



GULF POWER COMPANY

Presentation before the

FLORIDA PUBLIC SERVICE COMMISSION

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September 12th, 2017

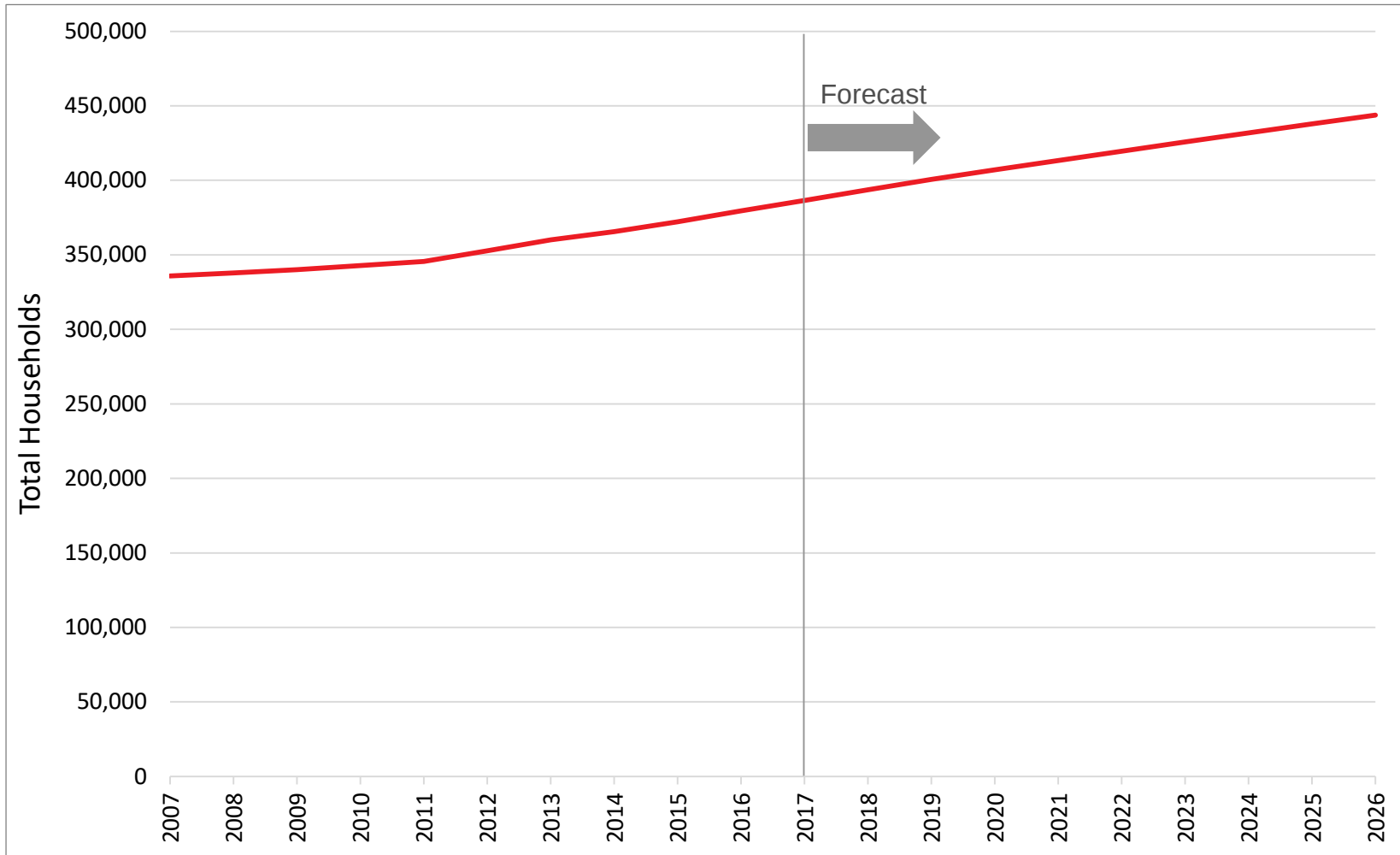


