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August 19, 2016

Ms. Carlotta Stauffer, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

RE: Energy Conservation Cost Recovery Clause
Docket No. 160002-EG

Dear Ms. Stauffer:

Attached for official filing in the above-referenced docket are the following:

1. The Petition of Gulf Power Company.
2. Prepared direct testimony and exhibit of John N. Floyd.

Pursuant to the Order Establishing Procedure in this docket, electronic copies of exhibit JNF-2 will be provided to the parties under separate cover.

Sincerely,

A handwritten signature in blue ink that reads "Robert L. McGee, Jr." The signature is written in a cursive, flowing style.

Robert L. McGee, Jr.
Regulatory and Pricing Manager

md

Attachments

cc: Florida Public Service Commission
Lee Eng Tan, Sr Attorney, Office of the General Counsel (5 copies)
Beggs & Lane
Jeffrey A. Stone, Esq.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Conservation Cost Recovery)
) Docket No.: 160002-EG
) Filed: August 19, 2016
)

**PETITION OF GULF POWER COMPANY FOR APPROVAL OF
THE FINAL CONSERVATION COST RECOVERY TRUE-UP AMOUNTS
FOR JANUARY 2015 THROUGH DECEMBER 2015;
ESTIMATED CONSERVATION COST RECOVERY TRUE-UP AMOUNTS
FOR JANUARY 2016 THROUGH DECEMBER 2016;
PROJECTED CONSERVATION COST RECOVERY AMOUNTS
FOR JANUARY 2017 THROUGH DECEMBER 2017;
AND THE CONSERVATION COST RECOVERY FACTORS TO BE APPLIED
BEGINNING WITH THE PERIOD JANUARY 2017 THROUGH DECEMBER 2017**

Notices and communications with respect to this Petition and docket should be addressed to:

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GULF POWER COMPANY ("Gulf Power", "Gulf", or "the Company"), by and through its undersigned attorneys, and pursuant to section 366.82, Florida Statutes, and Rule 25-17.015, Florida Administrative Code, hereby petitions the Florida Public Service Commission for recovery of the final conservation cost recovery true-up amounts for January 2015 through December 2015; for approval of its estimated energy conservation true-up amounts for the period January 2016 through December 2016; for approval of the projected energy conservation cost amounts for the period January 2017 through December 2017; and for approval of the proposed energy conservation cost recovery factors to be applied beginning with the period January 2017 through December 2017.

In support thereof, the Company would respectfully show:

1. Gulf is a corporation with its headquarters located at 500 Bayfront Parkway, Pensacola, Florida 32520. The Company is an investor-owned electric utility operating under the jurisdiction of this Commission.
2. Pursuant to section 366.82, Florida Statutes, Gulf's energy conservation programs and goals have been approved and adopted by order of this Commission. The implementation of these programs has resulted in certain reasonable and prudent un-reimbursed costs incurred or to be incurred which the Company hereby petitions to be recovered through its rates and charges pursuant to Rule 25-17.015, F.A.C., and the orders and procedures of this Commission.
3. Incorporated by reference into this Petition is the testimony and exhibit of John N. Floyd, submitted in May 2016 and the testimony and exhibit of John N. Floyd filed concurrently with this Petition.¹ Mr. Floyd's composite exhibits present reports of Gulf's various programs

¹ The composite exhibit attached to Mr. Floyd's May 2016 testimony contains the Company's CT schedules for the twelve month period ending December 2015. The composite exhibit attached to Mr. Floyd's August 2016 testimony

and incorporate the appropriate and necessary data and information to show the energy conservation cost calculations projected for the period January 2017 through December 2017 and the appropriate true-up adjustment to be applied based on actual data through June 2016 and estimated data for the remainder of the period through December 2016.

4. The final conservation cost recovery true-up amounts were filed with the Commission in May 2016 as shown on Schedule CT-1. The final true-up amount for the period January 2015 through December 2015, as presented in the testimony and exhibit of Mr. Floyd filed in May 2016, is an under recovery of \$2,225,904 which amount is hereby submitted for approval by the Commission to be included in the calculation of the conservation cost recovery factors for the next period.

5. Gulf has calculated its estimated true-up amount for the period ending December 2016 to be an under recovery of \$1,087,498. This amount, together with the final true-up amount, is hereby submitted for approval by the Commission to be included in the calculation of the conservation cost recovery factors for the next period.

6. Gulf projects recoverable expenditures of \$16,871,225, including true-up amounts and revenue taxes, for its approved conservation programs during the twelve month period beginning January 2017 and ending December 2017.

7. Gulf projects that its retail energy sales during the period January 2017 through December 2017 will be 11,022,525,000 kilowatt hours (kWh).

8. On the basis of the final true-up for the period January 2015 through December 2015, the estimated true-up for the period January 2016 through December 2016, the cost

contains the Company's C schedules for the twelve month period ending December 2017 and includes data related to the current period January through June 2016, actual and July through December 2016, estimated.

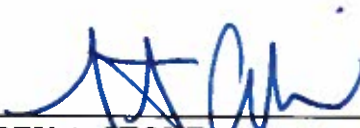
projections for the period January 2017 through December 2017, and proper consideration of both projected kWh sales and the adjustment for revenue taxes, the Company's proposed conservation cost recovery factors by customer class for the period January 2017 through December 2017 are as follows:

RATE CLASS	CONSERVATION COST RECOVERY FACTORS ¢/kWh
RS	0.160
RSVP Tier 1	(3.000)
RSVP Tier 2	(0.774)
RSVP Tier 3	7.247
RSVP Tier 4	62.627
RSTOU On-peak	17.000
RSTOU Off-peak	(3.106)
GS	0.156
GSD, GSDT, GSTOU	0.151
LP, LPT	0.144
PX, PXT, RTP, SBS	0.141
OSI, OSII	0.126
OSIII	0.143

WHEREFORE, Gulf Power Company respectfully requests the Commission to authorize the Company to recover its un-reimbursed costs reasonably and prudently incurred in accordance with this petition and thereby approve the final conservation cost recovery true-up

amounts for the period January 2015 through December 2015, the estimated conservation cost recovery true-up amounts for January 2016 through December 2016, the projected conservation cost recovery amounts for January 2017 through December 2017, and the conservation cost recovery factors, to be applied beginning with the period January 2017 through December 2017.

Dated this 19th day of August, 2016.



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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

**ENERGY CONSERVATION COST
RECOVERY CLAUSE**

Docket No. 160002-EG

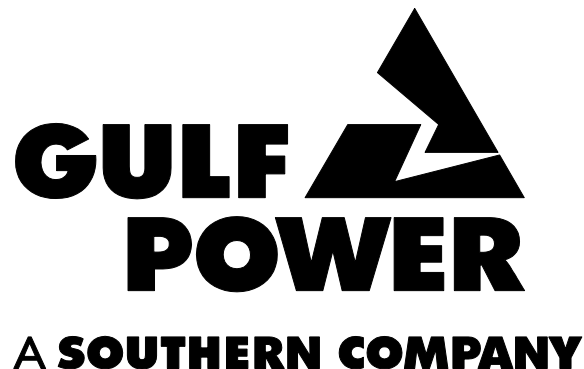
**PREPARED DIRECT TESTIMONY
AND EXHIBITS OF**

JOHN N. FLOYD

**PROJECTION
JANUARY 2017 – DECEMBER 2017**

**ESTIMATED ACTUAL TRUE-UP FILING
JANUARY 2016 – DECEMBER 2016**

AUGUST 19, 2016



1 GULF POWER COMPANY

2 Before the Florida Public Service Commission
3 Prepared Direct Testimony and Exhibit of
4 John N. Floyd
5 Docket No. 160002-EG
6 Energy Conservation Cost Recovery Clause
7 August 19, 2016

8 Q. Will you please state your name, business address, employer and
9 position?

10 A. My name is John N. Floyd and my business address is One Energy Place,
11 Pensacola, Florida 32520. I am employed by Gulf Power Company as the
12 Energy Efficiency and Renewables Manager.

13 Q. Mr. Floyd, please describe your educational background and business
14 experience.

15 A. I received a Bachelor Degree in Electrical Engineering from Auburn
16 University in 1985. After serving four years in the U.S. Air Force, I began
17 my career in the electric utility industry at Gulf Power in 1990 and have
18 held various positions with the Company in Power Generation, Metering,
19 Power Delivery and Marketing. In my present position, I am responsible
20 for the development and implementation of Gulf's customer program
21 offerings associated with the Company's Demand-Side Management
22 (DSM) Plan.

23 Q. Mr. Floyd, for what purpose are you appearing before this Commission
24 today?

25

1 A. I am testifying before this Commission on behalf of Gulf Power regarding
2 matters related to the Energy Conservation Cost Recovery Clause and to
3 answer any questions concerning the calculation of recoverable
4 conservation costs in this filing. Specifically, I will address projections for
5 approved programs during the January 2017 through December 2017
6 recovery period and the anticipated results of those programs during the
7 current recovery period, January 2016 through December 2016 (6 months
8 actual, 6 months estimated).

9

10 Q. Have you prepared an exhibit that contains information to which you will
11 refer in your testimony?

12 A. Yes. My exhibit consists of 6 schedules, each of which was prepared
13 under my direction, supervision, or review.

14 Counsel: We ask that Mr. Floyd's exhibit
15 consisting of six schedules be marked as
16 Exhibit No. ____ (JNF-2).

17

18 Q. Would you summarize for this Commission the deviations resulting from
19 the actual costs for January 2016 through June 2016 of the current
20 recovery period?

21 A. Projected expenses for the first six months of the current period were
22 \$6,714,868 compared to actual expenses of \$6,187,992 for a difference of
23 \$526,876 or 8% under budget. A detailed summary of all program
24 expenses is contained in my Schedule C-3, pages 1 and 2 and my
25 Schedule C-5.

1 Q. Did you project expenses for the period July 2016 through December
2 2016?

3 A. Yes. A detailed summary of those projections can be found in my
4 Schedule C-3.

5

6 Q. How do the estimated actual expenses compare to projected expenses
7 included in the 2016 Projection filing for the period July – December
8 2016?

9 A. Estimated actual expenses for the period July – December 2016 of
10 \$6,391,751 are \$257,245 or 4% more than the projected expenses for that
11 same period of \$6,134,506.

12

13 Q. Audit Finding No. 1 of the 2015 period concerning the Ceiling Insulation
14 Program required an adjustment of \$107.40. Has this adjustment been
15 made to the Company records?

16 A. Yes. The adjustment was performed in May 2016 and is reflected in
17 Schedule C-3. As noted in the Audit Finding, the \$107.40 represents the
18 amounts exceeding the approved maximum for two incentives that were in
19 process during the time when the corrective actions were taking place.

