



Robert L. McGee, Jr.
Regulatory & Pricing Manager

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April 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 February, 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

February 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*
February, 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	186,435,403	(71,649,428)	114,785,975	0	114,785,975
Average Rate Base	3,590,712,918	(1,320,936,117)	2,269,776,801	0	2,269,776,801
Average Rate of Return	5.19%		5.06%		5.06%
II. Year End Rate of Return (Jurisdictional)					
	(a)	(b)			
Net Operating Income	186,368,553	(73,674,345)	112,694,208	0	112,694,208
Year End Rate Base	3,618,467,268	(1,307,508,713)	2,310,958,555	0	2,310,958,555
Year End Rate of Return	5.15%		4.88%		4.88%
(a) Includes AFUDC Earnings					
(b) Includes Reversal of AFUDC Earnings					
III. Required Rates of Return Average Capital Structure (FPSC Adjusted Basis)					
Low	5.10%				
Midpoint	5.47%				
High	5.85%				
IV. Financial Integrity Indicators					
A. Tie With AFUDC	5.64 x (System per Books Basis)				
B. Tie Without AFUDC	5.64 x (System per Books Basis)				
C. AFUDC To Net Income	0.00% (System per Books Basis)				
D. Internally Generated Funds	105.64% (System per Books Basis)				
E. LTD To Total Investor Funds	41.01% (FPSC Adjusted Basis)				
F. STD To Total Investor Funds	4.27% (FPSC Adjusted Basis)				
G. Return on Common Equity	9.14% (FPSC Adjusted Basis)				
H. Return on Common Equity	9.14% (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
 4/14/17

*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*
February, 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	5,094,974,777	1,626,125,196	3,468,849,581	14,754,384	62,671,417	0	3,546,275,382	191,236,383	3,737,511,765
JURISDICTIONAL PER BOOKS	4,804,284,770	1,557,760,439	3,246,524,331	14,322,747	59,953,557	0	3,320,800,635	269,912,283	3,590,712,918
FPSC ADJUSTMENTS:									
ENVIRONMENTAL RECOVERY CLAUSE	(1,485,571,059)	(237,515,153)	(1,248,055,906)		(11,383,451)		(1,259,439,357)	(15,822,924)	(1,275,262,281)
INT BEARING CWIP					(283,718)		(283,718)	0	(283,718)
ENERGY CONSERVATION CLAUSE	(14,216,485)	7,850,049	(22,066,534)		4,352		(22,062,182)	(885,515)	(22,947,697)
LOANS TO EMPLOYEES / RETIREES								(41,899)	(41,899)
INTEREST AND DIVIDENDS RECEIVABLE								0	0
FUNDED PROP RES, N. ESCAMBIA & OTHER INV.				(12,661,331)			(12,661,331)	(4,441,972)	(17,103,303)
FUEL RELATED DEFERRED DEBITS								(3,665,986)	(3,665,986)
FLAME RESISTANT CLOTHING								0	0
ACCRUED PROVISION FOR REFUND								0	0
UNAMORTIZED RATE CASE EXPENSES								(1,631,233)	(1,631,233)
SALE OF RAILCARS								0	0
TOTAL FPSC ADJUSTMENTS	(1,499,787,544)	(229,665,104)	(1,270,122,440)	(12,661,331)	(11,662,817)	0	(1,294,446,588)	(26,489,529)	(1,320,936,117)
FPSC ADJUSTED	3,304,497,226	1,328,095,335	1,976,401,891	1,661,416	48,290,740	0	2,026,354,047	243,422,754	2,269,776,801
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	3,304,497,226	1,328,095,335	1,976,401,891	1,661,416	48,290,740	0	2,026,354,047	243,422,754	2,269,776,801

*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*
February, 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	1,477,233,166	580,204,737	332,507,573	150,798,670	118,798,495	21,975,034	71,777,510	(491,860)	0	1,275,570,161	201,663,007
JURISDICTIONAL PER BOOKS	1,339,571,285	482,302,558	323,662,586	144,773,491	117,505,558	23,077,725	82,224,188	(408,480)	0	1,153,137,627	186,433,658
LESS FPSC ADJUSTMENTS:											
RETAIL FUEL REVENUES & EXPENSES	(397,665,211)	(397,564,081)				(116,161)				(397,660,242)	(184,969)
PURCHASED POWER CAPACITY REVENUES & EXPENSES	(84,719,794)	(84,738,478)			(328,704)	7,230				(84,731,248)	11,513
ENERGY CONSERVATION COST REVENUES & EXPENSES	(12,082,481)		(9,514,120)	(396,074)		(715,019)				(10,953,918)	(1,136,563)
ENVIRONMENTAL COST RECOVERY CLAUSE	(198,017,841)		(84,903,944)	(51,324,221)	(7,020,773)	(40,183,154)				(134,032,082)	(63,985,748)
FRANCHISE FEE REVENUE & EXPENSE	(42,365,012)				(41,944,948)	(162,039)				(42,105,987)	(258,025)
GROSS RECEIPTS TAX REVENUE & ADJUSTMENT	(31,487,506)				(31,090,408)	(153,180)				(31,243,588)	(243,917)
MARKETING SUPPORT ACTIVITIES			(102,214)			39,429				(62,785)	62,785
WHOLESALE EXPENSES			(301,171)			116,177				(184,994)	184,994
INSTITUTIONAL ADVERTISING EXPENSE			(175,254)			67,604				(107,650)	107,650
ECONOMIC DEVELOPMENT EXPENSE			(49,189)			18,975				(30,214)	30,214
MGMT FINANCIAL PLANNING SERVICES			(4,665)			1,800				(2,865)	2,865
DIRECTORS' & OFFICERS' INSURANCE			(39,519)			15,245				(24,274)	24,274
INDUSTRY ASSOCIATION DUES			(1,430)			552				(878)	878
TALLHASSEE LIAISON EXPENSES			(436,127)			176,468				(261,000)	261,000
GRT, FPSC FEES ON CLAUSES & FEES					(1,435,879)	553,890				(881,989)	881,989
(GAIN) / LOSS ON DISPOSITION OF PROPERTY										0	0
INTEREST SYNCHRONIZATION						7,424,852				7,424,652	(7,424,652)
TOTAL FPSC ADJUSTMENTS	(766,547,796)	(482,302,558)	(415,527,634)	(52,320,295)	(81,842,104)	(32,907,511)	0	0	0	(694,900,103)	(71,647,683)
FPSC ADJUSTED	573,023,489	0	278,134,952	92,453,196	35,663,454	(9,829,786)	62,224,188	(408,480)	0	458,237,524	114,785,975
PRO FORMA REVENUE ANNUALIZATION ADJUSTMENTS											
TOTAL PRO FORMA ADJUSTMENTS	0	0	0	0	0	0	0	0	0	0	0
PRO FORMA ADJUSTED	573,023,489	0	278,134,952	92,453,196	35,663,454	(9,829,786)	62,224,188	(408,480)	0	458,237,524	114,785,975
(a) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM NOI BY				1,796	AND THE JURISDICTIONAL NOI BY	1,745					
CURRENT MONTH SYSTEM PER BOOKS	103,901,963	40,187,143	25,858,913	9,963,911	8,697,122	(1,716,646)	7,654,215	(32,825)	0	90,611,834	13,290,129
CURRENT MONTH JURISDICTIONAL PER BOOKS	90,413,034	29,203,407	24,221,149	9,558,644	8,611,105	(265,989)	6,104,507	(27,267)	0	77,403,556	13,009,478

TOTALS MAY NOT ADD DUE TO ROUNDING.