Gulf Power 2017 TYSP Overview

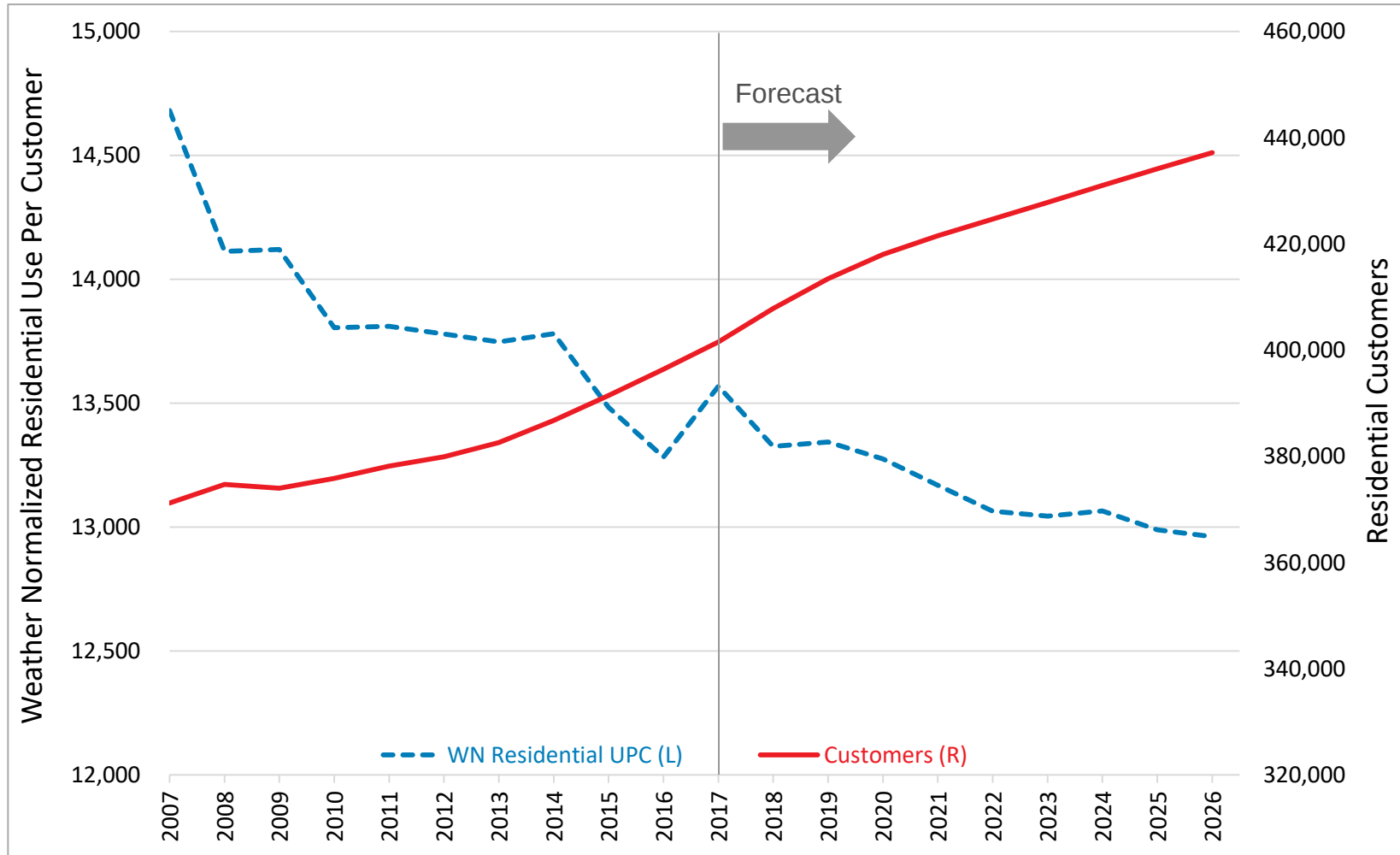


- **Economic Outlook**
- **Fuel Forecast Outlook**
- **Renewables Update**
- **Gulf's 2017 TYSP Next Resource Need**