20

21 Q. Have there been any other expenses incurred during 2016 relating to prior
22 programs that were discontinued in the current 2015 DSM Plan?

23 A. Yes. There was an additional \$5,000 of incentives paid February 2016 to
24 participants in the Solar Thermal Water Heating Pilot Program as reflected
25 in Schedule C-3. These qualifying participants enrolled and completed the

1 installations before the five year pilot program ended December 31, 2015.
2 The installation verifications and subsequent incentive payments,
3 however, occurred in February 2016.

4

5 Q. Have you provided a description of the program results achieved during
6 the period January 2016 through June 2016?

7 A. Yes. A detailed summary of year-to-date results for each program is
8 contained in my Schedule C-5.

9

10 Q. Would you summarize the conservation program cost projections for the
11 January 2017 through December 2017 recovery period?

12 A. Yes. Program costs for the projection period are estimated to be
13 \$13,545,684. These costs are broken down as follows: depreciation,
14 return on investment and property taxes, \$2,436,261; payroll/benefits,
15 \$4,635,466; materials/expenses, \$5,131,207; advertising, \$650,000; and
16 incentives, \$692,750. More detail concerning these projections is
17 contained in my Schedule C-2.

18

19 Q. Are the Company's projected expenses for the January 2017 through
20 December 2017 period reasonable and appropriate for cost recovery?

21 A. Yes. Gulf continually evaluates the resources necessary to deliver its
22 DSM Plan and all of its components in order to meet the Company's DSM
23 goals. With the current level of goals, Gulf has carefully considered the
24 appropriate level of administrative resources necessary to achieve the
25 goals.

1 Q. What is the basis for Gulf's conservation program cost projections for the
2 January 2017 through December 2017 recovery period?

3 A. These projections are based on program cost estimates associated with
4 Gulf's 2015 Demand-Side Management (DSM) Plan which was approved
5 on August 19, 2015 in Order No. PSC-15-0330-PAA-EG.

6

7 Q. Would you describe the expected results for your programs during the
8 January 2017 through December 2017 recovery period?

9 A. Program details, including expected results, for the period January 2017
10 through December 2017 can be found in my Schedule C-5.

11

12 Q. What is the proposed 2017 factor for Rate Schedule RS and what will be
13 the charge for a 1,000 kWh monthly bill on Gulf Power's rate schedule
14 RS?

15 A. The proposed Energy Conservation Cost Recovery factor for Rate
16 Schedule RS is .16 cents per kWh, which results in a charge of \$1.60 on a
17 1,000 kWh monthly bill on Gulf Power's rate schedule RS.

18

19 Q. When does Gulf propose to collect these Energy Conservation Cost
20 Recovery charges?

21 A. The factors will be effective beginning with the first bill group for January
22 2017 and continue through the last bill group for December 2017.

23

24 Q. Mr. Floyd, does this conclude your testimony?

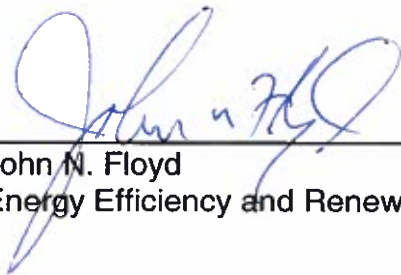
25 A. Yes, it does.

AFFIDAVIT

STATE OF FLORIDA)
)
COUNTY OF ESCAMBIA)

Docket No. 160002-EG

Before me the undersigned authority, personally appeared John N. Floyd, who being first duly sworn, deposes, and says that he is the Energy Efficiency and Renewables Manager of Gulf Power Company, a Florida corporation, that the foregoing is true and correct to the best of his knowledge, information, and belief. He is personally known to me.



John N. Floyd
Energy Efficiency and Renewables Manager

Sworn to and subscribed before me this 18th day of August, 2016.



Notary Public, State of Florida at Large



GULF POWER COMPANY
ENERGY CONSERVATION COST RECOVERY CLAUSE
INDEX OF SCHEDULES

Schedule Number	Title	Pages
C-1	Summary of Cost Recovery Clause Calculation	2-4
C-2	Projected Program Costs for January 2017 - December 2017	5-7
C-3	Conservation Program Costs for January 2016 - June 2016 Actual July 2016 - December 2016 Estimated	8-15
C-4	Calculation of Conservation Revenues	16
C-5	Program Descriptions and Progress Reports	17-34
C-6	RSVP Factors	35

GULF POWER COMPANY
 ENERGY CONSERVATION CLAUSE
 SUMMARY OF PROJECTED COST RECOVERY CLAUSE CALCULATION
 For the Period: January, 2017 Through December, 2017

	\$
1. Net Program Costs: Projected for 2017 (Schedule C-2 Page 2 of 3, Line 15)	13,545,684
2. True Up: Estimated 2016 (Jan-Jun Actual; Jul-Dec Est.) (Schedule C-3, Page 3 of 7, Line 11)	3,313,402
3. Total (Line 1 + Line 2)	16,859,086
4. Cost Subject to Revenue Taxes	16,859,086
5. Revenue Tax	1.00072
6. Total Recoverable Cost	16,871,225

Program costs are split in proportion to the current period split of demand-related and energy-related costs, see below. The allocation of projected ECCR costs between demand and energy is shown on schedule C-2, page 2 of 3, and is consistent with the methodology set forth in FPSC Order No. PSC-93-1845-FOF-EG.

7. Total Cost	16,871,225
8. Energy Related Costs	12,862,714
9. Demand Related Costs (total)	4,008,511
10. Demand Costs Allocated on 12 CP	3,700,164
11. Demand Costs Allocated on 1/13 th	308,347

	Energy \$	Demand \$ Half of Energy <i>Select</i>	Total	Energy	Demand	Total Recoverable Costs Including Revenue Taxes
	\$	\$	\$	\$	\$	\$
12. Est/Actual 2016	9,586,729	2,993,014	12,579,743	2,526,885	788,903	3,315,788
13. Percentage	76.21%	23.79%	100.00%			
14. Projected 2017	10,328,392	3,217,292	13,545,684	10,335,829	3,219,608	13,555,437
15. Percentage	76.25%	23.75%	100.00%			
16. Total				12,862,714	4,008,511	16,871,225

GULF POWER COMPANY
ENERGY CONSERVATION COST RECOVERY FACTORS
CALCULATION OF ENERGY & DEMAND ALLOCATION % BY RATE CLASS
For the Period: January, 2017 Through December, 2017

<u>Rate Class</u>	A	B	C	D	E	F	G	H	I
	Average 12 CP Load Factor at Meter	Jan - Dec 2017 Projected KWH Sales at Meter	Projected Avg 12 CP KW at Meter	Demand Loss Expansion Factor	Energy Loss Expansion Factor	Jan - Dec 2017 Projected KWH Sales at Generation	Projected Avg 12 CP KW at Generation	Jan - Dec 2017 Percentage of KWH Sales at Generation	Percentage of 12 CP KW Demand at Generation
RS, RSVP, RSTOU	57.542346%	5,336,892,000	1,058,758	1.00820508	1.00777864	5,378,405,762	1,067,445	48.82364%	56.78016%
GS	63.463164%	292,139,000	52,549	1.00820395	1.00777656	294,410,836	52,980	2.67258%	2.81814%
GSD, GSDT, GSTOU	73.488079%	2,650,042,000	411,653	1.00800263	1.00762887	2,670,258,826	414,948	24.23985%	22.07213%
LP, LPT	82.760718%	887,729,000	122,448	0.97344897	0.98364378	873,209,109	119,197	7.92674%	6.34039%
PX, PXT, RTP, SBS	85.375300%	1,704,488,000	227,907	0.95247952	0.96644352	1,647,291,383	217,077	14.95364%	11.54687%
OS - I / II	416.652542%	104,060,000	2,851	1.00802086	1.00777465	104,869,030	2,874	0.95197%	0.15287%
OS-III	99.799021%	47,175,000	5,396	1.00838359	1.00778595	47,542,302	5,441	0.43158%	0.28944%
TOTAL		<u>11,022,525,000</u>	<u>1,881,563</u>			<u>11,015,987,248</u>	<u>1,879,962</u>	<u>100.00000%</u>	<u>100.00000%</u>

Notes:

Column A = Average 12 CP load factor based on actual 2015 load research data.
Column C = Col B / (8760 hours x Col A), 8,760 is the number of hours in 12 months.
Column F = Col B x Col E
Column G = Col C x Col D
Column H = Column F / Total Col F
Column I = Column G / Total Col G

GULF POWER COMPANY
ENERGY CONSERVATION COST RECOVERY FACTORS
CALCULATION OF ENERGY & DEMAND ALLOCATION % BY RATE CLASS
For the Period: January, 2017 Through December, 2017

Rate Class	A Jan - Dec 2017 Percentage of KWH Sales at Generation	B Percentage of 12 CP KW Demand at Generation	C Demand Allocation 12CP	D 1/13 th	E Energy Allocation	F Total Conservation Costs	G Jan - Dec 2017 Projected KWH Sales at Meter	H Conservation Recovery Factor cents per KWH
RS, RSVP, RSTOU	48.82364%	56.78016%	\$2,100,959	\$150,546	\$6,280,045	\$8,531,550	5,336,892,000	0.160
GS	2.67258%	2.81814%	104,276	8,241	343,766	456,283	292,139,000	0.156
GSD, GSDT, GSTOU	24.23985%	22.07213%	816,705	74,743	3,117,903	4,009,351	2,650,042,000	0.151
LP, LPT	7.92674%	6.34039%	234,605	24,442	1,019,594	1,278,641	887,729,000	0.144
PX, PXT, RTP, SBS	14.95364%	11.54687%	427,253	46,109	1,923,444	2,396,806	1,704,488,000	0.141
OS - I / II	0.95197%	0.15287%	5,656	2,935	122,449	131,040	104,060,000	0.126
OS-III	0.43158%	0.28944%	10,710	1,331	55,513	67,554	47,175,000	0.143
TOTAL	100.00000%	100.00000%	\$3,700,164	\$308,347	\$12,862,714	\$16,871,225	11,022,525,000	

Notes:

- A Obtained from Schedule C-1, page 2 of 3, column H
- B Obtained from Schedule C-1, page 2 of 3, column I
- C Total from C-1, page 1, line 10 * column B
- D Total from C-1, page 1, line 11 * column A
- E Total from C-1, page 1, line 8 * column A
- F Sum of columns C, D and E
- G Projected kWh sales for the period January 2017 through December 2017
- H Column F / G

