



C. Shane Boyett
Regulatory and Cost Recovery
Manager

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September 14, 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 July, 2018.

Sincerely,

A handwritten signature in blue ink that reads "C. Shane Boyett".

C. Shane Boyett
Regulatory and Cost Recovery 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

July 2018

Earnings Surveillance
Report
(Rate of Return)



Gulf Power

GULF POWER COMPANY
Earnings Surveillance Report Summary
July 2018

	(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	181,704,466	(40,446,943)	141,257,524	0	141,257,524
Average Rate Base	3,754,293,828	(1,342,980,243)	2,411,313,585	0	2,411,313,585
Average Rate of Return	4.84%		5.86%		5.86%
II. Year End Rate of Return (Jurisdictional)					
	(a)	(b)			
Net Operating Income	181,722,503	(40,125,263)	141,597,241	0	141,597,241
Year End Rate Base	3,812,536,804	(1,338,254,972)	2,474,281,832	0	2,474,281,832
Year End Rate of Return	4.77%		5.72%		5.72%

(a) Includes AFUDC Earnings

(b) Includes Reversal of AFUDC Earnings

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

Low	5.17%
Midpoint	5.58%
High	5.99%

IV. Financial Integrity Indicators

A. Tie With AFUDC	4.93 x (System per Books Basis)
B. Tie Without AFUDC	4.93 x (System per Books Basis)
C. AFUDC To Net Income	0.07% (System per Books Basis)
D. Internally Generated Funds	83.14% (System per Books Basis)
E. LTD To Total Investor Funds	44.31% (FPSC Adjusted Basis)
F. STD To Total Investor Funds	0.76% (FPSC Adjusted Basis)
G. Return on Common Equity	10.93% (FPSC Adjusted Basis)
H. Return on Common Equity	10.93% (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
Robin B. Boren
Chief Financial Officer & Treasurer

Signature


Date
9/14/18

GULF POWER COMPANY
 AVERAGE RATE OF RETURN
 RATE BASE
 July 2018

	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	5,206,760,333	1,698,754,008	3,508,006,325	14,259,324	91,113,340	0	3,613,378,989	203,570,201	3,816,949,190
JURISDICTIONAL PER BOOKS	5,057,982,787	1,670,453,967	3,387,428,820	13,861,218	89,055,400	0	3,490,345,438	263,948,390	3,754,293,828
FPSC ADJUSTMENTS:									
ENVIRONMENTAL RECOVERY CLAUSE	(1,556,647,408)	(319,952,774)	(1,236,694,634)		(23,790,836)		(1,260,485,470)	(26,702,550)	(1,287,188,020)
INT BEARING CWIP					(2,238,366)		(2,238,366)	0	(2,238,366)
ENERGY CONSERVATION CLAUSE	(16,267,364)	7,562,511	(23,829,875)				(23,829,875)	(764,240)	(24,594,115)
LOANS TO EMPLOYEES / RETIREES								(27,200)	(27,200)
INTEREST AND DIVIDENDS RECEIVABLE								(505,080)	(505,080)
FUNDED PROP RES, N. ESCAMBIA & OTHER INV.				(12,197,888)			(12,197,888)	(2,443,868)	(14,641,756)
DEPRECIATION CREDIT ADJUSTMENT								0	0
FUEL RELATED DEFERRED DEBITS								(12,041,831)	(12,041,831)
FLAME RESISTANT CLOTHING								0	0
ACCRUED PROVISION FOR REFUND								0	0
UNAMORTIZED RATE CASE EXPENSES								(1,743,875)	(1,743,875)
SALE OF RAILCARS								0	0
TOTAL FPSC ADJUSTMENTS	(1,572,914,772)	(312,390,263)	(1,260,524,509)	(12,197,888)	(26,029,202)	0	(1,298,751,599)	(44,228,644)	(1,342,980,243)
FPSC ADJUSTED	3,484,968,015	1,358,063,704	2,126,904,311	1,663,330	63,026,198	0	2,191,593,839	219,719,746	2,411,313,585
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	3,484,968,015	1,358,063,704	2,126,904,311	1,663,330	63,026,198	0	2,191,593,839	219,719,746	2,411,313,585