*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
SYSTEM ADJUSTMENTS, INCLUDING SCHERER 3*
February, 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	(1,529,913,433)	FUEL & IIC FUEL REVENUES AND ECONOMY PROFITS	(496,528,025)	(191,535,666)
ACCUMULATED DEPRECIATION	244,604,673	ENVIRONMENTAL COST RECOVERY CLAUSE REVENUES	(203,710,374)	(78,581,277)
CWIP	(11,723,233)	PURCHASED POWER CAPACITY COST CLAUSE REVENUES	(84,868,574)	(32,738,052)
ENERGY CONSERVATION COST RECOVERY INVESTMENT	(14,216,485)	ENERGY CONSERVATION COST RECOVERY CLAUSE REVENUES	(12,092,481)	(4,664,674)
ACCUMULATED DEPRECIATION	(7,850,049)	FUEL EXPENSE	(482,918,730)	190,143,400
CWIP	4,352	PURCHASED POWER CAPACITY COST EXPENSE	(87,274,156)	33,666,006
FAS 143 NET PLANT	(67,163,709)	CONSERVATION EXPENSES - DEPRECIATION AND O & M	(9,910,194)	3,822,857
INTEREST BEARING CWIP	(290,466)	CONSERVATION EXPENSES - OTHER TAXES	(328,704)	126,798
PHFU - NORTH ESCAMBIA	(13,042,899)	ENVIRONMENTAL COST RECOVERY EXPENSE	(96,573,978)	37,253,411
		FRANCHISE FEE REVENUES	(42,365,012)	(16,342,303)
		FRANCHISE FEE	(41,944,948)	16,180,264
WORKING CAPITAL:		GROSS RECEIPTS TAX REVENUES	(31,487,506)	(12,146,305)
ECRC WORKING CAPITAL	(16,295,218)	GROSS RECEIPTS TAX EXPENSE	(31,090,408)	11,993,125
CONSERVATION/AEM INVENTORY	(885,515)	MARKETING SUPPORT ACTIVITIES	(102,214)	39,429
FUNDED PROPERTY INSURANCE RESERVE	0	WHOLESALE EXPENSES	(310,281)	119,691
LOANS TO EMPLOYEES AND RETIREES	(43,728)	INSTITUTIONAL ADVERTISING EXPENSE	(178,707)	68,936
INTEREST & DIVIDENDS RECEIVABLE	0	ECONOMIC DEVELOPMENT EXPENSE	(49,189)	18,975
NORTH ESCAMBIA SITE	(4,637,119)	MGMT FINANCIAL PLANNING SERVICES	(4,768)	1,839
UNAMORTIZED RATE CASE EXPENSE	(1,702,508)	DIRECTORS' & OFFICERS' INSURANCE	(40,392)	15,581
FUEL RELATED DEFERRED DEBITS	(3,665,986)	INDUSTRY ASSOCIATION DUES	(1,458)	563
UNREALIZED LOSS ON FWD CONTRACT	(206,519)	TALLAHASSEE LIAISON EXPENSE	(467,625)	180,386
ACCUM. PROV. FOR RATE REFUNDS	0	GRT/PPSC FEES ON CLAUSE REV ADJ & FRAN FEES	(1,435,879)	553,890
FAS 143 WORKING CAPITAL	80,420,536	COMP SALES/TRANS REV/G/L SALE GAS/PROV RT RE/FPN, ESC REV	(115,529)	(44,565)
FAS 158 REGULATORY ASSETS	(155,698,489)	GAIN/LOSS ON DISPOSITION OF PROPERTY	0	0
FAS 158 REGULATORY LIABILITIES	155,698,489	INTEREST SYNCHRONIZATION	7,588,956	7,588,956
PPA REGULATORY ASSETS	(148,418,735)			
PPA REGULATORY LIABILITIES	148,418,735			
FAS 133 REGULATORY ASSETS	(59,225,891)			
FAS 133 REGULATORY LIABILITIES	59,225,891			

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GULF POWER COMPANY
YEAR END RATE OF RETURN
RATE BASE, INCLUDING SCHERER 3*
February, 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	5,133,346,652	1,671,400,770	3,461,945,883	14,754,000	54,616,635	0	3,531,316,518	191,236,383	3,722,562,901
JURISDICTIONAL PER BOOKS	4,890,576,166	1,608,460,247	3,282,115,919	14,322,375	51,125,873	0	3,347,564,167	270,903,101	3,618,467,268
<u>FPSC ADJUSTMENTS:</u>									
ENVIRONMENTAL RECOVERY CLAUSE	(1,506,795,300)	(269,777,125)	(1,237,018,175)		(6,373,041)		(1,243,391,216)	(15,822,924)	(1,259,214,140)
INT BEARING CWIP					(1,955,959)		(1,955,959)	0	(1,955,959)
ENERGY CONSERVATION CLAUSE	(14,972,457)	8,038,221	(23,010,678)				(23,010,678)	(885,515)	(23,896,193)
LOANS TO EMPLOYEES AND RETIREES								(41,899)	(41,899)
INTEREST AND DIVIDENDS RECEIVABLE								0	0
FUNDED PROP RES. N. ESCAMBIA SITE, & OTHER INV.				(12,661,331)			(12,661,331)	(4,441,972)	(17,103,303)
FUEL RELATED DEFERRED DEBITS								(3,665,986)	(3,665,986)
ACCRUED PROVISION FOR REFUND								0	0
UNAMORTIZED RATE CASE EXPENSES								(1,631,233)	(1,631,233)
TOTAL FPSC ADJUSTMENTS	(1,521,767,757)	(261,738,904)	(1,260,028,853)	(12,661,331)	(8,329,000)	0	(1,281,019,184)	(26,489,529)	(1,307,508,713)
FPSC ADJUSTED	3,369,808,409	1,346,721,343	2,022,087,066	1,661,044	42,796,873	0	2,066,544,983	244,413,572	2,310,958,555
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	3,369,808,409	1,346,721,343	2,022,087,066	1,661,044	42,796,873	0	2,066,544,983	244,413,572	2,310,958,555