GULF POWER COMPANY
ENERGY CONSERVATION CLAUSE
PROJECTED CONSERVATION PROGRAM NET COSTS
For the Period: January, 2017 Through December, 2017

Programs	Depreciation, Return & Property Taxes	Payroll & Benefits	Materials Vehicles & Expenses	Other	Advertising	Incentives	Total Costs	Program Fees	Net Costs
Residential Conservation Programs:									
1. Residential Energy Audit and Education	0	1,473,518	472,041	0	350,000	0	2,295,559	0	2,295,559
2. Community Energy Saver	0	120,700	668,491	0	0	0	789,191	0	789,191
3. Residential Custom Incentive	0	38,114	28,209	0	0	50,000	116,323	0	116,323
4. HVAC Efficiency	0	300,386	722,158	0	0	275,000	1,297,544	0	1,297,544
5. Residential Building Efficiency	0	361,994	68,644	0	0	139,000	569,638	0	569,638
6. Energy <i>Select</i>	2,436,261	1,093,848	2,604,474	0	300,000	0	6,434,583	0	6,434,583
Subtotal	<u>2,436,261</u>	<u>3,388,560</u>	<u>4,564,017</u>	<u>0</u>	<u>650,000</u>	<u>464,000</u>	<u>11,502,838</u>	<u>0</u>	<u>11,502,838</u>
Commercial / Industrial Conservation Programs:									
7. Commercial / Industrial Audit	0	741,654	134,032	0	0	0	875,686	0	875,686
8. HVAC Retrocommissioning	0	38,810	53,708	0	0	25,000	117,518	0	117,518
9. Commercial Building Efficiency	0	376,984	75,306	0	0	153,750	606,040	0	606,040
10. Commercial / Industrial Custom Incentive	0	48,238	28,114	0	0	50,000	126,352	0	126,352
Subtotal	<u>0</u>	<u>1,205,686</u>	<u>291,160</u>	<u>0</u>	<u>0</u>	<u>228,750</u>	<u>1,725,596</u>	<u>0</u>	<u>1,725,596</u>
11. Residential Time of Use Rate Pilot	0	10,305	56,945	0	0	0	67,250	0	67,250
12. Conservation Demonstration and Development	0	30,915	219,085	0	0	0	250,000	0	250,000
13. Total All Programs	2,436,261	4,635,466	5,131,207	0	650,000	692,750	13,545,684	0	13,545,684
14. Less: Base Rate Recovery	0	0	0	0	0	0	0	0	0
15. Net Program Costs	<u>2,436,261</u>	<u>4,635,466</u>	<u>5,131,207</u>	<u>0</u>	<u>650,000</u>	<u>692,750</u>	<u>13,545,684</u>	<u>0</u>	<u>13,545,684</u>

GULF POWER COMPANY
ENERGY CONSERVATION CLAUSE
PROJECTED CONSERVATION PROGRAM COSTS (NET OF PROGRAM FEES)
For the Period: January, 2017 Through December, 2017

Programs

	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	12 MONTH <u>TOTAL</u>	DEMAND <u>COSTS</u>	ENERGY <u>COSTS</u>
Residential Conservation Programs:															
1. Residential Energy Audit and Education	138,432	146,642	321,212	192,261	210,281	178,428	143,447	296,097	217,144	152,405	150,149	149,061	2,295,559		2,295,559
2. Community Energy Saver	42,950	77,464	59,364	58,457	123,223	65,824	80,200	68,655	59,583	67,783	62,357	23,331	789,191		789,191
3. Residential Custom Incentive	8,658	9,670	11,760	10,334	12,273	10,289	11,785	10,266	7,828	12,309	5,351	5,800	116,323		116,323
4. HVAC Efficiency	112,675	121,984	136,417	119,351	107,600	111,174	110,749	109,921	95,243	99,505	83,681	89,244	1,297,544		1,297,544
5. Residential Building Efficiency	44,328	42,458	59,725	42,980	46,138	45,419	59,704	43,628	62,697	44,941	39,464	38,156	569,638		569,638
6. Energy <i>Select</i>	486,604	493,486	545,635	604,192	506,440	538,715	502,935	624,297	562,473	513,575	513,545	542,686	6,434,583	3,217,292	3,217,291
Subtotal	833,647	891,704	1,134,113	1,027,575	1,005,955	949,849	908,820	1,152,864	1,004,968	890,518	854,547	848,278	11,502,838	3,217,292	8,285,546
Commercial / Industrial Conservation Programs:															
7. Commercial / Industrial Audit	63,748	65,629	100,862	68,171	67,254	66,895	66,944	67,381	96,217	76,224	67,693	68,668	875,686		875,686
8. HVAC Retrocommissioning	8,567	8,738	9,759	9,264	11,711	11,192	10,091	11,698	8,903	13,447	8,044	6,104	117,518		117,518
9. Commercial Building Efficiency	40,261	40,747	68,282	47,389	92,240	35,571	55,481	64,705	52,531	34,979	35,217	38,637	606,040		606,040
10. Commercial / Industrial Custom Incentive	9,405	10,421	12,924	11,109	13,048	11,065	12,561	11,041	8,992	13,084	6,126	6,576	126,352		126,352
Subtotal	121,981	125,535	191,827	135,933	184,253	124,723	145,077	154,825	166,643	137,734	117,080	119,985	1,725,596	0	1,725,596
11. Residential Time of Use Rate Pilot	5,604	5,604	5,604	5,604	5,605	5,605	5,604	5,604	5,604	5,604	5,604	5,604	67,250		67,250
12. Conservation Demonstration and Development	20,715	18,023	22,318	20,848	20,796	20,812	20,808	20,788	22,374	20,827	20,865	20,826	250,000		250,000
13. Total All Programs	981,947	1,040,866	1,353,862	1,189,960	1,216,609	1,100,989	1,080,309	1,334,081	1,199,589	1,054,683	998,096	994,693	13,545,684	3,217,292	10,328,392
14. Less: Base Rate Recovery	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15. Net Program Costs	981,947	1,040,866	1,353,862	1,189,960	1,216,609	1,100,989	1,080,309	1,334,081	1,199,589	1,054,683	998,096	994,693	13,545,684	3,217,292	10,328,392

GULF POWER COMPANY
ENERGY CONSERVATION CLAUSE
SCHEDULE OF CAPITAL INVESTMENT, DEPRECIATION, RETURN AND PROPERTY TAXES
Energy Select
For the Period: January, 2017 Through December, 2017

Line No.	Description	Beginning of Period	Projected January	Projected February	Projected March	Projected April	Projected May	Projected June	Projected July	Projected August	Projected Sept	Projected Oct	Projected Nov	Projected Dec	Total
1.	Additions to Plant In Service (Net of Retirements)		75,047	75,047	75,047	75,047	75,047	93,331	120,757	152,754	152,754	152,754	93,331	75,047	
2.	Depreciation Base	14,737,828	14,812,875	14,887,921	14,962,968	15,038,014	15,113,061	15,206,391	15,327,148	15,479,901	15,632,655	15,785,408	15,878,739	15,953,785	
3.	Depreciation Expense (A)		33,897	34,070	34,242	34,415	34,587	34,760	34,975	35,252	35,604	35,955	36,306	36,521	420,584
4.	Cumulative Plant in Service Additions	14,737,828	14,812,875	14,887,921	14,962,968	15,038,014	15,113,061	15,206,391	15,327,148	15,479,901	15,632,655	15,785,408	15,878,739	15,953,785	
5.	Salvage, Cost of Removal and Retirement		0	0	0	0	0	0	0	0	0	0	0	0	
6.	Less: Accumulated Depreciation	(7,905,158)	(7,871,261)	(7,837,191)	(7,802,949)	(7,768,534)	(7,733,947)	(7,699,187)	(7,664,212)	(7,628,960)	(7,593,356)	(7,557,401)	(7,521,095)	(7,484,574)	
7.	Net Plant in Service (Line 4 - 6)	22,642,986	22,684,136	22,725,112	22,765,917	22,806,548	22,847,008	22,905,578	22,991,360	23,108,861	23,226,011	23,342,809	23,399,834	23,438,359	
8.	Net Additions/Reductions to CWIP		0	0	0	0	0	0	0	0	0	0	0	0	
9.	CWIP Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	
10.	Inventory	388,950	743,175	692,599	642,023	892,847	842,271	779,435	698,207	595,523	477,289	779,404	716,568	665,992	
11.	Net Investment (Line 7 + 9 + 10)	23,031,936	23,427,311	23,417,711	23,407,940	23,699,395	23,689,279	23,685,013	23,689,567	23,704,384	23,703,300	24,122,213	24,116,402	24,104,351	
12.	Average Net Investment		23,229,623	23,422,511	23,412,825	23,553,667	23,694,337	23,687,146	23,687,290	23,696,975	23,703,842	23,912,756	24,119,307	24,110,376	
13.	Rate of Return / 12 (Including Income Taxes) (B)		0.006661	0.006661	0.006661	0.006661	0.006661	0.006661	0.006661	0.006661	0.006661	0.006661	0.006661	0.006661	
14.	Return Requirement on Average Net Investment		154,733	156,017	155,953	156,891	157,828	157,780	157,781	157,846	157,891	159,283	160,659	160,599	1,893,261
15.	Property Taxes		10,201	10,201	10,201	10,201	10,201	10,201	10,201	10,201	10,201	10,201	10,201	10,205	122,416
16.	Total Depreciation, Return and Property Taxes (Line 3+14+15)		198,831	200,288	200,396	201,507	202,616	202,741	202,957	203,299	203,696	205,439	207,166	207,325	2,436,261

Notes:

(A) Energy Select Property Additions Depreciated at 2.8% per year.

(B) Revenue Requirement Return (includes Income Taxes) is 7.9932%.

