4.04
DEFERRED INCOME TAXES	936,676,964	866,331,781	(351,291,592)	0	515,040,189	25.16	-1.43	0.00	7.34	0.00	7.82	0.00
FASB 109 DEFERRED TAXES	(53,290,986)	(49,288,418)	19,985,894	0	(29,302,524)	-1.43	6.87	0.00	7.34	0.00	7.82	0.00
TAX CREDITS - ZERO COST	0	0	0	0	0	0.00	5.17	5.53	5.53	5.53	5.53	5.89
TAX CREDITS - WEIGHTED COST	1,569,995	361,425	(146,586)	0	214,839	0.01	5.17	5.17	5.53	5.53	5.53	5.89
TOTAL	3,775,065,273	3,442,851,380	(1,396,052,934)	0	2,046,798,445	100.00	5.17	5.17	5.53	5.53	5.53	5.89



**GULF POWER COMPANY**  
**FINANCIAL INTEGRITY INDICATORS**  
December 2016  
Without the Inclusion of Scherer

**SCHEDULE 5**

**A. Times Interest Earned with AFUDC**

Earnings Before Interest	187,709,153
AFUDC - Debt	0
Income Taxes	<u>82,846,992</u>
Total	270,556,145
Interest Charges (Before Deducting AFUDC - Debt)	<u>60,260,942</u>
T.I.E. With AFUDC	<u>4.49</u> x

**B. Times Interest Earned without AFUDC**

Earnings Before Interest	187,709,153
AFUDC - Other	0
Income Taxes	<u>82,846,992</u>
Total	270,556,145
Interest Charges (Before Deducting AFUDC - Debt)	<u>60,260,942</u>
T.I.E. Without AFUDC	<u>4.49</u> x

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

AFUDC - Debt	0
X (1 - Income Tax Rate)	<u>0.6143</u>
Subtotal	0
AFUDC - Other	<u>0</u>
Total	<u>0</u>
Net Income Available for Common Stockholders	<u>118,445,711</u>
Percent AFUDC to Available Net Income	<u>0.00%</u>

**D. Percent Internally Generated Funds**

Net Income	127,448,211
Preference Dividends	(9,002,500)
Common Dividends	(120,068,000)
AFUDC (Debt & Other)	0
Depreciation & Amortization	146,783,784
Deferred Income Taxes	45,943,884
Investment Tax Credits	0
Other	<u>100,713,258</u>
Total	291,818,637
Construction Expenditures (Excluding AFUDC Other & Debt)	<u>215,237,208</u>
<b>Percent Internally Generated Funds</b>	<u>135.58%</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	687,618,090
Short Term Debt	19,403,964
Preference Stock	78,005,020
Common Equity	<u>724,909,154</u>
Total	1,509,936,229
% Long Term Debt To Total	<u>45.54%</u>
% Short Term Debt To Total	<u>1.29%</u>

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

	<b>G. FPSC ADJ.</b>	<b>H. PROFORMA</b>
FPSC Adjusted Average Earned Rate of Return	<u>5.56%</u>	<u>5.56%</u>
Less: Reconciled Average Retail Weighted Cost Rates For:		
Long Term Debt	(1.56)	(1.56)
Short Term Debt	(0.01)	(0.01)
Preference Stock	(0.24)	(0.24)
Customer Deposits	(0.02)	(0.02)
Tax Credits - @ Wt. Cost (Midpoint) (Common Equity at Midpoint)	<u>(0.00)</u>	<u>(0.00)</u>
Subtotal	<u>(1.84)</u>	<u>(1.84)</u>
Total	3.72	3.72
Divided by Common Equity Ratio	<u>36.31</u>	<u>36.31</u>
<b>Jurisdictional Return on Common Equity</b>	<u>10.25%</u>	<u>10.25%</u>

**GULF POWER COMPANY**  
**EARNINGS SURVEILLANCE REPORT SUMMARY**  
December 2016  
**Specific Line-by-Line Impacts of the Inclusion of Scherer**

**SCHEDULE 1**

	(1) Actual Per Books	(2) FPSC Adjustments	(3) FPSC Adjusted	(4) Pro Forma Adjustments	(5) Pro Forma Adjusted
<b>I. Average Rate of Return</b>					
<b>(JURISDICTIONAL)</b>					
	(a)	(b)			
Net Operating Income	(\$5,674,800)	(\$6,935)	(\$5,681,735)	\$0	(\$5,681,735)
Average Rate Base	\$164,264,583	\$0	\$164,264,583	\$0	\$164,264,583
Average Rate of Return	-0.40%		-0.69%		-0.69%
<b>II. Year End Rate of Return</b>					
<b>(JURISDICTIONAL)</b>					
	(a)	(b)			
Net Operating Income	(\$5,674,641)	\$255,779	(\$5,418,862)	\$0	(\$5,418,862)
Year End Rate Base	\$204,130,418	\$0	\$204,130,418	\$0	\$204,130,418
Year End Rate of Return	-0.45%		-0.74%		-0.74%
<b>III. Required Rates of Return</b>					
<b>Average Capital Structure</b>					
<b>(FPSC Adjusted Basis)</b>					
Low	0.02%				
Midpoint	0.02%				
High	0.02%				
<b>IV. Financial Integrity Indicators</b>					
A. T.I.E. With AFUDC	0.00 x (System per Books Basis)				
B. T.I.E. Without AFUDC	0.00 x (System per Books Basis)				
C. AFUDC To Net Income	0.00% (System per Books Basis)				
D. Internally Generated Funds	0.00% (System per Books Basis)				
E. LTD To Total Investor Funds	0.01% (FPSC Adjusted Basis)				
F. STD To Total Investor Funds	-0.02% (FPSC Adjusted Basis)				
G. Return on Common Equity	-1.93% (FPSC Adjusted Basis)				
H. Return on Common Equity	-1.93% (Proforma Basis)				

GULF POWER COMPANY  
AVERAGE RATE OF RETURN  
RATE BASE

December 2016  
Specific Line-by-Line Impacts of the Inclusion of Scherer

	PLANT IN SERVICE	ACCUMULATED DEPRECIATION & AMORTIZATION	NET PLANT IN SERVICE	PROPERTY HELD FOR FUTURE USE	CONSTRUCTION WORK IN PROGRESS	NUCLEAR FUEL (NET)	NET UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE
<b>SYSTEM PER BOOKS</b>									
<b>JURISDICTIONAL PER BOOKS</b>	238,701,998	83,667,667	155,034,332	0	3,286,505	0	158,320,837	5,943,746	164,264,583
<b>FPSC ADJUSTMENTS</b>									
ENVIRONMENTAL RECOVERY CLAUSE	0	0	0	0	0	0	0	0	0
INT BEARING CWIP	0	0	0	0	0	0	0	0	0
ENERGY CONSERVATION CLAUSE	0	0	0	0	0	0	0	0	0
TRANSMISSION INVESTMENT PURSUANT TO STIP. & SETT.	0	0	0	0	0	0	0	0	0
CAPITALIZED DEF. EARNINGS ON TRANSM PURSUANT TO STIP.	0	0	0	0	0	0	0	0	0
LOANS TO EMPLOYEES / RETIREES	0	0	0	0	0	0	0	0	0
INTEREST AND DIVIDENDS RECEIVABLE	0	0	0	0	0	0	0	0	0
FUNDED PROP RES. N. ESCAMBIA & OTHER INV.	0	0	0	0	0	0	0	0	0
FUEL RELATED DEFERRED DEBITS	0	0	0	0	0	0	0	0	0
ACCURED PROVISION FOR REFUND	0	0	0	0	0	0	0	0	0
UNAMORTIZED RATE CASE EXPENSES	0	0	0	0	0	0	0	0	0
<b>TOTAL FPSC ADJUSTMENTS</b>	0	0	0	0	0	0	0	0	0
<b>FPSC ADJUSTED</b>	238,701,998	83,667,667	155,034,332	0	3,286,505	0	158,320,837	5,943,746	164,264,583
<b>PRO FORMA REVENUE AND ANNUALIZATION ADJUSTMENTS</b>									
<b>TOTAL PRO FORMA ADJUSTMENTS</b>	0	0	0	0	0	0	0	0	0
<b>PRO FORMA ADJUSTED</b>	238,701,998	83,667,667	155,034,332	0	3,286,505	0	158,320,837	5,943,746	164,264,583

