



Rhonda J. Alexander
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Regulatory, Forecasting & Pricing

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February 15, 2018

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 December, 2017.

Sincerely,

A handwritten signature in blue ink that reads "Rhonda J. Alexander".

Rhonda J. Alexander
Regulatory, Forecasting 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

December 2017

Earnings Surveillance
Report
(Rate of Return)



GULF POWER COMPANY
Earnings Surveillance Report Summary
December, 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	202,441,932	(66,202,285)	136,239,646	0	136,239,646
Average Rate Base	3,740,317,981	(1,340,428,963)	2,399,889,019	0	2,399,889,019
Average Rate of Return	5.41%		5.68%		5.68%
II. Year End Rate of Return (Jurisdictional)					
	(a)	(b)			
Net Operating Income	202,444,877	(64,884,553)	137,560,323	0	137,560,323
Year End Rate Base	3,830,615,346	(1,343,740,511)	2,486,874,836	0	2,486,874,836
Year End Rate of Return	5.28%		5.53%		5.53%

(a) Includes AFUDC Earnings
(b) Includes Reversal of AFUDC Earnings

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

Low	5.08%
Midpoint	5.47%
High	5.87%

IV. Financial Integrity Indicators

A. Tie With AFUDC	5.56 x (System per Books Basis)
B. Tie Without AFUDC	5.55 x (System per Books Basis)
C. AFUDC To Net Income	0.07% (System per Books Basis)
D. Internally Generated Funds	90.11% (System per Books Basis)
E. LTD To Total Investor Funds	43.22% (FPSC Adjusted Basis)
F. STD To Total Investor Funds	1.86% (FPSC Adjusted Basis)
G. Return on Common Equity	10.77% (FPSC Adjusted Basis)
H. Return on Common Equity	10.77% (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

2/15/18

GULF POWER COMPANY
 AVERAGE RATE OF RETURN
 RATE BASE
 December, 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	5,144,982,658	1,680,284,486	3,464,698,172	14,605,627	64,900,298	0	3,544,204,097	291,665,851	3,895,869,948
JURISDICTIONAL PER BOOKS	4,948,823,376	1,636,229,527	3,312,593,849	14,197,853	62,486,613	0	3,389,278,315	351,039,667	3,740,317,981
FPSC ADJUSTMENTS:									
ENVIRONMENTAL RECOVERY CLAUSE	(1,530,082,446)	(289,346,991)	(1,240,735,455)		(11,924,091)		(1,252,659,546)	(27,052,546)	(1,279,712,092)
INT BEARING CWIP					(1,912,288)		(1,912,288)	0	(1,912,288)
ENERGY CONSERVATION CLAUSE	(15,500,980)	7,901,224	(23,402,204)				(23,402,204)	(595,487)	(23,997,691)
LOANS TO EMPLOYEES / RETIREES								(34,177)	(34,177)
INTEREST AND DIVIDENDS RECEIVABLE								(307,181)	(307,181)
FUNDED PROP RES, N. ESCAMBIA & OTHER INV.				(12,534,523)			(12,534,523)	(4,477,817)	(17,012,340)
FUEL RELATED DEFERRED DEBITS								0	0
DEPRECIATION CREDIT ADJUSTMENT								(13,159,405)	(13,159,405)
FLAME RESISTANT CLOTHING								0	0
ACCRUED PROVISION FOR REFUND								0	0
UNAMORTIZED RATE CASE EXPENSES								0	0
SALE OF RAILCARS								(4,293,789)	(4,293,789)
TOTAL FPSC ADJUSTMENTS	(1,545,583,426)	(281,445,767)	(1,264,137,659)	(12,534,523)	(13,896,379)	0	(1,290,508,561)	(49,920,402)	(1,340,428,963)
FPSC ADJUSTED	3,403,239,950	1,354,783,760	2,048,456,190	1,663,330	48,650,234	0	2,098,769,754	301,119,265	2,399,889,019
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	3,403,239,950	1,354,783,760	2,048,456,190	1,663,330	48,650,234	0	2,098,769,754	301,119,265	2,399,889,019