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GULF POWER COMPANY
YEAR END RATE OF RETURN
INCOME STATEMENT, INCLUDING SCHERER 3*
February, 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	1,477,233,168	580,204,737	332,507,573	150,798,670	118,798,495	21,975,034	71,777,510	(491,860)	0	1,275,570,161	201,663,007 (a)
JURISDICTIONAL PER BOOKS	1,339,571,285	482,302,558	323,662,586	144,773,491	117,519,558	23,052,075	62,316,688	(408,480)	0	1,153,204,477	186,356,808 (a)
LESS FPSC ADJUSTMENTS:	(397,865,211)	(397,564,081)				(116,161)				(397,680,242)	(184,969)
RETAIL FUEL REVENUES & EXPENSES	(84,719,734)	(84,738,478)				7,230				(84,731,248)	11,513
PURCHASED POWER CAPACITY REVENUES & EXPENSES	(12,092,481)		(9,514,120)	(396,074)	(328,704)	(715,019)				(10,953,918)	(1,138,563)
ENERGY CONSERVATION COST REVENUES & EXPENSES	(186,017,841)		(34,903,944)	(51,924,221)	(7,020,773)	(40,183,154)				(134,032,092)	(63,985,749)
ENVIRONMENTAL COST RECOVERY CLAUSE	(42,365,012)				(41,944,948)	(162,039)				(42,106,987)	(256,025)
FRANCHISE FEE REVENUE & EXPENSE	(31,487,506)				(31,090,408)	(153,180)				(31,243,588)	(243,917)
GROSS RECEIPTS TAX REVENUE & ADJUSTMENT						39,429				(62,785)	62,785
MARKETING SUPPORT ACTIVITIES						116,177				(184,984)	184,984
WHOLESALE EXPENSES			(102,214)							(107,650)	107,650
INSTITUTIONAL ADVERTISING EXPENSE			(301,171)			67,604				(30,214)	30,214
ECONOMIC DEVELOPMENT EXPENSE			(175,254)			18,975				(2,665)	2,665
MGMT FINANCIAL PLANNING SERVICES			(49,189)			1,800				(24,274)	24,274
DIRECTORS' & OFFICERS' INSURANCE			(4,665)			15,245				(878)	878
INDUSTRY ASSOCIATION DUES			(39,519)			552				(281,030)	281,030
TALLAHASSEE LIAISON EXPENSES			(1,430)			176,488				(881,989)	881,989
GRT, FPSC FEES ON CLAUSES & FEES			(436,127)			553,890				0	0
INTEREST SYNCHRONIZATION						9,449,569				9,449,569	(9,449,569)
TOTAL FPSC ADJUSTMENTS	(786,547,796)	(482,302,558)	(45,527,634)	(52,320,295)	(81,842,104)	(30,882,594)	0	0	0	(692,875,186)	(73,672,600)
FPSC ADJUSTED	573,023,499	0	278,134,952	92,453,196	35,663,454	(7,830,519)	62,316,688	(408,480)	0	460,329,291	112,694,208
PRO FORMA REVENUE ANNUALIZATION	0	0	0	0	0	0	0	0	0	0	0
TOTAL PRO FORMA ADJUSTMENTS	0	0	0	0	0	0	0	0	0	0	0
PRO FORMA ADJUSTED	573,023,499	0	278,134,952	92,453,196	35,663,454	(7,830,519)	62,316,688	(408,480)	0	460,329,291	112,694,208
(a) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM NOI BY				1,786	AND THE JURISDICTIONAL NOI BY		1,745				

*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*
February, 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	(1,550,176,476)	FUEL & IIC FUEL REVENUES AND ECONOMY PROFITS	(496,528,025)	(191,535,686)
ACCUMULATED DEPRECIATION	277,544,105	ENVIRONMENTAL COST RECOVERY CLAUSE REVENUES	(203,710,374)	(78,581,277)
CWIP	(6,556,523)	PURCHASED POWER CAPACITY COST CLAUSE REVENUES	(84,868,574)	(32,738,052)
ENERGY CONSERVATION COST RECOVERY INVESTMENT	(14,972,457)	ENERGY CONSERVATION COST RECOVERY CLAUSE REVENUES	(12,092,481)	(4,664,674)
ACCUMULATED DEPRECIATION	(8,038,221)	FUEL EXPENSE	(492,918,730)	190,143,400
CWIP	0	PURCHASED POWER CAPACITY COST EXPENSE	(87,274,156)	33,666,006
FAS 143 NET PLANT	(45,808,571)	CONSERVATION EXPENSES - DEPRECIATION AND O & M	(9,910,194)	3,822,857
INTEREST BEARING CWIP	(2,002,481)	CONSERVATION EXPENSES - OTHER TAXES	(328,704)	126,798
PHFU - NORTH ESCAMBIA	(13,042,899)	ENVIRONMENTAL COST RECOVERY EXPENSE	(96,573,976)	37,253,411
		FRANCHISE FEE REVENUES	(42,385,012)	(16,342,303)
		FRANCHISE FEE	(41,944,948)	16,180,264
WORKING CAPITAL:		GROSS RECEIPTS TAX REVENUES	(31,487,506)	(12,146,305)
ECRC WORKING CAPITAL	(16,295,218)	GROSS RECEIPTS TAX EXPENSE	(31,090,408)	11,993,125
CONSERVATION/AEM INVENTORY	(885,515)	MARKETING SUPPORT ACTIVITIES	(102,214)	39,429
FUNDED PROPERTY INSURANCE RESERVE	0	WHOLESALE EXPENSES	(310,281)	119,691
LOANS TO EMPLOYEES AND RETIREES	(43,728)	INSTITUTIONAL ADVERTISING EXPENSE	(178,707)	68,936
INTEREST & DIVIDENDS RECEIVABLE	0	ECONOMIC DEVELOPMENT EXPENSE	(49,189)	18,975
NORTH ESCAMBIA SITE	(4,637,119)	MGMT FINANCIAL PLANNING SERVICES	(4,768)	1,839
UNAMORTIZED RATE CASE EXPENSE	(1,702,508)	DIRECTORS' & OFFICERS' INSURANCE	(40,392)	15,581
FUEL RELATED DEFERRED DEBITS	(3,665,986)	INDUSTRY ASSOCIATION DUES	(1,458)	563
UNREALIZED LOSS ON FWD CONTRACT	(206,519)	TALLAHASSEE LIAISON EXPENSE	(467,625)	180,386
ACCUM. PROV. FOR RATE REFUNDS	0	GRT/FPSC FEES ON CLAUSE REV ADJ & FRAN FEES	(1,435,879)	553,890
FAS 143 WORKING CAPITAL	80,420,536	COMP SALES/TRANS REV/G/L SALE GAS/PROV RT REFN. ESC REV	(115,529)	(44,565)
FAS 158 REGULATORY ASSETS	(155,698,489)	GAIN/LOSS ON DISPOSITION OF PROPERTY	0	0
FAS 158 REGULATORY LIABILITIES	155,698,489	INTEREST SYNCHRONIZATION	9,752,015	9,752,015
PPA REGULATORY ASSETS	(148,418,735)			
PPA REGULATORY LIABILITIES	148,418,735			
FAS 133 REGULATORY ASSETS	(59,225,891)			
FAS 133 REGULATORY LIABILITIES	59,225,891			