GULF POWER COMPANY  
AVERAGE RATE OF RETURN  
INCOME STATEMENT  
December 2016

Specific Line-by-Line Impacts of the Inclusion of Scherer

	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	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
SYSTEM PER BOOKS	0	0	0	0	0	0	0	0	0	0	0
JURISDICTIONAL PER BOOKS	1,150,080	0	6,411,769	5,280,064	638,691	134,520	(5,476,312)	(163,852)	0	6,824,881	(5,674,800)
LESS FPSC ADJUSTMENTS:											
RETAIL FUEL REVENUES & EXPENSES	0	0	0	0	0	0	0	0	0	0	0
PURCHASED POWER CAPACITY REVENUES & EXPENSES	0	0	0	0	0	0	0	0	0	0	0
ENERGY CONSERVATION COST REVENUES & EXPENSES	0	0	0	0	0	0	0	0	0	0	0
ENVIRONMENTAL COST RECOVERY CLAUSE	0	0	0	0	0	0	0	0	0	0	0
FRANCHISE FEE REVENUE & EXPENSE	0	0	0	0	0	0	0	0	0	0	0
GROSS RECEIPTS TAX REVENUE & ADJUSTMENT	0	0	0	0	0	0	0	0	0	0	0
MARKETING SUPPORT ACTIVITIES	0	0	0	0	0	0	0	0	0	0	0
WHOLESALE EXPENSES	0	0	0	0	0	0	0	0	0	0	0
INSTITUTIONAL ADVERTISING EXPENSE	0	0	0	0	0	0	0	0	0	0	0
ECONOMIC DEVELOPMENT EXPENSE	0	0	0	0	0	0	0	0	0	0	0
MGMT FINANCIAL PLANNING SERVICES	0	0	0	0	0	0	0	0	0	0	0
DIRECTORS' & OFFICERS' INSURANCE	0	0	0	0	0	0	0	0	0	0	0
INDUSTRY ASSOCIATION DUES	0	0	0	0	0	0	0	0	0	0	0
TALLAHASSEE LIASON EXPENSES	0	0	0	0	0	0	0	0	0	0	0
GRT, FPSC FEES ON CLAUSES & FEES	0	0	0	0	0	0	0	0	0	0	0
(GAIN) / LOSS ON DISPOSITION	0	0	0	0	0	0	0	0	0	0	0
INTEREST SYNCHRONIZATION	0	0	0	0	0	6,935	0	0	0	6,935	(6,935)
TOTAL FPSC ADJUSTMENTS	0	0	0	0	0	6,935	0	0	0	6,935	(6,935)
FPSC ADJUSTED	1,150,080	0	6,411,769	5,280,064	638,691	141,455	(5,476,312)	(163,852)	0	6,831,816	(5,681,735)
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	1,150,080	0	6,411,769	5,280,064	638,691	141,455	(5,476,312)	(163,852)	0	6,831,816	(5,681,735)
(a) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM NOI BY				\$0	AND THE JURISDICTIONAL NOI BY	\$0					
CURRENT MONTH - SYSTEM PER BOOKS	0	0	0	0	0	0	0	0	0	0	0
CURRENT MONTH - JURISDICTIONAL PER BOOKS	0	0	592,722	507,459	59,868	(3,575,710)	3,131,456	(15,722)	0	700,073	(700,073)

TOTALS MAY NOT ADD DUE TO ROUNDING.

GULF POWER COMPANY  
AVERAGE RATE OF RETURN  
SYSTEM ADJUSTMENTS  
December 2016

SCHEDULE 2  
PAGE 3 OF 3

Specific Line-by-Line Impacts of the Inclusion of Scherer

<u>RATE BASE ADJUSTMENTS</u>	<u>AMOUNT</u>	<u>INCOME STATEMENT ADJUSTMENTS</u>	<u>AMOUNT</u>	<u>TAX EFFECT</u>
ENVIRONMENTAL COST RECOVERY CLAUSE INVESTMENT	0	FUEL & IIC FUEL REVENUES AND ECONOMY PROFITS	0	0
ACCUMULATED DEPRECIATION CWIP	0	ENVIRONMENTAL COST RECOVERY CLAUSE REVENUE	0	0
ENERGY CONSERVATION COST RECOVERY INVESTMENT	0	PURCHASED POWER CAPACITY COST CLAUSE REVENUE	0	0
ACCUMULATED DEPRECIATION CWIP	0	ENERGY CONSERVATION COST RECOVERY CLAUSE REVENUE	0	0
TRANSMISSION PURSUANT TO STIP. & SETT. INVESTMENT	0	FUEL EXPENSE	0	0
FAS 143 NET PLANT	0	PURCHASED POWER CAPACITY COST EXPENSE	0	0
INTEREST BEARING CWIP	0	CONSERVATION EXPENSES - O & M AND DEPRECIATION	0	0
PHFU - NORTH ESCAMBIA	0	CONSERVATION EXPENSES - OTHER TAXES	0	0
WORKING CAPITAL:		ENVIRONMENTAL COST RECOVERY EXPENSE	0	0
ECRC WORKING CAPITAL	0	FRANCHISE FEE REVENUES	0	0
CONSERVATION/AEM INVENTORY	0	FRANCHISE FEE	0	0
CAPITALIZED DEF. EARNINGS ON TRANSMISSION PURSUANT TO STIP. & SETT.	0	GROSS RECEIPTS TAX REVENUES	0	0
FUNDED PROPERTY INSURANCE RESERVE	0	GROSS RECEIPTS TAX EXPENSE	0	0
LOANS TO EMPLOYEES AND RETIREES	0	MARKETING SUPPORT ACTIVITIES	0	0
INTEREST & DIVIDENDS RECEIVABLE	0	WHOLESALE EXPENSE	0	0
NORTH ESCAMBIA SITE	0	INSTITUTIONAL ADVERTISING EXPENSE	0	0
UNAMORTIZED RATE CASE EXPENSE	0	ECONOMIC DEVELOPMENT EXPENSE	0	0
FUEL RELATED DEFERRED DEBITS	0	MGMT FINANCIAL PLANNING SERVICES	0	0
UNREALIZED LOSS ON FWD CONTRACT	0	DIRECTORS' & OFFICERS' INSURANCE	0	0
ACCUM. PROV. FOR RATE REFUNDS	0	INDUSTRY ASSOCIATION DUES	0	0
FAS 143 WORKING CAPITAL	0	TALLAHASSEE LIAISON EXPENSE	0	0
FAS 158 REGULATORY ASSETS	0	GRT/FPSC FEES ON CLAUSE REV ADJ & FRAN FEES	0	0
FAS 158 REGULATORY LIABILITIES	0	COMP SALES/TRANS REV/G/L SALE GAS/PROV RATE RE	0	0
PPA REGULATORY ASSETS	0	GAIN/LOSS ON DISPOSITION OF PROPERTY	0	0
PPA REGULATORY LIABILITIES	0	INTEREST SYNCHRONIZATION	0	0
FAS 133 REGULATORY ASSETS	0			
FAS 133 REGULATORY LIABILITIES	0			

SCHEDULE 4

GULF POWER COMPANY  
CAPITAL STRUCTURE  
FPSC ADJUSTED BASIS  
December 2016  
Specific Line-by-Line Impacts of the Inclusion of Scherer

AVERAGE	SYSTEM PER BOOKS	ADJUSTMENTS		ADJUSTED RETAIL	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
		RETAIL PER BOOKS	PRO RATA			SPECIFIC	RETAIL	PRO RATA	SPECIFIC	RETAIL	PRO RATA
LONG TERM DEBT	0	59,979,469	(1,339,122)	0	0.10	0.00	0.00	0.00	0.00	0.00	0.00
SHORT TERM DEBT	0	1,164,026	169,669	0	-0.01	0.01	0.00	0.01	0.00	0.00	0.01
PREFERRED STOCK	0	6,799,315	(150,038)	0	0.01	0.00	0.00	0.00	0.00	0.00	0.00
CUSTOMER DEPOSITS	0	12,082	681,480	0	-0.05	0.00	0.00	0.00	0.00	0.00	0.00
COMMON EQUITY	0	63,305,080	(1,440,082)	0	0.10	0.00	0.01	0.00	0.00	0.01	0.00
DEFERRED INCOME TAXES	0	34,236,380	2,536,022	0	-0.18	0.00	0.00	0.00	0.00	0.00	0.00
FASB 109 DEFERRED TAXES	0	(2,036,463)	(151,441)	0	0.01	0.00	0.00	0.00	0.00	0.00	0.00
TAX CREDITS - ZERO COST	0	0	0	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TAX CREDITS - WEIGHTED COST	0	804,684	(308,489)	0	0.02	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	0	164,264,584	0	0	0.00	0.00	0.02	0.02	0.02	0.02	0.02

YEAR - END	SYSTEM PER BOOKS	ADJUSTMENTS		ADJUSTED RETAIL	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
		RETAIL PER BOOKS	PRO RATA			SPECIFIC	RETAIL	PRO RATA	SPECIFIC	RETAIL	PRO RATA
LONG TERM DEBT	0	76,093,816	(1,648,738)	0	0.12	0.00	0.01	0.00	0.00	0.01	0.00
SHORT TERM DEBT	0	548,349	(22,337)	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PREFERRED STOCK	0	8,390,395	(181,487)	0	0.01	-0.01	0.00	-0.01	0.00	-0.01	0.00
CUSTOMER DEPOSITS	0	(2,682)	829,255	0	-0.06	0.00	0.00	0.00	0.00	0.00	0.00
COMMON EQUITY	0	77,705,225	(1,683,640)	0	0.12	0.00	0.01	0.00	0.00	0.01	0.00
DEFERRED INCOME TAXES	0	42,935,230	3,226,278	0	-0.23	0.00	0.00	0.00	0.00	0.00	0.00
FASB 109 DEFERRED TAXES	0	(2,443,414)	(182,883)	0	0.01	0.00	0.00	0.00	0.00	0.00	0.00
TAX CREDITS - ZERO COST	0	0	0	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TAX CREDITS - WEIGHTED COST	0	899,682	(336,448)	0	0.02	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	0	204,126,602	0	0	0.00	0.00	0.02	0.02	0.02	0.02	0.02

**GULF POWER COMPANY**  
**FINANCIAL INTEGRITY INDICATORS**  
December 2016

**SCHEDULE 5**

**Specific Line-by-Line Impacts of the Inclusion of Scherer**

**A. Times Interest Earned with AFUDC**

Earnings Before Interest	0
AFUDC - Debt	0
Income Taxes	0
	<hr/>
Total	0
Interest Charges (Before Deducting AFUDC - Debt)	0
Tie With AFUDC	<u>0.00</u> x

**B. Times Interest Earned without AFUDC**

Earnings Before Interest	0
AFUDC - Other	0
Income Taxes	0
	<hr/>
Total	0
Interest Charges (Before Deducting AFUDC - Debt)	0
Tie Without AFUDC	<u>0.00</u> x

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

AFUDC - Debt	0
X (1 - Income Tax Rate)	0.0000
	<hr/>
Subtotal	0
AFUDC - Other	0
	<hr/>
Total	0
Net Income Available for Common Stockholders	0
Percent AFUDC to Available Net Income	<u>0.00%</u>

**D. Percent Internally Generated Funds**

Net Income	0
Preferred Dividends	0
Common Dividends	0
AFUDC (Debt & Other)	0
Depreciation & Amortization	0
Deferred Income Taxes	0
Investment Tax Credits	0
Other	0
	<hr/>
Total	0
Construction Expenditures (Excluding AFUDC Other & Debt)	0
	<hr/>
<b>Percent Internally Generated Funds</b>	<u>0.00%</u>