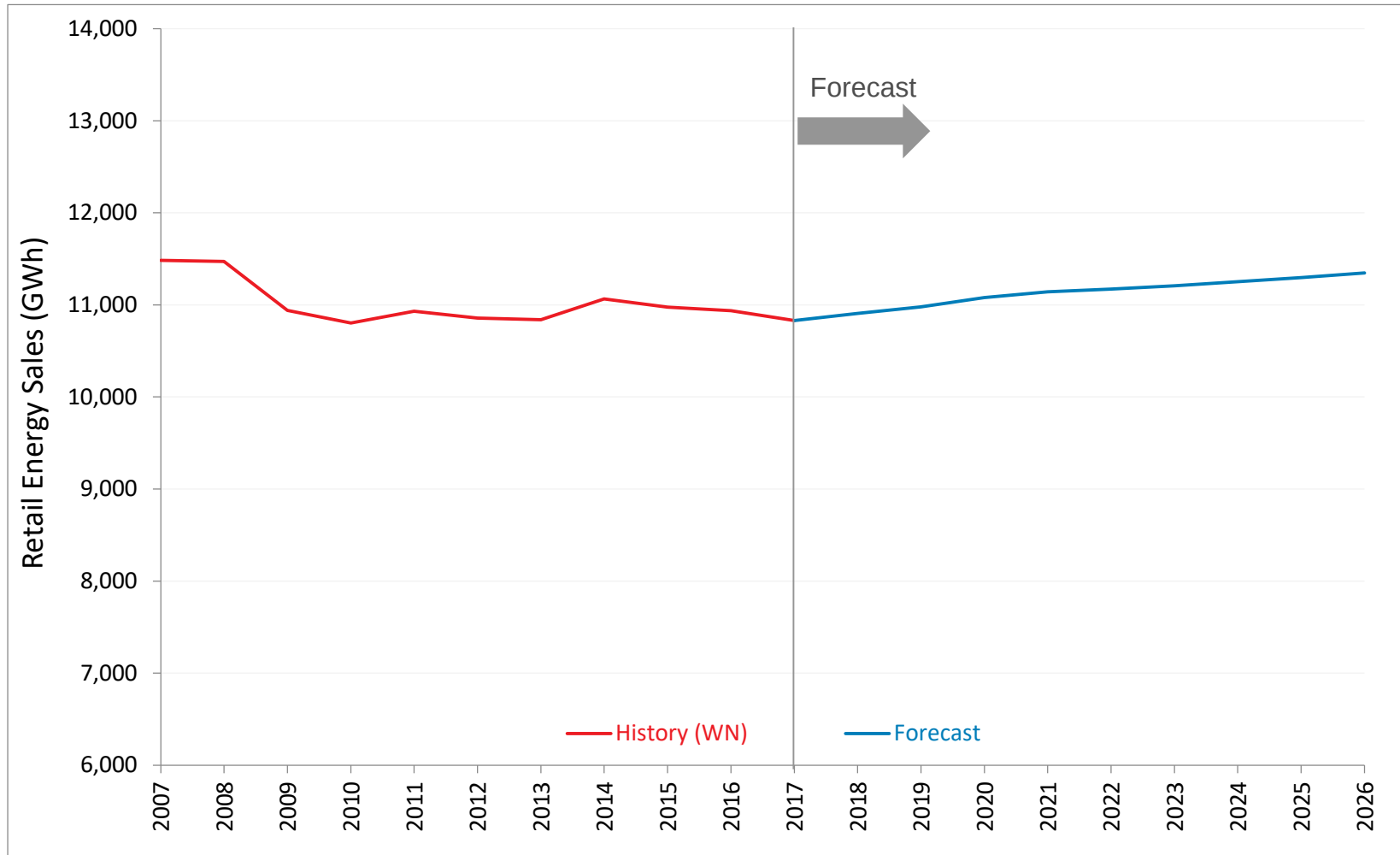
Economic Outlook



Customer and Use Per Customer Outlook



Retail Load Outlook



Fuel Forecast Outlook



2017 versus 2016 Fuel Price Forecast

▪ Nominal Coal Prices (*delivered to Gulf*)

- Annual average rate of price increase over 10 year period has declined
 - 3.9% for 2016
 - 1.6% for 2017

▪ Nominal Natural Gas Prices (*delivered to Gulf*)

- Annual average rate of price increase over 10 year period has declined
 - 10.4% for 2016
 - 5.2% for 2017

Gulf Power's Military Solar Update



30 MW Eglin project (Air Force – Okaloosa County)

- 5/11/17 – On-Line
 - Projected 2018 output – Approx. 60,000 MWWhs
 - Energy to serve approx. 4,500 homes

40 MW Holley project (Navy – Santa Rosa County)

- 6/16/17 – On-Line
 - Projected 2018 output – Approx. 81,000 MWWhs
 - Energy to serve approx. 6,100 homes

50 MW Saufley project (Navy – Escambia County)

- 7/18/17 – On-Line
 - Projected 2018 output – Approx. 99,000 MWWhs
 - Energy to serve approx. 7,400 homes

