

**Robert L. McGee, Jr.**  
Regulatory & Pricing Manager

One Energy Place  
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March 15, 2016

**Mr. Bart Fletcher**  
Division of Accounting and Finance  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

RE: Monthly Rate of Return Report

Dear Mr. Fletcher:

Attached is Gulf Power Company's Jurisdictional Rate of Return Report for the month of January, 2016.

Sincerely,



Robert L. McGee, Jr.  
Regulatory and Pricing Manager

md

Attachment

cc/att.: Office of the Public Counsel  
c/o Florida Legislature  
111 W. Madison, Rm. 801  
Tallahassee, FL 32399-1400

GOV 2-1-5-3

**January 2016**

Earnings Surveillance  
Report  
(Rate of Return)



**GULF POWER COMPANY**  
**Earnings Surveillance Report Summary**  
**January, 2016**

	(1) Actual Per Books	(2) FPSC Adjustments	(3) FPSC Adjusted	(4) Pro Forma Adjustments	(5) Pro Forma Adjusted
<b>I. Average Rate of Return (Jurisdictional)</b>					
	(a)	(b)			
Net Operating Income	180,924,715	(69,777,646)	111,147,069	0	111,147,069
Average Rate Base	3,418,925,646	(1,414,709,264)	2,004,216,381	0	2,004,216,381
Average Rate of Return	5.29%		5.55%		5.55%
<b>II. Year End Rate of Return (Jurisdictional)</b>					
	(a)	(b)			
Net Operating Income	180,925,814	(70,092,377)	110,833,437	0	110,833,437
Year End Rate Base	3,451,589,807	(1,431,686,287)	2,019,903,520	0	2,019,903,520
Year End Rate of Return	5.24%		5.49%		5.49%

(a) Includes AFUDC Earnings

(b) Includes Reversal of AFUDC Earnings

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

Low	5.18%
Midpoint	5.54%
High	5.90%

**IV. Financial Integrity Indicators**


A. Tie With AFUDC	4.97 x (System per Books Basis)
B. Tie Without AFUDC	4.70 x (System per Books Basis)
C. AFUDC To Net Income	10.03% (System per Books Basis)
D. Internally Generated Funds	131.83% (System per Books Basis)
E. LTD To Total Investor Funds	45.64% (FPSC Adjusted Basis)
F. STD To Total Investor Funds	2.86% (FPSC Adjusted Basis)
G. Return on Common Equity	10.25% (FPSC Adjusted Basis)
H. Return on Common Equity	10.25% (Proforma Basis)

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

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

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

Signature



Date

3/15/16

GULF POWER COMPANY  
AVERAGE RATE OF RETURN  
RATE BASE  
January, 2016

	PLANT IN SERVICE	ACCUMULATED DEPRECIATION & AMORTIZATION	NET PLANT IN SERVICE	PROPERTY HELD FOR FUTURE USE	CONSTRUCTION WORK IN PROGRESS	NUCLEAR FUEL (NET)	NET UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE
SYSTEM PER BOOKS	4,767,155,143	1,584,233,407	3,182,921,736	14,832,798	342,894,089	0	3,540,648,623	215,425,360	3,756,073,983
JURISDICTIONAL PER BOOKS	4,233,544,820	1,431,799,498	2,801,745,322	14,398,867	332,711,714	0	3,148,855,903	270,069,743	3,418,925,646
FPSC ADJUSTMENTS:									
ENVIRONMENTAL RECOVERY CLAUSE	(1,101,669,647)	(195,324,347)	(906,345,300)		(19,409,742)		(925,755,042)	(6,188,937)	(931,943,979)
INT BEARING CWIP					(279,084,337)		(279,084,337)	0	(279,084,337)
ENERGY CONSERVATION CLAUSE	(13,037,592)	7,210,634	(20,248,226)		(1,351)		(20,249,577)	(1,477,420)	(21,726,997)
TRANSMISSION INVESTMENT PURSUANT TO STIP. & SETT.	(136,084,862)		(136,084,862)				(136,084,862)	0	(136,084,862)
CAPITALIZED DEF. EARNINGS ON TRANSM PURSUANT TO STIP. & SETT.								(2,643,627)	(2,643,627)
LOANS TO EMPLOYEES / RETIREES								(47,755)	(47,755)
INTEREST AND DIVIDENDS RECEIVABLE								(43,439)	(43,439)
FUNDED PROP RES, N. ESCAMBIA & OTHER INV.				(12,661,331)			(12,661,331)	(4,358,940)	(17,020,271)
FUEL RELATED DEFERRED DEBITS								(23,446,675)	(23,446,675)
ACCURED PROVISION FOR REFUND								0	0
UNAMORTIZED RATE CASE EXPENSES								(2,667,322)	(2,667,322)
TOTAL FPSC ADJUSTMENTS	(1,250,792,101)	(188,113,713)	(1,062,678,388)	(12,661,331)	(298,495,430)	0	(1,373,835,149)	(40,874,115)	(1,414,709,264)
FPSC ADJUSTED	2,982,752,719	1,243,685,785	1,739,066,934	1,737,536	34,216,284	0	1,775,020,754	229,185,627	2,004,216,381
PRO FORMA REVENUE AND ANNUALIZATION ADJUSTMENTS	0	0	0	0	0	0	0	0	0
TOTAL PRO FORMA ADJUST	0	0	0	0	0	0	0	0	0
PRO FORMA ADJUSTED	2,982,752,719	1,243,685,785	1,739,066,934	1,737,536	34,216,284	0	1,775,020,754	229,185,627	2,004,216,381

