



Robert L. McGee, Jr.
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March 14, 2017

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

RE: Monthly Rate of Return Report

Dear Mr. Fletcher:

Attached is Gulf Power Company's Jurisdictional Rate of Return Report for the month of January, 2017. In compliance with the Commission's decision in Docket 160134-EI on September 13, 2016, Gulf's Jurisdictional Rate of Return Report reflects Scherer Unit 3 as a retail resource rededicated to serving Gulf's native load customers to the extent it is not committed to off-system sales. Furthermore, in compliance with that same decision, Gulf is including a second Jurisdictional Rate of Return Report which removes Scherer's related investment and expenses from the retail jurisdictional rate base.

Sincerely,

A handwritten signature in blue ink that reads "Robert L. McGee, Jr." with a stylized flourish at the end.

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 2017

Earnings Surveillance
Report
(Rate of Return)

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



GULF POWER COMPANY
Earnings Surveillance Report Summary, Including Scherer 3*
January, 2017

	(1) Actual Per Books	(2) FPSC Adjustments	(3) FPSC Adjusted	(4) Pro Forma Adjustments	(5) Pro Forma Adjusted
I. Average Rate of Return <u>(Jurisdictional)</u>					
	(a)	(b)			
Net Operating Income	185,691,955	(71,265,231)	114,426,724	0	114,426,724
Average Rate Base	3,579,248,025	(1,319,486,207)	2,259,761,818	0	2,259,761,818
Average Rate of Return	5.19%		5.06%		5.06%
II. Year End Rate of Return <u>(Jurisdictional)</u>					
	(a)	(b)			
Net Operating Income	185,692,255	(73,201,416)	112,490,839	0	112,490,839
Year End Rate Base	3,611,378,908	(1,306,635,814)	2,304,743,094	0	2,304,743,094
Year End Rate of Return	5.14%		4.88%		4.88%
(a) Includes AFUDC Earnings					
(b) Includes Reversal of AFUDC Earnings					
III. Required Rates of Return <u>Average Capital Structure</u> <u>(FPSC Adjusted Basis)</u>					
Low	5.09%				
Midpoint	5.47%				
High	5.84%				
IV. Financial Integrity Indicators					
A. Tie With AFUDC	5.51 x (System per Books Basis)				
B. Tie Without AFUDC	5.51 x (System per Books Basis)				
C. AFUDC To Net Income	0.00% (System per Books Basis)				
D. Internally Generated Funds	112.47% (System per Books Basis)				
E. LTD To Total Investor Funds	41.64% (FPSC Adjusted Basis)				
F. STD To Total Investor Funds	4.27% (FPSC Adjusted Basis)				
G. Return on Common Equity	9.16% (FPSC Adjusted Basis)				
H. Return on Common Equity	9.16% (Proforma Basis)				

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

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

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

Signature


Date
3/14/17

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

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

	PLANT IN SERVICE	ACCUMULATED DEPRECIATION & AMORTIZATION	NET PLANT IN SERVICE	PROPERTY HELD FOR FUTURE USE	CONSTRUCTION WORK IN PROGRESS	NUCLEAR FUEL (NET)	NET UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE
SYSTEM PER BOOKS	5,097,251,313	1,623,605,914	3,473,645,399	14,754,595	62,078,997	0	3,550,476,991	180,781,422	3,731,260,413
JURISDICTIONAL PER BOOKS	4,796,129,700	1,553,094,875	3,243,034,825	14,322,952	59,502,999	0	3,316,860,777	262,387,248	3,579,248,025
FPSC ADJUSTMENTS:									
ENVIRONMENTAL RECOVERY CLAUSE	(1,482,842,542)	(234,286,245)	(1,248,556,287)		(12,021,901)		(1,260,578,198)	(14,229,453)	(1,274,807,651)
INT BEARING CWIP					(139,006)		(139,006)	0	(139,006)
ENERGY CONSERVATION CLAUSE	(14,107,535)	7,811,492	(21,919,027)		3,002		(21,916,025)	(948,497)	(22,864,523)
LOANS TO EMPLOYEES/ RETIREES								(42,597)	(42,597)
INTEREST AND DIVIDENDS RECEIVABLE								0	0
FUNDED PROP RES, N. ESCAMBIA & OTHER INV.				(12,661,331)			(12,661,331)	(4,423,532)	(17,084,863)
FUEL RELATED DEFERRED DEBITS								(3,239,113)	(3,239,113)
FLAME RESISTANT CLOTHING								0	0
ACCRUED PROVISION FOR REFUND								0	0
UNAMORTIZED RATE CASE EXPENSES								(1,308,454)	(1,308,454)
SALE OF RAILCARS								0	0
TOTAL FPSC ADJUSTMENTS	(1,496,950,077)	(226,474,753)	(1,270,475,324)	(12,661,331)	(12,157,905)	0	(1,295,294,561)	(24,191,646)	(1,319,486,207)
FPSC ADJUSTED	3,299,179,623	1,326,620,122	1,972,559,501	1,661,621	47,345,094	0	2,021,566,216	238,195,602	2,259,761,818
PRO FORMA REVENUE AND ANNUALIZATION ADJUSTMENTS	0	0	0	0	0	0	0	0	0
TOTAL PRO FORMA ADJUST	0	0	0	0	0	0	0	0	0
PRO FORMA ADJUSTED	3,299,179,623	1,326,620,122	1,972,559,501	1,661,621	47,345,094	0	2,021,566,216	238,195,602	2,259,761,818

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

GULF POWER COMPANY
AVERAGE RATE OF RETURN
INCOME STATEMENT, INCLUDING SCHERER 3*
January, 2017

	OPERATING REVENUES	O & M FUEL & NET INTERCHANGE	O & M OTHER	DEPRECIATION & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	DEFERRED INCOME TAXES (NET)	INVESTMENT TAX CREDIT (NET)	(GAIN)/LOSS ON DISPOSITION OF PROPERTY	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
SYSTEM PER BOOKS	1,480,980,188	579,700,394	332,152,295	155,495,975	119,953,900	25,621,587	67,595,956	(501,856)	0	1,279,417,262	201,562,926 (a)
JURISDICTIONAL PER BOOKS	1,346,556,528	496,651,167	322,735,511	149,245,635	118,028,167	25,390,273	59,631,564	(413,127)	0	1,160,859,190	185,697,338 (a)
LESS FPSC ADJUSTMENTS:	(402,061,492)	(401,755,741)				(117,943)				(401,873,684)	(187,908)
RETAIL FUEL REVENUES & EXPENSES	(84,864,529)	(84,885,426)				11,919				(84,883,507)	18,979
PURCHASED POWER CAPACITY REVENUES & EXPENSES	(12,198,140)		(9,626,300)	(393,589)	(229,067)	(713,323)				(11,062,279)	(1,135,861)
ENERGY CONSERVATION COST REVENUES & EXPENSES	(196,187,355)		(33,874,493)	(51,872,061)	(6,863,030)	(39,947,410)				(132,576,994)	(63,610,361)
ENVIRONMENTAL COST RECOVERY CLAUSE	(42,731,932)				(42,285,624)	(172,164)				(42,457,788)	(274,145)
FRANCHISE FEE REVENUE & EXPENSE	(31,784,592)				(31,369,925)	(152,242)				(31,542,167)	(242,425)
GROSS RECEIPTS TAX REVENUE & ADJUSTMENT						38,000				(60,510)	60,510
MARKETING SUPPORT ACTIVITIES			(98,510)			142,437				(226,810)	226,810
WHOLESALE EXPENSES			(369,247)			85,214				(135,692)	135,692
INSTITUTIONAL ADVERTISING EXPENSE			(220,906)			20,802				(33,123)	33,123
ECONOMIC DEVELOPMENT EXPENSE			(53,925)			733				(1,168)	1,168
MGMT FINANCIAL PLANNING SERVICES			(1,901)			15,517				(24,709)	24,709
DIRECTORS' & OFFICERS' INSURANCE			(40,226)			539				(698)	698
INDUSTRY ASSOCIATION DUES			(1,397)			182,160				(290,062)	290,062
TALLAHASSEE LIAISON EXPENSES			(450,796)	50,000		(19,288)				(30,712)	(30,712)
DEPRECIATION CREDIT ADJUSTMENT (1)					(1,450,132)	559,368				(890,744)	890,744
GHT: FPSC FEES ON CLAUSES & FEES										0	0
(GAIN) / LOSS ON DISPOSITION OF PROPERTY						7,471,958				7,471,958	(7,471,958)
INTEREST SYNCHRONIZATION											
TOTAL FPSC ADJUSTMENTS	(769,828,039)	(486,651,167)	(44,737,704)	(52,215,650)	(82,359,201)	(32,593,703)	0	0	0	(698,557,425)	(71,270,614)
FPSC ADJUSTED	576,728,469	0	277,997,807	97,029,985	35,668,966	(6,613,490)	59,631,564	(413,127)	0	462,301,765	114,426,724
PRO FORMA REVENUE ANNUALIZATION ADJUSTMENTS											
TOTAL PRO FORMA ADJUSTMENTS	0	0	0	0	0	0	0	0	0	0	0
PRO FORMA ADJUSTED	576,728,469	0	277,997,807	97,029,985	35,668,966	(6,613,490)	59,631,564	(413,127)	0	462,301,765	114,426,724
(a) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM NOI BY				(5,511)			(5,383)				
CURRENT MONTH SYSTEM PER BOOKS	120,673,964	49,148,573	26,187,042	(6,200,073)	9,195,860	1,079,758	14,284,068	(32,825)	0	93,662,404	27,011,560
CURRENT MONTH JURISDICTIONAL PER BOOKS	104,420,613	36,395,109	24,570,278	(6,667,130)	9,095,801	1,256,303	13,639,853	(27,267)	0	78,265,046	28,155,567