**E. Long Term Debt as Percent of Total  
Investor Capital**

**F. Short Term Debt as Percent of Total Investor Capital**

Reconciled Average Retail Amounts	
Long Term Debt	58,640,347
Short Term Debt	1,333,695
Preferred Stock	6,649,277
Common Equity	<u>61,864,998</u>
Total	128,488,317
% Long Term Debt To Total	<u>0.01%</u>
% Short Term Debt To Total	<u>-0.02%</u>

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

	<b>G. FPSC ADJ.</b>	<b>H. PROFORMA</b>
FPSC Adjusted Average Earned Rate of Return	<u>-0.69%</u>	<u>-0.69%</u>
Less: Reconciled Average Retail Weighted Cost Rates For:		
Long Term Debt	(0.00)	(0.00)
Short Term Debt	0.00	0.00
Preferred Stock	(0.00)	(0.00)
Customer Deposits	0.00	0.00
Tax Credits - @ Wt. Cost (Midpoint)	(0.00)	(0.00)
Subtotal	<u>(0.01)</u>	<u>(0.01)</u>
Total	(0.69)	(0.69)
Divided by Common Equity Ratio	<u>0.10</u>	<u>0.10</u>
<b>Jurisdictional Return on Common Equity</b>	<u>-1.93%</u>	<u>-1.93%</u>

**GULF POWER COMPANY**  
**EARNINGS SURVEILLANCE REPORT SUMMARY**  
**January 2020**  
**With the Inclusion of Scherer\***

**SCHEDULE 1**

	(1) Actual Per Books	(2) FPSC Adjustments	(3) FPSC Adjusted	(4) Pro Forma Adjustments	(5) Pro Forma Adjusted
<b>I. Average Rate of Return</b>					
<u>(Jurisdictional)</u>					
Net Operating Income	(a) \$160,333,204	(b) (\$64,689,896)	\$95,643,308	\$0	\$95,643,308
Average Rate Base	\$3,642,110,993	(\$1,185,670,210)	\$2,456,440,783	\$0	\$2,456,440,783
Average Rate of Return	4.40%		3.89%		3.89%
<b>II. Year End Rate of Return</b>					
<u>(JURISDICTIONAL)</u>					
Net Operating Income	(a) \$160,281,642	(b) (\$63,887,936)	\$96,393,706	\$0	\$96,393,706
Year End Rate Base	\$3,724,605,689	(\$1,195,779,351)	\$2,528,826,338	\$0	\$2,528,826,338
Year End Rate of Return	4.30%		3.81%		3.81%
(a) Includes AFUDC Earnings					
(b) Includes Reversal of AFUDC Earnings					
<b>III. Required Rates of Return</b>					
<u>Average Capital Structure</u> <u>(FPSC Adjusted Basis)</u>					
Low	5.24%				
Midpoint	5.59%				
High	5.95%				
<b>IV. Financial Integrity Indicators</b>					
A. T.I.E. With AFUDC	3.61 x (System per Books Basis)				
B. T.I.E. Without AFUDC	3.59 x (System per Books Basis)				
C. AFUDC To Net Income	1.22% (System per Books Basis)				
D. Internally Generated Funds	69.65% (System per Books Basis)				
E. LTD To Total Investor Funds	44.36% (FPSC Adjusted Basis)				
F. STD To Total Investor Funds	3.13% (FPSC Adjusted Basis)				
G. Return on Common Equity	5.43% (FPSC Adjusted Basis)				
H. Return on Common Equity	5.43% (Proforma Basis)				

\* Assumes that 100% of Scherer is dedicated to the base retail jurisdiction beginning in January 2020.



SCHEDULE 2  
PAGE 1 OF 3

GULF POWER COMPANY  
AVERAGE RATE OF RETURN  
RATE BASE  
January 2020  
With the Inclusion of Scherer

	PLANT IN SERVICE	ACCUMULATED DEPRECIATION & AMORTIZATION	NET PLANT IN SERVICE	PROPERTY HELD FOR FUTURE USE	CONSTRUCTION WORK IN PROGRESS	NUCLEAR FUEL (NET)	NET UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE
<b>SYSTEM PER BOOKS</b>	5,546,329,448	1,984,427,340	3,561,902,108	14,756,744	115,204,142	0	3,691,862,994	78,230,223	3,770,093,218
<b>JURISDICTIONAL PER BOOKS</b>	5,258,179,872	1,917,434,825	3,340,745,047	14,325,038	109,287,872	0	3,464,357,957	177,753,036	3,642,110,993
<b>FPSC ADJUSTMENTS</b>									
ENVIRONMENTAL RECOVERY CLAUSE	(1,430,276,973)	(344,814,894)	(1,085,462,079)		(24,523,349)		(1,109,985,429)	(6,040,775)	(1,116,026,204)
INT BEARING CWIP					(23,057,466)		(23,057,466)		(23,057,466)
ENERGY CONSERVATION CLAUSE	(21,116,634)	5,651,879	(26,768,514)	0	0		(26,768,514)	(2,797,023)	(29,565,537)
TRANSMISSION INVESTMENT PURSUANT TO STIP. & SETT.	0		0				0	0	0
CAPITALIZED DEF. EARNINGS ON TRANSM PURSUANT TO STIP. & SETT.									
LOANS TO EMPLOYEES / RETIREES								0	0
INTEREST AND DIVIDENDS RECEIVABLE								(59,670)	(59,670)
FUNDED PROP RES. N. ESCAMBIA & OTHER INV.								(71,257)	(71,257)
FUEL RELATED DEFERRED DEBITS								(4,358,940)	(17,020,271)
ACCURED PROVISION FOR REFUND								0	0
UNAMORTIZED RATE CASE EXPENSES								130,195	130,195
<b>TOTAL FPSC ADJUSTMENTS</b>	<b>(1,451,393,607)</b>	<b>(339,163,015)</b>	<b>(1,112,230,593)</b>	<b>(12,661,331)</b>	<b>(47,580,815)</b>	<b>0</b>	<b>(1,172,472,740)</b>	<b>(13,197,471)</b>	<b>(1,185,670,210)</b>
<b>FPSC ADJUSTED</b>	3,806,786,264	1,578,271,811	2,228,514,454	1,663,707	61,707,057	0	2,291,885,218	164,555,565	2,456,440,783
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
<b>PRO FORMA ADJUSTED</b>	3,806,786,264	1,578,271,811	2,228,514,454	1,663,707	61,707,057	0	2,291,885,218	164,555,565	2,456,440,783

SCHEDULE 2  
PAGE 2 OF 3

GULF POWER COMPANY  
AVERAGE RATE OF RETURN  
INCOME STATEMENT  
January 2020  
With the Inclusion of Scherer

	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	1,663,336,095	729,084,943	383,525,791	185,541,183	125,566,052	62,334,732	6,658,896	(277,381)	0	1,492,434,216	170,901,878 (a)
JURISDICTIONAL PER BOOKS	1,462,604,159	564,104,945	372,922,173	179,750,982	124,041,767	57,436,840	5,506,713	(217,799)	0	1,303,545,622	159,058,537 (a)
LESS FPSC ADJUSTMENTS:											
RETAIL FUEL REVENUES & EXPENSES	(479,487,000)	(479,143,579)				(132,474)				(479,276,054)	(210,946)
PURCHASED POWER CAPACITY REVENUES & EXPENSES	(84,721,782)	(84,649,863)				(27,735)				(84,677,618)	(44,164)
ENERGY CONSERVATION COST REVENUES & EXPENSES	(14,176,000)		(10,562,280)	(587,301)	(717,866)	(890,524)				(12,757,971)	(1,418,029)
ENVIRONMENTAL COST RECOVERY CLAUSE	(191,322,000)		(44,199,273)	(51,505,117)	(5,669,914)	(34,697,324)				(136,071,628)	(55,250,372)
FRANCHISE FEE REVENUE & EXPENSE	(45,614,227)				(44,441,029)	(452,561)				(44,893,590)	(720,637)
GROSS RECEIPTS TAX REVENUE & ADJUSTMENT	(34,474,038)		(177,750)		(34,449,217)	(9,575)				(34,458,792)	(15,246)
MARKETING SUPPORT ACTIVITIES						68,567				(109,183)	109,183
WHOLESALE EXPENSES			(311,483)			120,155				(191,328)	191,328
INSTITUTIONAL ADVERTISING EXPENSE			(403,164)			155,521				(247,643)	247,643
ECONOMIC DEVELOPMENT EXPENSE			(62,410)			24,075				(38,335)	38,335
MGMT FINANCIAL PLANNING SERVICES			(41,582)			16,040				(25,542)	25,542
DIRECTORS' & OFFICERS' INSURANCE			(125,137)			48,272				(76,866)	76,866
INDUSTRY ASSOCIATION DUES			(1,488)			574				(914)	914
TALLAHASSEE LIAISON EXPENSES			(585,759)			240,824				(383,477)	383,477
GRT, FPSC FEES ON CLAUSES & FEES						613,096				(976,264)	976,264
(GAIN) / LOSS ON DISPOSITION OF INTEREST SYNCHRONIZATION						0			0	0	0
						7,805,387				7,805,387	(7,805,387)
TOTAL FPSC ADJUSTMENTS	(849,795,047)	(564,104,945)	(56,158,843)	(52,092,417)	(86,905,928)	(27,117,684)	0	0	0	(786,379,518)	(63,415,229)
FPSC ADJUSTED	612,809,112	0	316,763,330	127,658,565	37,135,839	30,319,156	5,506,713	(217,799)	0	517,165,804	95,643,308
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	612,809,112	0	316,763,330	127,658,565	37,135,839	30,319,156	5,506,713	(217,799)	0	517,165,804	95,643,308
(a) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM NOI BY				\$1,304,985			\$1,274,667				
CURRENT MONTH SYSTEM PER BOOKS	134,179,021	57,718,297	29,762,522	15,659,965	10,844,192	4,881,534	753,327	(23,115)	0	119,596,721	14,582,300
CURRENT MONTH JURISDICTIONAL PER BOOKS	121,565,258	47,153,704	28,192,355	15,326,807	10,757,423	4,859,109	623,565	(22,701)	0	106,890,261	14,694,997

TOTALS MAY NOT ADD DUE TO ROUNDING.