GULF POWER COMPANY
AVERAGE RATE OF RETURN
INCOME STATEMENT
December, 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	1,516,490,166	591,796,735	349,612,100	137,674,902	116,359,569	34,101,511	71,556,966	(393,900)	0	1,300,707,982	215,782,284
JURISDICTIONAL PER BOOKS	1,356,977,238	467,437,166	341,340,412	133,109,942	115,352,688	31,213,045	66,549,053	(356,983)	0	1,154,645,322	202,331,916
LESS FPSC ADJUSTMENTS:											
RETAIL FUEL REVENUES & EXPENSES	(380,038,905)	(383,370,409)				1,285,128				(382,085,281)	2,046,377
PURCHASED POWER CAPACITY REVENUES & EXPENSES	(79,965,566)	(84,066,756)				1,582,034				(82,484,722)	2,519,157
ENERGY CONSERVATION COST REVENUES & EXPENSES	(11,380,339)		(8,628,241)	(425,913)	(335,884)	(767,759)				(10,157,796)	(1,222,542)
ENVIRONMENTAL COST RECOVERY CLAUSE	(198,662,907)		(36,735,065)	(51,036,648)	(6,974,971)	(40,085,683)				(134,832,367)	(63,830,540)
FRANCHISE FEE REVENUE & EXPENSE	(42,316,036)				(41,922,473)	(151,817)				(42,074,290)	(241,746)
GROSS RECEIPTS TAX REVENUE & ADJUSTMENT	(30,941,106)				(30,517,023)	(163,590)				(30,680,613)	(260,494)
MARKETING SUPPORT ACTIVITIES						42,624				(67,871)	67,871
WHOLESALE EXPENSES			(110,495)			86,852				(138,298)	138,298
INSTITUTIONAL ADVERTISING EXPENSE			(225,150)			68,881				(109,663)	109,663
ECONOMIC DEVELOPMENT EXPENSE			(178,564)			24,503				(99,019)	39,019
MGMT FINANCIAL PLANNING SERVICES			(63,522)			15,757				(25,090)	25,090
DIRECTORS' & OFFICERS' INSURANCE			(40,847)			13,746				(21,888)	21,888
INDUSTRY ASSOCIATION DUES			(35,634)			560				(295,142)	893
TALLAHASSEE LIAISON EXPENSES			(1,453)		(22,116)	185,350				(860,893)	295,142
GRT, FPSC FEES ON CLAUSES & FEES			(458,376)		(1,401,536)	540,643				(10,509)	860,893
(GAIN) / LOSS ON DISPOSITION OF PROPERTY						6,600			(17,109)		10,509
INTEREST SYNCHRONIZATION						6,671,769				6,671,769	(6,671,769)
TOTAL FPSC ADJUSTMENTS	(743,304,857)	(467,437,166)	(46,477,348)	(51,462,561)	(81,174,003)	(30,644,402)	0	0	(17,109)	(677,212,588)	(66,092,269)
FPSC ADJUSTED	613,672,380	0	294,863,064	81,647,381	34,178,685	568,643	66,549,053	(356,983)	(17,109)	477,432,734	136,239,646
PRO FORMA REVENUE ANNUALIZATION ADJUSTMENTS	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	613,672,380	0	294,863,064	81,647,381	34,178,685	568,643	66,549,053	(356,983)	(17,109)	477,432,734	136,239,646
(a) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM NOI BY				112,325	AND THE JURISDICTIONAL NOI BY	110,016					
CURRENT MONTH SYSTEM PER BOOKS	122,991,480	45,378,096	39,795,961	14,048,936	9,389,145	(976,644)	4,010,531	(32,825)	0	111,613,200	11,378,279
CURRENT MONTH JURISDICTIONAL PER BOOKS	108,648,643	33,961,752	36,143,913	13,749,408	9,311,315	(17,183,813)	20,903,252	(32,234)	0	98,853,592	9,795,051

TOTALS MAY NOT ADD DUE TO ROUNDING.