GULF POWER COMPANY
ENERGY CONSERVATION CLAUSE
CONSERVATION PROGRAM NET COST
January, 2016 Through June, 2016, Actual
July, 2016 Through December 2016, Estimated

Actual	Capital Return, Property Taxes & Depreciation	Payroll & Benefits	Materials Vehicles & Expenses	Other	Advertising	Incentives	Total Costs	Program Fees	Net Costs
Residential Conservation Programs:									
1. Residential Energy Audit and Education									
a. Actual	4,743.74	755,327.31	168,877.32	0.00	135,941.59	0.00	1,064,889.96	0.00	1,064,889.96
b. Estimated July through December	4,567.48	755,327.00	222,877.00	0.00	214,058.41	0.00	1,196,829.89	0.00	1,196,829.89
c. Total	9,311.22	1,510,654.31	391,754.32	0.00	350,000.00	0.00	2,261,719.85	0.00	2,261,719.85
2. Community Energy Saver									
a. Actual	0.00	37,379.67	430,820.52	0.00	0.00	0.00	468,200.19	0.00	468,200.19
b. Estimated July through December	0.00	37,380.00	217,250.00	0.00	0.00	0.00	254,630.00	0.00	254,630.00
c. Total	0.00	74,759.67	648,070.52	0.00	0.00	0.00	722,830.19	0.00	722,830.19
3. Residential Custom Incentive									
a. Actual	0.00	22,801.56	1,671.43	0.00	0.00	0.00	24,472.99	0.00	24,472.99
b. Estimated July through December	0.00	22,802.00	1,671.00	0.00	0.00	50,000.00	74,473.00	0.00	74,473.00
c. Total	0.00	45,603.56	3,342.43	0.00	0.00	50,000.00	98,945.99	0.00	98,945.99
4. HVAC Efficiency									
a. Actual	0.00	143,757.61	329,056.90	0.00	262.50	377,057.00	850,134.01	0.00	850,134.01
b. Estimated July through December	0.00	143,758.00	242,885.00	0.00	0.00	108,000.00	494,643.00	0.00	494,643.00
c. Total	0.00	287,515.61	571,941.90	0.00	262.50	485,057.00	1,344,777.01	0.00	1,344,777.01
5. Residential Building Efficiency									
a. Actual	0.00	140,498.95	20,566.08	0.00	0.00	62,217.00	223,282.03	0.00	223,282.03
b. Estimated July through December	0.00	140,499.00	19,530.00	0.00	0.00	78,100.00	238,129.00	0.00	238,129.00
c. Total	0.00	280,997.95	40,096.08	0.00	0.00	140,317.00	461,411.03	0.00	461,411.03
6. Energy Select									
a. Actual	1,172,844.64	517,255.89	1,087,725.78	0.00	8,429.50	0.00	2,786,255.81	0.00	2,786,255.81
b. Estimated July through December	1,174,449.64	517,256.00	1,216,496.00	0.00	291,570.50	0.00	3,199,772.14	0.00	3,199,772.14
c. Total	2,347,294.28	1,034,511.89	2,304,221.78	0.00	300,000.00	0.00	5,986,027.95	0.00	5,986,027.95
Commercial / Industrial Conservation Programs:									
7. Commercial / Industrial Energy Audit									
a. Actual	0.00	301,368.71	40,349.41	0.00	0.00	0.00	341,718.12	0.00	341,718.12
b. Estimated July through December	0.00	301,369.00	40,349.00	0.00	0.00	0.00	341,718.00	0.00	341,718.00
c. Total	0.00	602,737.71	80,698.41	0.00	0.00	0.00	683,436.12	0.00	683,436.12
8. HVAC Retrocommissioning									
a. Actual	0.00	25,029.69	7,468.78	0.00	0.00	695.00	33,193.47	0.00	33,193.47
b. Estimated July through December	0.00	25,030.00	4,609.00	0.00	0.00	3,000.00	32,639.00	0.00	32,639.00
c. Total	0.00	50,059.69	12,077.78	0.00	0.00	3,695.00	65,832.47	0.00	65,832.47

GULF POWER COMPANY
ENERGY CONSERVATION CLAUSE
CONSERVATION PROGRAM NET COST
January, 2016 Through June, 2016, Actual
July, 2016 Through December 2016, Estimated

Actual	Capital Return, Property Taxes & Depreciation	Payroll & Benefits	Materials Vehicles & Expenses	Other	Advertising	Incentives	Total Costs	Program Fees	Net Costs
Commercial / Industrial Conservation Programs Continued:									
9. Commercial Building Efficiency									
a. Actual	0.00	154,709.83	21,761.39	0.00	0.00	5,207.20	181,678.42	0.00	181,678.42
b. Estimated July through December	0.00	154,710.00	21,870.00	0.00	0.00	18,250.00	194,830.00	0.00	194,830.00
c. Total	0.00	309,419.83	43,631.39	0.00	0.00	23,457.20	376,508.42	0.00	376,508.42
10. Commercial / Industrial Custom Incentive									
a. Actual	0.00	22,277.64	1,470.22	0.00	0.00	0.00	23,747.86	0.00	23,747.86
b. Estimated July through December	0.00	22,278.00	1,470.00	0.00	0.00	50,000.00	73,748.00	0.00	73,748.00
c. Total	0.00	44,555.64	2,940.22	0.00	0.00	50,000.00	97,495.86	0.00	97,495.86
11. Residential Time of Use Rate Pilot									
a. Actual	0.00	9,709.41	137,286.78	0.00	0.00	0.00	146,996.19	0.00	146,996.19
b. Estimated July through December	0.00	9,709.00	184,044.81	0.00	0.00	0.00	193,753.81	0.00	193,753.81
c. Total	0.00	19,418.41	321,331.59	0.00	0.00	0.00	340,750.00	0.00	340,750.00
12. Conservation Demonstration and Development:									
a. UWF Best House	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
b. Azalea Trace Heat Pump Water Heater	0.00	956.41	78.64	0.00	0.00	0.00	1,035.05	0.00	1,035.05
c. 10th Ave Hair Salon Heat Pump Water Htr	0.00	2,869.26	6,215.95	0.00	0.00	0.00	9,085.21	0.00	9,085.21
d. Tesla Powerwall Demand Response	0.00	2,869.26	14,885.95	0.00	0.00	0.00	17,755.21	0.00	17,755.21
e. Tesla Powerwall Demand Photovoltaic	0.00	2,869.26	7,785.95	0.00	0.00	0.00	10,655.21	0.00	10,655.21
f. Total Actual	0.00	9,564.19	28,966.49	0.00	0.00	0.00	38,530.68	0.00	38,530.68
h. Estimated July through December	0.00	9,564.00	87,021.00	0.00	0.00	0.00	96,585.00	0.00	96,585.00
i. Total	0.00	19,128.19	115,987.49	0.00	0.00	0.00	135,115.68	0.00	135,115.68
13. Solar Thermal Water Heating									
a. Actual	0.00	0.00	5,000.00	0.00	0.00	0.00	5,000.00	0.00	5,000.00
b. Estimated July through December	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
c. Total	0.00	0.00	5,000.00	0.00	0.00	0.00	5,000.00	0.00	5,000.00
14. Ceiling Insulation									
a. Actual	0.00	0.00	(107.40)	0.00	0.00	0.00	(107.40)	0.00	(107.40)
b. Estimated July through December	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
c. Total	0.00	0.00	(107.40)	0.00	0.00	0.00	(107.40)	0.00	(107.40)
15. a. Actual									
	1,177,588.38	2,139,680.46	2,280,913.70	0.00	144,633.59	445,176.20	6,187,992.33	0.00	6,187,992.33
b. Estimated									
	1,179,017.12	2,139,682.00	2,260,072.81	0.00	505,628.91	307,350.00	6,391,750.84	0.00	6,391,750.84
16. Total All Programs									
	2,356,605.50	4,279,362.46	4,540,986.51	0.00	650,262.50	752,526.20	12,579,743.17	0.00	12,579,743.17

GULF POWER COMPANY
ENERGY CONSERVATION CLAUSE
CONSERVATION PROGRAM COSTS (Exclusive of Program Fees)
January, 2016 Through June, 2016, Actual
July, 2016 Through December 2016, Estimated

	ACTUAL								ESTIMATED							TOTAL ACTUAL & ESTIMATED COSTS
	JAN	FEB	MAR	APR	MAY	JUNE	TOTAL ACT	ADJ	JULY	AUG	SEP	OCT	NOV	DEC	TOTAL EST	
Residential Conservation Programs:																
1. Residential Energy Audit and Education	137,520.12	168,739.66	143,174.37	177,029.92	276,464.72	161,961.17	1,064,889.96	0.00	199,472.00	199,472.00	199,472.00	199,472.00	199,472.00	199,469.89	1,196,829.89	2,261,719.85
2. Community Energy Saver	59,069.73	53,316.71	58,687.33	68,531.38	118,632.95	109,962.09	468,200.19	0.00	42,438.00	42,438.00	42,438.00	42,438.00	42,438.00	42,440.00	254,630.00	722,830.19
3. Residential Custom Incentive	1,548.09	3,353.52	3,912.47	5,440.97	5,067.53	5,150.41	24,472.99	0.00	12,412.00	12,412.00	12,412.00	12,412.00	12,412.00	12,413.00	74,473.00	98,945.99
4. HVAC Efficiency	67,717.10	63,756.18	124,781.92	153,914.86	344,533.11	95,430.84	850,134.01	0.00	82,441.00	82,441.00	82,441.00	82,441.00	82,441.00	82,438.00	494,643.00	1,344,777.01
5. Residential Building Efficiency	22,541.37	39,619.61	46,125.85	33,371.86	35,784.27	45,839.07	223,282.03	0.00	39,688.00	39,688.00	39,688.00	39,688.00	39,688.00	39,689.00	238,129.00	461,411.03
6. Energy Select	182,242.25	532,043.70	501,536.23	539,334.46	539,924.64	491,174.53	2,786,255.81	0.00	533,295.00	533,295.00	533,295.00	533,295.00	533,295.00	533,297.14	3,199,772.14	5,986,027.95
Commercial / Industrial Conservation Programs:																
7. Commercial / Industrial Energy Audit	55,200.34	57,426.89	56,962.15	65,203.68	53,261.13	53,663.93	341,718.12	0.00	56,953.00	56,953.00	56,953.00	56,953.00	56,953.00	56,953.00	341,718.00	683,436.12
8. HVAC Retrocommissioning	3,690.06	4,117.39	4,924.10	4,734.07	6,039.38	9,688.47	33,193.47	0.00	5,440.00	5,440.00	5,440.00	5,440.00	5,440.00	5,439.00	32,639.00	65,832.47
9. Commercial Building Efficiency	26,339.22	32,831.71	35,162.49	30,324.16	28,363.55	28,657.29	181,678.42	0.00	32,472.00	32,472.00	32,472.00	32,472.00	32,472.00	32,470.00	194,830.00	376,508.42
10. Commercial / Industrial Custom Incentive	967.95	3,616.02	5,733.89	4,326.33	4,661.34	4,442.33	23,747.86	0.00	12,291.00	12,291.00	12,291.00	12,291.00	12,291.00	12,293.00	73,748.00	97,495.86
11. Residential Time of Use Rate Pilot	2,313.08	3,673.18	4,967.11	19,232.88	(10,995.98)	127,805.92	146,996.19	0.00	32,292.00	32,292.00	32,292.00	32,292.00	32,292.00	32,293.81	193,753.81	340,750.00
12. Conservation Demonstration and Development:									16,098.00	16,098.00	16,098.00	16,098.00	16,098.00	16,095.00	96,585.00	135,115.68
a. UWF Best House	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00								
b. Azalea Trace Heat Pump Water Heater	166.91	163.86	174.81	176.43	185.94	167.10	1,035.05	0.00								
c. 10th Ave Hair Salon Heat Pump Water Htr	500.73	1,986.59	524.45	2,024.30	3,547.83	501.31	9,085.21	0.00								
d. Tesla Powerwall Demand Response	500.73	491.59	524.45	9,529.30	557.83	6,151.31	17,755.21	0.00								
e. Tesla Powerwall Demand Photovoltaic	500.73	491.59	524.45	529.30	557.83	8,051.31	10,655.21	0.00								
13. Solar Thermal Water Heating	0.00	5,000.00	0.00	0.00	0.00	0.00	5,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,000.00
14. Ceiling Insulation	0.00	0.00	0.00	0.00	(107.40)	0.00	(107.40)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(107.40)
15. Total All Programs	560,818.41	970,628.20	987,716.07	1,113,703.90	1,406,478.67	1,148,647.08	6,187,992.33	0.00	1,065,292.00	1,065,292.00	1,065,292.00	1,065,292.00	1,065,292.00	1,065,290.84	6,391,750.84	12,579,743.17
16. Less: Base Rate Recovery	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
17. Net Recoverable Expenses	560,818.41	970,628.20	987,716.07	1,113,703.90	1,406,478.67	1,148,647.08	6,187,992.33	0.00	1,065,292.00	1,065,292.00	1,065,292.00	1,065,292.00	1,065,292.00	1,065,290.84	6,391,750.84	12,579,743.17