**GULF POWER COMPANY**  
**AVERAGE RATE OF RETURN**  
**SYSTEM ADJUSTMENTS**  
**January 2020**  
**With the Inclusion of Scherer**

**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	(1,473,623,834)	FUEL & IIC FUEL REVENUES AND ECONOMY PROFITS	(642,941,561)	(248,014,707)
ACCUMULATED DEPRECIATION	355,265,068	ENVIRONMENTAL COST RECOVERY CLAUSE REVENUES	(197,517,289)	(76,192,294)
CWIP	(25,266,569)	PURCHASED POWER CAPACITY COST CLAUSE REVENUES	(84,721,782)	(32,681,427)
ENERGY CONSERVATION COST RECOVERY INVESTMENT	(21,116,634)	ENERGY CONSERVATION COST RECOVERY CLAUSE REVENUES	(14,176,000)	(5,468,392)
ACCUMULATED DEPRECIATION	(5,651,879)	FUEL EXPENSE	(641,560,289)	247,481,882
CWIP	0	PURCHASED POWER CAPACITY COST EXPENSE	(87,203,677)	33,638,818
TRANSMISSION PURSUANT TO STIP. & SETT. INVESTMENT	0	CONSERVATION EXPENSES - O & M AND DEPRECIATION	(11,149,581)	4,300,951
FAS 143 NET PLANT	(89,715,380)	CONSERVATION EXPENSES - OTHER TAXES	(717,866)	276,917
INTEREST BEARING CWIP	(23,605,878)	ENVIRONMENTAL COST RECOVERY EXPENSE	(104,431,652)	40,284,510
PHFU - NORTH ESCAMBIA	(13,042,899)	FRANCHISE FEE REVENUES	(45,614,227)	(17,595,688)
WORKING CAPITAL:		FRANCHISE FEE	(44,441,029)	17,143,127
ECRC WORKING CAPITAL	(6,223,851)	GROSS RECEIPTS TAX REVENUES	(34,474,038)	(13,298,360)
CONSERVATION/AEM INVENTORY	(2,797,023)	GROSS RECEIPTS TAX EXPENSE	(34,449,217)	13,288,785
CAPITALIZED DEF. EARNINGS ON TRANSMISSION PURSUANT TO STIP. & SETT.	0	MARKETING SUPPORT ACTIVITIES	(177,750)	68,567
FUNDED PROPERTY INSURANCE RESERVE - NET	0	WHOLESALE EXPENSE	(320,977)	123,817
LOANS TO EMPLOYEES AND RETIREES	(62,275)	INSTITUTIONAL ADVERTISING EXPENSE	(411,106)	158,584
INTEREST & DIVIDENDS RECEIVABLE	(74,368)	ECONOMIC DEVELOPMENT EXPENSE	(62,410)	24,075
NORTH ESCAMBIA SITE	(4,549,398)	MGMT FINANCIAL PLANNING SERVICES	(42,500)	16,394
UNAMORTIZED RATE CASE EXPENSE	135,884	DIRECTORS' & OFFICERS' INSURANCE	(127,900)	49,337
FUEL RELATED DEFERRED DEBITS	0	INDUSTRY ASSOCIATION DUES	(1,517)	585
UNREALIZED LOSS ON FWD CONTRACT	0	TALLAHASSEE LIAISON EXPENSE	(638,095)	246,145
ACCUM. PROV. FOR RATE REFUNDS	0	GRT/FPSC FEES ON CLAUSE REV ADJ & FRAN FEES	(1,589,360)	613,096
FAS 143 WORKING CAPITAL	103,017,182	COMP SALES/TRANS REV/G/L SALE GAS/PROV RATE REFIN. ESC REV	0	0
FAS 158 REGULATORY ASSETS	(163,945,822)	GAIN/LOSS ON DISPOSITION OF PROPERTY	0	0
FAS 158 REGULATORY LIABILITIES	163,945,822	INTEREST SYNCHRONIZATION	7,916,978	7,916,978
PPA REGULATORY ASSETS	(84,287,183)			
PPA REGULATORY LIABILITIES	84,287,183			
FAS 133 REGULATORY ASSETS	(99,766,557)			
FAS 133 REGULATORY LIABILITIES	99,766,557			

SCHEDULE 4

GULF POWER COMPANY  
CAPITAL STRUCTURE  
FPSC ADJUSTED BASIS  
January 2020  
With the Inclusion of Scherer

AVERAGE	SYSTEM PER BOOKS	RETAIL PER BOOKS	ADJUSTMENTS		ADJUSTED RETAIL	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
			PRO RATA	SPECIFIC			WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)
LONG TERM DEBT	1,248,799,140	1,204,986,313	(392,276,618)	0	812,709,695	33.08	4.92	1.63	4.92	1.63	4.92	1.63
SHORT TERM DEBT	88,133,874	85,104,105	(27,705,556)	0	57,398,549	2.34	3.75	0.09	3.75	0.09	3.75	0.09
PREFERRED STOCK	146,504,320	141,364,483	(46,020,604)	0	95,343,879	3.88	6.14	0.24	6.14	0.24	6.14	0.24
CUSTOMER DEPOSITS	37,660,566	37,674,535	(12,264,573)	0	25,409,962	1.03	2.30	0.02	2.30	0.02	2.30	0.02
COMMON EQUITY	1,321,438,104	1,284,947,969	(418,308,007)	0	866,639,962	35.28	9.25	3.26	10.25	3.62	11.25	3.97
DEFERRED INCOME TAXES	965,808,569	935,107,795	(304,419,641)	0	630,688,154	25.67						
FASB 109 DEFERRED TAXES	(49,182,750)	(47,619,745)	15,502,638	0	(32,117,107)	-1.31						
TAX CREDITS - ZERO COST	0	0	0	0	0	0.00						
TAX CREDITS - WEIGHTED COST	690,066	545,540	(177,851)	0	367,689	0.02	7.10	0.00	7.59	0.00	8.08	0.00
TOTAL	3,759,852,890	3,642,110,995	(1,185,670,210)	0	2,456,440,783	100.00		5.24 %		5.59 %		5.95 %

YEAR - END	SYSTEM PER BOOKS	RETAIL PER BOOKS	ADJUSTMENTS		ADJUSTED RETAIL	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
			PRO RATA	SPECIFIC			WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)
LONG TERM DEBT	1,249,687,213	1,222,327,278	(392,426,084)	0	829,901,194	32.82	4.93	1.62	4.93	1.62	4.93	1.62
SHORT TERM DEBT	129,769,220	126,927,838	(40,749,769)	0	86,178,069	3.41	3.65	0.12	3.65	0.12	3.65	0.12
PREFERRED STOCK	146,504,320	143,296,852	(46,005,219)	0	97,291,633	3.85	6.14	0.24	6.14	0.24	6.14	0.24
CUSTOMER DEPOSITS	37,639,692	37,755,710	(12,121,615)	0	25,634,095	1.01	2.30	0.02	2.30	0.02	2.30	0.02
COMMON EQUITY	1,303,733,116	1,295,581,887	(415,944,672)	0	879,637,215	34.78	9.25	3.22	10.25	3.57	11.25	3.91
DEFERRED INCOME TAXES	968,447,266	946,508,903	(303,554,567)	0	641,954,336	25.39						
FASB 109 DEFERRED TAXES	(48,370,918)	(47,224,901)	15,161,286	0	(32,063,615)	-1.27						
TAX CREDITS - ZERO COST	0	0	0	0	0	0.00						
TAX CREDITS - WEIGHTED COST	551,376	432,121	(136,710)	0	283,411	0.01	7.10	0.00	7.59	0.00	8.07	0.00
TOTAL	3,788,161,284	3,724,605,888	(1,195,779,351)	0	2,528,826,338	100.00		5.22 %		5.57 %		5.92 %

**GULF POWER COMPANY**  
**FINANCIAL INTEGRITY INDICATORS**  
January 2020  
With the Inclusion of Scherer

SCHEDULE 5

**A. Times Interest Earned with AFUDC**

Earnings Before Interest	168,736,018
AFUDC - Debt	403,110
Income Taxes	<u>67,785,931</u>
Total	236,925,059
Interest Charges (Before Deducting AFUDC - Debt)	<u>65,651,276</u>
T.I.E. With AFUDC	<u>3.61</u> x

**B. Times Interest Earned without AFUDC**

Earnings Before Interest	168,736,018
AFUDC - Other	(901,875)
Income Taxes	<u>67,785,931</u>
Total	235,620,074
Interest Charges (Before Deducting AFUDC - Debt)	<u>65,651,276</u>
T.I.E. Without AFUDC	<u>3.59</u> x

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

AFUDC - Debt	403,110
X (1 - Income Tax Rate)	<u>0.6143</u>
Subtotal	247,610
AFUDC - Other	<u>901,875</u>
Total	<u>1,149,485</u>
Net Income Available for Common Stockholders	<u>94,485,352</u>
Percent AFUDC to Available Net Income	<u>1.22%</u>

**D. Percent Internally Generated Funds**

Net Income	103,487,852
Preference Dividends	(9,002,500)
Common Dividends	(130,185,000)
AFUDC (Debt & Other)	(1,304,985)
Depreciation & Amortization	190,378,652
Deferred Income Taxes	6,658,896
Investment Tax Credits	0
Other	<u>(11,545,526)</u>
Total	148,487,389
Construction Expenditures (Excluding AFUDC Other & Debt)	<u>213,192,746</u>
<b>Percent Internally Generated Funds</b>	<u>69.65%</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	812,709,695
Short Term Debt	57,398,549
Preference Stock	95,343,879
Common Equity	<u>866,639,962</u>
Total	1,832,092,085
% Long Term Debt To Total	<u>44.36%</u>
% Short Term Debt To Total	<u>3.13%</u>