GULF POWER COMPANY
AVERAGE RATE OF RETURN
SYSTEM ADJUSTMENTS
December, 2017

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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	(1,574,343,903)	FUEL & IIC FUEL REVENUES AND ECONOMY PROFITS	(503,351,240)	(194,167,741)
ACCUMULATED DEPRECIATION	297,717,076	ENVIRONMENTAL COST RECOVERY CLAUSE REVENUES	(204,521,651)	(78,894,227)
CWIP	(12,269,025)	PURCHASED POWER CAPACITY COST CLAUSE REVENUES	(80,002,398)	(30,860,925)
ENERGY CONSERVATION COST RECOVERY INVESTMENT	(15,500,980)	ENERGY CONSERVATION COST RECOVERY CLAUSE REVENUES	(11,380,339)	(4,389,966)
ACCUMULATED DEPRECIATION	(7,901,224)	FUEL EXPENSE	(505,303,906)	194,920,982
CWIP	0	PURCHASED POWER CAPACITY COST EXPENSE	(86,491,075)	33,363,932
FAS 143 NET PLANT	(46,809,399)	CONSERVATION EXPENSES - DEPRECIATION AND O & M	(9,054,154)	3,492,640
INTEREST BEARING CWIP	(1,952,426)	CONSERVATION EXPENSES - OTHER TAXES	(335,884)	129,567
PHFU - NORTH ESCAMBIA	(12,894,525)	ENVIRONMENTAL COST RECOVERY EXPENSE	(97,422,257)	37,580,636
WORKING CAPITAL:		FRANCHISE FEE REVENUES	(42,316,036)	(16,323,411)
ECRC WORKING CAPITAL	(27,759,483)	FRANCHISE FEE	(41,922,473)	16,171,594
CONSERVATION/AEM INVENTORY	(595,487)	GROSS RECEIPTS TAX REVENUES	(30,941,106)	(11,935,532)
FUNDED PROPERTY INSURANCE RESERVE	0	GROSS RECEIPTS TAX EXPENSE	(30,517,023)	11,771,942
LOANS TO EMPLOYEES AND RETIREES	(34,779)	MARKETING SUPPORT ACTIVITIES	(110,495)	42,624
INTEREST & DIVIDENDS RECEIVABLE	(312,594)	WHOLESALE EXPENSES	(231,705)	89,380
NORTH ESCAMBIA SITE	(4,556,469)	INSTITUTIONAL ADVERTISING EXPENSE	(181,974)	70,197
UNAMORTIZED RATE CASE EXPENSE	(4,369,209)	ECONOMIC DEVELOPMENT EXPENSE	(63,522)	24,503
FUEL RELATED DEFERRED DEBITS	(13,159,405)	MGMT FINANCIAL PLANNING SERVICES	(41,703)	16,087
UNREALIZED LOSS ON FWD CONTRACT	(119,566)	DIRECTORS' & OFFICERS' INSURANCE	(36,381)	14,034
ACCUM. PROV. FOR RATE REFUNDS	0	INDUSTRY ASSOCIATION DUES	(1,481)	571
FAS 143 WORKING CAPITAL	57,364,101	TALLAHASSEE LIAISON EXPENSE	(490,549)	189,229
FAS 158 REGULATORY ASSETS	(164,857,559)	GRT/FPSC FEES ON CLAUSE REV ADJ & FRAN FEES	(1,401,537)	540,643
FAS 158 REGULATORY LIABILITIES	164,857,559	COMP SALES/TRANS REV/L SALE GAS/PROV RT REFIN. ESC REV	(77,771)	(30,000)
PPA REGULATORY ASSETS	(130,095,434)	GAIN/LOSS ON DISPOSITION OF PROPERTY	(17,600)	6,789
PPA REGULATORY LIABILITIES	130,095,434	INTEREST SYNCHRONIZATION	7,175,468	7,175,468
FAS 133 REGULATORY ASSETS	(28,762,381)			
FAS 133 REGULATORY LIABILITIES	28,762,381			