GULF POWER COMPANY
ENERGY CONSERVATION CLAUSE
ESTIMATED TRUE-UP
For the Period: January, 2016 through December, 2016

<u>Conservation Revenues</u>	<u>ACTUAL JAN</u>	<u>ACTUAL FEB</u>	<u>ACTUAL MARCH</u>	<u>ACTUAL APRIL</u>	<u>ACTUAL MAY</u>	<u>ACTUAL JUNE</u>	<u>ESTIMATED JULY</u>	<u>ESTIMATED AUGUST</u>	<u>ESTIMATED SEPTEMBER</u>	<u>ESTIMATED OCTOBER</u>	<u>ESTIMATED NOVEMBER</u>	<u>ESTIMATED DECEMBER</u>	<u>TOTAL</u>
1. Energy <i>Select</i> Program Revenues	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2. Conservation Revenues	<u>285,648.99</u>	<u>266,572.60</u>	<u>283,670.52</u>	<u>265,061.96</u>	<u>368,424.41</u>	<u>509,863.93</u>	<u>756,173.14</u>	<u>746,845.20</u>	<u>652,276.84</u>	<u>531,590.53</u>	<u>465,290.08</u>	<u>527,472.10</u>	<u>5,658,890.30</u>
3. Total Revenues	285,648.99	266,572.60	283,670.52	265,061.96	368,424.41	509,863.93	756,173.14	746,845.20	652,276.84	531,590.53	465,290.08	527,472.10	5,658,890.30
4. Adjustment not Applicable to Period - Prior True Up	<u>486,099.00</u>	<u>486,098.00</u>	<u>486,098.00</u>	<u>486,098.00</u>	<u>486,098.00</u>	<u>486,098.00</u>	<u>486,098.00</u>	<u>486,098.00</u>	<u>486,098.00</u>	<u>486,098.00</u>	<u>486,098.00</u>	<u>486,098.00</u>	<u>5,833,177.00</u>
5. Conservation Revenues Applicable to Period	771,747.99	752,670.60	769,768.52	751,159.96	854,522.41	995,961.93	1,242,271.14	1,232,943.20	1,138,374.84	1,017,688.53	951,388.08	1,013,570.10	11,492,067.30
6. Conservation Expenses (Form C-3 Page 2 of 7)	<u>560,818.41</u>	<u>970,628.20</u>	<u>987,716.07</u>	<u>1,113,703.90</u>	<u>1,406,478.67</u>	<u>1,148,647.08</u>	<u>1,065,292.00</u>	<u>1,065,292.00</u>	<u>1,065,292.00</u>	<u>1,065,292.00</u>	<u>1,065,292.00</u>	<u>1,065,290.84</u>	<u>12,579,743.17</u>
7. True Up this Period (Line 5 minus Line 6)	210,929.58	(217,957.60)	(217,947.55)	(362,543.94)	(551,956.26)	(152,685.15)	176,979.14	167,651.20	73,082.84	(47,603.47)	(113,903.92)	(51,720.74)	(1,087,675.87)
8. Interest Provision this Period (C-3 Page 4 of 7, Line 10)	1,156.56	1,018.59	816.36	488.37	163.28	(85.85)	(238.28)	(337.72)	(453.65)	(603.69)	(783.38)	(963.78)	176.81
9. True Up & Interest Provision Beginning of Month	3,607,273.57	3,333,260.71	2,630,223.70	1,926,994.51	1,078,840.94	40,949.96	(597,919.04)	(907,276.18)	(1,226,060.69)	(1,639,529.50)	(2,173,834.66)	(2,774,619.96)	3,607,273.57
10. Prior True Up Collected or Refunded	<u>(486,099.00)</u>	<u>(486,098.00)</u>	<u>(486,098.00)</u>	<u>(486,098.00)</u>	<u>(486,098.00)</u>	<u>(486,098.00)</u>	<u>(486,098.00)</u>	<u>(486,098.00)</u>	<u>(486,098.00)</u>	<u>(486,098.00)</u>	<u>(486,098.00)</u>	<u>(486,098.00)</u>	<u>(5,833,177.00)</u>
11. End of Period- Net True Up	<u>3,333,260.71</u>	<u>2,630,223.70</u>	<u>1,926,994.51</u>	<u>1,078,840.94</u>	<u>40,949.96</u>	<u>(597,919.04)</u>	<u>(907,276.18)</u>	<u>(1,226,060.69)</u>	<u>(1,639,529.50)</u>	<u>(2,173,834.66)</u>	<u>(2,774,619.96)</u>	<u>(3,313,402.49)</u>	<u>(3,313,402.49)</u>

GULF POWER COMPANY
ENERGY CONSERVATION CLAUSE
INTEREST CALCULATION
For the Period: January, 2016 through December, 2016

<u>Interest Provision</u>	ACTUAL <u>JAN</u>	ACTUAL <u>FEB</u>	ACTUAL <u>MARCH</u>	ACTUAL <u>APRIL</u>	ACTUAL <u>MAY</u>	ACTUAL <u>JUNE</u>	ESTIMATED <u>JULY</u>	ESTIMATED <u>AUGUST</u>	ESTIMATED <u>SEPTEMBER</u>	ESTIMATED <u>OCTOBER</u>	ESTIMATED <u>NOVEMBER</u>	ESTIMATED <u>DECEMBER</u>	<u>TOTAL</u>
1. Beginning True up Amount	3,607,273.57	3,333,260.71	2,630,223.70	1,926,994.51	1,078,840.94	40,949.96	(597,919.04)	(907,276.18)	(1,226,060.69)	(1,639,529.50)	(2,173,834.66)	(2,774,619.96)	
2. Ending True up before Interest	3,332,104.15	2,629,205.11	1,926,178.15	1,078,352.57	40,786.68	(597,833.19)	(907,037.90)	(1,225,722.97)	(1,639,075.85)	(2,173,230.97)	(2,773,836.58)	(3,312,438.71)	
3. Total Beginning & Ending Balances	6,939,377.72	5,962,465.82	4,556,401.85	3,005,347.08	1,119,627.62	(556,883.23)	(1,504,956.94)	(2,132,999.15)	(2,865,136.54)	(3,812,760.47)	(4,947,671.24)	(6,087,058.67)	
4. Average True up Amount	3,469,688.86	2,981,232.91	2,278,200.93	1,502,673.54	559,813.81	(278,441.62)	(752,478.47)	(1,066,499.57)	(1,432,568.27)	(1,906,380.24)	(2,473,835.62)	(3,043,529.33)	
5. Interest Rate First Day Reporting Business Month	0.40	0.40	0.42	0.44	0.34	0.36	0.38	0.38	0.38	0.38	0.38	0.38	
6. Interest Rate First Day Subsequent Business Month	0.40	0.42	0.44	0.34	0.36	0.38	0.38	0.38	0.38	0.38	0.38	0.38	
7. Total of Lines 5 and 6	0.80	0.82	0.86	0.78	0.70	0.74	0.76	0.76	0.76	0.76	0.76	0.76	
8. Average Interest rate (50% of Line 7)	0.400	0.410	0.430	0.390	0.350	0.370	0.380	0.380	0.380	0.380	0.380	0.380	
9. Monthly Average Interest Rate Line 8 / 12 months	0.000333	0.000342	0.000358	0.000325	0.000292	0.000308	0.000317	0.000317	0.000317	0.000317	0.000317	0.000317	
10. Interest Provision (line 4 X 9)	1,156.56	1,018.59	816.36	488.37	163.28	(85.85)	(238.28)	(337.72)	(453.65)	(603.69)	(783.38)	(963.78)	176.81

GULF POWER COMPANY
ENERGY CONSERVATION CLAUSE
SCHEDULE OF CAPITAL INVESTMENT, DEPRECIATION, RETURN AND PROPERTY TAXES
Residential Energy Survey Displays
For the Period January, 2016 Through December, 2016