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

	<b>G. FPSC ADJ.</b>	<b>H. PROFORMA</b>
FPSC Adjusted Average Earned Rate of Return	<u>3.89%</u>	<u>3.89%</u>
Less: Reconciled Average Retail Weighted Cost Rates For:		
Long Term Debt	(1.63)	(1.63)
Short Term Debt	(0.09)	(0.09)
Preference Stock	(0.24)	(0.24)
Customer Deposits	(0.02)	(0.02)
Tax Credits - @ Wt. Cost (Midpoint) (Common Equity at Midpoint)	<u>(0.00)</u>	<u>(0.00)</u>
Subtotal	<u>(1.98)</u>	<u>(1.98)</u>
Total	1.92	1.92
Divided by Common Equity Ratio	<u>35.28</u>	<u>35.28</u>
<b>Jurisdictional Return on Common Equity</b>	<u>5.43%</u>	<u>5.43%</u>

**GULF POWER COMPANY**  
**EARNINGS SURVEILLANCE REPORT SUMMARY**  
**January 2020**  
**Without the Inclusion of Scherer**

**SCHEDULE 1**

	(1) Actual Per Books	(2) FPSC Adjustments	(3) FPSC Adjusted	(4) Pro Forma Adjustments	(5) Pro Forma Adjusted
<b>I. Average Rate of Return</b> (Jurisdictional)					
Net Operating Income	(a) \$169,282,757.70	(b) (\$64,660,778)	\$104,621,980	\$0	\$104,621,980
Average Rate Base	\$3,423,107,622	(\$1,185,670,210)	\$2,237,437,412	\$0	\$2,237,437,412
Average Rate of Return	4.95%		4.68%		4.68%

<b>II. Year End Rate of Return</b> (JURISDICTIONAL)					
Net Operating Income	(a) \$169,233,723	(b) (\$64,346,500)	\$104,887,223	\$0	\$104,887,223
Year End Rate Base	\$3,441,061,347	(\$1,195,779,351)	\$2,245,281,996	\$0	\$2,245,281,996
Year End Rate of Return	4.92%		4.67%		4.67%

(a) Includes AFUDC Earnings  
(b) Includes Reversal of AFUDC Earnings

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

Low	5.21%
Midpoint	5.56%
High	5.91%

**IV. Financial Integrity Indicators**

A. T.I.E. With AFUDC	3.61 x (System per Books Basis)
B. T.I.E. Without AFUDC	3.59 x (System per Books Basis)
C. AFUDC To Net Income	1.22% (System per Books Basis)
D. Internally Generated Funds	69.65% (System per Books Basis)
E. LTD To Total Investor Funds	44.36% (FPSC Adjusted Basis)
F. STD To Total Investor Funds	3.13% (FPSC Adjusted Basis)
G. Return on Common Equity	7.72% (FPSC Adjusted Basis)
H. Return on Common Equity	7.72% (Proforma Basis)

SCHEDULE 2  
PAGE 1 OF 3

GULF POWER COMPANY  
AVERAGE RATE OF RETURN  
RATE BASE  
January 2020

Without the Inclusion of Scherer

	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
<b>SYSTEM PER BOOKS</b>	5,546,329,448	1,984,427,340	3,561,902,108	14,756,744	115,204,142	0	3,691,862,994	78,230,223	3,770,093,218
<b>JURISDICTIONAL PER BOOKS</b>	4,935,613,154	1,795,311,671	3,140,301,483	14,325,038	99,011,062	0	3,253,637,573	169,470,049	3,423,107,622
<b>FPSC ADJUSTMENTS</b>									
ENVIRONMENTAL RECOVERY CLAUSE	(1,430,276,973)	(344,814,894)	(1,085,462,079)		(24,523,349)		(1,109,985,429)	(6,040,775)	(1,116,026,204)
INT BEARING CWIP					(23,057,466)		(23,057,466)		(23,057,466)
ENERGY CONSERVATION CLAUSE	(21,116,634)	5,651,879	(26,768,514)	0			(26,768,514)	(2,797,023)	(29,565,537)
TRANSMISSION INVESTMENT PURSUANT TO STIP. & SETT.	0		0				0	0	0
CAPITALIZED DEF. EARNINGS ON TRANSM PURSUANT TO STIP. & SETT.								0	0
LOANS TO EMPLOYEES / RETIREES								0	0
INTEREST AND DIVIDENDS RECEIVABLE								(59,670)	(59,670)
FUNDED PROP RES. N. ESCAMBIA & OTHER INV.								(71,257)	(71,257)
FUEL RELATED DEFERRED DEBITS				(12,661,331)			(12,661,331)	(4,358,940)	(17,020,271)
ACCURUED PROVISION FOR REFUND								0	0
UNAMORTIZED RATE CASE EXPENSES								130,195	130,195
<b>TOTAL FPSC ADJUSTMENTS</b>	<b>(1,451,393,607)</b>	<b>(339,163,015)</b>	<b>(1,112,230,593)</b>	<b>(12,661,331)</b>	<b>(47,580,815)</b>	<b>0</b>	<b>(1,172,472,740)</b>	<b>(13,197,471)</b>	<b>(1,185,670,210)</b>
<b>FPSC ADJUSTED</b>	3,484,219,547	1,456,148,656	2,028,070,891	1,663,707	51,430,236	0	2,081,164,834	156,272,578	2,237,437,412
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
<b>PRO FORMA ADJUSTED</b>	3,484,219,547	1,456,148,656	2,028,070,891	1,663,707	51,430,236	0	2,081,164,834	156,272,578	2,237,437,412

SCHEDULE 2  
PAGE 2 OF 3

GULF POWER COMPANY  
AVERAGE RATE OF RETURN  
INCOME STATEMENT  
January 2020  
Without the Inclusion of Scherer

	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	1,663,336,095	729,084,943	383,525,791	185,541,183	125,566,052	62,334,732	6,658,896	(277,381)	0	1,492,434,216	170,901,878 (a)
JURISDICTIONAL PER BOOKS	1,461,320,587	564,104,945	361,795,059	173,159,381	123,154,639	64,008,534	7,114,104	(24,156)	0	1,293,312,506	168,008,091 (a)
LESS FPSC ADJUSTMENTS:											
RETAIL FUEL REVENUES & EXPENSES	(479,487,000)	(479,143,579)				(132,474)				(479,276,054)	(210,946)
PURCHASED POWER CAPACITY REVENUES & EXPENSES	(84,721,782)	(84,649,863)				(27,735)				(84,677,618)	(44,164)
ENERGY CONSERVATION COST REVENUES & EXPENSES	(14,176,000)		(10,562,280)	(587,301)	(717,866)	(890,524)				(12,757,971)	(1,418,029)
ENVIRONMENTAL COST RECOVERY CLAUSE	(191,322,000)		(44,199,273)	(51,505,117)	(5,669,914)	(34,697,324)				(136,071,628)	(55,250,372)
FRANCHISE FEE REVENUE & EXPENSE	(45,614,227)				(44,441,029)	(452,561)				(44,893,590)	(720,637)
GROSS RECEIPTS TAX REVENUE & ADJUSTMENT	(34,474,038)		(177,750)		(34,449,217)	(9,575)				(34,458,792)	(15,246)
MARKETING SUPPORT ACTIVITIES						68,567				(109,183)	109,183
WHOLESALE EXPENSES			(311,483)			120,155				(191,328)	191,328
INSTITUTIONAL ADVERTISING EXPENSE			(403,164)			155,521				(247,643)	247,643
ECONOMIC DEVELOPMENT EXPENSE			(62,410)			24,075				(38,335)	38,335
MGMT FINANCIAL PLANNING SERVICES			(41,582)			16,040				(25,542)	25,542
DIRECTORS' & OFFICERS' INSURANCE			(125,137)			48,272				(76,866)	76,866
INDUSTRY ASSOCIATION DUES			(1,488)			574				(914)	914
TALLAHASSEE LIAISON EXPENSES			(585,759)		(38,542)	240,824				(383,477)	383,477
GRT, FPSC FEES ON CLAUSES & FEES					(1,589,360)	613,066				(976,264)	976,264
(GAIN) / LOSS ON DISPOSITION OF PROPERTY						0			0	0	0
INTEREST SYNCHRONIZATION						7,776,269				7,776,269	(7,776,269)
TOTAL FPSC ADJUSTMENTS	(849,795,047)	(564,104,945)	(56,158,843)	(52,092,417)	(86,905,928)	(27,146,802)	0	0	0	(786,408,936)	(63,386,111)
FPSC ADJUSTED	611,525,550	0	305,636,216	121,066,964	36,248,711	36,861,732	7,114,104	(24,156)	0	506,903,570	104,621,980
PRO FORMA REVENUE ANNUALIZATION ADJUSTMENTS											
TOTAL PRO FORMA ADJUSTMENTS	0	0	0	0	0	0	0	0	0	0	0
PRO FORMA ADJUSTED	611,525,550	0	305,636,216	121,066,964	36,248,711	36,861,732	7,114,104	(24,156)	0	506,903,570	104,621,980
(a) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM NOI BY				\$1,304,985			\$1,274,667				
CURRENT MONTH SYSTEM PER BOOKS	134,179,021	57,718,297	29,762,522	15,659,965	10,844,192	4,881,534	753,327	(23,115)	0	119,596,721	14,582,300
CURRENT MONTH JURISDICTIONAL PER BOOKS	121,985,258	47,153,704	27,307,245	14,606,716	10,863,587	5,348,276	815,325	(2,013)	0	105,892,838	15,692,420

TOTALS MAY NOT ADD DUE TO ROUNDING.