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.

*In compliance with the Florida Public Service Commission's decision in Docket 1601134-EI on September 13, 2016, this Jurisdictional Rate of Return Report reflects Scherer Unit 3 as a retail resource rededicated to serving Gulf Power's native load customers to the extent it is not committed to oil-system sales.

GULF POWER COMPANY
AVERAGE RATE OF RETURN
SYSTEM ADJUSTMENTS, INCLUDING SCHERER 3*
January, 2017

SCHEDULE 2
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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	(1,527,267,561)	FUEL & IIC FUEL REVENUES AND ECONOMY PROFITS	(496,501,547)	(191,525,472)
ACCUMULATED DEPRECIATION	241,305,312	ENVIRONMENTAL COST RECOVERY CLAUSE REVENUES	(201,930,230)	(77,894,586)
CWIP	(12,382,069)	PURCHASED POWER CAPACITY COST CLAUSE REVENUES	(85,024,800)	(32,798,317)
ENERGY CONSERVATION COST RECOVERY INVESTMENT	(14,107,535)	ENERGY CONSERVATION COST RECOVERY CLAUSE REVENUES	(12,188,140)	(4,705,432)
ACCUMULATED DEPRECIATION	(7,811,492)	FUEL EXPENSE	(492,242,613)	189,882,588
CWIP	3,002	PURCHASED POWER CAPACITY COST EXPENSE	(87,446,231)	33,732,384
FAS 143 NET PLANT	(70,358,384)	CONSERVATION EXPENSES - DEPRECIATION AND O & M	(10,019,889)	3,865,172
INTEREST BEARING CWIP	(142,312)	CONSERVATION EXPENSES - OTHER TAXES	(329,067)	126,937
PHFU - NORTH ESCAMBIA	(13,042,899)	ENVIRONMENTAL COST RECOVERY EXPENSE	(95,328,615)	36,773,013
		FRANCHISE FEE REVENUES	(42,731,932)	(16,483,843)
		FRANCHISE FEE	(42,285,624)	16,311,679
WORKING CAPITAL:		GROSS RECEIPTS TAX REVENUES	(31,784,592)	(12,260,906)
ECRC WORKING CAPITAL	(14,655,758)	GROSS RECEIPTS TAX EXPENSE	(31,389,925)	12,108,664
CONSERVATION/AEM INVENTORY	(948,497)	MARKETING SUPPORT ACTIVITIES	(98,510)	38,000
FUNDED PROPERTY INSURANCE RESERVE	(1)	WHOLESALE EXPENSES	(379,947)	146,565
LOANS TO EMPLOYEES AND RETIREES	(44,457)	INSTITUTIONAL ADVERTISING EXPENSE	(225,258)	86,893
INTEREST & DIVIDENDS RECEIVABLE	0	ECONOMIC DEVELOPMENT EXPENSE	(53,925)	20,802
NORTH ESCAMBIA SITE	(4,617,874)	MGMT FINANCIAL PLANNING SERVICES	(1,943)	750
UNAMORTIZED RATE CASE EXPENSE	(1,365,625)	DIRECTORS' & OFFICERS' INSURANCE	(41,114)	15,860
DEPRECIATION CREDIT ADJUSTMENT	0	INDUSTRY ASSOCIATION DUES	(1,425)	550
FUEL RELATED DEFERRED DEBITS	(3,239,113)	TALLAHASSEE LIAISON EXPENSE	(482,654)	186,184
UNREALIZED LOSS ON FWD CONTRACT	(206,080)	GRT/FPSC FEES ON CLAUSE REV ADJ & FRAN FEES	(1,450,132)	559,388
ACCUM. PROV. FOR RATE REFUNDS	0	COMP SALES/TRANS REV/G/L SALE GAS/PROV RT REFN. ESC REV	(100,109)	(38,617)
FAS 143 WORKING CAPITAL	83,807,694	GAIN/LOSS ON DISPOSITION OF PROPERTY	0	0
FAS 158 REGULATORY ASSETS	(154,923,565)	DEPRECIATION CREDIT ADJUSTMENT (1)	50,000	(19,288)
FAS 158 REGULATORY LIABILITIES	154,923,565	INTEREST SYNCHRONIZATION	7,671,954	7,671,954
PPA REGULATORY ASSETS	(150,251,065)			
PPA REGULATORY LIABILITIES	150,251,065			
FAS 133 REGULATORY ASSETS	(63,715,003)			
FAS 133 REGULATORY LIABILITIES	63,715,003			

Note:

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

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

	PLANT IN SERVICE	ACCUMULATED DEPRECIATION & AMORTIZATION	NET PLANT IN SERVICE	PROPERTY HELD FOR FUTURE USE	CONSTRUCTION WORK IN PROGRESS	NUCLEAR FUEL (NET)	NET UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE
SYSTEM PER BOOKS	5,133,565,705	1,663,975,964	3,469,589,741	14,754,000	46,926,683	0	3,531,270,425	180,781,422	3,712,051,847
JURISDICTIONAL PER BOOKS	4,890,733,531	1,601,722,958	3,289,010,573	14,322,375	44,385,915	0	3,347,718,863	263,660,045	3,611,378,908
<u>FPSC ADJUSTMENTS:</u>									
ENVIRONMENTAL RECOVERY CLAUSE	(1,509,126,031)	(267,861,827)	(1,241,264,204)		(4,275,766)		(1,245,539,970)	(14,229,453)	(1,259,769,423)
INT BEARING CWIP					(1,287,418)		(1,287,418)	0	(1,287,418)
ENERGY CONSERVATION CLAUSE	(14,944,385)	8,011,064	(22,955,449)				(22,955,449)	(948,497)	(23,903,946)
LOANS TO EMPLOYEES AND RETIREES								(42,597)	(42,597)
INTEREST AND DIVIDENDS RECEIVABLE								0	0
FUNDED PROP RES, N. ESCAMBIA SITE, & OTHER INV.				(12,661,331)			(12,661,331)	(4,423,532)	(17,084,863)
FUEL RELATED DEFERRED DEBITS								(3,239,113)	(3,239,113)
ACCRUED PROVISION FOR REFUND								0	0
UNAMORTIZED RATE CASE EXPENSES								(1,308,454)	(1,308,454)
TOTAL FPSC ADJUSTMENTS	(1,524,070,416)	(259,850,763)	(1,264,219,653)	(12,661,331)	(5,563,184)	0	(1,282,444,168)	(24,191,646)	(1,306,635,814)
FPSC ADJUSTED	3,366,663,115	1,341,872,195	2,024,790,920	1,661,044	38,822,731	0	2,065,274,695	239,468,399	2,304,743,094
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	3,366,663,115	1,341,872,195	2,024,790,920	1,661,044	38,822,731	0	2,065,274,695	239,468,399	2,304,743,094