GULF POWER COMPANY  
AVERAGE RATE OF RETURN  
INCOME STATEMENT  
January, 2016

	OPERATING REVENUES	O & M FUEL & NET INTERCHANGE	O & M OTHER	DEPRECIATION & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	DEFERRED INCOME TAXES (NET)	INVESTMENT TAX CREDIT (NET)	(GAIN)LOSS ON DISPOSITION OF PROPERTY	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
SYSTEM PER BOOKS	1,480,720,745	594,528,355	340,543,245	155,388,771	117,825,616	8,799,106	79,349,500	(686,066)	0	1,285,746,527	194,972,218 (a)
JURISDICTIONAL PER BOOKS	1,317,394,755	499,247,896	320,822,307	143,792,432	115,868,625	12,903,039	60,031,013	(425,002)	0	1,152,260,250	165,124,504 (a)
LESS FPSC ADJUSTMENTS:	(413,201,760)	(412,653,364)				(134,394)				(412,967,756)	(214,002)
RETAIL FUEL REVENUES & EXPENSES	(66,037,573)	(86,184,966)				60,714				(66,134,252)	96,679
PURCHASED POWER CAPACITY REVENUES & EXPENSES	(17,298,392)		(14,799,689)	(365,489)	(325,015)	(697,509)				(16,187,712)	(1,110,680)
ENERGY CONSERVATION COST REVENUES & EXPENSES	(146,470,448)		(24,851,749)	(41,516,894)	(3,787,612)	(29,438,200)				(99,594,455)	(46,875,993)
ENVIRONMENTAL COST RECOVERY CLAUSE	(44,022,530)				(42,890,200)	(436,796)				(43,326,986)	(685,533)
FRANCHISE FEE REVENUE & EXPENSE	(53,124,359)				(32,752,949)	(143,271)				(32,896,220)	(228,139)
GROSS RECEIPTS TAX REVENUE & ADJUSTMENT						64,964				(103,445)	103,445
MARKETING SUPPORT ACTIVITIES		(189,506)				78,959				(122,547)	122,547
WHOLESALE EXPENSES						93,849				(148,441)	148,441
INSTITUTIONAL ADVERTISING EXPENSE			(243,290)			21,832				(34,764)	34,764
ECONOMIC DEVELOPMENT EXPENSE			(30,482)			11,758				(18,724)	18,724
MGMT FINANCIAL PLANNING SERVICES			(48,200)			17,822				(26,378)	26,378
DIRECTORS' & OFFICERS' INSURANCE			(1,308)			505				(603)	803
INDUSTRY ASSOCIATION DUES			(437,180)		(21,343)	176,875				(281,648)	281,648
TALLAHASSEE MANSION EXPENSES				70,000		(27,003)				42,997	(42,997)
DEPRECIATION CREDIT ADJUSTMENT (1)					(1,548,830)	597,647				(951,983)	951,983
GRT; FPSC FEES ON CLAUSES & FEES						8,188				(13,053)	13,053
(GAIN) / LOSS ON DISPOSITION OF PROPERTY						6,811,553			(21,251)	6,811,553	(6,811,553)
INTEREST SYNCHRONIZATION											
TOTAL FPSC ADJUSTMENTS	(740,155,062)	(499,247,896)	(49,634,903)	(41,812,393)	(81,326,949)	(23,134,295)	0	0	(21,251)	(686,177,627)	(53,977,435)
FPSC ADJUSTED	577,229,692	0	260,187,404	101,980,039	34,561,676	(10,231,256)	60,031,013	(425,002)	(21,251)	466,082,823	111,147,069
PRO FORMA REVENUE ANNUALIZATION ADJUSTMENTS	0	0	0	0	0	0	0	0	0	0	0
TOTAL PRO FORMA ADJUSTMENTS	577,229,692	0	260,187,404	101,980,039	34,561,676	(10,231,256)	60,031,013	(425,002)	(21,251)	466,082,823	111,147,069
PRO FORMA ADJUSTED	1,057,950,437	499,247,896	600,874,811	203,972,471	69,123,352	(20,462,512)	120,062,026	(850,002)	(42,502)	1,552,260,250	306,291,137
(a) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM NOI BY			16,176,011			15,800,211					
CURRENT MONTH SYSTEM PER BOOKS	124,318,918	49,378,136	24,319,841	11,077,310	9,660,265	6,303,565	3,444,028	(42,621)	0	104,160,565	20,158,354
CURRENT MONTH JURISDICTIONAL PER BOOKS	109,723,546	38,952,877	22,128,256	10,101,483	9,510,941	6,379,867	3,211,209	(21,141)	0	90,263,493	19,460,053