*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
February, 2017

AVERAGE	SYSTEM PER BOOKS			ADJUSTMENTS			ADJUSTED RETAIL			RATIO (%)			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 (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)			
LONG TERM DEBT	1,164,245,438	1,115,393,774	(410,322,614)	0	705,061,160	31.06	4.36	1.35	4.36	1.35	4.36	1.35	4.36	1.35	4.36	1.35	4.36	1.35			
SHORT TERM DEBT	124,788,497	116,222,904	(42,755,585)	0	73,467,319	3.24	0.37	0.01	0.37	0.01	0.37	0.01	0.37	0.01	0.37	0.01	0.37	0.01			
PREFERENCE STOCK	146,504,320	140,416,354	(51,655,768)	0	88,760,586	3.91	6.14	0.24	6.14	0.24	6.14	0.24	6.14	0.24	6.14	0.24	6.14	0.24			
CUSTOMER DEPOSITS	35,824,013	35,716,366	(13,139,184)	0	22,577,182	0.99	1.79	0.02	1.79	0.02	1.79	0.02	1.79	0.02	1.79	0.02	1.79	0.02			
COMMON EQUITY	1,391,051,194	1,347,962,645	(495,882,735)	0	852,079,910	37.54	9.25	3.47	10.25	3.85	11.25	3.85	11.25	3.85	11.25	3.85	11.25	3.85			
DEFERRED INCOME TAXES	919,161,927	886,121,459	(325,982,574)	0	560,138,885	24.68															
FASB 109 DEFERRED TAXES	(54,348,447)	(52,394,822)	19,274,783	0	(33,120,039)	(1.46)															
TAX CREDITS - ZERO COST	0	0	0	0	0	0.00															
TAX CREDITS - WEIGHTED COST	1,742,743	1,284,238	(472,440)	0	811,798	0.04	6.99	0.00	7.51	0.00	8.02	0.00	8.02	0.00	8.02	0.00	8.02	0.00			
TOTAL	3,728,969,685	3,590,712,918	(1,320,936,117)	0	2,269,776,801	100.00	5.10	5.10	5.47	5.47	5.85	5.85	5.85	5.85	5.85	5.85	5.85	5.85			

YEAR-END	SYSTEM PER BOOKS			ADJUSTMENTS			ADJUSTED RETAIL			RATIO (%)			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 (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)			
LONG TERM DEBT	1,056,977,095	993,354,681	(358,942,006)	0	634,412,675	27.45	4.13	1.13	4.13	1.13	4.13	1.13	4.13	1.13	4.13	1.13	4.13	1.13			
SHORT TERM DEBT	100,000,000	90,469,046	(32,690,379)	0	57,778,667	2.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			
PREFERENCE STOCK	146,504,320	137,685,813	(49,751,839)	0	87,933,974	3.81	6.14	0.23	6.14	0.23	6.14	0.23	6.14	0.23	6.14	0.23	6.14	0.23			
CUSTOMER DEPOSITS	35,246,292	34,260,933	(12,379,957)	0	21,880,976	0.95	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			
COMMON EQUITY	1,562,474,544	1,496,069,679	(540,594,676)	0	955,475,003	41.35	9.25	3.82	10.25	4.24	11.25	4.24	11.25	4.24	11.25	4.24	11.25	4.24			
DEFERRED INCOME TAXES	969,758,532	916,104,079	(331,028,023)	0	585,076,056	25.31															
FASB 109 DEFERRED TAXES	(53,598,640)	(50,633,155)	18,295,949	0	(32,337,206)	(1.40)															
TAX CREDITS - ZERO COST	0	0	0	0	0	0.00															
TAX CREDITS - WEIGHTED COST	1,504,348	1,156,192	(417,782)	0	738,410	0.03	7.15	0.00	7.72	0.00	8.29	0.00	8.29	0.00	8.29	0.00	8.29	0.00			
TOTAL	3,818,866,491	3,618,467,268	(1,307,508,713)	0	2,310,958,555	100.00	5.19	5.19	5.61	5.61	6.02	6.02	6.02	6.02	6.02	6.02	6.02	6.02			

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GULF POWER COMPANY
Financial Integrity Indicators, Including Scherer 3*
February, 2017

A. Times Interest Earned with AFUDC

Earnings Before Interest	201,010,836
AFUDC - Debt	152
Income Taxes	97,167,574
	<hr/>
Total	298,178,563
Interest Charges (Before Deducting AFUDC - Debt)	52,838,872
	<hr/>
T.I.E. With AFUDC	5.64 x

B. Times Interest Earned without AFUDC

Earnings Before Interest	201,010,836
AFUDC - Other	(1,634)
Income Taxes	97,167,574
	<hr/>
Total	298,176,777
Interest Charges (Before Deducting AFUDC - Debt)	52,838,872
	<hr/>
T.I.E. Without AFUDC	5.64 x

C. Percent AFUDC To Net Income Available for Common Stockholders

AFUDC - Debt	152
X (1 - Income Tax Rate)	0.61425
	<hr/>
Subtotal	94
AFUDC - Other	1,634
	<hr/>
Total	1,728
	<hr/>
Net Income Available for Common Stockholders	139,169,617
Percent AFUDC to Available Net Income	0.00%

D. Percent Internally Generated Funds

Net Income	148,172,117
Preference Dividends	(9,002,500)
Common Dividends	(121,301,000)
AFUDC (Debt & Other)	(1,786)
Depreciation & Amortization	160,042,872
Deferred Income Taxes	71,777,510
Investment Tax Credits	0
Other	(30,700,219)
	<hr/>
Total	218,986,994
	<hr/>
Construction Expenditures (Excluding AFUDC Other & Debt)	207,304,844
	<hr/>
Percent Internally Generated Funds	105.64%

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	705,061,160
Short Term Debt	73,467,319
Preference Stock	88,760,586
Common Equity	852,079,910
	<hr/>
Total	1,719,368,975
	<hr/>
% Long Term Debt To Total	41.01%
	<hr/>
% Short Term Debt To Total	4.27%

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	(1.35)	(1.35)
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	(1.63)	(1.63)
	<hr/>	<hr/>
Total	3.43	3.43
Divided by Common Equity Ratio	37.54	37.54
	<hr/>	<hr/>
Jurisdictional Return on Common Equity	9.14%	9.14%

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

Supplemental 1

<u>Month</u>	<u>Year</u>	<u>\$</u>
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
February	2017	291,667
12 - M-T-D		<u><u>3,500,000</u></u>

February 2017

Earnings Surveillance
Report
(Rate of Return)