GULF POWER COMPANY
AVERAGE RATE OF RETURN
INCOME STATEMENT
July 2018

	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	1,491,240,603	576,924,358	344,888,507	180,930,767	119,520,419	22,521,031	21,696,728	(353,267)	(2,471)	1,266,126,073	225,114,531 (a)
JURISDICTIONAL PER BOOKS	1,338,690,659	458,349,355	338,397,876	180,749,269	118,633,890	40,763,824	20,566,016	(346,901)	(2,402)	1,157,110,927	181,579,732 (a)
LESS FPSC ADJUSTMENTS:	(338,894,155)	(375,235,106)				11,375,938				(363,859,168)	24,965,014
RETAIL FUEL REVENUES & EXPENSES	(74,799,769)	(83,114,249)				2,602,711				(80,511,538)	5,711,769
PURCHASED POWER CAPACITY REVENUES & EXPENSES	(11,621,417)		(8,442,989)	(944,119)	(337,726)	(593,694)				(10,318,528)	(1,302,889)
ENERGY CONSERVATION COST REVENUES & EXPENSES	(194,695,490)		(38,873,151)	(54,172,444)	(7,122,611)	(29,590,214)				(129,758,420)	(64,937,070)
ENVIRONMENTAL COST RECOVERY CLAUSE	(44,513,184)				(44,088,250)	(133,018)				(44,221,268)	(291,916)
FRANCHISE FEE REVENUE & EXPENSE	(32,483,160)				(32,017,523)	(145,760)				(32,163,283)	(319,877)
GROSS RECEIPTS TAX, REVENUE & ADJUSTMENT			(126,757)			39,679				(87,078)	87,078
MARKETING SUPPORT ACTIVITIES			(173,989)			54,464				(119,525)	119,525
WHOLESALE EXPENSES			(168,399)			58,975				(129,424)	129,424
INSTITUTIONAL ADVERTISING EXPENSE			(86,927)			20,950				(65,977)	65,977
ECONOMIC DEVELOPMENT EXPENSE			(44,276)			13,861				(30,417)	30,417
MGMT FINANCIAL PLANNING SERVICES			(35,324)			11,058				(24,266)	24,266
DIRECTORS' & OFFICERS' INSURANCE			(1,058)			331				(727)	727
INDUSTRY ASSOCIATION DUES			(463,662)		(21,639)	151,916				(333,365)	333,365
TALLAHASSEE LIAISON EXPENSES					(1,469,305)	459,942				(1,009,363)	1,009,363
GRT, FPSC FEES ON CLAUSES & FEES						16,092			(51,406)	(35,314)	35,314
INTEREST SYNCHRONIZATION						5,962,715				5,962,715	(5,962,715)
TOTAL FPSC ADJUSTMENTS	(697,007,174)	(458,349,355)	(48,416,533)	(55,116,563)	(85,057,054)	(9,694,054)	0	0	(51,406)	(656,684,966)	(40,322,209)
FPSC ADJUSTED	641,683,485	0	289,981,343	125,632,706	33,576,836	31,069,770	20,566,016	(346,901)	(53,809)	500,425,961	141,257,524
PRO FORMA REVENUE ADJUSTMENTS	0	0	0	0	0	0	0	0	0	0	0
TOTAL PRO FORMA ADJUSTMENTS	641,683,485	0	289,981,343	125,632,706	33,576,836	31,069,770	20,566,016	(346,901)	(53,809)	500,425,961	141,257,524
(a) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM NOI BY				127,352	AND THE JURISDICTIONAL NOI BY		124,734				
CURRENT MONTH SYSTEM PER BOOKS	140,926,159	57,414,994	26,423,381	15,973,844	11,060,971	8,226,304	(8,008,540)	(27,018)	0	111,063,935	29,862,224
CURRENT MONTH JURISDICTIONAL PER BOOKS	125,835,819	45,182,761	25,055,696	15,628,065	10,988,359	13,503,639	(7,358,023)	(26,531)	0	102,973,965	22,861,854

TOTALS MAY NOT ADD DUE TO ROUNDING.