TOTALS MAY NOT ADD DUE TO ROUNDING.

Note:

(1) Reflects an adjustment to the depreciation credit provided for in Order No. PSC-13-0670-S-EI, issued December 19, 2013.

GULF POWER COMPANY  
AVERAGE RATE OF RETURN  
SYSTEM ADJUSTMENTS  
January, 2016

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<u>RATE BASE ADJUSTMENTS</u>	<u>AMOUNT</u>	<u>NET OPERATING INCOME STATEMENT ADJUSTMENTS</u>	<u>AMOUNT</u>	<u>TAX EFFECT</u>
ENVIRONMENTAL COST RECOVERY CLAUSE INVESTMENT	(1,134,797,388)	FUEL & IIC FUEL REVENUES AND ECONOMY PROFITS	(499,761,353)	(192,782,942)
ACCUMULATED DEPRECIATION	201,197,845	ENVIRONMENTAL COST RECOVERY CLAUSE REVENUES	(150,762,317)	(59,156,564)
CWIP	(19,993,402)	PURCHASED POWER CAPACITY COST CLAUSE REVENUES	(86,281,289)	(33,275,285)
ENERGY CONSERVATION COST RECOVERY INVESTMENT	(13,037,592)	ENERGY CONSERVATION COST RECOVERY CLAUSE REVENUES	(17,288,392)	(6,672,855)
ACCUMULATED DEPRECIATION	(7,210,634)	FUEL EXPENSE	(495,835,195)	191,268,426
CWIP	(1,351)	PURCHASED POWER CAPACITY COST EXPENSE	(88,795,374)	34,252,816
TRANSMISSION PURSUANT TO STIP. & SETT. INVESTMENT	(136,084,862)	CONSERVATION EXPENSES - DEPRECIATION AND O & M	(15,165,188)	5,849,971
FAS 143 NET PLANT	(59,946,688)	CONSERVATION EXPENSES - OTHER TAXES	(325,015)	125,375
INTEREST BEARING CWIP	(285,722,222)	ENVIRONMENTAL COST RECOVERY EXPENSE	(72,200,712)	27,851,425
PHFU - NORTH ESCAMBIA	(13,042,899)	FRANCHISE FEE REVENUES	(44,022,530)	(16,981,691)
WORKING CAPITAL:		FRANCHISE FEE	(42,890,200)	16,544,895
ECRC WORKING CAPITAL	(6,375,041)	GROSS RECEIPTS TAX REVENUES	(33,124,359)	(12,777,721)
CONSERVATION/AEM INVENTORY	(1,477,420)	GROSS RECEIPTS TAX EXPENSE	(32,752,949)	12,634,450
CAPITALIZED DEF. EARNINGS ON TRANSMISSION PURSUANT TO STIP. & SETT.	(2,643,627)	MARKETING SUPPORT ACTIVITIES	(168,409)	64,964
FUNDED PROPERTY INSURANCE RESERVE	0	WHOLESALE EXPENSE	(205,587)	79,305
LOANS TO EMPLOYEES AND RETIREES	(49,840)	INSTITUTIONAL ADVERTISING EXPENSE	(248,083)	95,698
INTEREST & DIVIDENDS RECEIVABLE	(45,335)	ECONOMIC DEVELOPMENT EXPENSE	(58,596)	21,832
NORTH ESCAMBIA SITE	(4,549,398)	MGMT FINANCIAL PLANNING SERVICES	(31,155)	12,018
UNAMORTIZED RATE CASE EXPENSE	(2,783,867)	DIRECTORS' & OFFICERS' INSURANCE	(47,220)	18,215
FUEL RELATED DEFERRED DEBITS	(23,446,675)	INDUSTRY ASSOCIATION DUES	(1,334)	514
UNREALIZED LOSS ON FWD CONTRACT	(315)	TALLAHASSEE LIAISON EXPENSE	(468,852)	180,782
ACCUM. PROV. FOR RATE REFUNDS	0	DEPRECIATION CREDIT ADJUSTMENT (1)	70,000	(27,003)
FAS 143 WORKING CAPITAL	72,299,834	GRT/FPSC FEES ON CLAUSE REV ADJ & FRAN FEES	(1,549,830)	597,847
FAS 158 REGULATORY ASSETS	(152,467,744)	COMP SALES/TRANS REV/G/L SALE GAS/PROV RT REFVN. ESC REV	(118,217)	(44,831)
FAS 158 REGULATORY LIABILITIES	152,467,744	GAIN/LOSS ON DISPOSITION OF PROPERTY	(21,642)	8,348
PPA REGULATORY ASSETS	(172,239,028)	INTEREST SYNCHRONIZATION	6,933,044	6,933,044
PPA REGULATORY LIABILITIES	172,239,028			
FAS 133 REGULATORY ASSETS	(90,341,825)			
FAS 133 REGULATORY LIABILITIES	90,341,825			