**GULF POWER COMPANY**  
**AVERAGE RATE OF RETURN**  
**SYSTEM ADJUSTMENTS**  
**January 2020**  
**Without the Inclusion of Scherer**

**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		FUEL & IIC FUEL REVENUES AND ECONOMY PROFITS	(642,941,561)	(248,014,707)
INVESTMENT	(1,473,623,834)	ENVIRONMENTAL COST RECOVERY CLAUSE REVENUES	(197,517,289)	(76,192,294)
ACCUMULATED DEPRECIATION	355,265,068	PURCHASED POWER CAPACITY COST CLAUSE REVENUES	(84,721,782)	(32,681,427)
CWIP	(25,266,569)	ENERGY CONSERVATION COST RECOVERY CLAUSE REVENUES	(14,176,000)	(5,468,392)
ENERGY CONSERVATION COST RECOVERY		FUEL EXPENSE	(641,560,289)	247,481,882
INVESTMENT	(21,116,634)	PURCHASED POWER CAPACITY COST EXPENSE	(87,203,677)	33,638,818
ACCUMULATED DEPRECIATION	(5,651,879)	CONSERVATION EXPENSES - O & M AND DEPRECIATION	(11,149,581)	4,300,951
CWIP	0	CONSERVATION EXPENSES - OTHER TAXES	(717,866)	276,917
TRANSMISSION PURSUANT TO STIP. & SETT.		ENVIRONMENTAL COST RECOVERY EXPENSE	(104,431,652)	40,284,510
INVESTMENT	0	FRANCHISE FEE REVENUES	(45,614,227)	(17,595,688)
FAS 143 NET PLANT	(89,715,380)	FRANCHISE FEE	(44,441,029)	17,143,127
INTEREST BEARING CWIP	(23,605,878)	GROSS RECEIPTS TAX REVENUES	(34,474,038)	(13,298,360)
PHFU - NORTH ESCAMBIA	(13,042,899)	GROSS RECEIPTS TAX EXPENSE	(34,449,217)	13,288,785
WORKING CAPITAL:		MARKETING SUPPORT ACTIVITIES	(177,750)	68,567
ECRC WORKING CAPITAL	(6,223,851)	WHOLESALE EXPENSE	(320,977)	123,817
CONSERVATION/AEM INVENTORY	(2,797,023)	INSTITUTIONAL ADVERTISING EXPENSE	(411,106)	158,584
CAPITALIZED DEF. EARNINGS ON TRANSMISSION		ECONOMIC DEVELOPMENT EXPENSE	(62,410)	24,075
PURSUANT TO STIP. & SETT.	0	MGMT FINANCIAL PLANNING SERVICES	(42,500)	16,394
FUNDED PROPERTY INSURANCE RESERVE - NET	0	DIRECTORS' & OFFICERS' INSURANCE	(127,900)	49,337
LOANS TO EMPLOYEES AND RETIREES	(62,275)	INDUSTRY ASSOCIATION DUES	(1,517)	585
INTEREST & DIVIDENDS RECEIVABLE	(74,368)	TALLAHASSEE LIAISON EXPENSE	(638,095)	246,145
NORTH ESCAMBIA SITE	(4,549,398)	GRT/FPSC FEES ON CLAUSE REV ADJ & FRAN FEES	(1,589,360)	613,096
UNAMORTIZED RATE CASE EXPENSE	135,884	COMP SALES/TRANS REV/G/L SALE GAS/PROV RATE REFIN. ESC REV	0	0
FUEL RELATED DEFERRED DEBITS	0	GAIN/LOSS ON DISPOSITION OF PROPERTY	0	0
UNREALIZED LOSS ON FWD CONTRACT	0	INTEREST SYNCHRONIZATION	7,916,978	7,916,978
ACCUM. PROV. FOR RATE REFUNDS	0			
FAS 143 WORKING CAPITAL	103,017,182			
FAS 158 REGULATORY ASSETS	(163,945,822)			
FAS 158 REGULATORY LIABILITIES	163,945,822			
PPA REGULATORY ASSETS	(84,287,183)			
PPA REGULATORY LIABILITIES	84,287,183			
FAS 133 REGULATORY ASSETS	(99,766,557)			
FAS 133 REGULATORY LIABILITIES	99,766,557			

SCHEDULE 4

GULF POWER COMPANY  
CAPITAL STRUCTURE  
FPSC ADJUSTED BASIS  
January 2020  
Without the Inclusion of Scherer

AVERAGE	SYSTEM PER BOOKS	RETAIL PER BOOKS	ADJUSTMENTS		ADJUSTED RETAIL	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
			PRO RATA	SPECIFIC			WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)
	1,248,799,140	1,126,069,813	(390,039,258)	0	736,030,555	32.90	4.92	1.62	4.92	1.62	4.92	1.62
LONG TERM DEBT	88,133,874	79,474,980	(27,527,705)	0	51,947,275	2.32	3.75	0.09	3.75	0.09	3.75	0.09
SHORT TERM DEBT	146,504,320	132,106,877	(46,788,570)	0	86,348,307	3.86	6.15	0.24	6.15	0.24	6.15	0.24
PREFERRED STOCK	37,660,566	37,660,717	(13,044,744)	0	24,615,973	1.10	2.30	0.03	2.30	0.03	2.30	0.03
CUSTOMER DEPOSITS	1,321,438,104	1,200,806,528	(415,925,896)	0	784,880,532	35.08	9.25	3.24	10.25	3.60	11.25	3.95
COMMON EQUITY	965,808,569	892,083,943	(308,993,956)	0	583,089,987	26.06						
DEFERRED INCOME TAXES	(49,182,750)	(45,428,252)	15,735,029	0	(29,693,223)	-1.33						
FASB 109 DEFERRED TAXES	0	0	0	0	0	0.00						
TAX CREDITS - ZERO COST	690,066	333,015	(115,010)	0	218,005	0.01	7.10	0.00	7.59	0.00	8.08	0.00
TAX CREDITS - WEIGHTED COST												
TOTAL	3,759,852,890	3,423,107,822	(1,185,670,210)	0	2,237,437,412	100.00		5.21 %		5.56 %		5.91 %

YEAR - END	SYSTEM PER BOOKS	RETAIL PER BOOKS	ADJUSTMENTS		ADJUSTED RETAIL	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
			PRO RATA	SPECIFIC			WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)
	1,249,687,213	1,120,877,967	(389,508,383)	0	731,369,584	32.57	4.93	1.61	4.93	1.61	4.93	1.61
LONG TERM DEBT	129,769,220	116,393,650	(40,447,237)	0	75,946,413	3.38	3.65	0.12	3.65	0.12	3.65	0.12
SHORT TERM DEBT	146,504,320	131,403,723	(46,663,226)	0	85,740,497	3.82	6.15	0.23	6.15	0.23	6.15	0.23
PREFERRED STOCK	37,639,692	37,734,125	(13,112,916)	0	24,621,209	1.10	2.30	0.03	2.30	0.03	2.30	0.03
CUSTOMER DEPOSITS	1,303,733,116	1,188,052,988	(412,852,387)	0	775,200,601	34.53	9.25	3.19	10.25	3.54	11.25	3.88
COMMON EQUITY	968,447,266	890,730,494	(309,531,072)	0	581,199,422	25.89						
DEFERRED INCOME TAXES	(48,370,918)	(44,489,328)	15,460,231	0	(29,029,097)	-1.29						
FASB 109 DEFERRED TAXES	0	0	0	0	0	0.00						
TAX CREDITS - ZERO COST	551,376	357,729	(124,361)	0	233,368	0.01	7.10	0.00	7.59	0.00	8.07	0.00
TAX CREDITS - WEIGHTED COST												
TOTAL	3,788,161,284	3,441,061,347	(1,195,779,351)	0	2,245,281,996	100.00		5.18		5.53		5.87 %

**GULF POWER COMPANY**  
**FINANCIAL INTEGRITY INDICATORS**  
**January 2020**  
**Without the Inclusion of Scherer**

**SCHEDULE 5**

**A. Times Interest Earned with AFUDC**

Earnings Before Interest	168,736,018
AFUDC - Debt	403,110
Income Taxes	<u>67,785,931</u>
Total	236,925,059
Interest Charges (Before Deducting AFUDC - Debt)	<u>65,651,276</u>
T.I.E. With AFUDC	<u><u>3.61</u></u> x

**B. Times Interest Earned without AFUDC**

Earnings Before Interest	168,736,018
AFUDC - Other	(901,875)
Income Taxes	<u>67,785,931</u>
Total	235,620,074
Interest Charges (Before Deducting AFUDC - Debt)	<u>65,651,276</u>
T.I.E. Without AFUDC	<u><u>3.59</u></u> x

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

AFUDC - Debt	403,110
X (1 - Income Tax Rate)	<u>0.6143</u>
Subtotal	247,610
AFUDC - Other	<u>901,875</u>
Total	<u>1,149,485</u>
Net Income Available for Common Stockholders	<u>94,485,352</u>
Percent AFUDC to Available Net Income	<u><u>1.22%</u></u>

**D. Percent Internally Generated Funds**

Net Income	103,487,852
Preference Dividends	(9,002,500)
Common Dividends	(130,185,000)
AFUDC (Debt & Other)	(1,304,985)
Depreciation & Amortization	190,378,652
Deferred Income Taxes	6,658,896
Investment Tax Credits	0
Other	<u>(11,545,526)</u>
Total	148,487,389
Construction Expenditures (Excluding AFUDC Other & Debt)	<u>213,192,746</u>
<b>Percent Internally Generated Funds</b>	<u><u>69.65%</u></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	736,030,555
Short Term Debt	51,947,275
Preference Stock	86,348,307
Common Equity	<u>784,880,532</u>
Total	1,659,206,669
% Long Term Debt To Total	<u>44.36%</u>
% Short Term Debt To Total	<u><u>3.13%</u></u>

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

	<b>G. FPSC ADJ.</b>	<b>H. PROFORMA</b>
FPSC Adjusted Average Earned Rate of Return	<u>4.68%</u>	<u>4.68%</u>
Less: Reconciled Average Retail Weighted Cost Rates For:		
Long Term Debt	(1.62)	(1.62)
Short Term Debt	(0.09)	(0.09)
Preference Stock	(0.24)	(0.24)
Customer Deposits	(0.03)	(0.03)
Tax Credits - @ Wt. Cost (Midpoint) (Common Equity at Midpoint)	<u>(0.00)</u>	<u>(0.00)</u>
Subtotal	<u>(1.97)</u>	<u>(1.97)</u>
Total	2.71	2.71
Divided by Common Equity Ratio	<u>35.08</u>	<u>35.08</u>
<b>Jurisdictional Return on Common Equity</b>	<u><u>7.72%</u></u>	<u><u>7.72%</u></u>