Gulf Power's Military Solar Update



30 MW Eglin project (Air Force – Okaloosa County) 226 Acres



Gulf Power's Military Solar Update



40 MW Holley project (Navy – Santa Rosa County) 330 Acres



Gulf Power's Military Solar Update



50 MW Saufley project (Navy – Escambia County) 438 Acres



Gulf Power's Wind Energy Update



Kingfisher Wind Energy Purchase Agreements

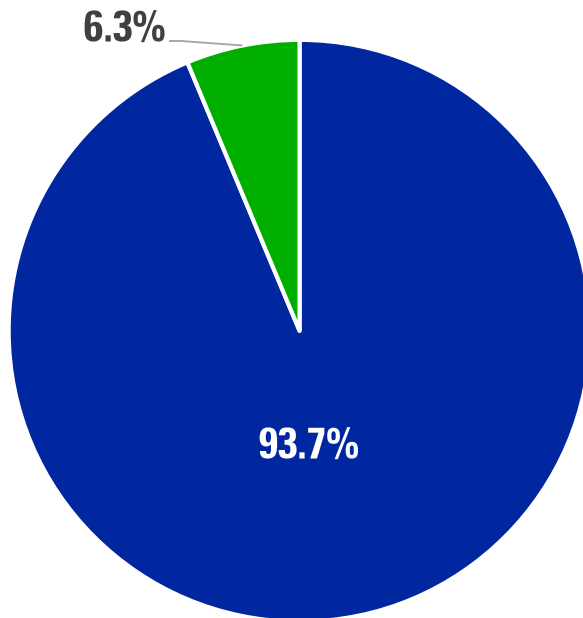
- 1/01/16 – King I Agreement - energy deliveries began.
 - 89 turbines; 2 MWs each (178 MWs)
- 2/01/17 – King II agreement - energy deliveries began.
 - 47 turbines; - 2 MWs each (94 MWs)
- Projected 2018 combined output – Approx. 1,030,500 MWhs



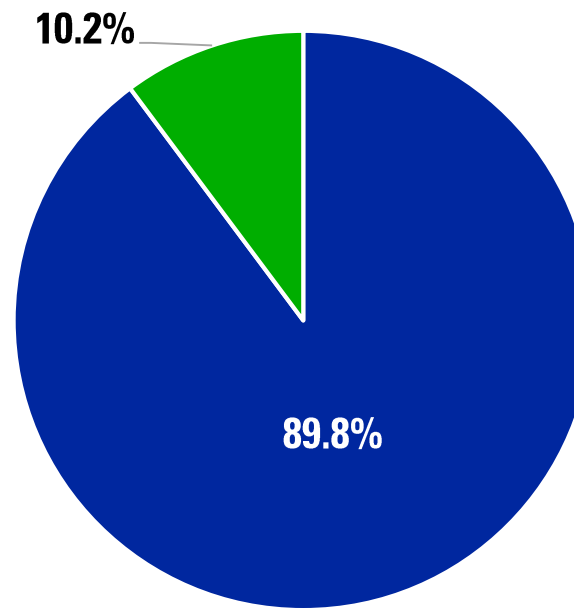
Gulf Power's Generation Sources Serving Load