Note:

(1) Reflects an adjustment to the depreciation credit provided for in Order No. PSC-13-0870-S-EI, Issued December 19, 2013.

GULF POWER COMPANY  
YEAR END RATE OF RETURN  
RATE BASE  
January, 2016

	PLANT IN SERVICE	ACCUMULATED DEPRECIATION & AMORTIZATION	NET PLANT IN SERVICE	PROPERTY HELD FOR FUTURE USE	CONSTRUCTION WORK IN PROGRESS	NUCLEAR FUEL (NET)	NET UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE
SYSTEM PER BOOKS	5,162,941,620	1,638,650,108	3,524,291,512	14,756,744	46,915,179	0	3,585,963,435	215,425,360	3,801,388,795
JURISDICTIONAL PER BOOKS	4,592,860,062	1,480,455,615	3,112,404,447	14,325,038	44,767,095	0	3,171,486,580	280,063,227	3,451,549,807
<b>FPSC ADJUSTMENTS:</b>									
ENVIRONMENTAL RECOVERY CLAUSE	(1,375,805,277)	(215,803,662)	(1,160,001,615)		(15,970,862)		(1,175,972,477)	(6,188,937)	(1,182,161,414)
INT BEARING CWIP					(74,703)		(74,703)	0	(74,703)
ENERGY CONSERVATION CLAUSE	(13,556,111)	7,536,978	(21,093,089)		(17,559)		(21,110,648)	(1,477,420)	(22,588,068)
TRANSMISSION INVESTMENT PURSUANT TO STIP. & SETT.	(177,102,921)		(177,102,921)				(177,102,921)	0	(177,102,921)
CAPITALIZED DEF. EARNINGS ON TRANSM PURSUANT TO STIP. & SETT.								(6,533,719)	(6,533,719)
LOANS TO EMPLOYEES AND RETIREES								(47,755)	(47,755)
INTEREST AND DIVIDENDS RECEIVABLE								(43,439)	(43,439)
FUNDED PROP RES. N. ESCAMBIA SITE, & OTHER INV.				(12,661,331)			(12,661,331)	(4,358,940)	(17,020,271)
FUEL RELATED DEFERRED DEBITS								(23,446,675)	(23,446,675)
ACCRUED PROVISION FOR REFUND								0	0
UNAMORTIZED RATE CASE EXPENSES								(2,667,322)	(2,667,322)
<b>TOTAL FPSC ADJUSTMENTS</b>	<b>(1,566,464,309)</b>	<b>(208,266,684)</b>	<b>(1,358,197,625)</b>	<b>(12,661,331)</b>	<b>(16,063,124)</b>	<b>0</b>	<b>(1,386,922,080)</b>	<b>(44,764,207)</b>	<b>(1,431,686,287)</b>
<b>FPSC ADJUSTED</b>	<b>3,026,395,753</b>	<b>1,272,188,931</b>	<b>1,754,206,822</b>	<b>1,663,707</b>	<b>28,703,971</b>	<b>0</b>	<b>1,784,574,500</b>	<b>235,329,020</b>	<b>2,019,903,520</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
PRO FORMA ADJUSTED	3,026,395,753	1,272,188,931	1,754,206,822	1,663,707	28,703,971	0	1,784,574,500	235,329,020	2,019,903,520