GULF POWER COMPANY
YEAR END RATE OF RETURN
RATE BASE
December, 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	5,180,236,530	1,681,564,860	3,498,671,669	14,111,047	87,928,588	0	3,600,711,304	291,665,851	3,892,377,155
JURISDICTIONAL PER BOOKS	5,031,695,180	1,653,819,796	3,377,875,384	13,717,080	85,958,585	0	3,477,551,049	353,064,297	3,830,615,346
FPSC ADJUSTMENTS:									
ENVIRONMENTAL RECOVERY CLAUSE INT BEARING CWIP	(1,551,549,110)	(316,542,168)	(1,235,006,942)		(20,565,435)		(1,255,572,377)	(27,052,546)	(1,282,624,923)
ENERGY CONSERVATION CLAUSE					(2,236,448)		(2,236,448)	0	(2,236,448)
LOANS TO EMPLOYEES AND RETIREES	(16,214,256)	7,743,276	(23,957,532)		(23,957,532)		(23,957,532)	(595,487)	(24,553,019)
INTEREST AND DIVIDENDS RECEIVABLE								(34,177)	(34,177)
FUNDED PROP RES. N. ESCAMBIA SITE, & OTHER INV.				(12,053,751)			(12,053,751)	(307,181)	(307,181)
FUEL RELATED DEFERRED DEBITS								(4,477,817)	(16,531,568)
ACCRUED PROVISION FOR REFUND								(13,159,405)	(13,159,405)
UNAMORTIZED RATE CASE EXPENSES								0	0
								(4,293,789)	(4,293,789)
TOTAL FPSC ADJUSTMENTS	(1,567,763,366)	(308,798,892)	(1,258,964,474)	(12,053,751)	(22,801,883)	0	(1,293,820,108)	(49,920,402)	(1,343,740,511)
FPSC ADJUSTED	3,463,931,814	1,345,020,904	2,118,910,910	1,663,329	63,156,702	0	2,183,730,941	303,143,895	2,486,874,836
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	3,463,931,814	1,345,020,904	2,118,910,910	1,663,329	63,156,702	0	2,183,730,941	303,143,895	2,486,874,836

GULF POWER COMPANY
YEAR END RATE OF RETURN
INCOME STATEMENT
December, 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	1,516,490,166	591,796,735	349,612,100	137,674,902	116,359,569	34,101,511	71,556,966	(393,900)	0	1,300,707,882	215,782,284 (a)
JURISDICTIONAL PER BOOKS	1,356,977,238	467,437,166	341,340,412	133,109,942	115,352,688	31,213,343	66,545,810	(356,983)	0	1,154,642,377	202,334,661 (a)
LESS FPSC ADJUSTMENTS:											
RETAIL FUEL REVENUES & EXPENSES	(380,038,905)	(383,370,409)				1,285,128				(382,085,281)	2,046,377
PURCHASED POWER CAPACITY REVENUES & EXPENSES	(79,965,566)	(84,066,756)				1,582,034				(82,484,722)	2,519,157
ENERGY CONSERVATION COST REVENUES & EXPENSES	(11,380,339)		(8,628,241)	(425,913)	(335,884)	(767,759)				(10,157,796)	(1,222,542)
ENVIRONMENTAL COST RECOVERY CLAUSE	(198,662,907)		(36,735,065)	(51,036,648)	(6,974,971)	(40,085,683)				(134,832,367)	(63,830,540)
FRANCHISE FEE REVENUE & EXPENSE	(42,316,036)				(41,922,473)	(151,817)				(42,074,290)	(241,746)
GROSS RECEIPTS TAX REVENUE & ADJUSTMENT	(30,941,106)				(30,517,023)	(163,590)				(30,680,613)	(260,494)
MARKETING SUPPORT ACTIVITIES			(110,495)			42,624				(67,871)	67,871
WHOLESALE EXPENSES			(225,150)			86,852				(138,298)	138,298
INSTITUTIONAL ADVERTISING EXPENSE			(178,564)			68,881				(109,683)	109,683
ECONOMIC DEVELOPMENT EXPENSE			(63,522)			24,303				(39,019)	39,019
MGMT FINANCIAL PLANNING SERVICES			(40,847)			15,757				(25,090)	25,090
DIRECTORS' & OFFICERS' INSURANCE			(35,634)			13,746				(21,888)	21,888
INDUSTRY ASSOCIATION DUES			(1,453)			560				(893)	893
TALLAHASSEE LIAISON EXPENSES			(458,376)		(22,116)	185,350				(295,142)	295,142
GRT, FPSC FEES ON CLAUSES & FEES					(1,401,536)	540,643				(860,893)	860,893
(GAIN) / LOSS ON DISPOSITION OF PROPERTY						6,600			(17,109)	(10,509)	10,509
INTEREST SYNCHRONIZATION						5,354,037				5,354,037	(5,354,037)
TOTAL FPSC ADJUSTMENTS	(743,304,857)	(467,437,166)	(46,477,348)	(51,462,561)	(81,174,003)	(31,962,134)	0	0	(17,109)	(678,530,320)	(64,774,537)
FPSC ADJUSTED	613,672,380	0	294,863,064	81,647,381	34,178,685	(748,791)	66,545,810	(356,983)	(17,109)	476,112,057	137,560,323
PRO FORMA REVENUE ANNUALIZATION											
TOTAL PRO FORMA ADJUSTMENTS	0	0	0	0	0	0	0	0	0	0	0
PRO FORMA ADJUSTED	613,672,380	0	294,863,064	81,647,381	34,178,685	(748,791)	66,545,810	(356,983)	(17,109)	476,112,057	137,560,323