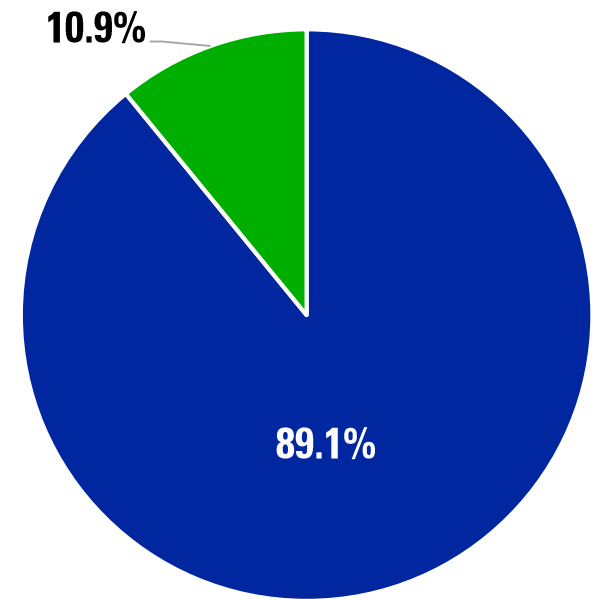
2016



2017



2018



Fossil



Renewables

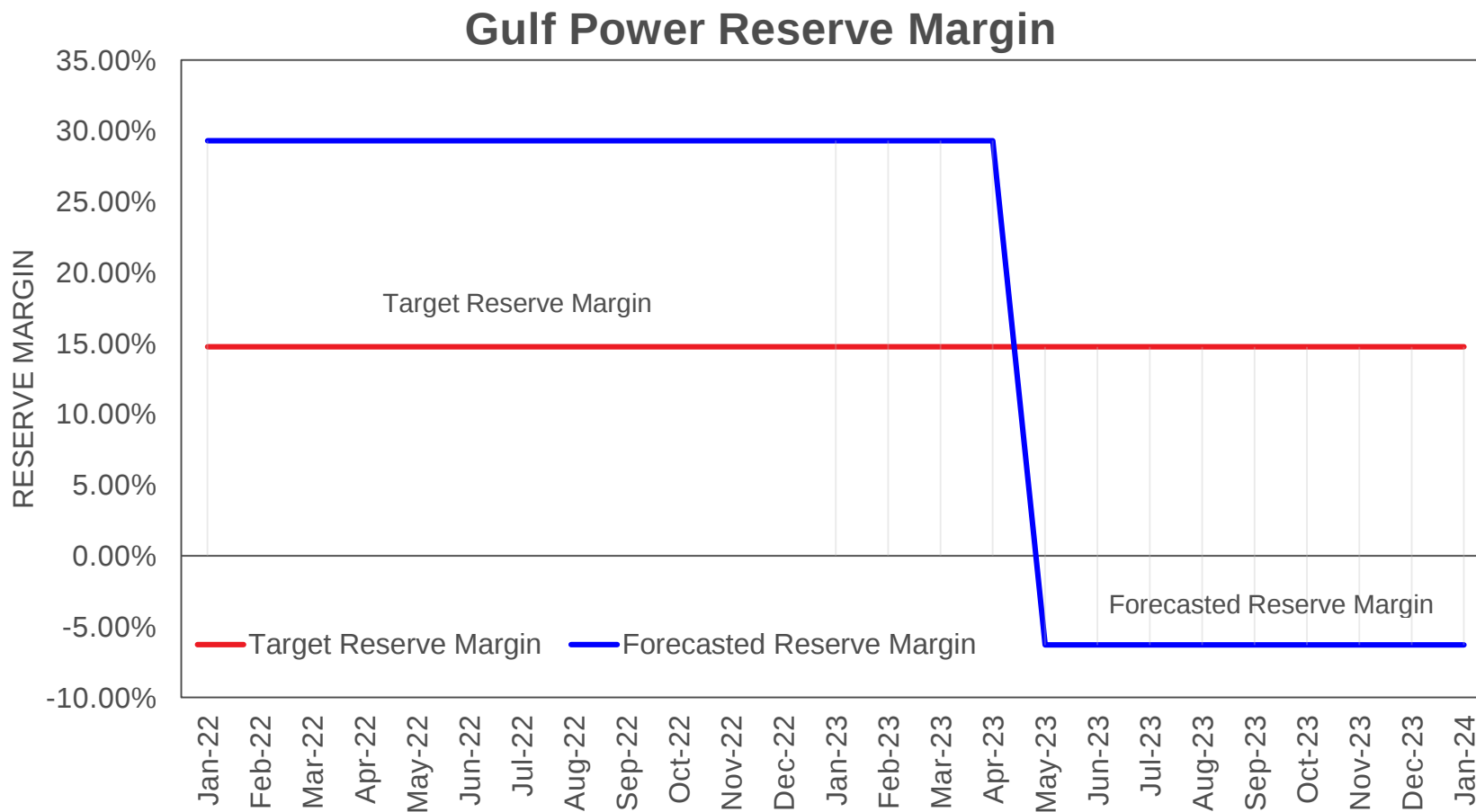


Gulf Power

Gulf 2017 TYSP Need Year Driver



Driver - 2023 Expiration of Gulf's 885 MW PPA





Factors Considered

- Technology Type
- Fuel
- Transmission
- Site Factors
- Performance

Technologies Under Consideration for Next Resource



Natural Gas-Fired

- **Combustion Turbine (CT)**
 - Lower installed cost (\$/kW) & higher energy cost (\$/MWh) than CC
- **Combined Cycle (CC)**
 - Better efficiency, lower energy cost (\$/MWh) but at higher installed cost (\$/kW) than CT

Evaluation Components:

- Capital Costs
- Operations and Maintenance Costs
- Energy and Capacity Value

Technology and Site Selection



Site and Technology screening

- 2 technologies (CC and CT) across 6 site locations.
- Preliminary screening studies:
 - North Escambia and Smith favorable sites for CTs
 - North Escambia favorable site for CC

Gulf's 2017 TYSP Technology shown as CTs, but CC is possible

- Updated studies underway to identify technology and site for next self-build.
- Final results for technology and site selection anticipated in 2018.



Questions