GULF POWER COMPANY  
YEAR END RATE OF RETURN  
INCOME STATEMENT  
January, 2016

	OPERATING REVENUES	O & M FUEL & NET INTERCHANGE	O & M OTHER	DEPRECIATION & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	DEFERRED INCOME TAXES (NET)	INVESTMENT TAX CREDIT (NET)	(GAIN)/LOSS ON DISPOSITION OF PROPERTY	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
SYSTEM PER BOOKS	1,480,720,745	584,528,355	340,543,245	155,388,771	117,825,616	8,799,106	79,349,500	(886,068)	0	1,285,748,527	194,972,218 (e)
JURISDICTIONAL PER BOOKS	1,317,384,755	499,247,836	320,822,307	143,792,432	115,888,625	12,903,488	60,029,485	(425,002)	0	1,152,259,151	165,125,603 (e)
LESS FPSC ADJUSTMENTS:	(413,201,760)	(412,653,364)				(134,394)				(412,987,758)	(214,002)
RETAIL FUEL REVENUES & EXPENSES	(86,037,573)	(86,194,966)				60,714				(86,134,252)	96,679
PURCHASED POWER CAPACITY REVENUES & EXPENSES	(17,298,392)		(14,799,689)	(365,489)	(325,015)	(697,509)				(16,187,712)	(1,110,680)
ENERGY CONSERVATION COST REVENUES & EXPENSES	(146,470,448)		(24,851,745)	(41,518,894)	(3,787,612)	(29,438,200)				(99,594,455)	(46,875,993)
ENVIRONMENTAL COST RECOVERY CLAUSE	(44,022,530)				(42,890,200)	(436,798)				(43,326,996)	(685,533)
FRANCHISE FEE REVENUE & EXPENSE	(33,124,359)		(168,409)		(32,752,949)	(143,271)				(32,896,220)	(228,139)
GROSS RECEIPTS TAX REVENUE & ADJUSTMENT						64,964				(103,445)	103,445
MARKETING SUPPORT ACTIVITIES		(199,506)				76,959				(122,547)	122,547
WHOLESALE EXPENSES			(243,290)			93,849				(149,441)	149,441
INSTITUTIONAL ADVERTISING EXPENSE			(58,586)			21,832				(34,764)	34,764
ECONOMIC DEVELOPMENT EXPENSE			(30,482)			11,756				(18,724)	18,724
MGMT FINANCIAL PLANNING SERVICES			(46,200)			17,822				(28,378)	28,378
DIRECTORS' & OFFICERS' INSURANCE			(1,308)			505				(803)	803
INDUSTRY ASSOCIATION DUES			(437,180)		(21,343)	176,875				(281,648)	281,648
TALLAHASSEE LIAISON EXPENSES				70,000		(27,003)				42,997	(42,997)
DEPRECIATION CREDIT ADJUSTMENT (1)					(1,549,830)	597,847				(951,983)	951,983
GRT, FPSC FEES ON CLAUSES & FEES						8,198				(13,053)	13,053
(GAIN) / LOSS ON DISPOSITION OF PROPERTY						6,926,284			(21,251)	6,926,284	(6,926,284)
INTEREST SYNCHRONIZATION											
TOTAL FPSC ADJUSTMENTS	(740,155,062)	(499,247,836)	(40,634,903)	(41,812,393)	(81,328,949)	(22,819,564)	0	0	(21,251)	(685,862,896)	(54,292,166)
FPSC ADJUSTED	577,229,692	0	280,187,404	101,980,039	34,561,676	(9,916,096)	60,029,485	(425,002)	(21,251)	466,396,255	110,833,437
PRO FORMA REVENUE ANNUALIZATION											
TOTAL PRO FORMA ADJUSTMENTS	0	0	0	0	0	0	0	0	0	0	0
PRO FORMA ADJUSTED	577,229,692	0	280,187,404	101,980,039	34,561,676	(9,916,096)	60,029,485	(425,002)	(21,251)	466,396,255	110,833,437
(a) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM NOI BY				16,176,011	AND THE JURISDICTIONAL NOI BY		15,800,211				