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

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

	OPERATING REVENUES	O & M FUEL & NET INTERCHANGE	O & M OTHER	DEPRECIATION & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	DEFERRED INCOME TAXES (NET)	INVESTMENT TAX CREDIT (NET)	(GAIN)/LOSS ON DISPOSITION OF PROPERTY	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
SYSTEM PER BOOKS	1,480,980,188	579,700,394	332,152,295	155,495,975	119,353,300	25,621,597	67,595,356	0	0	1,279,417,262	201,562,926 (a)
JURISDICTIONAL PER BOOKS	1,346,556,528	486,651,167	322,735,511	149,245,635	118,028,167	25,980,368	58,631,169	(413,127)	0	1,160,858,890	185,697,638 (a)
LESS FPSC ADJUSTMENTS	(402,061,492)	(401,755,741)				(117,943)				(401,873,684)	(187,808)
RETAIL FUEL REVENUES & EXPENSES	(84,864,529)	(84,895,426)				11,919				(84,883,507)	18,979
PURCHASED POWER CAPACITY REVENUES & EXPENSES	(12,198,140)		(9,626,300)	(393,589)	(329,067)	(713,323)				(11,062,279)	(1,135,661)
ENERGY CONSERVATION COST REVENUES & EXPENSES	(196,187,355)	(33,874,493)		(51,872,061)	(6,883,030)	(99,947,410)				(132,576,994)	(63,610,361)
ENVIRONMENTAL COST RECOVERY CLAUSE	(42,731,932)				(42,285,624)	(172,164)				(42,457,768)	(274,145)
FRANCHISE FEE REVENUE & EXPENSE	(31,784,592)				(31,389,925)	(152,242)				(31,542,167)	(242,425)
GROSS RECEIPTS TAX REVENUE & ADJUSTMENT			(98,510)			38,000				(60,510)	60,510
MARKETING SUPPORT ACTIVITIES			(369,247)			142,437				(226,810)	226,810
WHOLESALE EXPENSES			(220,906)			85,214				(135,692)	135,692
INSTITUTIONAL ADVERTISING EXPENSE			(53,925)			20,802				(33,123)	33,123
ECONOMIC DEVELOPMENT EXPENSE			(1,901)			733				(1,168)	1,168
MGMT FINANCIAL PLANNING SERVICES			(40,226)			15,517				(24,709)	24,709
DIRECTORS' & OFFICERS' INSURANCE			(1,397)			539				(858)	858
INDUSTRY ASSOCIATION DUES			(450,796)			182,160				(290,062)	290,062
TALLAHASSEE LIAISON EXPENSES				50,000	(21,424)	(19,288)				(30,712)	30,712
DEPRECIATION CREDIT ADJUSTMENT (1)					(1,450,132)	559,388				(890,744)	890,744
GRT, FPSC FEES ON CLAUSES & FEES										0	0
(GAIN)/LOSS ON DISPOSITION OF PROPERTY										0	0
INTEREST SYNCHRONIZATION										9,408,143	(9,408,143)
TOTAL FPSC ADJUSTMENTS	(769,828,039)	(486,651,167)	(44,737,704)	(52,215,650)	(92,359,201)	(30,657,518)	0	0	0	(696,621,240)	(73,206,799)
FPSC ADJUSTED	576,728,489	0	277,997,807	97,029,985	35,668,966	(4,677,150)	58,631,169	(413,127)	0	464,237,650	112,490,839
PRO FORMA REVENUE ANNUALIZATION											
TOTAL PRO FORMA ADJUSTMENTS	0	0	0	0	0	0	0	0	0	0	0
PRO FORMA ADJUSTED	576,728,489	0	277,997,807	97,029,985	35,668,966	(4,677,150)	58,631,169	(413,127)	0	464,237,650	112,490,839
(a) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM NOI BY				(5,511)	AND THE JURISDICTIONAL NOI BY		(5,383)				

Note:

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

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

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

SCHEDULE 3
 PAGE 3 OF 3

RATE BASE ADJUSTMENTS	AMOUNT	NET OPERATING INCOME STATEMENT ADJUSTMENTS	AMOUNT	TAX EFFECT
ENVIRONMENTAL COST RECOVERY CLAUSE INVESTMENT	(1,552,589,680)	FUEL & IIC FUEL REVENUES AND ECONOMY PROFITS	(496,501,547)	(191,525,472)
ACCUMULATED DEPRECIATION	275,576,393	ENVIRONMENTAL COST RECOVERY CLAUSE REVENUES	(201,930,230)	(77,894,586)
CWIP	(4,398,910)	PURCHASED POWER CAPACITY COST CLAUSE REVENUES	(85,024,800)	(32,798,317)
ENERGY CONSERVATION COST RECOVERY INVESTMENT	(14,944,385)	ENERGY CONSERVATION COST RECOVERY CLAUSE REVENUES	(12,198,140)	(4,705,432)
ACCUMULATED DEPRECIATION	(8,011,064)	FUEL EXPENSE	(492,242,613)	189,882,588
CWIP	0	PURCHASED POWER CAPACITY COST EXPENSE	(87,446,231)	33,732,384
FAS 143 NET PLANT	(46,187,297)	CONSERVATION EXPENSES - DEPRECIATION AND O & M	(10,019,889)	3,865,172
INTEREST BEARING CWIP	(1,318,038)	CONSERVATION EXPENSES - OTHER TAXES	(329,067)	126,937
PHFU - NORTH ESCAMBIA	(13,042,899)	ENVIRONMENTAL COST RECOVERY EXPENSE	(95,328,615)	36,773,013
		FRANCHISE FEE REVENUES	(42,731,932)	(16,483,843)
		FRANCHISE FEE	(42,285,624)	16,311,679
WORKING CAPITAL:		GROSS RECEIPTS TAX REVENUES	(31,784,582)	(12,260,906)
ECRC WORKING CAPITAL	(14,655,758)	GROSS RECEIPTS TAX EXPENSE	(31,389,925)	12,108,664
CONSERVATION/AEM INVENTORY	(948,497)	MARKETING SUPPORT ACTIVITIES	(98,510)	38,000
FUNDED PROPERTY INSURANCE RESERVE	(1)	WHOLESALE EXPENSES	(379,947)	146,565
LOANS TO EMPLOYEES AND RETIREES	(44,457)	INSTITUTIONAL ADVERTISING EXPENSE	(225,258)	86,893
INTEREST & DIVIDENDS RECEIVABLE	0	ECONOMIC DEVELOPMENT EXPENSE	(53,925)	20,802
NORTH ESCAMBIA SITE	(4,617,874)	MGMT FINANCIAL PLANNING SERVICES	(1,943)	750
UNAMORTIZED RATE CASE EXPENSE	(1,365,625)	DIRECTORS' & OFFICERS' INSURANCE	(41,114)	15,880
DEPRECIATION CREDIT ADJUSTMENT	0	INDUSTRY ASSOCIATION DUES	(1,425)	550
FUEL RELATED DEFERRED DEBITS	(3,239,113)	TALLAHASSEE LIAISON EXPENSE	(482,654)	186,184
UNREALIZED LOSS ON FWD CONTRACT	(206,080)	GRT/FPSC FEES ON CLAUSE REV ADJ & FRAN FEES	(1,450,132)	559,388
ACCUM. PROV. FOR RATE REFUNDS	0	COMP SALES/TRANS REV/G/L SALE GAS/PROV RT REFIN. ESC REV	(100,109)	(38,617)
FAS 143 WORKING CAPITAL	83,807,694	GAIN/LOSS ON DISPOSITION OF PROPERTY	0	0
FAS 158 REGULATORY ASSETS	(154,923,565)	DEPRECIATION CREDIT ADJUSTMENT (1)	50,000	(19,288)
FAS 158 REGULATORY LIABILITIES	154,923,565	INTEREST SYNCHRONIZATION	9,767,977	9,767,977
PPA REGULATORY ASSETS	(150,251,065)			
PPA REGULATORY LIABILITIES	150,251,065			
FAS 133 REGULATORY ASSETS	(63,715,003)			
FAS 133 REGULATORY LIABILITIES	63,715,003			