(a) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM NOI BY 112,325 AND THE JURISDICTIONAL NOI BY 110,016

GULF POWER COMPANY
YEAR END RATE OF RETURN
SYSTEM ADJUSTMENTS
December, 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	(1,596,622,159)	FUEL & IIC FUEL REVENUES AND ECONOMY PROFITS	(503,351,240)	(194,167,741)
ACCUMULATED DEPRECIATION	325,737,829	ENVIRONMENTAL COST RECOVERY CLAUSE REVENUES	(204,521,651)	(78,894,227)
CWIP	(21,162,868)	PURCHASED POWER CAPACITY COST CLAUSE REVENUES	(80,002,398)	(30,860,925)
ENERGY CONSERVATION COST RECOVERY INVESTMENT	(16,214,256)	ENERGY CONSERVATION COST RECOVERY CLAUSE REVENUES	(11,380,339)	(4,389,966)
ACCUMULATED DEPRECIATION	(7,743,276)	FUEL EXPENSE	(505,303,906)	194,920,982
CWIP	0	PURCHASED POWER CAPACITY COST EXPENSE	(86,491,075)	33,363,932
FAS 143 NET PLANT	(45,174,283)	CONSERVATION EXPENSES - DEPRECIATION AND O & M	(9,054,154)	3,492,640
INTEREST BEARING CWIP	(2,283,390)	CONSERVATION EXPENSES - OTHER TAXES	(335,884)	129,567
PHFU - NORTH ESCAMBIA	(12,399,945)	ENVIRONMENTAL COST RECOVERY EXPENSE	(97,422,257)	37,580,636
WORKING CAPITAL:		FRANCHISE FEE REVENUES	(42,316,036)	(16,323,411)
ECRC WORKING CAPITAL	(27,759,483)	FRANCHISE FEE	(41,922,473)	16,171,594
CONSERVATION/AEM INVENTORY	(595,487)	GROSS RECEIPTS TAX REVENUES	(30,941,106)	(11,935,532)
FUNDED PROPERTY INSURANCE RESERVE	0	GROSS RECEIPTS TAX EXPENSE	(30,517,023)	11,771,942
LOANS TO EMPLOYEES AND RETIREES	(34,779)	MARKETING SUPPORT ACTIVITIES	(110,495)	42,624
INTEREST & DIVIDENDS RECEIVABLE	(312,594)	WHOLESALE EXPENSES	(231,705)	89,380
NORTH ESCAMBIA SITE	(4,556,469)	INSTITUTIONAL ADVERTISING EXPENSE	(181,974)	70,197
UNAMORTIZED RATE CASE EXPENSE	(4,369,209)	ECONOMIC DEVELOPMENT EXPENSE	(63,522)	24,503
FUEL RELATED DEFERRED DEBITS	(13,159,405)	MGMT FINANCIAL PLANNING SERVICES	(41,703)	16,087
UNREALIZED LOSS ON FWD CONTRACT	(119,566)	DIRECTORS' & OFFICERS' INSURANCE	(36,381)	14,034
ACCUM. PROV. FOR RATE REFUNDS	0	INDUSTRY ASSOCIATION DUES	(1,481)	571
FAS 143 WORKING CAPITAL	57,364,101	TALLAHASSEE LIAISON EXPENSE	(490,549)	189,229
FAS 158 REGULATORY ASSETS	(164,857,559)	GRY/FPSC FEES ON CLAUSE REV ADJ & FRAN FEES	(1,401,537)	540,643
FAS 158 REGULATORY LIABILITIES	164,857,559	COMP SALES/TRANS REV/G/L SALE GAS/PROV RT RFRW. ESC REV	(77,771)	(30,000)
PPA REGULATORY ASSETS	(130,095,434)	GAIN/LOSS ON DISPOSITION OF PROPERTY	(17,600)	6,789
PPA REGULATORY LIABILITIES	130,095,434	INTEREST SYNCHRONIZATION	6,102,167	6,102,167
FAS 133 REGULATORY ASSETS	(28,762,381)			
FAS 133 REGULATORY LIABILITIES	28,762,381			