Line No.	Beginning of Period	Actual January	Actual February	Actual March	Actual April	Actual May	Actual June	Projected July	Projected August	Projected September	Projected October	Projected November	Projected December	Total
1	Investments Added to Plant In Service	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
2	Depreciable Base	13,814.37	13,814.37	13,814.37	13,814.37	13,814.37	13,814.37	13,814.37	13,814.37	13,814.37	13,814.37	13,814.37	13,814.37	
3	Depreciation Expense (A)	164.46	164.46	164.46	164.46	164.46	164.46	164.46	164.46	164.46	164.46	164.46	164.19	1,973.25
4	Cumulative Plant in Service Additions	13,814.37	13,814.37	13,814.37	13,814.37	13,814.37	13,814.37	13,814.37	13,814.37	13,814.37	13,814.37	13,814.37	13,814.37	
5	Salvage, Cost of Removal and Retirement	-	-	-	-	-	-	-	-	-	-	-	-	
6	Less: Accumulated Depreciation	11,841.12	12,005.58	12,170.04	12,334.50	12,498.96	12,663.42	12,827.88	12,992.34	13,156.80	13,321.26	13,485.72	13,650.18	13,814.37
7	Net Plant In Service (Line 4 - 6)	1,973.25	1,808.79	1,644.33	1,479.87	1,315.41	1,150.95	986.49	822.03	657.57	493.11	328.65	164.19	0.00
8	Net Additions/Reductions to CWIP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
9	CWIP Balance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
10	Inventory	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
11	Net Investment	1,973.25	1,808.79	1,644.33	1,479.87	1,315.41	1,150.95	986.49	822.03	657.57	493.11	328.65	164.19	0.00
12	Average Net Investment	1,891.02	1,726.56	1,562.10	1,397.64	1,233.18	1,068.72	904.26	739.80	575.34	410.88	246.42	82.10	
13	Rate of Return / 12 (B)	0.006819	0.006819	0.006819	0.006819	0.006819	0.006819	0.006661	0.006661	0.006661	0.006661	0.006661	0.006661	
14	Return Requirement on Average Net Investment	12.89	11.77	10.65	9.53	8.41	7.29	6.02	4.93	3.83	2.74	1.64	0.55	80.25
15	Property Tax	9.11	9.11	9.11	9.11	9.11	9.11	9.11	9.11	9.11	9.11	9.11	9.15	109.36
16	Total Depreciation, Prop Taxes & Return (Line 3 + 14 + 15)	186.46	185.34	184.22	183.10	181.98	180.86	179.59	178.50	177.40	176.31	175.21	173.89	2,162.86

Notes:
 (A) Displays are Seven year Property 1.1905% per month.
 (B) Revenue Requirement Return (includes Income Taxes) is: Jan - Jun 8.1828%; Jul - Dec 7.9932%.

GULF POWER COMPANY
ENERGY CONSERVATION CLAUSE
SCHEDULE OF CAPITAL INVESTMENT, DEPRECIATION, RETURN AND PROPERTY TAXES
Thermal Imaging Tools
For the Period January, 2016 Through December, 2016

Line No.	Beginning of Period	Actual January	Actual February	Actual March	Actual April	Actual May	Actual June	Projected July	Projected August	Projected September	Projected October	Projected November	Projected December	Total	
1	Investments Added to Plant In Service	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
2	Depreciable Base	45,652.70	45,652.70	45,652.70	45,652.70	45,652.70	45,652.70	45,652.70	45,652.70	45,652.70	45,652.70	45,652.70	45,652.70		
3	Depreciation Expense (A)	543.49	543.49	543.49	543.49	543.49	543.49	543.49	543.49	543.49	543.49	543.49	543.27	6,521.66	
4	Cumulative Plant in Service Additions	45,652.70	45,652.70	45,652.70	45,652.70	45,652.70	45,652.70	45,652.70	45,652.70	45,652.70	45,652.70	45,652.70	45,652.70		
5	Salvage, Cost of Removal and Retirement														
6	Less: Accumulated Depreciation	39,131.04	39,674.53	40,218.02	40,761.51	41,305.00	41,848.49	42,391.98	42,935.47	43,478.96	44,022.45	44,565.94	45,109.43	45,652.70	
7	Net Plant In Service (Line 4 - 6)	6,521.66	5,978.17	5,434.68	4,891.19	4,347.70	3,804.21	3,260.72	2,717.23	2,173.74	1,630.25	1,086.76	543.27	0.00	
8	Net Additions/Reductions to CWIP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
9	CWIP Balance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
10	Inventory	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
11	Net Investment	6,521.66	5,978.17	5,434.68	4,891.19	4,347.70	3,804.21	3,260.72	2,717.23	2,173.74	1,630.25	1,086.76	543.27	0.00	
12	Average Net Investment		6,249.92	5,706.43	5,162.94	4,619.45	4,075.96	3,532.47	2,988.98	2,445.49	1,902.00	1,358.51	815.02	271.64	
13	Rate of Return / 12 (B)		0.006819	0.006819	0.006819	0.006819	0.006819	0.006661	0.006661	0.006661	0.006661	0.006661	0.006661	0.006661	
14	Return Requirement on Average Net Investment		42.62	38.91	35.21	31.50	27.79	24.09	19.91	16.29	12.67	9.05	5.43	1.81	265.28
15	Property Tax		30.12	30.12	30.12	30.12	30.12	30.12	30.12	30.12	30.12	30.12	30.12	30.10	361.42
16	Total Depreciation, Prop Taxes & Return (Line 3 + 14 + 15)		616.23	612.52	608.82	605.11	601.40	597.70	593.52	589.90	586.28	582.66	579.04	575.18	7,148.36

Notes:
 (A) Thermal Imaging Tools are Seven year Property 1.1905% per month.
 (B) Revenue Requirement Return (includes Income Taxes) is: Jan - Jun 8.1828%; Jul - Dec 7.9932%.

GULF POWER COMPANY
ENERGY CONSERVATION CLAUSE
SCHEDULE OF CAPITAL INVESTMENT, DEPRECIATION, RETURN AND PROPERTY TAXES
ENERGY SELECT
For the Period January, 2016 Through December, 2016

Line No.	Beginning of Period	Actual January	Actual February	Actual March	Actual April	Actual May	Actual June	Projected July	Projected August	Projected September	Projected October	Projected November	Projected December	Total
1		(59,635.14)	18,316.17	89,375.67	78,795.96	17,430.54	141,211.40	144,525.00	184,992.00	184,992.00	184,992.00	109,839.00	86,715.00	
2	13,556,278.60	13,496,643.46	13,514,959.63	13,604,335.30	13,683,131.26	13,700,561.80	13,841,773.20	13,986,298.20	14,171,290.20	14,356,282.20	14,541,274.20	14,651,113.20	14,737,828.20	
3		31,179.44	31,042.28	31,084.41	31,289.97	31,471.20	31,511.29	31,836.08	32,168.49	32,593.97	33,019.45	33,444.93	33,697.56	384,339.07
4	13,556,278.60	13,496,643.46	13,514,959.63	13,604,335.30	13,683,131.26	13,700,561.80	13,841,773.20	13,986,298.20	14,171,290.20	14,356,282.20	14,541,274.20	14,651,113.20	14,737,828.20	
5		(199,086.44)	(94,552.94)	(79,164.01)	3,083.83	(58,026.16)	16,277.28	-	(457,277.00)	-	-	-	-	
6		(7,420,751.60)	(7,588,658.60)	(7,652,169.26)	(7,700,248.86)	(7,665,875.06)	(7,692,430.02)	(7,644,641.45)	(7,612,805.37)	(8,037,913.88)	(8,005,319.91)	(7,972,300.46)	(7,938,855.53)	(7,905,157.97)
7	20,977,030.20	21,085,302.06	21,167,128.89	21,304,584.16	21,349,006.32	21,392,991.82	21,486,414.65	21,599,103.57	22,209,204.08	22,361,602.11	22,513,574.66	22,589,968.73	22,642,986.17	
8	0.00	17,559.34	39,020.00	(56,579.34)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
9	0.00	17,559.34	56,579.34	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
10	1,452,475.81	1,368,781.44	1,280,771.60	1,230,131.69	1,178,387.59	1,136,694.73	1,042,630.80	836,575.00	703,167.00	591,253.60	493,167.20	434,928.40	388,950.40	
11	22,429,506.01	22,471,642.84	22,504,479.83	22,534,715.85	22,527,393.91	22,529,686.55	22,529,045.45	22,435,678.57	22,912,371.08	22,952,855.71	23,006,741.86	23,024,897.13	23,031,936.57	
12		22,450,574.43	22,488,061.34	22,519,597.84	22,531,054.88	22,528,540.23	22,529,366.00	22,482,362.01	22,674,024.83	22,932,613.40	22,979,798.79	23,015,819.50	23,028,416.85	
13		0.006819	0.006819	0.006819	0.006819	0.006819	0.006819	0.006661	0.006661	0.006661	0.006661	0.006661	0.006661	
14		153,090.47	153,346.09	153,561.14	153,639.26	153,622.12	153,627.75	149,755.01	151,031.68	152,754.14	153,068.44	153,308.37	153,392.28	1,834,196.75
15		10,729.87	10,729.87	10,729.87	10,729.87	10,729.87	10,729.87	10,729.87	10,729.87	10,729.87	10,729.87	10,729.87	10,729.87	128,758.46
16		194,999.78	195,118.24	195,375.42	195,659.10	195,823.19	195,868.91	192,320.96	193,930.04	196,077.98	196,817.76	197,483.17	197,819.73	2,347,294.28

Notes:

(A) Energy Select Property Additions Depreciated at 2.8% per year.

(B) Revenue Requirement Return (includes Income Taxes) is: Jan - Jun 8.1828%; Jul - Dec 7.9932%.

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GULF POWER COMPANY
CALCULATION OF CONSERVATION REVENUES
For the Period: July, 2016 Through December, 2016

	<u>Month</u>	<u>Projected MWH Sales</u>	<u>Rate (Avg Cents/KWH)</u>	<u>Clause Revenue Net of Revenue Taxes (\$)</u>
1.	07/2016	1,179,840	0.06409116	756,173.14
2.	08/2016	1,166,950	0.06399976	746,845.20
3.	09/2016	1,021,925	0.06382825	652,276.84
4.	10/2016	839,139	0.06334952	531,590.53
5.	11/2016	734,554	0.06334321	465,290.08
6.	12/2016	826,023	0.06385683	527,472.10

Program Description and Progress

Program Title: Residential Energy Audit and Education

Program Description: This program is the primary educational program to help customers improve the energy efficiency of their new or existing home by providing energy conservation advice and information that encourages the implementation of efficiency measures and behaviors resulting in energy and utility bill savings.

Program Projections: Expenses of \$2,295,559 are projected for this program in 2017 as detailed in Schedule C-2. In 2017, this program includes two measurable areas of focus:

- Energy Audit – During the recovery period, 8,400 participants are projected as reflected in the 2015 DSM Plan. A Gulf Power representative will conduct an on-site audit of a customer's home, or they may opt to participate in either a mail-in or on-line, interactive version of the audit. Regardless of the method, the customer is provided with specific recommendations including available incentives and other alternatives to facilitate implementation.
- School-based Awareness and Education – This program provides science-based energy-related curricula and training to science teachers in Gulf's service area. As a result of these efforts, during the recovery period, approximately 10,000 students will be reached.