Note:

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

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

GULF POWER COMPANY
 CAPITAL STRUCTURE, INCLUDING SCHERER 3*
 FPSC ADJUSTED BASIS
 January, 2017

AVERAGE	SYSTEM PER BOOKS			ADJUSTMENTS			LOW POINT			MIDPOINT			HIGH POINT		
	PER BOOKS	RETAIL PER BOOKS	PRO RATA	SPECIFIC	ADJUSTED RETAIL	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	
LONG TERM DEBT	1,181,757,281	1,130,492,401	(416,754,894)	0	713,737,507	31.58	4.38	1.38	4.38	1.38	4.38	1.38	4.38	1.38	
SHORT TERM DEBT	124,092,226	115,841,629	(42,704,901)	0	73,136,728	3.24	0.42	0.01	0.42	0.01	0.42	0.01	0.42	0.01	
PREFERENCE STOCK	146,504,320	140,213,157	(51,689,440)	0	88,523,717	3.92	6.14	0.24	6.14	0.24	6.14	0.24	6.14	0.24	
CUSTOMER DEPOSITS	35,874,340	35,894,528	(13,232,482)	0	22,662,046	1.00	1.97	0.02	1.97	0.02	1.97	0.02	1.97	0.02	
COMMON EQUITY	1,373,727,311	1,328,484,855	(489,744,614)	0	838,740,241	37.12	9.25	3.43	10.25	3.80	11.25	4.18	11.25	4.18	
DEFERRED INCOME TAXES	913,510,877	879,485,806	(324,221,563)	0	555,264,243	24.57									
FASB 109 DEFERRED TAXES	(54,485,826)	(52,456,422)	19,338,008	0	(33,118,414)	(1.47)									
TAX CREDITS - ZERO COST	0	0	0	0	0	0.00									
TAX CREDITS - WEIGHTED COST	1,783,857	1,292,071	(476,321)	0	815,750	0.04	6.97	0.00	7.48	0.00	7.99	0.00	7.99	0.00	
TOTAL	3,722,764,386	3,579,248,025	(1,319,486,207)	0	2,259,761,818	100.00 %	5.09 %	5.09 %	5.47 %	5.47 %	5.84 %	5.84 %	5.84 %	5.84 %	

YEAR-END	SYSTEM PER BOOKS			ADJUSTMENTS			LOW POINT			MIDPOINT			HIGH POINT		
	PER BOOKS	RETAIL PER BOOKS	PRO RATA	SPECIFIC	ADJUSTED RETAIL	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	
LONG TERM DEBT	1,056,826,722	995,784,778	(360,285,666)	0	635,499,112	27.57	4.17	1.15	4.17	1.15	4.17	1.15	4.17	1.15	
SHORT TERM DEBT	100,000,000	91,113,834	(32,965,967)	0	58,147,867	2.52	0.89	0.02	0.89	0.02	0.89	0.02	0.89	0.02	
PREFERENCE STOCK	146,504,320	138,042,281	(49,945,185)	0	88,097,096	3.82	6.14	0.23	6.14	0.23	6.14	0.23	6.14	0.23	
CUSTOMER DEPOSITS	35,274,252	34,495,291	(12,480,788)	0	22,014,523	0.96	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
COMMON EQUITY	1,552,302,543	1,490,347,235	(539,223,693)	0	951,123,542	41.27	9.25	3.82	10.25	4.23	11.25	4.64	11.25	4.64	
DEFERRED INCOME TAXES	962,456,876	911,282,843	(329,711,955)	0	581,570,888	25.24									
FASB 109 DEFERRED TAXES	(53,729,808)	(50,872,982)	18,406,393	0	(32,466,589)	(1.41)									
TAX CREDITS - ZERO COST	0	0	0	0	0	0.00									
TAX CREDITS - WEIGHTED COST	1,537,173	1,165,628	(428,973)	0	756,655	0.03	7.16	0.00	7.73	0.00	8.30	0.00	8.30	0.00	
TOTAL	3,801,172,077	3,611,378,908	(1,306,635,814)	0	2,304,743,094	100.00 %	5.23 %	5.23 %	5.64 %	5.64 %	6.05 %	6.05 %	6.05 %	6.05 %	

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

GULF POWER COMPANY
Financial Integrity Indicators, INCLUDING SCHERER 3*
January, 2017

A. Times Interest Earned with AFUDC

Earnings Before Interest	200,690,585
AFUDC - Debt	(2,102)
Income Taxes	<u>96,489,514</u>
Total	297,177,998
Interest Charges (Before Deducting AFUDC - Debt)	<u>53,900,285</u>
T.I.E. With AFUDC	5.51 x

B. Times Interest Earned without AFUDC

Earnings Before Interest	200,690,585
AFUDC - Other	3,409
Income Taxes	<u>96,489,514</u>
Total	297,183,509
Interest Charges (Before Deducting AFUDC - Debt)	<u>53,900,285</u>
T.I.E. Without AFUDC	5.51 x

C. Percent AFUDC To Net Income Available for Common Stockholders

AFUDC - Debt	(2,102)
X (1 - Income Tax Rate)	0.61425
Subtotal	(1,291)
AFUDC - Other	<u>(3,409)</u>
Total	(4,700)
Net Income Available for Common Stockholders	<u>137,785,699</u>
Percent AFUDC to Available Net Income	<u>0.00%</u>

D. Percent Internally Generated Funds

Net Income	146,788,199
Preference Dividends	(9,002,500)
Common Dividends	(121,301,000)
AFUDC (Debt & Other)	5,511
Depreciation & Amortization	164,750,152
Deferred Income Taxes	67,595,356
Investment Tax Credits	0
Other	<u>(15,156,726)</u>
Total	233,678,992
Construction Expenditures (Excluding AFUDC Other & Debt)	<u>207,775,692</u>
Percent Internally Generated Funds	<u>112.47%</u>

E. Long Term Debt as Percent of Total Investor Capital
(See calculation in item F. below)**F. Short Term Debt as Percent of Total Investor Capital Reconciled Average Retail Amounts**

Long Term Debt	713,737,507
Short Term Debt	73,136,728
Preference Stock	88,523,717
Common Equity	<u>838,740,241</u>
Total	<u>1,714,138,193</u>
% Long Term Debt To Total	<u>41.64%</u>
% Short Term Debt To Total	<u>4.27%</u>

G. FPSC Adjusted Average Jurisdictional Return On Common Equity

	G. FPSC ADJ.	H. PROFORMA
FPSC Adjusted Average Earned Rate of Return	5.06%	5.06%
Less: Reconciled Average Retail Weighted Cost Rates For:		
Long Term Debt	(1.38)	(1.38)
Short Term Debt	(0.01)	(0.01)
Preference Stock	(0.24)	(0.24)
Customer Deposits	(0.02)	(0.02)
Tax Credits - Weighted Cost (Common Equity at Midpoint)	<u>(0.00)</u>	<u>(0.00)</u>
Subtotal	<u>(1.66)</u>	<u>(1.66)</u>
Total	3.40	3.40
Divided by Common Equity Ratio	<u>37.12</u>	<u>37.12</u>
Jurisdictional Return on Common Equity	<u>9.16%</u>	<u>9.16%</u>