Note:  
(1) Reflects an adjustment to the depreciation credit provided for in Order No. PSC-13-0670-5-EI, issued December 19, 2013.



GULF POWER COMPANY  
YEAR END RATE OF RETURN  
SYSTEM ADJUSTMENTS  
January, 2016

SCHEDULE 3  
PAGE 3 OF 3

<u>RATE BASE ADJUSTMENTS</u>	<u>AMOUNT</u>	<u>NET OPERATING INCOME STATEMENT ADJUSTMENTS</u>	<u>AMOUNT</u>	<u>TAX EFFECT</u>
ENVIRONMENTAL COST RECOVERY CLAUSE INVESTMENT	(1,417,400,284)	FUEL & IIC FUEL REVENUES AND ECONOMY PROFITS	(499,761,353)	(192,782,942)
ACCUMULATED DEPRECIATION CWIP	222,328,099	ENVIRONMENTAL COST RECOVERY CLAUSE REVENUES	(150,782,317)	(58,156,564)
ENERGY CONSERVATION COST RECOVERY INVESTMENT	(16,453,713)	PURCHASED POWER CAPACITY COST CLAUSE REVENUES	(86,261,289)	(33,275,285)
ACCUMULATED DEPRECIATION CWIP	(13,556,111)	ENERGY CONSERVATION COST RECOVERY CLAUSE REVENUES	(17,298,392)	(6,672,855)
TRANSMISSION PURSUANT TO STIP. & SETT. INVESTMENT	(7,536,878)	FUEL EXPENSE	(495,835,195)	191,268,428
FAS 143 NET PLANT	(17,559)	PURCHASED POWER CAPACITY COST EXPENSE	(88,795,374)	34,252,816
INTEREST BEARING CWIP	(177,102,921)	CONSERVATION EXPENSES - DEPRECIATION AND O & M	(15,165,188)	5,849,971
PHFU - NORTH ESCAMBIA	(89,455,313)	CONSERVATION EXPENSES - OTHER TAXES	(325,015)	125,375
	(76,480)	ENVIRONMENTAL COST RECOVERY EXPENSE	(72,200,712)	27,851,425
	(13,042,899)	FRANCHISE FEE REVENUES	(44,022,530)	(16,981,891)
		FRANCHISE FEE	(42,890,200)	18,544,895
WORKING CAPITAL:		GROSS RECEIPTS TAX REVENUES	(33,124,359)	(12,777,721)
ECRC WORKING CAPITAL	(8,375,041)	GROSS RECEIPTS TAX EXPENSE	(32,752,949)	12,634,450
CONSERVATION/AEM INVENTORY	(1,477,420)	MARKETING SUPPORT ACTIVITIES	(168,409)	64,964
CAPITALIZED DEF. EARNINGS ON TRANSMISSION PURSUANT TO STIP. & SETT.	(2,643,627)	WHOLESALE EXPENSE	(205,587)	79,305
FUNDED PROPERTY INSURANCE RESERVE	0	INSTITUTIONAL ADVERTISING EXPENSE	(248,083)	95,698
LOANS TO EMPLOYEES AND RETIREES	(49,840)	ECONOMIC DEVELOPMENT EXPENSE	(56,596)	21,832
INTEREST & DIVIDENDS RECEIVABLE	(45,335)	MGMT FINANCIAL PLANNING SERVICES	(31,155)	12,018
NORTH ESCAMBIA SITE	(4,549,398)	DIRECTORS' & OFFICERS' INSURANCE	(47,220)	18,215
UNAMORTIZED RATE CASE EXPENSE	(2,783,867)	INDUSTRY ASSOCIATION DUES	(1,334)	514
FUEL RELATED DEFERRED DEBITS	(23,446,675)	TALLAHASSEE LIAISON EXPENSE	(468,652)	180,782
UNREALIZED LOSS ON FWD CONTRACT	(315)	DEPRECIATION CREDIT ADJUSTMENT (1)	70,000	(27,003)
ACCUM. PROV. FOR RATE REFUNDS	0	GRT/FPSC FEES ON CLAUSE REV ADJ & FRAN FEES	(1,549,830)	597,847
FAS 143 WORKING CAPITAL	72,299,834	COMP SALES/TRANS REV/QL SALE GAS/PROV RT REPN. ESC REV	(116,217)	(44,831)
FAS 158 REGULATORY ASSETS	(152,487,744)	GAIN/LOSS ON DISPOSITION OF PROPERTY	(21,642)	8,348
FAS 158 REGULATORY LIABILITIES	152,487,744	INTEREST SYNCHRONIZATION	7,318,765	7,318,765
PPA REGULATORY ASSETS	(172,239,026)			
PPA REGULATORY LIABILITIES	172,239,026			
FAS 133 REGULATORY ASSETS	(90,341,825)			
FAS 133 REGULATORY LIABILITIES	90,341,825			