GULF POWER COMPANY
Earnings Surveillance Report Summary
February, 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	191,379,297	(71,602,119)	119,777,178	0	119,777,178
Average Rate Base	3,512,559,339	(1,320,936,117)	2,191,623,222	0	2,191,623,222
Average Rate of Return	5.45%		5.47%		5.47%
II. Year End Rate of Return (Jurisdictional)					
	(a)	(b)			
Net Operating Income	191,321,138	(73,602,779)	117,718,359	0	117,718,359
Year End Rate Base	3,528,820,320	(1,307,508,713)	2,221,311,607	0	2,221,311,607
Year End Rate of Return	5.42%		5.30%		5.30%

(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	5.47%
High	5.84%

IV. Financial Integrity Indicators

A. Tie With AFUDC	5.64 x (System per Books Basis)
B. Tie Without AFUDC	5.64 x (System per Books Basis)
C. AFUDC To Net Income	0.00% (System per Books Basis)
D. Internally Generated Funds	105.64% (System per Books Basis)
E. LTD To Total Investor Funds	40.97% (FPSC Adjusted Basis)
F. STD To Total Investor Funds	4.28% (FPSC Adjusted Basis)
G. Return on Common Equity	10.24% (FPSC Adjusted Basis)
H. Return on Common Equity	10.24% (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

4/14/17

GULF POWER COMPANY
 AVERAGE RATE OF RETURN
 RATE BASE
 February, 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	5,094,974,777	1,626,125,196	3,468,849,581	14,754,384	62,671,417	0	3,546,275,382	191,236,383	3,737,511,765
JURISDICTIONAL PER BOOKS	4,659,289,069	1,477,160,014	3,181,129,055	14,322,747	57,186,944	0	3,252,638,746	259,920,593	3,512,559,339
FPSC ADJUSTMENTS:									
ENVIRONMENTAL RECOVERY CLAUSE	(1,485,571,059)	(237,515,153)	(1,248,055,906)		(11,383,451)		(1,259,439,357)	(15,822,924)	(1,275,262,281)
INT BEARING CWIP					(283,718)		(283,718)	0	(283,718)
ENERGY CONSERVATION CLAUSE	(14,216,485)	7,850,049	(22,066,534)		4,352		(22,062,182)	(885,515)	(22,947,697)
LOANS TO EMPLOYEES / RETIREES								(41,899)	(41,899)
INTEREST AND DIVIDENDS RECEIVABLE								0	0
FUNDED PROP RES. N. ESCAMBIA & OTHER INV.				(12,661,331)			(12,661,331)	(4,441,972)	(17,103,303)
FUEL RELATED DEFERRED DEBITS								(3,665,986)	(3,665,986)
FLAME RESISTANT CLOTHING								0	0
ACCRUED PROVISION FOR REFUND								0	0
UNAMORTIZED RATE CASE EXPENSES								(1,631,233)	(1,631,233)
SALE OF RAILCARS								0	0
TOTAL FPSC ADJUSTMENTS	(1,499,787,544)	(229,665,104)	(1,270,122,440)	(12,661,331)	(11,662,817)	0	(1,294,446,588)	(26,489,529)	(1,320,936,117)
FPSC ADJUSTED	3,158,501,525	1,247,494,910	1,911,006,615	1,661,416	45,524,127	0	1,958,192,158	233,431,064	2,191,623,222
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	3,158,501,525	1,247,494,910	1,911,006,615	1,661,416	45,524,127	0	1,958,192,158	233,431,064	2,191,623,222

GULF POWER COMPANY
AVERAGE RATE OF RETURN
INCOME STATEMENT
February, 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	1,477,233,188	580,204,737	332,507,573	150,798,670	118,788,495	21,975,034	71,777,510	(491,860)	0	1,275,570,161	201,663,007 (a)
JURISDICTIONAL PER BOOKS	1,339,571,285	482,302,558	318,345,158	141,651,387	116,984,995	21,803,515	67,540,589	(234,470)	0	1,148,193,733	191,377,552 (a)
LESS FPSC ADJUSTMENTS:	(397,865,211)	(397,564,081)				(116,161)				(397,680,242)	(184,969)
RETAIL FUEL REVENUES & EXPENSES	(84,719,734)	(84,738,478)				7,230				(84,731,248)	11,513
PURCHASED POWER CAPACITY REVENUES & EXPENSES	(12,092,481)		(9,514,120)	(896,074)	(328,704)	(715,019)				(10,963,918)	(1,138,563)
ENERGY CONSERVATION COST REVENUES & EXPENSES	(198,017,841)	(54,303,944)	(51,324,221)		(7,020,773)	(40,183,154)				(134,032,092)	(63,985,749)
ENVIRONMENTAL COST RECOVERY CLAUSE	(42,385,012)				(41,944,948)	(162,039)				(42,106,987)	(258,025)
FRANCHISE FEE REVENUE & EXPENSE	(31,487,506)				(31,090,408)	(153,180)				(31,243,588)	(243,917)
GROSS RECEIPTS TAX REVENUE & ADJUSTMENT						39,429				(62,785)	62,785
MARKETING SUPPORT ACTIVITIES			(102,214)			116,177				(184,994)	184,994
WHOLESALE EXPENSES			(301,171)			67,604				(107,650)	107,650
INSTITUTIONAL ADVERTISING EXPENSE			(175,254)			18,975				(30,214)	30,214
ECONOMIC DEVELOPMENT EXPENSE			(49,189)			1,900				(2,865)	2,865
MGMT FINANCIAL PLANNING SERVICES			(4,665)			15,245				(878)	878
DIRECTORS' & OFFICERS' INSURANCE			(30,519)			552				(281,030)	281,030
INDUSTRY ASSOCIATION DUES			(1,430)			176,488				(881,989)	881,989
TALLAHASSEE LIAISON EXPENSES			(496,127)			553,890				0	0
GRT, FPSC FEES ON CLAUSES & FEES					(21,391)					0	0
(GAIN) / LOSS ON DISPOSITION OF PROPERTY					(1,435,879)					0	0
INTEREST SYNCRONIZATION						7,377,343				7,377,343	(7,377,343)
TOTAL FPSC ADJUSTMENTS	(766,547,786)	(482,302,558)	(45,527,634)	(52,320,295)	(81,842,104)	(32,954,820)	0	0	0	(694,947,412)	(71,600,374)
FPSC ADJUSTED	573,023,499	0	272,817,524	89,331,092	35,142,891	(11,351,305)	67,540,589	(234,470)	0	453,246,321	119,777,178
PRO FORMA REVENUE ANNUALIZATION ADJUSTMENTS	0	0	0	0	0	0	0	0	0	0	0
TOTAL PRO FORMA ADJUSTMENTS	573,023,499	0	272,817,524	89,331,092	35,142,891	(11,351,305)	67,540,589	(234,470)	0	453,246,321	119,777,178
PRO FORMA ADJUSTED	1,050,256,687	40,187,143	25,858,913	9,963,911	8,697,122	(1,716,646)	7,654,215	(32,825)	0	90,611,834	13,290,129
(a) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM NOI BY				1,786			1,745				
CURRENT MONTH SYSTEM PER BOOKS	90,413,034	29,203,407	23,635,273	9,240,529	8,594,790	(948,162)	7,168,897	(11,527)	0	76,884,207	13,528,827
CURRENT MONTH JURISDICTIONAL PER BOOKS											

TOTALS MAY NOT ADD DUE TO ROUNDING.