**GULF POWER COMPANY**  
**EARNINGS SURVEILLANCE REPORT SUMMARY**  
**January 2020**  
**Specific Line-by-Line Impacts of the Inclusion of Scherer**

**SCHEDULE 1**

	(1) Actual Per Books	(2) FPSC Adjustments	(3) FPSC Adjusted	(4) Pro Forma Adjustments	(5) Pro Forma Adjusted
<b>I. Average Rate of Return</b>					
<b>(JURISDICTIONAL)</b>					
Net Operating Income	(a) (\$8,949,554)	(b) (\$29,118)	(\$8,978,672)	\$0	(\$8,978,672)
Average Rate Base	\$219,003,371	\$0	\$219,003,371	\$0	\$219,003,371
Average Rate of Return	-0.54%		-0.78%		-0.78%
<b>II. Year End Rate of Return</b>					
<b>(JURISDICTIONAL)</b>					
Net Operating Income	(a) (\$8,952,081)	(b) \$458,564	(\$8,493,517)	\$0	(\$8,493,517)
Year End Rate Base	\$283,544,342	\$0	\$283,544,342	\$0	\$283,544,342
Year End Rate of Return	-0.61%		-0.86%		-0.86%
(a) Includes AFUDC Earnings					
(b) Includes Reversal of AFUDC Earnings					
<b>III. Required Rates of Return</b>					
Average Capital Structure (FPSC Adjusted Basis)					
Low	0.03%				
Midpoint	0.03%				
High	0.03%				
<b>IV. Financial Integrity Indicators</b>					
A. T.I.E. With AFUDC	0.00 x (System per Books Basis)				
B. T.I.E. Without AFUDC	0.00 x (System per Books Basis)				
C. AFUDC To Net Income	0.00% (System per Books Basis)				
D. Internally Generated Funds	0.00% (System per Books Basis)				
E. LTD To Total Investor Funds	0.00% (FPSC Adjusted Basis)				
F. STD To Total Investor Funds	0.00% (FPSC Adjusted Basis)				
G. Return on Common Equity	-2.29% (FPSC Adjusted Basis)				
H. Return on Common Equity	-2.29% (Proforma Basis)				

GULF POWER COMPANY  
AVERAGE RATE OF RETURN  
RATE BASE

January 2020

Specific Line-by-Line Impacts of the Inclusion of Scherer

	PLANT IN SERVICE	ACCUMULATED DEPRECIATION & AMORTIZATION	NET PLANT IN SERVICE	PROPERTY HELD FOR FUTURE USE	CONSTRUCTION WORK IN PROGRESS	NUCLEAR FUEL (NET)	NET UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE
<b>SYSTEM PER BOOKS</b>	0	0	0	0	0	0	0	0	0
<b>JURISDICTIONAL PER BOOKS</b>	322,566,718	122,123,154	200,443,563	0	10,276,821	0	210,720,384	8,282,987	219,003,371
<b>FPSC ADJUSTMENTS</b>									
ENVIRONMENTAL RECOVERY CLAUSE	0	0	0	0	0	0	0	0	0
INT BEARING CWIP	0	0	0	0	0	0	0	0	0
ENERGY CONSERVATION CLAUSE	0	0	0	0	0	0	0	0	0
TRANSMISSION INVESTMENT PURSUANT TO STIP. & SETT.	0	0	0	0	0	0	0	0	0
CAPITALIZED DEF. EARNINGS ON TRANSM PURSUANT TO STIP.	0	0	0	0	0	0	0	0	0
LOANS TO EMPLOYEES / RETIREES	0	0	0	0	0	0	0	0	0
INTEREST AND DIVIDENDS RECEIVABLE	0	0	0	0	0	0	0	0	0
FUNDED PROP RES. N. ESCAMBIA & OTHER INV.	0	0	0	0	0	0	0	0	0
FUEL RELATED DEFERRED DEBITS	0	0	0	0	0	0	0	0	0
ACCURED PROVISION FOR REFUND	0	0	0	0	0	0	0	0	0
UNAMORTIZED RATE CASE EXPENSES	0	0	0	0	0	0	0	0	0
<b>TOTAL FPSC ADJUSTMENTS</b>	0	0	0	0	0	0	0	0	0
<b>FPSC ADJUSTED</b>	322,566,718	122,123,154	200,443,563	0	10,276,821	0	210,720,384	8,282,987	219,003,371
<b>PRO FORMA REVENUE AND ANNUALIZATION ADJUSTMENTS</b>									
<b>TOTAL PRO FORMA ADJUSTMENTS</b>	0	0	0	0	0	0	0	0	0
<b>PRO FORMA ADJUSTED</b>	322,566,718	122,123,154	200,443,563	0	10,276,821	0	210,720,384	8,282,987	219,003,371

GULF POWER COMPANY  
AVERAGE RATE OF RETURN  
INCOME STATEMENT  
January 2020  
Specific Line-by-Line Impacts of the Inclusion of Scherer

	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	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
SYSTEM PER BOOKS	0	0	0	0	0	0	0	0	0	0	0
JURISDICTIONAL PER BOOKS	1,283,562	0	11,127,114	6,591,601	887,129	(6,571,694)	(1,607,391)	(193,643)	0	10,233,116	(8,949,554)
LESS FPSC ADJUSTMENTS:											
RETAIL FUEL REVENUES & EXPENSES	0	0	0	0	0	0	0	0	0	0	0
PURCHASED POWER CAPACITY REVENUES & EXPENSES	0	0	0	0	0	0	0	0	0	0	0
ENERGY CONSERVATION COST REVENUES & EXPENSES	0	0	0	0	0	0	0	0	0	0	0
ENVIRONMENTAL COST RECOVERY CLAUSE	0	0	0	0	0	0	0	0	0	0	0
FRANCHISE FEE REVENUE & EXPENSE	0	0	0	0	0	0	0	0	0	0	0
GROSS RECEIPTS TAX REVENUE & ADJUSTMENT	0	0	0	0	0	0	0	0	0	0	0
MARKETING SUPPORT ACTIVITIES	0	0	0	0	0	0	0	0	0	0	0
WHOLESALE EXPENSES	0	0	0	0	0	0	0	0	0	0	0
INSTITUTIONAL ADVERTISING EXPENSE	0	0	0	0	0	0	0	0	0	0	0
ECONOMIC DEVELOPMENT EXPENSE	0	0	0	0	0	0	0	0	0	0	0
MGMT FINANCIAL PLANNING SERVICES	0	0	0	0	0	0	0	0	0	0	0
DIRECTORS' & OFFICERS' INSURANCE	0	0	0	0	0	0	0	0	0	0	0
INDUSTRY ASSOCIATION DUES	0	0	0	0	0	0	0	0	0	0	0
TALLAHASSEE LIASON EXPENSES	0	0	0	0	0	0	0	0	0	0	0
GRT, FPSC FEES ON CLAUSES & FEES	0	0	0	0	0	0	0	0	0	0	0
(GAIN) / LOSS ON DISPOSITION	0	0	0	0	0	0	0	0	0	0	0
INTEREST SYNCHRONIZATION	0	0	0	0	0	29,118	0	0	0	29,118	(29,118)
TOTAL FPSC ADJUSTMENTS	0	0	0	0	0	29,118	0	0	0	29,118	(29,118)
FPSC ADJUSTED	1,283,562	0	11,127,114	6,591,601	887,129	(6,542,576)	(1,607,391)	(193,643)	0	10,262,234	(8,978,672)
PRO FORMA REVENUE ANNUALIZATION ADJUSTMENTS											
TOTAL PRO FORMA ADJUSTMENTS	0	0	0	0	0	0	0	0	0	0	0
PRO FORMA ADJUSTED	1,283,562	0	11,127,114	6,591,601	887,129	(6,542,576)	(1,607,391)	(193,643)	0	10,262,234	(8,978,672)
(a) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM NOI BY				\$0	AND THE JURISDICTIONAL NOI BY	\$0					
CURRENT MONTH - SYSTEM PER BOOKS	0	0	0	0	0	0	0	0	0	0	0
CURRENT MONTH - JURISDICTIONAL PER BOOKS	0	0	885,110	720,091	93,837	(489,167)	(191,760)	(20,688)	0	997,422	(987,422)

TOTALS MAY NOT ADD DUE TO ROUNDING.