Note:

(1) Reflects an adjustment to the depreciation credit provided for in Order No. PSC-13-0670-S-El, issued December 16, 2013.

GULF POWER COMPANY  
CAPITAL STRUCTURE  
FPSC ADJUSTED BASIS  
January, 2016

AVERAGE	ADJUSTMENTS			LOW POINT			MIDPOINT			HIGH POINT		
	SYSTEM PER BOOKS	RETAIL PER BOOKS	PRO RATA	SPECIFIC	ADJUSTED RETAIL	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
LONG TERM DEBT	1,322,718,340	1,206,829,525	(499,371,173)	0	707,458,352	35.30	4.49	1.59	4.49	1.59	4.49	1.59
SHORT TERM DEBT	108,304,240	75,631,075	(31,295,206)	0	44,335,869	2.21	0.43	0.01	0.43	0.01	0.43	0.01
PREFERENCE STOCK	146,504,004	133,668,061	(55,310,195)	0	78,357,866	3.91	6.14	0.24	6.14	0.24	6.14	0.24
CUSTOMER DEPOSITS	35,674,514	35,947,475	(14,874,622)	0	21,072,853	1.05	2.38	0.03	2.38	0.03	2.38	0.03
COMMON EQUITY	1,335,175,743	1,228,095,514	(508,170,777)	0	719,924,737	35.92	9.25	3.32	10.25	3.68	11.25	4.04
DEFERRED INCOME TAXES	851,281,749	789,735,774	(326,782,923)	0	462,952,851	23.10						
FASB 109 DEFERRED TAXES	(55,739,663)	(51,709,799)	21,396,878	0	(30,312,921)	(1.51)						
TAX CREDITS - ZERO COST	0	0	0	0	0	0.00						
TAX CREDITS - WEIGHTED COST	2,375,146	728,020	(301,246)	0	426,774	0.02	6.85	0.00	7.33	0.00	7.81	0.00
TOTAL	3,746,294,073	3,418,925,646	(1,414,709,264)	0	2,004,216,381	100.00 %		5.18 %		5.54 %		5.90 %