GULF POWER COMPANY
 CAPITAL STRUCTURE
 FPSC ADJUSTED BASIS
 December, 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 (%)
LONG TERM DEBT	1,197,739,987	1,212,328,196	(434,465,688)	0	777,862,508	32.41	3.95	1.28	3.95	1.28	3.95	1.28
SHORT TERM DEBT	65,364,402	52,232,599	(18,718,753)	0	33,513,846	1.40	1.30	0.02	1.30	0.02	1.30	0.02
PREFERENCE STOCK	67,617,378	67,838,741	(24,311,573)	0	43,527,168	1.81	6.14	0.11	6.14	0.11	6.14	0.11
CUSTOMER DEPOSITS	35,146,898	35,089,594	(12,575,163)	0	22,514,431	0.94	2.32	0.02	2.32	0.02	2.32	0.02
COMMON EQUITY	1,542,544,115	1,472,774,090	(527,802,464)	0	944,971,626	39.38	9.25	3.64	10.25	4.04	11.25	4.43
DEFERRED INCOME TAXES	941,133,451	919,425,749	(329,497,361)	0	589,928,388	24.58						
FASB 109 DEFERRED TAXES	(21,052,995)	(20,567,397)	7,370,800	0	(13,196,597)	(0.55)						
TAX CREDITS - ZERO COST	0	0	0	0	0	0.00						
TAX CREDITS - WEIGHTED COST	1,373,048	1,196,410	(428,761)	0	767,649	0.03	6.84	0.00	7.38	0.00	7.91	0.00
TOTAL	3,829,866,284	3,740,317,981	(1,340,428,963)	0	2,399,889,019	100.00		5.08		5.47		5.87

YEAR-END	ADJUSTMENTS			LOW POINT			MIDPOINT			HIGH POINT		
	SYSTEM PER BOOKS	RETAIL PER BOOKS	PRO RATA	SPECIFIC	ADJUSTED RETAIL	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
LONG TERM DEBT	1,267,785,943	1,340,191,221	(470,125,312)	0	870,065,909	34.99	3.94	1.38	3.94	1.38	3.94	1.38
SHORT TERM DEBT	44,982,597	33,640,866	(11,800,800)	0	21,839,866	0.88	1.79	0.02	1.79	0.02	1.79	0.02
PREFERENCE STOCK	0	0	0	0	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CUSTOMER DEPOSITS	34,934,159	36,105,148	(12,665,315)	0	23,439,833	0.94	2.11	0.02	2.11	0.02	2.11	0.02
COMMON EQUITY	1,532,163,463	1,508,441,390	(529,145,743)	0	979,295,647	39.38	9.25	3.64	10.25	4.04	11.25	4.43
DEFERRED INCOME TAXES	537,176,715	547,182,844	(191,946,121)	0	355,236,723	14.28						
FASB 109 DEFERRED TAXES	357,202,372	363,856,072	(127,636,972)	0	236,219,100	9.50						
TAX CREDITS - ZERO COST	0	0	0	0	0	0.00						
TAX CREDITS - WEIGHTED COST	1,176,098	1,198,006	(420,248)	0	777,758	0.03	6.75	0.00	7.28	0.00	7.81	0.00
TOTAL	3,775,441,347	3,830,615,346	(1,343,740,511)	0	2,486,874,836	100.00		5.06		5.45		5.85

GULF POWER COMPANY
Financial Integrity Indicators
December, 2017

A. Times Interest Earned with AFUDC

Earnings Before Interest	188,921,296
AFUDC - Debt	34,697
Income Taxes	<u>90,105,528</u>
Total	279,061,521
Interest Charges (Before Deducting AFUDC - Debt)	<u>50,235,429</u>
T.I.E. With AFUDC	<u>5.56 x</u>

B. Times Interest Earned without AFUDC

Earnings Before Interest	188,921,296
AFUDC - Other	(77,628)
Income Taxes	<u>90,105,528</u>
Total	278,949,196
Interest Charges (Before Deducting AFUDC - Debt)	<u>50,235,429</u>
T.I.E. Without AFUDC	<u>5.55 x</u>