GULF POWER COMPANY  
AVERAGE RATE OF RETURN  
SYSTEM ADJUSTMENTS  
January 2020

SCHEDULE 2  
PAGE 3 OF 3

Specific Line-by-Line Impacts of the Inclusion of Scherer

<u>RATE BASE ADJUSTMENTS</u>	<u>AMOUNT</u>	<u>INCOME STATEMENT ADJUSTMENTS</u>	<u>AMOUNT</u>	<u>TAX EFFECT</u>
ENVIRONMENTAL COST RECOVERY CLAUSE INVESTMENT	0	FUEL & IIC FUEL REVENUES AND ECONOMY PROFITS	0	0
ACCUMULATED DEPRECIATION CWIP	0	ENVIRONMENTAL COST RECOVERY CLAUSE REVENUE	0	0
ENERGY CONSERVATION COST RECOVERY INVESTMENT	0	PURCHASED POWER CAPACITY COST CLAUSE REVENUE	0	0
ACCUMULATED DEPRECIATION CWIP	0	ENERGY CONSERVATION COST RECOVERY CLAUSE REVENUE	0	0
TRANSMISSION PURSUANT TO STIP. & SETT. INVESTMENT	0	FUEL EXPENSE	0	0
FAS 143 NET PLANT	0	PURCHASED POWER CAPACITY COST EXPENSE	0	0
INTEREST BEARING CWIP	0	CONSERVATION EXPENSES - O & M AND DEPRECIATION	0	0
PHFU - NORTH ESCAMBIA	0	CONSERVATION EXPENSES - OTHER TAXES	0	0
WORKING CAPITAL:		ENVIRONMENTAL COST RECOVERY EXPENSE	0	0
ECRC WORKING CAPITAL	0	FRANCHISE FEE REVENUES	0	0
CONSERVATION/AEM INVENTORY	0	FRANCHISE FEE	0	0
CAPITALIZED DEF. EARNINGS ON TRANSMISSION PURSUANT TO STIP. & SETT.	0	GROSS RECEIPTS TAX REVENUES	0	0
FUNDED PROPERTY INSURANCE RESERVE	0	GROSS RECEIPTS TAX EXPENSE	0	0
LOANS TO EMPLOYEES AND RETIREES	0	MARKETING SUPPORT ACTIVITIES	0	0
INTEREST & DIVIDENDS RECEIVABLE	0	WHOLESALE EXPENSE	0	0
NORTH ESCAMBIA SITE	0	INSTITUTIONAL ADVERTISING EXPENSE	0	0
UNAMORTIZED RATE CASE EXPENSE	0	ECONOMIC DEVELOPMENT EXPENSE	0	0
FUEL RELATED DEFERRED DEBITS	0	MGMT FINANCIAL PLANNING SERVICES	0	0
UNREALIZED LOSS ON FWD CONTRACT	0	DIRECTORS' & OFFICERS' INSURANCE	0	0
ACCUM. PROV. FOR RATE REFUNDS	0	INDUSTRY ASSOCIATION DUES	0	0
FAS 143 WORKING CAPITAL	0	TALLAHASSEE LIAISON EXPENSE	0	0
FAS 158 REGULATORY ASSETS	0	GRT/FPSC FEES ON CLAUSE REV ADJ & FRAN FEES	0	0
FAS 158 REGULATORY LIABILITIES	0	COMP SALES/TRANS REV/G/L SALE GAS/PROV RATE RE	0	0
PPA REGULATORY ASSETS	0	GAIN/LOSS ON DISPOSITION OF PROPERTY	0	0
PPA REGULATORY LIABILITIES	0	INTEREST SYNCHRONIZATION	0	0
FAS 133 REGULATORY ASSETS	0			
FAS 133 REGULATORY LIABILITIES	0			

SCHEDULE 4

GULF POWER COMPANY  
CAPITAL STRUCTURE  
FPSC ADJUSTED BASIS  
January 2020

Specific Line-by-Line Impacts of the Inclusion of Scherer

AVERAGE	SYSTEM PER BOOKS	ADJUSTMENTS		ADJUSTED RETAIL	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
		RETAIL PER BOOKS	PRO RATA			SPECIFIC	RETAIL	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
LONG TERM DEBT	0	78,916,500	(2,237,360)	0	0.19	0.00	0.01	0.00	0.01	0.00	0.00
SHORT TERM DEBT	0	5,629,125	(177,851)	0	0.02	0.00	0.00	0.00	0.00	0.00	0.00
PREFERRED STOCK	0	9,257,606	(262,034)	0	0.02	0.00	0.00	0.00	0.00	0.00	0.00
CUSTOMER DEPOSITS	0	13,817	780,171	0	-0.07	0.00	0.00	0.00	0.00	0.00	0.00
COMMON EQUITY	0	84,141,441	(2,382,011)	0	0.20	0.00	0.02	0.00	0.00	0.00	0.02
DEFERRED INCOME TAXES	0	43,023,852	4,574,315	0	-0.39	0.00	0.00	0.00	0.00	0.00	0.00
FASB 109 DEFERRED TAXES	0	(2,191,494)	(232,391)	0	0.02	0.00	0.00	0.00	0.00	0.00	0.00
TAX CREDITS - ZERO COST	0	0	0	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TAX CREDITS - WEIGHTED COST	0	212,525	(62,841)	0	0.01	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	0	219,003,373	0	0	0.00 %	0.00 %	0.03 %	0.00 %	0.03 %	0.00 %	0.03 %

YEAR - END	SYSTEM PER BOOKS	ADJUSTMENTS		ADJUSTED RETAIL	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
		RETAIL PER BOOKS	PRO RATA			SPECIFIC	RETAIL	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
LONG TERM DEBT	0	101,449,311	(2,917,701)	0	0.24	0.00	0.01	0.00	0.01	0.00	0.01
SHORT TERM DEBT	0	10,534,188	(302,552)	0	0.03	0.00	0.00	0.00	0.00	0.00	0.00
PREFERRED STOCK	0	11,893,129	(341,993)	0	0.03	-0.01	0.00	-0.01	0.00	-0.01	0.00
CUSTOMER DEPOSITS	0	21,585	991,301	0	-0.08	0.00	0.00	0.00	0.00	0.00	0.00
COMMON EQUITY	0	107,528,899	(3,092,285)	0	0.26	0.00	0.02	0.00	0.00	0.00	0.03
DEFERRED INCOME TAXES	0	54,778,409	5,976,505	0	-0.50	0.00	0.00	0.00	0.00	0.00	0.00
FASB 109 DEFERRED TAXES	0	(2,735,573)	(298,945)	0	0.02	0.00	0.00	0.00	0.00	0.00	0.00
TAX CREDITS - ZERO COST	0	0	0	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TAX CREDITS - WEIGHTED COST	0	74,393	(14,349)	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	0	283,544,341	0	0	0.00 %	0.00 %	0.04 %	0.00 %	0.04 %	0.00 %	0.04 %



**GULF POWER COMPANY**  
**FINANCIAL INTEGRITY INDICATORS**  
January 2020

**SCHEDULE 5**

**Specific Line-by-Line Impacts of the Inclusion of Scherer**

**A. Times Interest Earned with AFUDC**

Earnings Before Interest	0
AFUDC - Debt	0
Income Taxes	0
	<hr/>
Total	0
Interest Charges (Before Deducting AFUDC - Debt)	0
Tie With AFUDC	<u>0.00</u> x

**B. Times Interest Earned without AFUDC**

Earnings Before Interest	0
AFUDC - Other	0
Income Taxes	0
	<hr/>
Total	0
Interest Charges (Before Deducting AFUDC - Debt)	0
Tie Without AFUDC	<u>0.00</u> x

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

AFUDC - Debt	0
X (1 - Income Tax Rate)	0.0000
	<hr/>
Subtotal	0
AFUDC - Other	0
	<hr/>
Total	0
Net Income Available for Common Stockholders	0
Percent AFUDC to Available Net Income	<u>0.00%</u>

**D. Percent Internally Generated Funds**

Net Income	0
Preferred Dividends	0
Common Dividends	0
AFUDC (Debt & Other)	0
Depreciation & Amortization	0
Deferred Income Taxes	0
Investment Tax Credits	0
Other	0
	<hr/>
Total	0
Construction Expenditures (Excluding AFUDC Other & Debt)	0
	<hr/>
<b>Percent Internally Generated Funds</b>	<u>0.00%</u>

**E. Long Term Debt as Percent of Total  
Investor Capital**

**F. Short Term Debt as Percent of Total Investor Capital**

Reconciled Average Retail Amounts	
Long Term Debt	76,679,140
Short Term Debt	5,451,274
Preferred Stock	8,995,572
Common Equity	<u>81,759,430</u>
Total	172,885,416
% Long Term Debt To Total	<u>0.00%</u>
% Short Term Debt To Total	<u>0.00%</u>

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

	<b>G. FPSC ADJ.</b>	<b>H. PROFORMA</b>
FPSC Adjusted Average Earned Rate of Return	<u>-0.78%</u>	<u>-0.78%</u>
Less: Reconciled Average Retail Weighted Cost Rates For:		
Long Term Debt	(0.01)	(0.01)
Short Term Debt	(0.00)	(0.00)
Preferred Stock	(0.00)	(0.00)
Customer Deposits	0.00	0.00
Tax Credits - @ Wt. Cost (Midpoint)	0.00	0.00
	<hr/>	<hr/>
Subtotal	(0.01)	(0.01)
Total	(0.79)	(0.79)
Divided by Common Equity Ratio	<u>0.20</u>	<u>0.20</u>
<b>Jurisdictional Return on Common Equity</b>	<u>-2.29%</u>	<u>-2.29%</u>

<b>December 2015</b>			
	Current Method As Filed 1/20/16	Proposed Scherer Inclusion	Difference
Fuel Cost of System Generation	7,113,559	N/A	N/A
Energy Costs of Other Econ. Purchases	11,245,799	N/A	N/A
Total Fuel Costs & Gains of Power Sales	(1,520,266)	N/A	N/A
			N/A

<b>March 2016</b>			
	Current Method As Filed 4/20/16	Proposed Scherer Inclusion	Difference
Fuel Cost of System Generation	7,061,868	8,679,805	1,617,937
Energy Costs of Other Econ. Purchases	14,450,553	13,097,597	(1,352,956)
Total Fuel Costs & Gains of Power Sales	(5,754,573)	(5,754,573)	-
			264,981

<b>December 2016 Projected</b>			
	Current Method As filed 9/1/15	Proposed Scherer Inclusion	Difference
Fuel Cost of System Generation	20,179,000	22,796,000	2,617,000
Total Costs of Purchased Power	19,714,000	17,140,000	(2,574,000)
Total Fuel Costs & Gains of Power Sales	(7,945,000)	(7,945,000)	-
			43,000

<b>January - December 2016 Actual Data Through May 2016</b>			
	Current Method As filed 9/1/15	Proposed Scherer Inclusion	Difference
Fuel Cost of System Generation	249,407,000	277,526,000	28,119,000
Total Costs of Purchased Power	199,776,000	171,335,000	(28,441,000)
Total Fuel Costs & Gains of Power Sales	(72,431,000)	(72,431,000)	-
			(322,000)

<b>January 2020</b>			
	Current Method	Proposed Scherer Inclusion	Difference
Fuel Cost of System Generation	26,580,000	31,044,000	4,464,000
Total Costs of Purchased Power	22,275,000	16,673,000	(5,602,000)
Total Fuel Costs & Gains of Power Sales	(7,388,000)	(7,388,000)	-
			(1,138,000)