YEAR-END	ADJUSTMENTS			LOW POINT			MIDPOINT			HIGH POINT		
	SYSTEM PER BOOKS	RETAIL PER BOOKS	PRO RATA	SPECIFIC	ADJUSTED RETAIL	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
LONG TERM DEBT	1,284,631,055	1,182,425,157	(490,458,594)	0	691,966,563	34.26	4.45	1.53	4.45	1.53	4.45	1.53
SHORT TERM DEBT	90,948,476	60,394,417	(25,051,024)	0	35,343,393	1.75	0.90	0.02	0.90	0.02	0.90	0.02
PREFERENCE STOCK	146,504,320	134,846,362	(55,933,805)	0	78,914,557	3.91	6.14	0.24	6.14	0.24	6.14	0.24
CUSTOMER DEPOSITS	35,900,537	36,367,426	(15,084,859)	0	21,282,567	1.05	2.44	0.03	2.44	0.03	2.44	0.03
COMMON EQUITY	1,337,837,982	1,247,496,446	(517,449,539)	0	730,046,907	36.14	9.25	3.34	10.25	3.70	11.25	4.07
DEFERRED INCOME TAXES	896,294,900	841,535,709	(349,060,925)	0	492,474,784	24.38						
FASB 109 DEFERRED TAXES	(55,384,578)	(62,000,853)	21,568,454	0	(30,431,398)	(1.51)						
TAX CREDITS - ZERO COST	0	0	0	0	0	0.00						
TAX CREDITS - WEIGHTED COST	2,038,829	523,143	(216,995)	0	306,148	0.02	6.88	0.00	7.36	0.00	7.85	0.00
TOTAL	3,736,771,519	3,451,589,807	(1,431,686,287)	0	2,019,903,520	100.00 %		5.15 %		5.51 %		5.88 %

**GULF POWER COMPANY**  
**Financial Integrity Indicators**  
**January, 2016**

**A. Times Interest Earned with AFUDC**

Earnings Before Interest	206,613,555
AFUDC - Debt	4,996,764
Income Taxes	89,226,398
	<hr/>
Total	300,836,717
Interest Charges (Before Deducting AFUDC - Debt)	60,556,159
	<hr/>
T.I.E. With AFUDC	4.97 x

**B. Times Interest Earned without AFUDC**

Earnings Before Interest	206,613,555
AFUDC - Other	(11,179,247)
Income Taxes	89,226,398
	<hr/>
Total	284,660,706
Interest Charges (Before Deducting AFUDC - Debt)	60,556,159
	<hr/>
T.I.E. Without AFUDC	4.70 x

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

AFUDC - Debt	4,996,764
X (1 - Income Tax Rate)	0.61425
	<hr/>
Subtotal	3,069,262
AFUDC - Other	11,179,247
	<hr/>
Total	14,248,509
	<hr/>
Net Income Available for Common Stockholders	142,051,659
Percent AFUDC to Available Net Income	10.03%

**D. Percent Internally Generated Funds**

Net Income	151,054,160
Preference Dividends	(9,002,500)
Common Dividends	(127,837,000)
AFUDC (Debt & Other)	(16,176,011)
Depreciation & Amortization	164,507,829
Deferred Income Taxes	79,304,991
Investment Tax Credits	0
Other	38,784,607
	<hr/>
Total	280,836,076
	<hr/>
Construction Expenditures (Excluding AFUDC Other & Debt)	213,029,628
	<hr/>
Percent Internally Generated Funds	131.83%

**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	707,458,352
Short Term Debt	44,335,869
Preference Stock	78,357,866
Common Equity	719,924,737
	<hr/>
Total	1,550,076,824
	<hr/>
% Long Term Debt To Total	45.64%
	<hr/>
% Short Term Debt To Total	2.86%

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

	G. FPSC ADJ.	H. PROFORMA
FPSC Adjusted Average Earned Rate of Return	5.55%	5.55%
Less: Reconciled Average Retail Weighted Cost Rates For:		
Long Term Debt	(1.59)	(1.59)
Short Term Debt	(0.01)	(0.01)
Preference Stock	(0.24)	(0.24)
Customer Deposits	(0.03)	(0.03)
Tax Credits - Weighted Cost (Common Equity at Midpoint)	(0.00)	(0.00)
	<hr/>	<hr/>
Subtotal	(1.86)	(1.86)
	<hr/>	<hr/>
Total	3.68	3.68
Divided by Common Equity Ratio	35.92	35.92
	<hr/>	<hr/>
Jurisdictional Return on Common Equity	10.25%	10.25%

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

Supplemental 1

<u>Month</u>	<u>Year</u>	<u>\$</u>
February	2015	291,667
March	2015	291,666
April	2015	291,667
May	2015	291,667
June	2015	291,666
July	2015	291,667
August	2015	291,667
September	2015	291,666
October	2015	291,667
November	2015	291,667
December	2015	291,666
January	2016	291,667
<b>12 - M-T-D</b>		<b><u><u>3,500,000</u></u></b>