GULF POWER COMPANY
AVERAGE RATE OF RETURN
SYSTEM ADJUSTMENTS
February, 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	(1,529,913,433)	FUEL & IIC FUEL REVENUES AND ECONOMY PROFITS	(496,528,025)	(191,535,686)
ACCUMULATED DEPRECIATION	244,604,673	ENVIRONMENTAL COST RECOVERY CLAUSE REVENUES	(203,710,374)	(78,581,277)
CWIP	(11,723,233)	PURCHASED POWER CAPACITY COST CLAUSE REVENUES	(84,868,574)	(32,738,052)
ENERGY CONSERVATION COST RECOVERY INVESTMENT	(14,216,485)	ENERGY CONSERVATION COST RECOVERY CLAUSE REVENUES	(12,092,481)	(4,664,674)
ACCUMULATED DEPRECIATION	(7,850,049)	FUEL EXPENSE	(492,918,730)	190,143,400
CWIP	4,352	PURCHASED POWER CAPACITY COST EXPENSE	(87,274,156)	33,666,006
FAS 143 NET PLANT	(67,163,709)	CONSERVATION EXPENSES - DEPRECIATION AND O & M	(9,910,194)	3,822,857
INTEREST BEARING CWIP	(290,466)	CONSERVATION EXPENSES - OTHER TAXES	(328,704)	126,798
PHFU - NORTH ESCAMBIA	(13,042,899)	ENVIRONMENTAL COST RECOVERY EXPENSE	(96,573,976)	37,253,411
WORKING CAPITAL:		FRANCHISE FEE REVENUES	(42,365,012)	(16,342,303)
ECRC WORKING CAPITAL	(16,295,218)	FRANCHISE FEE	(41,944,948)	16,180,264
CONSERVATION/AEM INVENTORY	(885,515)	GROSS RECEIPTS TAX REVENUES	(31,487,506)	(12,146,305)
FUNDED PROPERTY INSURANCE RESERVE	0	GROSS RECEIPTS TAX EXPENSE	(31,090,408)	11,993,125
LOANS TO EMPLOYEES AND RETIREES	(43,728)	MARKETING SUPPORT ACTIVITIES	(102,214)	39,429
INTEREST & DIVIDENDS RECEIVABLE	0	WHOLESALE EXPENSES	(310,281)	119,691
NORTH ESCAMBIA SITE	(4,637,119)	INSTITUTIONAL ADVERTISING EXPENSE	(178,707)	68,936
UNAMORTIZED RATE CASE EXPENSE	(1,702,508)	ECONOMIC DEVELOPMENT EXPENSE	(49,189)	18,975
FUEL RELATED DEFERRED DEBITS	(3,665,986)	MGMT FINANCIAL PLANNING SERVICES	(4,768)	1,839
UNREALIZED LOSS ON FWD CONTRACT	(206,519)	DIRECTORS' & OFFICERS' INSURANCE	(40,392)	15,581
ACCUM. PROV. FOR RATE REFUNDS	0	INDUSTRY ASSOCIATION DUES	(1,458)	563
FAS 143 WORKING CAPITAL	80,420,536	TALLAHASSEE LIAISON EXPENSE	(467,625)	180,386
FAS 158 REGULATORY ASSETS	(155,698,489)	GRT/FPSC FEES ON CLAUSE REV ADJ & FRAN FEES	(1,435,879)	553,890
FAS 158 REGULATORY LIABILITIES	155,698,489	COMP SALES/TRANS REV/G/L SALE GAS/PROV RT REFRN. ESC REV	(115,529)	(44,565)
PPA REGULATORY ASSETS	(148,418,735)	GAIN/LOSS ON DISPOSITION OF PROPERTY	0	0
PPA REGULATORY LIABILITIES	148,418,735	INTEREST SYNCHRONIZATION	7,588,956	7,588,956
FAS 133 REGULATORY ASSETS	(59,225,891)			
FAS 133 REGULATORY LIABILITIES	59,225,891			

GULF POWER COMPANY
YEAR END RATE OF RETURN
RATE BASE
February, 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	5,133,346,652	1,671,400,770	3,461,945,883	14,754,000	54,616,635	0	3,531,316,518	191,236,383	3,722,552,901
JURISDICTIONAL PER BOOKS	4,728,886,483	1,517,798,600	3,211,087,883	14,322,375	44,188,507	0	3,269,598,765	259,221,555	3,528,820,320
<u>FPSC ADJUSTMENTS:</u>									
ENVIRONMENTAL RECOVERY CLAUSE	(1,506,795,300)	(269,777,125)	(1,237,018,175)		(6,373,041)		(1,243,391,216)	(15,822,924)	(1,259,214,140)
INT BEARING CWIP					(1,955,959)		(1,955,959)	0	(1,955,959)
ENERGY CONSERVATION CLAUSE	(14,972,457)	8,038,221	(23,010,678)				(23,010,678)	(885,515)	(23,896,193)
LOANS TO EMPLOYEES AND RETIREES								(41,899)	(41,899)
INTEREST AND DIVIDENDS RECEIVABLE								0	0
FUNDED PROP RES, N. ESCAMBIA SITE, & OTHER INV.				(12,661,331)			(12,661,331)	(4,441,972)	(17,103,303)
FUEL RELATED DEFERRED DEBITS								(3,665,986)	(3,665,986)
ACCRUED PROVISION FOR REFUND								0	0
UNAMORTIZED RATE CASE EXPENSES								(1,631,233)	(1,631,233)
TOTAL FPSC ADJUSTMENTS	(1,521,787,757)	(261,738,904)	(1,260,028,853)	(12,661,331)	(6,329,000)	0	(1,281,019,184)	(26,489,529)	(1,307,508,713)
FPSC ADJUSTED	3,207,118,726	1,256,059,696	1,951,059,030	1,661,044	35,859,507	0	1,988,579,581	232,732,026	2,221,311,607
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	3,207,118,726	1,256,059,696	1,951,059,030	1,661,044	35,859,507	0	1,988,579,581	232,732,026	2,221,311,607