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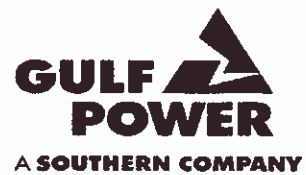
GULF POWER COMPANY
Storm Accrual - Twelve Month to Date
January, 2017

Supplemental 1

<u>Month</u>	<u>Year</u>	<u>\$</u>
February	2016	291,667
March	2016	291,667
April	2016	291,667
May	2016	291,667
June	2016	291,667
July	2016	291,667
August	2016	291,667
September	2016	291,667
October	2016	291,667
November	2016	291,667
December	2016	291,663
January	2017	291,667
12 - M-T-D		<u><u>3,500,000</u></u>

January 2017

Earnings Surveillance
Report
(Rate of Return)



GULF POWER COMPANY
Earnings Surveillance Report Summary
January, 2017

	(1) Actual Per Books	(2) FPSC Adjustments	(3) FPSC Adjusted	(4) Pro Forma Adjustments	(5) Pro Forma Adjusted
I. Average Rate of Return (Jurisdictional)					
	(a)	(b)			
Net Operating Income	190,462,875	(71,291,781)	119,171,094	0	119,171,094
Average Rate Base	3,503,551,202	(1,319,486,207)	2,184,064,995	0	2,184,064,995
Average Rate of Return	5.44%		5.46%		5.46%
II. Year End Rate of Return (Jurisdictional)					
	(a)	(b)			
Net Operating Income	190,522,764	(73,203,645)	117,319,119	0	117,319,119
Year End Rate Base	3,524,217,128	(1,306,635,814)	2,217,581,314	0	2,217,581,314
Year End Rate of Return	5.41%		5.29%		5.29%

(a) Includes AFUDC Earnings

(b) Includes Reversal of AFUDC Earnings

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

Low	5.09%
Midpoint	5.46%
High	5.83%

IV. Financial Integrity Indicators

A. Tie With AFUDC	5.51 x (System per Books Basis)
B. Tie Without AFUDC	5.51 x (System per Books Basis)
C. AFUDC To Net Income	0.00% (System per Books Basis)
D. Internally Generated Funds	112.47% (System per Books Basis)
E. LTD To Total Investor Funds	41.60% (FPSC Adjusted Basis)
F. STD To Total Investor Funds	4.28% (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

Signature

Date

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



3/14/17

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

	PLANT IN SERVICE	ACCUMULATED DEPRECIATION & AMORTIZATION	NET PLANT IN SERVICE	PROPERTY HELD FOR FUTURE USE	CONSTRUCTION WORK IN PROGRESS	NUCLEAR FUEL (NET)	NET UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE
SYSTEM PER BOOKS	5,097,251,313	1,623,605,914	3,473,645,399	14,754,595	62,078,997	0	3,550,478,991	180,781,422	3,731,260,413
JURISDICTIONAL PER BOOKS	4,654,113,007	1,474,855,988	3,179,257,019	14,322,952	57,229,756	0	3,250,809,728	252,741,474	3,503,551,202
FPSC ADJUSTMENTS:									
ENVIRONMENTAL RECOVERY CLAUSE	(1,482,842,542)	(234,286,245)	(1,248,556,297)		(12,021,901)		(1,260,578,198)	(14,229,453)	(1,274,807,651)
INT BEARING CWIP					(139,006)		(139,006)	0	(139,006)
ENERGY CONSERVATION CLAUSE	(14,107,535)	7,811,492	(21,919,027)		3,002		(21,916,025)	(948,497)	(22,864,523)
LOANS TO EMPLOYEES / RETIREES								(42,597)	(42,597)
INTEREST AND DIVIDENDS RECEIVABLE								0	0
FUNDED PROP RES. N. ESCAMBIA & OTHER INV.				(12,661,331)			(12,661,331)	(4,423,532)	(17,084,863)
FUEL RELATED DEFERRED DEBITS								(3,239,113)	(3,239,113)
FLAME RESISTANT CLOTHING								0	0
ACCRUED PROVISION FOR REFUND								0	0
UNAMORTIZED RATE CASE EXPENSES								(1,308,454)	(1,308,454)
SALE OF RAILCARS								0	0
TOTAL FPSC ADJUSTMENTS	(1,496,950,077)	(226,474,753)	(1,270,475,324)	(12,661,331)	(12,157,905)	0	(1,295,294,561)	(24,191,846)	(1,319,486,207)
FPSC ADJUSTED	3,157,162,930	1,248,381,235	1,908,781,695	1,661,621	45,071,851	0	1,955,515,167	228,549,828	2,184,064,995
PRO FORMA REVENUE AND ANNUALIZATION ADJUSTMENTS	0	0	0	0	0	0	0	0	0
TOTAL PRO FORMA ADJUST	0	0	0	0	0	0	0	0	0
PRO FORMA ADJUSTED	3,157,162,930	1,248,381,235	1,908,781,695	1,661,621	45,071,851	0	1,955,515,167	228,549,828	2,184,064,995

GULF POWER COMPANY
AVERAGE RATE OF RETURN
INCOME STATEMENT
January, 2017

	OPERATING REVENUES	O & M FUEL & NET INTERCHANGE	O & M OTHER	DEPRECIATION & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	DEFERRED INCOME TAXES (NET)	INVESTMENT TAX CREDIT (NET)	(GAIN)LOSS ON DISPOSITION OF PROPERTY	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
SYSTEM PER BOOKS	1,480,980,188	579,700,394	332,152,295	155,495,975	119,353,300	25,621,597	67,595,356	(501,656)	0	1,279,417,262	201,562,926 (a)
JURISDICTIONAL PER BOOKS	1,346,556,528	486,651,167	317,597,855	146,270,935	117,487,940	24,806,321	63,518,236	(244,064)	0	1,156,068,270	190,468,258 (a)
LESS FPSC ADJUSTMENTS:	(402,061,492)	(401,755,741)				(117,943)				(401,873,684)	(187,908)
RETAIL FUEL REVENUES & EXPENSES	(84,864,529)	(84,895,426)				11,919				(84,883,507)	18,979
PURCHASED POWER CAPACITY REVENUES & EXPENSES	(12,198,140)		(9,626,300)	(393,589)	(329,067)	(713,323)				(11,062,279)	(1,135,861)
ENERGY CONSERVATION COST REVENUES & EXPENSES	(198,187,355)	(33,874,493)		(51,872,061)	(6,883,030)	(39,947,410)				(132,576,994)	(63,610,361)
ENVIRONMENTAL COST RECOVERY CLAUSE	(42,731,932)				(42,285,624)	(172,184)				(42,457,788)	(274,145)
FRANCHISE FEE REVENUE & EXPENSE	(31,784,592)				(31,389,925)	(152,242)				(31,542,167)	(242,425)
GROSS RECEIPTS TAX REVENUE & ADJUSTMENT			(98,510)			38,000				(60,510)	60,510
MARKETING SUPPORT ACTIVITIES			(369,247)			142,437				(226,810)	226,810
WHOLESALE EXPENSES			(220,906)			85,214				(135,692)	135,692
INSTITUTIONAL ADVERTISING EXPENSE			(53,925)			20,802				(33,123)	33,123
ECONOMIC DEVELOPMENT EXPENSE			(1,901)			733				(1,168)	1,168
MGMT FINANCIAL PLANNING SERVICES			(40,226)			15,517				(24,709)	24,709
DIRECTORS' & OFFICERS' INSURANCE			(1,397)			539				(858)	858
INDUSTRY ASSOCIATION DUES			(450,798)			182,160				(290,062)	290,062
TALLAHASSEE LIAISON EXPENSES				50,000	(21,424)	(19,288)				(90,712)	(90,712)
DEPRECIATION CREDIT ADJUSTMENT (1)					(1,450,132)	559,388				(890,744)	890,744
GRT, FPSC FEES ON CLAUSES & FEES										0	0
(GAIN)/LOSS ON DISPOSITION OF PROPERTY										0	0
INTEREST SYNCHRONIZATION										7,498,508	(7,498,508)
TOTAL FPSC ADJUSTMENTS	(769,828,039)	(486,651,167)	(44,737,704)	(52,215,650)	(82,359,201)	(32,567,153)	0	0	0	(698,530,875)	(71,297,164)
FPSC ADJUSTED	576,728,489	0	272,860,151	94,055,185	35,128,739	(7,760,832)	63,518,236	(244,064)	0	457,557,395	119,171,094
PRO FORMA REVENUE ANNUALIZATION ADJUSTMENTS											
TOTAL PRO FORMA ADJUSTMENTS	0	0	0	0	0	0	0	0	0	0	0
PRO FORMA ADJUSTED	576,728,489	0	272,860,151	94,055,185	35,128,739	(7,760,832)	63,518,236	(244,064)	0	457,557,395	119,171,094
(a) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM NOI BY				(5,511)			(5,383)				
CURRENT MONTH SYSTEM PER BOOKS	120,673,964	49,148,573	26,187,042	(6,200,073)	9,195,860	1,079,758	14,284,068	(32,825)	0	93,662,404	27,011,560
CURRENT MONTH JURISDICTIONAL PER BOOKS	104,420,613	36,395,109	24,063,615	(6,944,321)	9,032,244	1,160,837	14,070,385	(11,527)	0	77,786,341	26,634,272