Program Accomplishments:

- Energy Audit – Year to date 2016, Gulf performed 3,058 energy audits compared to a year to date projection of 4,200 or 1,142 under the projection. Of these, 983 were online, 653 were on-site and 1,422 were new construction audits. The total projection for 2016 is 6,116 energy audits.
- School-based Awareness and Education
 - Gulf provided professional development in energy-related science and math for 75 elementary, middle and high school teachers who reach an estimated 7,300 students. These teachers received hands-on energy, efficiency and renewable energy classroom materials and curriculum.
 - Gulf provided training on sustainable energy sources including solar energy and measuring and conserving energy usage in partnership with several STEM (**S**cience **T**echnology **E**ngineering **M**ath) related programs: 1) FSU Panama City STEM Institute summer camp program that reached approximately 800 8th – 12th

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grade students; 2) Bay County School District middle school STEM summer camp that reached nearly 200 6th – 8th grade students; 3) Santa Rosa County School District high school STEAM (**S**cience **T**echnology **E**ngineering **A**rts **M**ath) summer camp that reached 300 9th graders.

- The estimated reach through all of these energy education programs is nearly 8,600 students.
- Gulf continued to provide energy-related onsite and material support for two hands-on interactive science museums which each average 100 attendees daily through the year.

Program Fiscal Expenditures: Projected expenses for January through June 2016 were \$1,447,841 compared to actual expenses of \$1,064,890 resulting in a difference of \$382,951 or 26% under budget.

Program Progress Summary: Since the approval of this program, Gulf Power has performed a total of 225,853 energy audits.

Program Description and Progress

Program Title: Community Energy Saver Program

Program Description: This program assists low-income families with managing their energy costs. Through this program, qualifying customers receive the direct installation of conservation measures at no cost to them. The program also educates families on energy efficiency techniques and behavioral changes to help control their energy use and reduce their electricity expenses.

Program Projections: For the period January 2017 through December 2017, the Company expects to implement the efficiency measures included in this program for 2,500 eligible residential customers as reflected in the 2015 DSM Plan. Expenses of \$789,191 are projected for this program in 2017 as detailed in Schedule C-2.

Program Accomplishments: Through June 2016, 1,425 of Gulf's customers received the measures included in this program, compared to a year to date projection of 1,250. The total projection for 2016 is 2,500 participants.

Program Fiscal Expenditures: Projected expenses for January through June 2016 were \$331,950 compared to actual expenses of \$468,200 resulting in a difference of \$136,250 or 41% over budget.

Program Progress Summary: A total of 13,930 customers have received the efficiency measures included in the Community Energy Saver program since the program's launch in 2011.

Program Description and Progress

Program Title: Residential Custom Incentive Program

Program Description: This program is designed to increase energy efficiency in the residential rental property sector. This program promotes the installation of various energy efficiency measures available through other programs, such as HVAC maintenance and quality installation, high performance windows, reflective roofing and Energy Star window A/Cs. Additional incentives will be included, as appropriate, to overcome the split-incentive barrier which exists in a landlord/renter situation. Moreover, this program promotes the installation of measures included in the Community Energy Saver Program by the landlord of multi-family properties.

Program Projections: Due to the custom nature of this program, specific participant projections are not made for the period January 2017 through December 2017. Expenses of \$116,323 are projected for this program in 2017 as detailed in Schedule C-2.

Program Accomplishments: As of June, no participants have enrolled during 2016 in this program. While there are no participants recorded this year, Gulf continues to work with customers in the rental property sector.

Program Fiscal Expenditures: Projected expenses for January through June 2016 were \$25,927 compared to actual expenses of \$24,473 resulting in a difference of \$1,454 or 6% under budget.

Program Progress Summary: Since its launch in 2011, one customer enrollment has been recorded in the Residential Custom Incentive program.

Program Description and Progress

Program Title: HVAC Efficiency Improvement Program

Program Description: This program is designed to increase energy efficiency and improve HVAC cooling system performance for new and existing homes. These efficiencies are realized through:

- HVAC maintenance
- Duct repair
- HVAC Quality Installation

Program Projections: Expenses of \$1,297,544 are projected for this program in 2017 as detailed in Schedule C-2. For the period January 2017 through December 2017, the Company projects the following participation in this program as reflected in the 2015 DSM Plan:

Measure	Projected Participation
HVAC maintenance	2,000
Duct repair	500
HVAC Quality Installation	2,000

Program Accomplishments: Actual participation (through June 2016) and the 2016 year end projected participation are shown in the following table:

Measure	2016 YTD Actual Participation	2016 Year End Projection
HVAC maintenance	2,895	3,874
Duct repair	1,388	1,503
HVAC Quality Installation	309	602

Program Fiscal Expenditures: Projected expenses for January through June 2016 were \$635,630 compared to actual expenses of \$850,134 resulting in a difference of \$214,504 or 34% over budget.

Program Progress Summary: Since its launch in 2011, the following participation has been achieved:

Measure	Program to Date Actual Participation
HVAC maintenance	35,668
Duct repair	21,280
HVAC Quality Installation	309

Program Description and Progress

Program Title: Residential Building Efficiency Program

Program Description: The Residential Building Efficiency Program is designed as an umbrella efficiency program for existing and new residential customers to encourage the installation of eligible equipment and materials as a means of reducing energy and demand. The goals of the program are to increase awareness and customer demand for energy saving measures; to increase availability and market penetration; and to contribute toward long-term energy savings and peak demand reductions.

- High Performance Windows
- Reflective Roof
- ENERGY STAR Window A/C

Program Projections: Expenses of \$569,638 are projected for this program in 2017 as detailed in Schedule C-2. For the period January 2017 through December 2017, the Company projects the following participation in this program as reflected in the 2015 DSM Plan:

Measure	Projected Participation
High Performance Windows	450
Reflective Roof	200
ENERGY STAR Window A/C	200

Program Accomplishments: Actual participation (through June 2016) and the 2016 year end projected participation are shown in the following table:

Measure	2016 YTD Actual Participation	2016 Year End Projection
High Performance Windows	147	307
Reflective Roof	148	308
ENERGY STAR Window A/C	8	28

Program Fiscal Expenditures: Projected expenses for January through June 2016 were \$70,957 compared to actual expenses of \$223,282 resulting in a difference of \$152,325 or 215% over budget.

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Program Progress Summary: Since its launch in 2011, the following participation has been achieved:

Measure	Program to Date Actual Participation
High Performance Windows	4,595
Reflective Roof	1,236
ENERGY STAR Window A/C	802

Program Description and Progress

Program Title: Energy *Select*

Program Description: The overall program is designed to provide customers with a means of controlling their energy purchases by conveniently programming their heating and cooling systems and major appliances, such as electric water heaters and pool pumps, to respond automatically to prices that vary during the day and by season in relation to the Company's cost of producing or purchasing energy.

Program Projections: During the 2017 projection period, Gulf Power projects to have 1,600 net additions as reflected in the 2015 DSM Plan. The program expenses are expected to be \$6,434,583 as detailed in Schedule C-2.

Program Accomplishments: For the period January through June 2016, 529 net new participants were added to the Energy *Select* program compared to a year to date projection of 800. The total projection for 2016 is 1,600 net new participants.

Program Fiscal Expenditures: Projected expenses for January through June 2016 were \$3,327,859 compared to actual expenses of \$2,786,256 resulting in a difference of \$541,603 or 16% under budget.

Program Progress Summary: As of June 2016, there are 16,776 participating customers.

Program Description and Progress

Program Title: Commercial/Industrial Audit

Program Description: This program is designed to provide professional advice to Gulf's existing commercial and industrial customers on how to reduce and make the most efficient use of energy. This program covers from the smallest commercial customer, requiring only a walk-through survey, to the use of computer programs which will simulate several design options for very large, energy-intensive customers. Customers may participate by requesting a basic Energy Analysis Audit (EAA) provided through either an on-site survey or an on-line survey. A more comprehensive analysis can be provided by conducting a Technical Assistance Audit (TAA).

Program Projections: For the period January 2017 through December 2017, the Company expects to conduct 500 audits as reflected in the 2015 DSM Plan and incur expenses totaling \$875,686.

Program Accomplishments: During the January 2016 through June 2016 period, actual results were 178 audits compared to a year to date projection of 250. The total projection for 2016 is 356 audits.

Program Fiscal Expenditures: Projected expenses for January through June 2016 were \$453,680 compared to actual expenses of \$341,718 resulting in a difference of \$111,962 or 25% under budget.

Program Progress Summary: A total of 22,550 audits have been completed since the program's inception.

Program Description and Progress

Program Title: Commercial HVAC Retrocommissioning Program

Program Description: This program offers basic retrocommissioning at a reduced cost for qualifying installations of existing commercial and industrial customers. It is designed to diagnose the performance of the HVAC cooling unit(s) operating in commercial buildings with the support of an independent computerized quality control process and to make improvements to the system to bring it to full efficiency. This program includes air cooled and water cooled equipment – identified as A/C, heat pump, direct expansion (DX) or geothermal cooling and heating.

Program Projections: For the period January 2017 through December 2017, the Company expects 250 program participants as reflected in the 2015 DSM Plan. Expenses of \$117,518 are projected for this program in 2017 as detailed in Schedule C-2.

Program Accomplishments: During the period January 2016 through June 2016, 31 customers have participated in this program compared to a year to date projection of 125. The total projection for 2016 is 60 participants.

Program Fiscal Expenditures: Projected expenses for January through June 2016 were \$28,695 compared to actual expenses of \$33,193 resulting in a difference of \$4,498 or 16% over budget.

Program Progress Summary: Since its launch in 2011, 1,002 customers have participated in this program.

Program Description and Progress

Program Title: Commercial Building Efficiency Program

Program Description: This program is designed as an umbrella efficiency program for existing commercial and industrial customers to encourage the installation of eligible high-efficiency equipment as a means of reducing energy and demand. The goals of the program are to increase awareness and customer demand for high-efficiency, energy-saving equipment; increase availability and market penetration of energy efficient equipment; and contribute toward long-term energy savings and peak demand reductions. These goals will be accomplished through commercial geothermal heat pumps, ceiling/roof insulation, and reflective roofs.

Program Projections: Expenses of \$606,040 are projected for this program in 2017 as detailed in Schedule C-2.