GULF POWER COMPANY
YEAR END RATE OF RETURN
INCOME STATEMENT
February, 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	1,477,233,168	580,204,737	332,507,573	150,798,670	118,798,495	21,975,034	71,777,510	(491,860)	0	1,275,570,161	201,663,007 (a)
JURISDICTIONAL PER BOOKS	1,339,571,285	482,302,558	318,345,158	141,651,387	116,994,995	21,581,200	67,621,063	(234,470)	0	1,148,251,892	191,319,393 (a)
LESS FPSC ADJUSTMENTS:	(397,865,211)	(397,564,061)				(116,161)				(397,680,242)	(184,969)
RETAIL FUEL REVENUES & EXPENSES	(84,719,734)	(84,738,478)				7,230				(84,731,248)	11,513
PURCHASED POWER CAPACITY REVENUES & EXPENSES	(12,092,481)		(9,514,120)	(396,074)	(328,704)	(715,019)				(10,953,918)	(1,138,563)
ENERGY CONSERVATION COST REVENUES & EXPENSES	(198,017,841)		(34,903,944)	(51,924,221)	(7,020,773)	(40,183,154)				(194,032,092)	(63,985,749)
ENVIRONMENTAL COST RECOVERY CLAUSE	(42,365,012)				(41,944,948)	(162,039)				(42,106,987)	(258,025)
FRANCHISE FEE REVENUE & EXPENSE	(31,487,506)				(31,090,408)	(153,180)				(31,243,588)	(243,917)
GROSS RECEIPTS TAX REVENUE & ADJUSTMENT			(102,214)			39,429				(62,785)	62,785
MARKETING SUPPORT ACTIVITIES			(301,171)			116,177				(184,994)	184,994
WHOLESALE EXPENSES			(175,254)			67,604				(107,650)	107,650
INSTITUTIONAL ADVERTISING EXPENSE			(49,189)			18,375				(30,214)	30,214
ECONOMIC DEVELOPMENT EXPENSE			(4,665)			1,800				(2,865)	2,865
MGMT FINANCIAL PLANNING SERVICES			(39,519)			15,245				(24,274)	24,274
DIRECTORS' & OFFICERS' INSURANCE			(1,430)			552				(878)	878
INDUSTRY ASSOCIATION DUES			(436,127)			176,488				(281,030)	281,030
TALLAHASSEE LIAISON EXPENSES					(21,391)					(891,989)	891,989
GRT, FPSC FEES ON CLAUSES & FEES					(1,435,879)	553,890				0	0
(GAIN) / LOSS ON DISPOSITION OF PROPERTY										0	0
INTEREST SYNCHRONIZATION						9,378,003				9,378,003	(9,378,003)
TOTAL FPSC ADJUSTMENTS	(766,547,786)	(482,302,558)	(45,527,634)	(52,320,295)	(61,842,104)	(30,954,160)	0	0	0	(692,946,752)	(73,601,034)
FPSC ADJUSTED	573,023,499	0	272,817,524	89,331,092	35,142,891	(9,372,960)	67,621,063	(234,470)	0	455,305,140	117,718,359
PRO FORMA REVENUE ANNUALIZATION											
TOTAL PRO FORMA ADJUSTMENTS	0	0	0	0	0	0	0	0	0	0	0
PRO FORMA ADJUSTED	573,023,499	0	272,817,524	89,331,092	35,142,891	(9,372,960)	67,621,063	(234,470)	0	455,305,140	117,718,359

(a) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM NOI BY 1,786 AND THE JURISDICTIONAL NOI BY 1,745

GULF POWER COMPANY
YEAR END RATE OF RETURN
SYSTEM ADJUSTMENTS
February, 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	(1,550,176,476)	FUEL & HC FUEL REVENUES AND ECONOMY PROFITS	(496,528,025)	(191,535,686)
ACCUMULATED DEPRECIATION	277,544,105	ENVIRONMENTAL COST RECOVERY CLAUSE REVENUES	(203,710,374)	(78,581,277)
CWIP	(6,556,523)	PURCHASED POWER CAPACITY COST CLAUSE REVENUES	(84,869,574)	(32,738,052)
ENERGY CONSERVATION COST RECOVERY INVESTMENT	(14,972,457)	ENERGY CONSERVATION COST RECOVERY CLAUSE REVENUES	(12,092,481)	(4,684,674)
ACCUMULATED DEPRECIATION	(8,038,221)	FUEL EXPENSE	(492,918,730)	190,143,400
CWIP	0	PURCHASED POWER CAPACITY COST EXPENSE	(87,274,156)	33,666,006
FAS 143 NET PLANT	(45,808,571)	CONSERVATION EXPENSES - DEPRECIATION AND O & M	(9,910,194)	3,822,857
INTEREST BEARING CWIP	(2,002,481)	CONSERVATION EXPENSES - OTHER TAXES	(328,704)	126,798
PHFU - NORTH ESCAMBIA	(13,042,899)	ENVIRONMENTAL COST RECOVERY EXPENSE	(96,573,976)	37,253,411
		FRANCHISE FEE REVENUES	(42,365,012)	(16,342,303)
		FRANCHISE FEE	(41,944,948)	16,180,264
		GROSS RECEIPTS TAX REVENUES	(31,487,506)	(12,146,305)
		GROSS RECEIPTS TAX EXPENSE	(31,090,408)	11,993,125
		MARKETING SUPPORT ACTIVITIES	(102,214)	39,429
		WHOLESALE EXPENSES	(310,281)	119,691
		INSTITUTIONAL ADVERTISING EXPENSE	(178,707)	68,936
		ECONOMIC DEVELOPMENT EXPENSE	(49,189)	18,975
		MGMT FINANCIAL PLANNING SERVICES	(4,768)	1,839
		DIRECTORS' & OFFICERS' INSURANCE	(40,392)	15,581
		INDUSTRY ASSOCIATION DUES	(1,458)	563
		TALLAHASSEE LIAISON EXPENSE	(467,625)	180,386
		GRT/FPSC FEES ON CLAUSE REV ADJ & FRAN FEES	(1,435,879)	553,890
		COMP SALES/TRANS REV/G/L SALE GAS/PROV RT REPN. ESC REV	(115,529)	(44,565)
		GAIN/LOSS ON DISPOSITION OF PROPERTY	0	0
		INTEREST SYNCHRONIZATION	9,752,015	9,752,015
WORKING CAPITAL:				
ECRC WORKING CAPITAL	(16,295,218)			
CONSERVATION/AEM INVENTORY	(885,515)			
FUNDED PROPERTY INSURANCE RESERVE	0			
LOANS TO EMPLOYEES AND RETIREES	(43,728)			
INTEREST & DIVIDENDS RECEIVABLE	0			
NORTH ESCAMBIA SITE	(4,637,119)			
UNAMORTIZED RATE CASE EXPENSE	(1,702,506)			
FUEL RELATED DEFERRED DEBITS	(3,565,986)			
UNREALIZED LOSS ON FWD CONTRACT	(206,519)			
ACCUM. PROV. FOR RATE REFUNDS	0			
FAS 143 WORKING CAPITAL	80,420,536			
FAS 158 REGULATORY ASSETS	(155,698,489)			
FAS 158 REGULATORY LIABILITIES	155,698,489			
PPA REGULATORY ASSETS	(148,418,735)			
PPA REGULATORY LIABILITIES	148,418,735			
FAS 133 REGULATORY ASSETS	(59,225,891)			
FAS 133 REGULATORY LIABILITIES	59,225,891			