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, 2017

SCHEDULE 2
PAGE 3 OF 3

<u>RATE BASE ADJUSTMENTS</u>	<u>AMOUNT</u>	<u>NET OPERATING INCOME STATEMENT ADJUSTMENTS</u>	<u>AMOUNT</u>	<u>TAX EFFECT</u>
ENVIRONMENTAL COST RECOVERY CLAUSE INVESTMENT	(1,527,267,561)	FUEL & IIC FUEL REVENUES AND ECONOMY PROFITS	(496,501,547)	(191,525,472)
ACCUMULATED DEPRECIATION	241,305,312	ENVIRONMENTAL COST RECOVERY CLAUSE REVENUES	(201,930,230)	(77,894,586)
CWIP	(12,382,069)	PURCHASED POWER CAPACITY COST CLAUSE REVENUES	(85,024,800)	(32,799,317)
ENERGY CONSERVATION COST RECOVERY INVESTMENT	(14,107,535)	ENERGY CONSERVATION COST RECOVERY CLAUSE REVENUES	(12,199,140)	(4,705,432)
ACCUMULATED DEPRECIATION	(7,811,492)	FUEL EXPENSE	(492,242,613)	189,882,588
CWIP	3,002	PURCHASED POWER CAPACITY COST EXPENSE	(87,446,231)	33,732,384
FAS 143 NET PLANT	(70,358,384)	CONSERVATION EXPENSES - DEPRECIATION AND O & M	(10,019,889)	3,865,172
INTEREST BEARING CWIP	(142,312)	CONSERVATION EXPENSES - OTHER TAXES	(329,067)	126,937
PHFU - NORTH ESCAMBIA	(13,042,899)	ENVIRONMENTAL COST RECOVERY EXPENSE	(95,328,615)	36,773,013
		FRANCHISE FEE REVENUES	(42,731,932)	(16,483,843)
		FRANCHISE FEE	(42,285,624)	16,311,679
WORKING CAPITAL:		GROSS RECEIPTS TAX REVENUES	(31,784,592)	(12,260,906)
ECRC WORKING CAPITAL	(14,655,758)	GROSS RECEIPTS TAX EXPENSE	(31,389,925)	12,108,664
CONSERVATION/AEM INVENTORY	(948,497)	MARKETING SUPPORT ACTIVITIES	(98,510)	38,000
FUNDED PROPERTY INSURANCE RESERVE	(1)	WHOLESALE EXPENSES	(379,947)	146,565
LOANS TO EMPLOYEES AND RETIREES	(44,457)	INSTITUTIONAL ADVERTISING EXPENSE	(225,258)	86,893
INTEREST & DIVIDENDS RECEIVABLE	0	ECONOMIC DEVELOPMENT EXPENSE	(53,925)	20,802
NORTH ESCAMBIA SITE	(4,617,874)	MGMT FINANCIAL PLANNING SERVICES	(1,943)	750
UNAMORTIZED RATE CASE EXPENSE	(1,365,625)	DIRECTORS' & OFFICERS' INSURANCE	(41,114)	15,860
DEPRECIATION CREDIT ADJUSTMENT	0	INDUSTRY ASSOCIATION DUES	(1,425)	550
FUEL RELATED DEFERRED DEBITS	(3,239,113)	TALLAHASSEE LIAISON EXPENSE	(482,654)	186,164
UNREALIZED LOSS ON FWD CONTRACT	(206,080)	GRT/FPSC FEES ON CLAUSE REV ADJ & FRAN FEES	(1,450,132)	559,388
ACCUM. PROV. FOR RATE REFUNDS	0	COMP SALES/TRANS REV/G/L SALE GAS/PROV RT REFRN. ESC REV	(100,109)	(38,617)
FAS 143 WORKING CAPITAL	83,807,694	GAIN/LOSS ON DISPOSITION OF PROPERTY	0	0
FAS 158 REGULATORY ASSETS	(154,923,565)	DEPRECIATION CREDIT ADJUSTMENT (1)	50,000	(19,288)
FAS 158 REGULATORY LIABILITIES	154,923,565	INTEREST SYNCHRONIZATION	7,715,778	7,715,778
PPA REGULATORY ASSETS	(150,251,065)			
PPA REGULATORY LIABILITIES	150,251,065			
FAS 133 REGULATORY ASSETS	(63,715,003)			
FAS 133 REGULATORY LIABILITIES	63,715,003			

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
YEAR END RATE OF RETURN
RATE BASE
January, 2017

PLANT IN SERVICE	ACCUMULATED DEPRECIATION & AMORTIZATION	NET PLANT IN SERVICE	PROPERTY HELD FOR FUTURE USE	CONSTRUCTION WORK IN PROGRESS	NUCLEAR FUEL (NET)	NET UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE
5,133,565,705	1,663,975,964	3,469,589,741	14,754,000	46,926,683	0	3,531,270,425	180,781,422	3,712,051,847
4,728,982,201	1,511,100,769	3,217,881,432	14,322,375	39,858,784	0	3,272,062,591	252,154,537	3,524,217,128
(1,509,126,031)	(267,861,827)	(1,241,264,204)		(4,275,766)		(1,245,539,970)	(14,229,453)	(1,259,769,423)
(14,944,385)	8,011,064	(22,955,449)		(1,287,418)		(1,287,418)	0	(1,287,418)
						(22,955,449)	(948,497)	(23,903,946)
							(42,597)	(42,597)
			(12,661,331)			(12,661,331)	0	0
							(4,423,532)	(17,084,863)
							(3,239,113)	(3,239,113)
							(1,308,454)	(1,308,454)
(1,524,070,416)	(259,850,763)	(1,264,219,653)	(12,661,331)	(5,563,184)	0	(1,282,444,166)	(24,191,646)	(1,306,635,814)
3,204,911,785	1,251,250,006	1,953,661,779	1,661,044	34,295,600	0	1,989,618,423	227,962,891	2,217,581,314
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
3,204,911,785	1,251,250,006	1,953,661,779	1,661,044	34,295,600	0	1,989,618,423	227,962,891	2,217,581,314

SYSTEM PER BOOKS

JURISDICTIONAL PER BOOKS

FPSC ADJUSTMENTS:

ENVIRONMENTAL RECOVERY CLAUSE
INT BEARING CWIP
ENERGY CONSERVATION CLAUSE
LOANS TO EMPLOYEES AND RETIREES
INTEREST AND DIVIDENDS RECEIVABLE
FUNDED PROP RES. N. ESCAMBIA SITE, & OTHER INV.
FUEL RELATED DEFERRED DEBITS
ACCRUED PROVISION FOR REFUND
UNAMORTIZED RATE CASE EXPENSES

TOTAL FPSC ADJUSTMENTS

FPSC ADJUSTED

PRO FORMA REVENUE AND ANNUALIZATION ADJUSTMENTS

TOTAL PRO FORMA ADJUSTMENTS

PRO FORMA ADJUSTED

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

	OPERATING REVENUES	O & M FUEL & NET INTERCHANGE	O & M OTHER	DEPRECIATION & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	DEFERRED INCOME TAXES (NET)	INVESTMENT CREDIT (NET)	(GAIN)/LOSS ON DISPOSITION OF PROPERTY	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
SYSTEM PER BOOKS	1,480,980,188	579,700,394	332,152,295	155,495,975	119,353,300	25,621,597	67,595,356	(501,656)	0	1,279,417,262	201,562,926 (a)
JURISDICTIONAL PER BOOKS	1,346,556,528	488,651,167	317,597,855	146,270,835	117,487,940	24,825,257	63,439,411	(244,084)	0	1,156,028,381	190,528,147 (a)
LESS FPSC ADJUSTMENTS:	(402,061,492)	(401,755,741)				(117,943)				(401,873,684)	(187,808)
RETAIL FUEL REVENUES & EXPENSES	(84,864,529)	(84,895,426)				11,919				(84,863,507)	18,979
PURCHASED POWER CAPACITY REVENUES & EXPENSES	(12,198,140)		(9,626,900)	(393,589)	(329,067)	(713,323)				(11,062,279)	(1,135,861)
ENERGY CONSERVATION COST REVENUES & EXPENSES	(196,187,355)		(33,874,493)	(51,872,061)	(6,863,030)	(39,947,410)				(132,576,994)	(63,610,361)
ENVIRONMENTAL COST RECOVERY CLAUSE	(42,731,932)				(42,285,624)	(172,164)				(42,457,788)	(274,145)
FRANCHISE FEE REVENUE & EXPENSE	(31,784,592)				(31,389,925)	(152,242)				(31,542,167)	(242,425)
GROSS RECEIPTS TAX REVENUE & ADJUSTMENT			(98,510)			38,000				(60,510)	60,510
MARKETING SUPPORT ACTIVITIES			(369,247)			142,437				(226,810)	226,810
WHOLESALE EXPENSES			(220,906)			85,214				(135,692)	135,692
INSTITUTIONAL ADVERTISING EXPENSE			(53,925)			20,802				(33,123)	33,123
ECONOMIC DEVELOPMENT EXPENSE			(1,901)			733				(1,168)	1,168
MGMT FINANCIAL PLANNING SERVICES			(40,226)			15,517				(24,709)	24,709
DIRECTORS' & OFFICERS' INSURANCE			(1,397)			539				(858)	858
INDUSTRY ASSOCIATION DUES			(450,796)			182,160				(268,636)	268,636
TALLAHASSEE LIAISON EXPENSES				50,000	(21,424)	(19,288)				(90,712)	90,712
DEPRECIATION CREDIT ADJUSTMENT (1)					(1,450,132)	559,388				(890,744)	890,744
GRT, FPSC FEES ON CLAUSES & FEES										0	0
(GAIN) / LOSS ON DISPOSITION OF PROPERTY										0	0
INTEREST SYNCHRONIZATION										9,410,372	(9,410,372)
TOTAL FPSC ADJUSTMENTS	(769,828,039)	(486,651,167)	(44,737,704)	(52,215,650)	(82,359,201)	(30,655,289)	0	0	0	(696,619,011)	(73,209,026)
FPSC ADJUSTED	576,728,489	0	272,860,151	94,055,185	35,128,739	(5,830,032)	63,439,411	(244,084)	0	459,409,370	117,319,119
PRO FORMA REVENUE ANNUALIZATION											
TOTAL PRO FORMA ADJUSTMENTS	0	0	0	0	0	0	0	0	0	0	0
PRO FORMA ADJUSTED	576,728,489	0	272,860,151	94,055,185	35,128,739	(5,830,032)	63,439,411	(244,084)	0	459,409,370	117,319,119

(a) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM NOI BY (5,511) AND THE JURISDICTIONAL NOI BY (5,383)

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
YEAR END RATE OF RETURN
SYSTEM ADJUSTMENTS
January, 2017

SCHEDULE 3
PAGE 3 OF 3

<u>RATE BASE ADJUSTMENTS</u>	<u>AMOUNT</u>	<u>NET OPERATING INCOME STATEMENT ADJUSTMENTS</u>	<u>AMOUNT</u>	<u>TAX EFFECT</u>
ENVIRONMENTAL COST RECOVERY CLAUSE INVESTMENT	(1,552,589,680)	FUEL & IIC FUEL REVENUES AND ECONOMY PROFITS	(496,501,547)	(191,525,472)
ACCUMULATED DEPRECIATION	275,576,393	ENVIRONMENTAL COST RECOVERY CLAUSE REVENUES	(201,930,230)	(77,894,586)
CWIP	(4,398,910)	PURCHASED POWER CAPACITY COST CLAUSE REVENUES	(85,024,800)	(32,798,317)
ENERGY CONSERVATION COST RECOVERY INVESTMENT	(14,944,385)	ENERGY CONSERVATION COST RECOVERY CLAUSE REVENUES	(12,198,140)	(4,705,432)
ACCUMULATED DEPRECIATION	(8,011,064)	FUEL EXPENSE	(492,242,613)	189,882,588
CWIP	0	PURCHASED POWER CAPACITY COST EXPENSE	(87,446,231)	33,732,384
FAS 143 NET PLANT	(46,187,297)	CONSERVATION EXPENSES - DEPRECIATION AND O & M	(10,019,889)	3,865,172
INTEREST BEARING CWIP	(1,318,038)	CONSERVATION EXPENSES - OTHER TAXES	(329,067)	126,937
PHFU - NORTH ESCAMBIA	(13,042,899)	ENVIRONMENTAL COST RECOVERY EXPENSE	(95,328,615)	36,773,013
		FRANCHISE FEE REVENUES	(42,731,932)	(16,483,843)
		FRANCHISE FEE	(42,285,824)	16,311,679
WORKING CAPITAL:		GROSS RECEIPTS TAX REVENUES	(31,784,592)	(12,260,906)
ECRC WORKING CAPITAL	(14,655,758)	GROSS RECEIPTS TAX EXPENSE	(31,389,925)	12,108,664
CONSERVATION/AEM INVENTORY	(948,497)	MARKETING SUPPORT ACTIVITIES	(98,510)	38,000
FUNDED PROPERTY INSURANCE RESERVE	(1)	WHOLESALE EXPENSES	(379,947)	146,565
LOANS TO EMPLOYEES AND RETIREES	(44,457)	INSTITUTIONAL ADVERTISING EXPENSE	(225,258)	86,893
INTEREST & DIVIDENDS RECEIVABLE	0	ECONOMIC DEVELOPMENT EXPENSE	(53,925)	20,802
NORTH ESCAMBIA SITE	(4,617,874)	MGMT FINANCIAL PLANNING SERVICES	(1,943)	750
UNAMORTIZED RATE CASE EXPENSE	(1,365,825)	DIRECTORS' & OFFICERS' INSURANCE	(41,114)	15,880
DEPRECIATION CREDIT ADJUSTMENT	0	INDUSTRY ASSOCIATION DUES	(1,425)	550
FUEL RELATED DEFERRED DEBITS	(3,239,113)	TALLAHASSEE LIAISON EXPENSE	(482,854)	186,184
UNREALIZED LOSS ON FWD CONTRACT	(206,080)	GRT/PPSC FEES ON CLAUSE REV ADJ & FRAN FEES	(1,450,132)	559,388
ACCUM. PROV. FOR RATE REFUNDS	0	COMP SALES/TRANS REV/G/L SALE GAS/PROV RT REFN. ESC REV	(100,109)	(38,617)
FAS 143 WORKING CAPITAL	83,807,694	GAIN/LOSS ON DISPOSITION OF PROPERTY	0	0
FAS 156 REGULATORY ASSETS	(154,923,565)	DEPRECIATION CREDIT ADJUSTMENT (1)	50,000	(19,288)
FAS 156 REGULATORY LIABILITIES	154,923,565	INTEREST SYNCHRONIZATION	9,804,501	9,804,501
PPA REGULATORY ASSETS	(150,251,065)			
PPA REGULATORY LIABILITIES	150,251,065			
FAS 133 REGULATORY ASSETS	(63,715,003)			
FAS 133 REGULATORY LIABILITIES	63,715,003			