For the period January 2017 through December 2017, the Company expects to implement the efficiency measures included in this program as reflected in the 2015 DSM Plan:

Program	Annual Projections (2017)
Commercial Geothermal Heat Pump	130 tons of installed Geothermal HVAC
Ceiling/Roof Insulation	275,000 square feet of installed insulation
Commercial Reflective Roof	800,000 square feet of installed reflective roof

Program Accomplishments: During the period January – June 2016, the measures in this program have had the following participation as compared to year to date projected participation:

Program	Actual Participation (January - June 2016)	Projected YTD Participation (through June 2016)
Commercial Geothermal Heat Pump	42 tons of installed Geothermal HVAC	63 tons of installed Geothermal HVAC
Ceiling/Roof Insulation	3,500 square feet of installed insulation	125,000 square feet of installed insulation
Commercial Reflective Roof	47,572 square feet of installed reflective roof	400,000 square feet of installed reflective roof

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Program Fiscal Expenditures: Projected expenses for January through June 2016 were \$161,412 compared to actual expenses of \$181,678 resulting in a difference of \$20,266 or 13% over budget. Total projection for 2016 is as follows:

Program	Annual Projections (2016)
Commercial Geothermal Heat Pump	92 tons of installed Geothermal HVAC
Ceiling/Roof Insulation	13,500 square feet of installed insulation
Commercial Reflective Roof	97,572 square feet of installed reflective roof

Program Progress Summary: Since its launch in 2011, customer participation is shown in the table below.

Program	Actual Participation (Program to Date)
Commercial Geothermal Heat Pump	570 tons of installed Geothermal HVAC
Ceiling/Roof Insulation	330,952 square feet of installed insulation
Commercial Reflective Roof	3,052,730 square feet of installed reflective roof

Program Description and Progress

Program Title: Commercial/Industrial Custom Incentive

Program Description: This program is designed to establish the capability and process to offer advanced energy services and energy efficient end-user equipment to Commercial/Industrial customers. These energy services include comprehensive audits, design, and construction of energy conservation projects. Specifically, projects covered under this program would be demand reduction or efficiency improvement retrofits that are beyond the scope of other programs.

Program Projections: For the period January 2017 through December 2017, the Company expects at the meter reductions of 200,000 kWh, 65 winter kW and 65 summer kW resulting from this program as reflected in the 2015 DSM Plan. Expenses of \$126,352 are projected for this program in 2017 as detailed in Schedule C-2.

Program Accomplishments: From January 2016 through June 2016, no customers have participated in this program.

Program Fiscal Expenditures: Projected expenses for January 2016 through June 2016 were \$26,232 compared to actual expenses of \$23,748 resulting in a difference of \$2,484 or 9% under budget.

Program Progress Summary: Since its launch in 2011, 15 customers have participated in the Commercial/Industrial Custom Incentive program resulting in at the meter reductions of 7,070,333 kWh (energy), 741 winter kW (demand) and 1,151 summer kW (demand).

Program Description and Progress

Program Title: Residential Service Time of Use Pilot Program

Program Description: The Residential Service Time of Use (RSTOU) rate pilot will provide residential customers the opportunity to use customer-owned equipment to respond automatically and take advantage of a variable pricing structure with a critical peak credit component. In order to control program expenses and facilitate monitoring and evaluation, the pilot will be offered to a group of approximately 400 residential customers who meet the program standards. In order to further encourage customers to utilize a qualifying Wi-Fi enabled thermostat, the RSTOU pilot will offer customers a per event credit for allowing their thermostat to automatically adjust the HVAC equipment settings during a critical event period. This option puts the customer in complete control of their energy purchase without utility owned equipment. The objective of this pilot is to measure customer's response to a variable price rate with customer owned equipment. Customers will have an opportunity for additional savings by shifting energy purchases to the lower priced periods, while providing peak demand reduction during the high and critical periods.

Program Projections: For the period January 2017 through December 2017, the Company expects approximately 400 program participants as reflected in the 2015 DSM Plan. Expenses of \$67,250 are projected for this program in 2017 as detailed in Schedule C-2.

Program Accomplishments: As of June 2016, 416 customers have enrolled with 330 customers completing installation and participating in the RSTOU rate. The total projection for 2016 is approximately 400 participants by year end. This program was projected to start in the fall of 2015, however, due to program development delays, the program launch was shifted to February 2016.

Program Fiscal Expenditures: Projected expenses for January through June 2016 were \$79,355 compared to actual expenses of \$146,996 resulting in a difference of \$67,641 or 85% over budget.

Program Progress Summary: Since its launch in February 2016, 416 customers have participated in this program.

Program Description and Progress

Program Title: Conservation Demonstration and Development

Program Description: A package of conservation programs was approved by the FPSC in Order No. 23561 for Gulf Power Company to explore and to pursue research, development, and demonstration projects designed to promote energy efficiency and conservation. This program serves as an umbrella program for the identification, development, demonstration and evaluation of new or emerging end-use technologies.

Program Accomplishments:

UWF BEST House

Gulf Power entered into a partnership, along with a number of other donors, with the University of West Florida, located in Pensacola, Florida, to help build a facility to be used as an educational tool and resource for Northwest Florida.

The project, now known as The Community Outreach, Research and Education (C.O.R.E.) Initiative, is a center to explain and demonstrate the advantages of retrofitting existing homes for energy efficiency. The C.O.R.E. facility is a multipurpose laboratory; a research lab, a trade demonstration area, a construction yard, and an interactive, energy efficiency and demonstration showcase. The C.O.R.E. facility promotes energy efficient construction through the innovative display of cutting-edge technology, and through community outreach and participation. The lab is available to students, industry professionals and the general public.

The facility accommodates a research initiative in an effort to measure the efficacy of different building technologies and installations. The C.O.R.E. initiative is particularly interested in the metering and measurement of sealed attic spaces, roof types, walls forms, windows, water heaters, Heating, Ventilation and Air Conditioning (HVAC) equipment, renewable energy and controls systems. The construction yard and demonstration area provides a similar opportunity for materials research and community seminars.

A final report will be issued on this project by year-end 2016. Gulf Power will remain involved with C.O.R.E. as the primary energy consultant and may initiate future CDD projects as new technologies are introduced at the facility.

Azalea Trace Project

The purpose of this project was to test the application of a Heat Pump Water Heater (HPWH) in an assisted living facility. The project included the installation of a commercial size Heat Pump Water Heater (4-ton heating capacity), two 119 gallon storage tanks and distribution duct work. The HPWH unit provides

preheated water (140 degrees F) to the existing natural gas boilers. In turn, the boilers feed the existing 350 gallon storage tank supplying hot water to the washers.

The project has provided a database for the application of the HPWH in this type facility. No data was on record within Gulf Power for the HPWH application in an assisted living facility. The laundry operated 24-hours a day, 7-days a week. The data was used to promote energy efficient production of hot water, off-set the installation of additional air conditioning units and provide a better climatic working environment for the employees.

The values of the data recorded will be used to calculate the system amount of “free” A/C cooling, the effect on the amount of natural gas used by the boilers, the electrical usage of the HPWH and the overall energy efficiency of the system.

The data will illustrate the efficient use of a dual fuel application in a large commercial, 24-hour operating facility for the first time in Gulf’s service area.

The project was monitored for one year, and a full report will be submitted to the Commission by the end of 2016.

10th Ave North Hair Salon Heat Pump Water Heater Project (HPWH)

This project was used to determine if a residential HPWH can be used successfully in small commercial applications with high usage. As part of this project, a residential HPWH was installed and metered in a high water use commercial facility to determine the performance, reliability and economic return on investment. Gulf partnered with General Electric (GE) for this project. Two 50 gallon HPWH’s were installed with an Energy Factor of 2.4, which GE agreed to warranty as part of this project.

The project will continue to be monitored to the last quarter of 2016 and a full report will be submitted to the Commission by the end of the first quarter of 2017.

Tesla Powerwall Demand Response (DR)

Modern-day battery storage provided by Tesla may be able to improve the effectiveness of current “Demand Response” programs. Demand response not only refers to *load shedding* but now also includes *load shifting*.

The Powerwall DR CDD Project will discover the possibilities and impact of:

1. *Load Shifting*: Battery storage’s ability to maximize the impact of TOU rates by charging during off-peak/low periods and discharging during on-peak/medium-high periods

2. *Peak Reduction:* Battery storage's ability to be dispatched at specific times (critical peak events) to supplement the demand response capability of Energy Select.

Data monitoring will be used to assess the impact of battery storage in terms of performance, reliability, economic return on investment, from the perspective of the customer and the utility.

Tesla's daily cycle 6.4kWh Powerwall will be interconnected to a SolarEdge StorEdge inverter and existing Energy Select equipment. TOU times and critical peak dispatches will be accessed through the inverter's internal controls. Third parties have been contracted to install the equipment, monitor the various outputs of the system, compile the data for further analysis and provide a final report on the project.

Tesla Powerwall Demand Photovoltaic (PV)

Modern-day battery storage provided by Tesla may be able to overcome two of the typical shortcomings of grid-tied solar photovoltaics: the limited "daytime" periods of generation and the intermittency of output (due to shade or cloud cover).

The Powerwall PV CDD Project will discover the possibilities and impact of:

1. *Solar Shifting:* Battery storage's impact on peak demand by charging during the normal PV generation period and discharging during on-peak/medium-high periods.
2. *Solar Smoothing:* Battery storage's ability to stabilize the PV output during adverse weather conditions / cloud cover or shading caused by obstructions.

Data monitoring will be used to assess the impact of battery storage in terms of performance, reliability, economic return on investment, from the perspective of the customer and the utility.

Tesla's daily cycle 6.4kWh Powerwall will be interconnected to a SolarEdge StorEdge inverter and a retrofitted/existing 5kW photovoltaic installation. Charge and discharge time periods will be programmed within the inverter's internal controls. Third parties have been contracted to install the equipment, monitor the various outputs of the system, compile the data for further analysis and provide a final report on the project.

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Program Fiscal Expenditures: Program expenses were forecasted at \$125,330 for the period January through June 2016 compared to actual expenses of \$38,531 for a deviation of \$86,799 or 69% under budget. Actual project expenses were as follows: UWF BEST House, \$0; Azalea Trace Heat Pump Water Heater, \$1,035; Hair Salon Heat Pump Water Heater Project, \$9,085; Tesla Powerwall Demand Response, \$17,756; Tesla Powerwall Demand Photovoltaic, \$10,655.

**RESIDENTIAL SERVICE
2017 Variable Pricing (RSVP) and
Time of Use (RSTOU) Rates
Cents Per KWH**

ECCR

<u>Rate Tier</u>	<u>RSVP</u>
P4	62.627
P3	7.247
P2	(0.774)
P1	(3.000)

<u>Rate Tier</u>	<u>RSTOU</u>
On-Peak	17.000
Off-Peak	(3.106)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Energy Conservation Cost Recovery Clause)

Docket No.: 160002-EG

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing was furnished by electronic mail this 19th day of August, 2016 to the following:

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