C. Percent AFUDC To Net Income Available for Common Stockholders

AFUDC - Debt	34,697
X (1 - Income Tax Rate)	0.61425
Subtotal	21,313
AFUDC - Other	<u>77,628</u>
Total	<u>98,941</u>
Net Income Available for Common Stockholders	<u>134,519,396</u>
Percent AFUDC to Available Net Income	<u>0.07%</u>

D. Percent Internally Generated Funds

Net Income	138,720,564
Preference Dividends	(4,201,168)
Common Dividends	(125,000,000)
AFUDC (Debt & Other)	(112,325)
Depreciation & Amortization	147,382,491
Deferred Income Taxes	71,556,966
Investment Tax Credits	0
Other	<u>(44,614,522)</u>
Total	183,732,006
Construction Expenditures (Excluding AFUDC Other & Debt)	<u>203,901,759</u>
Percent Internally Generated Funds	<u>90.11%</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	777,862,508
Short Term Debt	33,513,846
Preference Stock	43,527,168
Common Equity	<u>944,971,626</u>
Total	<u>1,799,875,148</u>
% Long Term Debt To Total	<u>43.22%</u>
% Short Term Debt To Total	<u>1.86%</u>

G. FPSC Adjusted Average Jurisdictional Return
On Common Equity

	G. FPSC ADJ.	H. PROFORMA
FPSC Adjusted Average Earned Rate of Return	5.68%	5.68%
Less: Reconciled Average Retail Weighted Cost Rates For:		
Long Term Debt	(1.28)	(1.28)
Short Term Debt	(0.02)	(0.02)
Preference Stock	(0.11)	(0.11)
Customer Deposits	(0.02)	(0.02)
Tax Credits - Weighted Cost (Common Equity at Midpoint)	<u>(0.00)</u>	<u>(0.00)</u>
Subtotal	<u>(1.44)</u>	<u>(1.44)</u>
Total	4.24	4.24
Divided by Common Equity Ratio	<u>39.38</u>	<u>39.38</u>
Jurisdictional Return on Common Equity	<u>10.77%</u>	<u>10.77%</u>

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

Supplemental 1

<u>Month</u>	<u>Year</u>	<u>\$</u>
January	2017	291,667
February	2017	291,667
March	2017	291,667
April	2017	0
May	2017	0
June	2017	0
July	2017	0
August	2017	0
September	2017	0
October	2017	0
November	2017	0
December	2017	2,624,999
12 - M-T-D		<u>3,500,000</u>

1 GULF POWER COMPANY

2 DOCKET NO. 990315-EI

3 RTP QUARTERLY REPORT

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8 Seventy Third Quarterly Report

9 Report Period: Fourth Quarter, 2017

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13 <u>Rate Class</u>	14 <u>Third Quarter Total Revenue</u>	15 <u>Third Quarter Total KWH Sales</u>	16 <u>Third Quarter ¢/KWH</u>	17 <u>12-Month Rolling Average ¢/KWH</u>
18 RTP	\$27,221,524.56	342,373,828	7.951	7.927
19 PX/PXT	\$2,323,156.66	30,515,074	7.613	7.602
20 LP/LPT	\$18,396,751.85	199,625,356	9.216	8.931

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25 **Notes to Quarterly**
26 **Real Time Pricing Report**

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- 28 1. There were no changes made to the "M" multipliers during this period.
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31 2. RTP prices vary by hour and by season due to the "M" multipliers. The prices for the LP/LPT
32 and PX/PXT rate classes do not have this variability in pricing. As a result, comparisons between
33 RTP and the other rate classes are meaningful only on an annual basis or a 12-month rolling
34 average basis.
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SCHEDULE A

GULF POWER COMPANY
CALCULATION OF AFUDC RATE
 December, 2017

<u>CLASS OF CAPITAL</u>	<u>JURISDICTIONAL CAPITAL STRUCTURE</u>	<u>RATIO</u>	<u>COST RATE</u>	<u>WEIGHTED COST RATE</u>
LONG TERM DEBT	777,862,508	32.41%	3.94	1.28
SHORT-TERM DEBT	33,513,846	1.40%	1.30	0.02
PREFERENCE STOCK	43,527,168	1.81%	0.00	0.00
CUSTOMER DEPOSITS	22,514,431	0.94%	2.32	0.02
COMMON EQUITY	944,971,626	39.38%	10.25	4.04
ITC	767,649	0.03%		
FASB 109 DIT	(13,196,597)	-0.55%		
DEFERRED TAXES	<u>589,928,388</u>	<u>24.58%</u>		
TOTAL	<u>2,399,889,019</u>	<u>100.00%</u>		<u>5.36 %</u>