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
CAPITAL STRUCTURE
FPSC ADJUSTED BASIS
January, 2017

AVERAGE	ADJUSTMENTS			LOW POINT			MIDPOINT			HIGH POINT		
	SYSTEM PER BOOKS	RETAIL PER BOOKS	PRO RATA	ADJUSTED RETAIL	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)
LONG TERM DEBT	1,181,757,281	1,103,763,495	(415,692,714)	688,070,781	31.50	4.38	1.38	4.38	1.38	4.38	4.38	1.38
SHORT TERM DEBT	124,092,226	113,450,152	(42,726,908)	70,723,244	3.24	0.42	0.01	0.42	0.01	0.42	0.42	0.01
PREFERENCE STOCK	146,504,320	136,879,698	(51,550,802)	85,328,896	3.91	6.14	0.24	6.14	0.24	6.14	6.14	0.24
CUSTOMER DEPOSITS	35,874,340	35,766,202	(13,470,050)	22,296,152	1.02	1.97	0.02	1.97	0.02	1.97	1.97	0.02
COMMON EQUITY	1,373,727,311	1,299,486,795	(489,404,836)	810,081,959	37.09	9.25	3.43	10.25	3.80	11.25	11.25	4.17
DEFERRED INCOME TAXES	913,510,877	865,432,667	(325,934,003)	539,498,664	24.70							
FASB 109 DEFERRED TAXES	(54,485,826)	(51,618,228)	19,440,144	(32,178,084)	(1.47)							
TAX CREDITS - ZERO COST	0	0	0	0	0.00							
TAX CREDITS - WEIGHTED COST	1,783,857	390,421	(147,038)	243,383	0.01	6.97	0.00	7.48	0.00	7.99	7.99	0.00
TOTAL	3,722,764,386	3,503,551,202	(1,319,486,207)	2,184,064,995	100.00	5.09	5.09	5.46	5.46	5.83	5.83	5.83

YEAR-END	ADJUSTMENTS			LOW POINT			MIDPOINT			HIGH POINT		
	SYSTEM PER BOOKS	RETAIL PER BOOKS	PRO RATA	ADJUSTED RETAIL	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)
LONG TERM DEBT	1,056,826,722	969,965,708	(359,623,680)	610,342,028	27.52	4.17	1.15	4.17	1.15	4.17	4.17	1.15
SHORT TERM DEBT	100,000,000	88,671,954	(32,875,940)	55,796,014	2.52	0.89	0.02	0.89	0.02	0.89	0.89	0.02
PREFERENCE STOCK	146,504,320	134,463,070	(49,853,416)	84,609,654	3.82	6.14	0.23	6.14	0.23	6.14	6.14	0.23
CUSTOMER DEPOSITS	35,274,252	34,351,588	(12,736,166)	21,615,422	0.97	0.00	0.00	0.00	0.00	0.00	0.00	0.00
COMMON EQUITY	1,552,302,543	1,451,704,969	(538,232,928)	913,472,041	41.19	9.25	3.81	10.25	4.22	11.25	11.25	4.63
DEFERRED INCOME TAXES	962,466,876	894,743,479	(331,734,349)	563,009,130	25.39							
FASB 109 DEFERRED TAXES	(53,729,808)	(49,949,662)	18,519,295	(31,430,367)	(1.42)							
TAX CREDITS - ZERO COST	0	0	0	0	0.00							
TAX CREDITS - WEIGHTED COST	1,537,173	266,022	(98,630)	167,392	0.01	7.16	0.00	7.73	0.00	8.30	8.30	0.00
TOTAL	3,801,172,077	3,524,217,128	(1,306,635,814)	2,217,581,314	100.00	5.22	5.22	5.63	5.63	6.04	6.04	6.04

GULF POWER COMPANY
Financial Integrity Indicators
January, 2017

A. Times Interest Earned with AFUDC

Earnings Before Interest	200,690,585
AFUDC - Debt	(2,102)
Income Taxes	96,489,514
	<hr/>
Total	297,177,998
Interest Charges (Before Deducting AFUDC - Debt)	53,900,285
	<hr/>
T.I.E. With AFUDC	5.51 x

B. Times Interest Earned without AFUDC

Earnings Before Interest	200,690,585
AFUDC - Other	3,409
Income Taxes	96,489,514
	<hr/>
Total	297,183,509
Interest Charges (Before Deducting AFUDC - Debt)	53,900,285
	<hr/>
T.I.E. Without AFUDC	5.51 x

C. Percent AFUDC To Net Income Available
for Common Stockholders

AFUDC - Debt	(2,102)
X (1 - Income Tax Rate)	0.61425
	<hr/>
Subtotal	(1,291)
AFUDC - Other	(3,409)
	<hr/>
Total	(4,700)
	<hr/>
Net Income Available for Common Stockholders	137,785,699
	<hr/>
Percent AFUDC to Available Net Income	0.00%

D. Percent Internally Generated Funds

Net Income	146,788,199
Preference Dividends	(9,002,500)
Common Dividends	(121,301,000)
AFUDC (Debt & Other)	5,511
Depreciation & Amortization	164,750,152
Deferred Income Taxes	67,595,356
Investment Tax Credits	0
Other	(15,156,726)
	<hr/>
Total	233,678,992
	<hr/>
Construction Expenditures (Excluding AFUDC Other & Debt)	207,775,692
	<hr/>
Percent Internally Generated Funds	112.47%

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	688,070,781
Short Term Debt	70,723,244
Preference Stock	85,328,896
Common Equity	810,081,959
	<hr/>
Total	1,654,204,880
	<hr/>
% Long Term Debt To Total	41.60%
	<hr/>
% Short Term Debt To Total	4.28%

G. FPSC Adjusted Average Jurisdictional Return
On Common Equity

	G. FPSC ADJ.	H. PROFORMA
FPSC Adjusted Average Earned Rate of Return	5.46%	5.46%
Less: Reconciled Average Retail Weighted Cost Rates For:		
Long Term Debt	(1.38)	(1.38)
Short Term Debt	(0.01)	(0.01)
Preference Stock	(0.24)	(0.24)
Customer Deposits	(0.02)	(0.02)
Tax Credits - Weighted Cost (Common Equity at Midpoint)	(0.00)	(0.00)
	<hr/>	<hr/>
Subtotal	(1.66)	(1.66)
	<hr/>	<hr/>
Total	3.80	3.80
Divided by Common Equity Ratio	37.09	37.09
	<hr/>	<hr/>
Jurisdictional Return on Common Equity	10.25%	10.25%

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

Supplemental 1

<u>Month</u>	<u>Year</u>	<u>\$</u>
February	2016	291,667
March	2016	291,667
April	2016	291,667
May	2016	291,667
June	2016	291,667
July	2016	291,667
August	2016	291,667
September	2016	291,667
October	2016	291,667
November	2016	291,667
December	2016	291,663
January	2017	291,667
12 - M-T-D		<u>3,500,000</u>