GULF POWER COMPANY
CAPITAL STRUCTURE
FPSC ADJUSTED BASIS
February, 2017

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 (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	
LONG TERM DEBT	1,164,245,438	1,088,392,487	(409,301,824)	0	679,090,663	30.99	4.36	1.35	4.36	1.35	4.36	1.35	4.36	1.35	4.36	1.35	4.36	1.35	
SHORT TERM DEBT	124,788,497	113,762,657	(42,781,684)	0	70,980,973	3.24	0.37	0.01	0.37	0.01	0.37	0.01	0.37	0.01	0.37	0.01	0.37	0.01	
PREFERENCE STOCK	146,504,320	137,001,837	(51,521,030)	0	85,480,807	3.90	6.14	0.24	6.14	0.24	6.14	0.24	6.14	0.24	6.14	0.24	6.14	0.24	
CUSTOMER DEPOSITS	35,824,013	35,712,306	(13,490,001)	0	22,282,305	1.02	1.79	0.02	1.79	0.02	1.79	0.02	1.79	0.02	1.79	0.02	1.79	0.02	
COMMON EQUITY	1,391,051,194	1,317,265,913	(495,372,164)	0	821,893,749	37.50	9.25	3.47	10.25	3.84	10.25	3.84	11.25	3.84	11.25	3.84	11.25	4.22	
DEFERRED INCOME TAXES	919,161,927	871,588,915	(327,770,485)	0	543,818,430	24.81													
FASB 109 DEFERRED TAXES	(54,348,447)	(51,535,538)	19,380,500	0	(32,155,038)	(1.47)													
TAX CREDITS - ZERO COST	0	0	0	0	0	0.00	6.99	0.00	7.51	0.00	7.51	0.00	8.03	0.00	8.03	0.00	8.03	0.00	
TAX CREDITS - WEIGHTED COST	1,742,743	370,762	(139,429)	0	231,333	0.01													
TOTAL	3,728,969,685	3,512,559,339	(1,320,936,117)	0	2,191,623,222	100.00		5.09		5.47		5.47		5.84		5.84		5.84	

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 (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	
LONG TERM DEBT	1,056,977,095	966,771,444	(388,210,952)	0	608,560,492	27.40	4.13	1.13	4.13	1.13	4.13	1.13	4.13	1.13	4.13	1.13	4.13	1.13	
SHORT TERM DEBT	100,000,000	87,955,488	(32,589,522)	0	55,365,966	2.49	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
PREFERENCE STOCK	146,504,320	134,001,194	(49,650,510)	0	84,350,684	3.80	6.14	0.23	6.14	0.23	6.14	0.23	6.14	0.23	6.14	0.23	6.14	0.23	
CUSTOMER DEPOSITS	35,246,292	34,230,279	(12,683,102)	0	21,547,177	0.97	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
COMMON EQUITY	1,562,474,544	1,456,033,250	(539,483,652)	0	916,539,598	41.26	9.25	3.82	10.25	4.23	10.25	4.23	11.25	4.23	11.25	4.23	11.25	4.64	
DEFERRED INCOME TAXES	969,758,532	899,277,705	(333,202,976)	0	566,074,729	25.48													
FASB 109 DEFERRED TAXES	(53,598,640)	(49,703,159)	18,416,158	0	(31,287,001)	(1.41)													
TAX CREDITS - ZERO COST	0	0	0	0	0	0.00	7.15	0.00	7.72	0.00	7.72	0.00	8.29	0.00	8.29	0.00	8.29	0.00	
TAX CREDITS - WEIGHTED COST	1,504,348	254,119	(94,157)	0	159,962	0.01													
TOTAL	3,818,866,491	3,528,820,320	(1,307,508,713)	0	2,221,311,607	100.00		5.18		5.59		5.59		6.01		6.01		6.01	

GULF POWER COMPANY
Financial Integrity Indicators
February, 2017

A. Times Interest Earned with AFUDC

Earnings Before Interest	201,010,836
AFUDC - Debt	152
Income Taxes	<u>97,167,574</u>
Total	298,178,563
Interest Charges (Before Deducting AFUDC - Debt)	<u>52,838,872</u>
T.I.E. With AFUDC	<u>5.64 x</u>

B. Times Interest Earned without AFUDC

Earnings Before Interest	201,010,836
AFUDC - Other	(1,634)
Income Taxes	<u>97,167,574</u>
Total	298,176,777
Interest Charges (Before Deducting AFUDC - Debt)	<u>52,838,872</u>
T.I.E. Without AFUDC	<u>5.64 x</u>

C. Percent AFUDC To Net Income Available
for Common Stockholders

AFUDC - Debt	152
X (1 - Income Tax Rate)	0.61425
Subtotal	94
AFUDC - Other	<u>1,634</u>
Total	<u>1,728</u>
Net Income Available for Common Stockholders	<u>139,169,617</u>
Percent AFUDC to Available Net Income	<u>0.00%</u>

D. Percent Internally Generated Funds

Net Income	148,172,117
Preference Dividends	(9,002,500)
Common Dividends	(121,301,000)
AFUDC (Debt & Other)	(1,786)
Depreciation & Amortization	160,042,872
Deferred Income Taxes	71,777,510
Investment Tax Credits	0
Other	<u>(30,700,219)</u>
Total	218,986,994
Construction Expenditures (Excluding AFUDC Other & Debt)	<u>207,304,844</u>
Percent Internally Generated Funds	<u>105.64%</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	679,090,663
Short Term Debt	70,980,973
Preference Stock	85,480,807
Common Equity	<u>821,893,749</u>
Total	<u>1,657,446,192</u>
% Long Term Debt To Total	<u>40.97%</u>
% Short Term Debt To Total	<u>4.28%</u>

G. FPSC Adjusted Average Jurisdictional Return
On Common Equity

	G. FPSC ADJ.	H. PROFORMA
FPSC Adjusted Average Earned Rate of Return	5.47%	5.47%
Less: Reconciled Average Retail Weighted Cost Rates For:		
Long Term Debt	(1.35)	(1.35)
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>(1.62)</u>	<u>(1.62)</u>
Total	3.84	3.84
Divided by Common Equity Ratio	<u>37.50</u>	<u>37.50</u>
Jurisdictional Return on Common Equity	<u>10.24%</u>	<u>10.24%</u>

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

Supplemental 1

<u>Month</u>	<u>Year</u>	<u>\$</u>
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
February	2017	291,667
12 - M-T-D		<u>3,500,000</u>