AFUDC Rate Currently Authorized per order: PSC-14-0175-PAA-EI

5.73 %

SCHEDULE B

GULF POWER COMPANY
13 MONTH AVERAGE CAPITAL STRUCTURE
December, 2017

CLASS OF CAPITAL	PER BOOK BALANCES	NON UTILITY ADJUSTMENT	SCHERER ADJUSTMENT	DIVIDENDS DECLARED	COMMON EQUITY RATIO ADJUSTMENT*	RATE BASE ADJUSTMENTS	ADJUSTED CAPITAL STRUCTURE	JURISDICTIONAL FACTOR	JURISDICTIONAL CAPITAL STRUCTURE
LONG TERM DEBT	1,197,739,987	-	(10,512,839)	-	44,675,274	(442,812,979)	789,089,443	0.9857723	777,862,508
SHORT-TERM DEBT	65,364,402	-	(1,053,813)	-	1,924,814	(32,237,850)	33,997,553	0.9857723	33,513,846
PREFERENCE STOCK	67,617,378	-	(1,183,159)	-	2,499,912	(24,778,734)	44,155,397	0.9857723	43,527,168
CUSTOMER DEPOSITS	35,146,898	-	-	-	-	(12,632,467)	22,514,431	1.0000000	22,514,431
COMMON EQUITY	1,542,544,115	(1,856,442)	(14,257,440)	19,230,769	(49,100,000)	(537,950,545)	958,610,457	0.9857723	944,971,626
ITC - ZERO COST	-	-	-	-	-	-	-	0.9857723	-
ITC - WEIGHTED COST	1,373,048	-	(157,388)	-	-	(436,931)	778,729	0.9857723	767,649
FASB 109 DIT	(21,052,995)	-	154,674	-	-	7,511,256	(13,387,065)	0.9857723	(13,196,597)
DEFERRED TAXES	941,133,451	-	(6,914,419)	-	-	(935,776,173)	598,442,859	0.9857723	589,928,388
TOTAL	3,829,866,284	(1,856,442)	(33,924,384)	19,230,769	-	(1,379,114,423)	2,434,201,804	-	2,399,889,019

*In compliance with Gulf's comprehensive settlement agreement filed on March 20, 2017 (associated with its most recent base rate case) and later approved by the Florida Public Service Commission as evidenced by its order No. PSC-2017-0178-S-EI, Gulf will be deemed to have an equity ratio not greater than 52.5% for all retail regulatory purposes including earnings surveillance reporting. This adjustment fulfills the requirements of paragraph 3(b) of the above-referenced settlement agreement.

GULF POWER COMPANY
SUPPLEMENTAL SURVEILLANCE REPORT INFORMATION
COMMERCIAL/INDUSTRIAL SERVICE RIDER
DECEMBER 2017

CONFIDENTIAL

The information below is presented to comply with FPSC Order No. PSC-96-1219-FOF-EI, FPSC Order No. PSC-01-0390-TRF-EI and FPSC Order No. PSC-14-0197-PAA-EI. This supplemental information is to be treated as confidential. For CSA-3, it is estimated that the contract execution-to-date revenues, excluding tax and franchise fees, that would have been produced by the application of Gulf Power's otherwise applicable standard tariff rates to the pre-contract load would have been [REDACTED] than the revenues actually received by Gulf Power pursuant to the executed CSA. For CSA-4, it is estimated that the contract execution-to-date revenues, excluding tax and franchise fees, that would have been produced by the application of Gulf Power's otherwise applicable standard tariff rates to the pre-contract load would have been [REDACTED] than the revenues actually received by Gulf Power pursuant to the executed CSA. For CSA-5, it is estimated that the contract execution-to-date revenues, excluding tax and franchise fees, that would have been produced by the application of Gulf Power's otherwise applicable standard tariff rates to the pre-contract load would have been [REDACTED] than the revenues actually received by Gulf Power pursuant to the executed CSA.