GULF POWER COMPANY
AVERAGE RATE OF RETURN
SYSTEM ADJUSTMENTS
July 2018

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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	(1,601,668,188)	FUEL & IIC FUEL REVENUES AND ECONOMY PROFITS	(455,158,289)	(142,479,831)
ACCUMULATED DEPRECIATION CWIP	329,206,329	ENVIRONMENTAL COST RECOVERY CLAUSE REVENUES	(200,680,213)	(62,819,647)
ENERGY CONSERVATION COST RECOVERY INVESTMENT	(16,267,364)	PURCHASED POWER CAPACITY COST CLAUSE REVENUES	(74,836,300)	(23,426,275)
ACCUMULATED DEPRECIATION CWIP	(7,562,511)	ENERGY CONSERVATION COST RECOVERY CLAUSE REVENUES	(11,621,417)	(3,637,894)
FAS 143 NET PLANT INTEREST BEARING CWIP	(44,912,085)	FUEL EXPENSE	(491,363,813)	153,813,376
PHFU - NORTH ESCAMBIA	(12,548,222)	PURCHASED POWER CAPACITY COST EXPENSE	(85,523,647)	26,771,774
WORKING CAPITAL:		CONSERVATION EXPENSES - DEPRECIATION AND O & M	(9,387,108)	2,938,480
ECRC WORKING CAPITAL	(27,474,831)	CONSERVATION EXPENSES - OTHER TAXES	(337,726)	105,719
CONSERVATION/AEM INVENTORY	(764,240)	ENVIRONMENTAL COST RECOVERY EXPENSE	(103,001,094)	32,242,802
FUNDED PROPERTY INSURANCE RESERVE	(1)	FRANCHISE FEE REVENUES	(44,513,184)	(13,934,121)
LOANS TO EMPLOYEES AND RETIREES	(27,679)	FRANCHISE FEE	(44,088,250)	13,801,103
INTEREST & DIVIDENDS RECEIVABLE	(513,980)	GROSS RECEIPTS TAX REVENUES	(32,483,160)	(10,168,320)
NORTH ESCAMBIA SITE	(2,486,794)	GROSS RECEIPTS TAX EXPENSE	(32,017,523)	10,022,560
UNAMORTIZED RATE CASE EXPENSE	(1,774,506)	MARKETING SUPPORT ACTIVITIES	(126,757)	39,679
FUEL RELATED DEFERRED DEBITS	(12,041,831)	WHOLESALE EXPENSES	(179,055)	56,050
UNREALIZED LOSS ON FWD CONTRACT	(10,607)	INSTITUTIONAL ADVERTISING EXPENSE	(191,996)	60,101
ACCUM. PROV. FOR RATE REFUNDS	0	ECONOMIC DEVELOPMENT EXPENSE	(66,927)	20,950
FAS 143 WORKING CAPITAL	55,132,769	MGMT FINANCIAL PLANNING SERVICES	(45,206)	14,151
FAS 158 REGULATORY ASSETS	(165,665,443)	DIRECTORS' & OFFICERS' INSURANCE	(36,064)	11,289
FAS 158 REGULATORY LIABILITIES	165,665,443	INDUSTRY ASSOCIATION DUES	(1,079)	338
PPA REGULATORY ASSETS	(117,269,124)	TALLAHASSEE LIAISON EXPENSE	(495,458)	155,095
PPA REGULATORY LIABILITIES	117,269,124	GRT/FPSC FEES ON CLAUSE REV ADJ & FRAN FEES	(1,469,305)	459,942
FAS 133 REGULATORY ASSETS	(19,023,963)	COMP SALES/TRANS REV/PL SALE GAS/PROV RT REFN. ESC REV	(4,041)	(1,265)
FAS 133 REGULATORY LIABILITIES	19,023,963	GAINLOSS ON DISPOSITION OF PROPERTY	(52,883)	16,554
		INTEREST SYNCHRONIZATION	5,922,338	5,922,338

GULF POWER COMPANY
YEAR END RATE OF RETURN
RATE BASE
July 2018

	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	5,271,516,078	1,732,933,821	3,538,582,256	14,109,788	118,048,724	0	3,670,740,768	203,570,201	3,874,310,969
JURISDICTIONAL PER BOOKS	5,121,639,327	1,702,154,929	3,419,484,398	13,715,856	115,388,160	0	3,548,588,414	263,948,390	3,812,536,804
FPSC ADJUSTMENTS:									
ENVIRONMENTAL RECOVERY CLAUSE	(1,568,281,172)	(343,291,965)	(1,224,989,207)		(30,800,796)		(1,255,790,003)	(26,702,550)	(1,282,492,553)
INT BEARING CWIP					(2,311,816)		(2,311,816)	0	(2,311,816)
ENERGY CONSERVATION CLAUSE	(16,808,010)	7,063,972	(23,871,982)		(2,311,816)		(23,871,982)	(764,240)	(24,636,222)
LOANS TO EMPLOYEES AND RETIREES							(27,200)	(27,200)	(27,200)
INTEREST AND DIVIDENDS RECEIVABLE							(505,080)	(505,080)	(505,080)
FUNDED PROP RES, N. ESCAMBIA SITE, & OTHER INV.				(12,052,527)			(12,052,527)	(2,443,868)	(14,496,395)
FUEL RELATED DEFERRED DEBITS								(12,041,831)	(12,041,831)
ACCRUED PROVISION FOR REFUND								0	0
UNAMORTIZED RATE CASE EXPENSES								(1,743,875)	(1,743,875)
TOTAL FPSC ADJUSTMENTS	(1,585,089,182)	(336,227,993)	(1,248,861,189)	(12,052,527)	(33,112,612)	0	(1,294,026,328)	(44,228,644)	(1,338,254,972)
FPSC ADJUSTED	3,536,550,145	1,365,926,936	2,170,623,209	1,663,329	82,275,548	0	2,254,562,086	219,719,746	2,474,281,832
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	3,536,550,145	1,365,926,936	2,170,623,209	1,663,329	82,275,548	0	2,254,562,086	219,719,746	2,474,281,832

GULF POWER COMPANY
YEAR END RATE OF RETURN
SYSTEM ADJUSTMENTS
July 2018

SCHEDULE 3
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RATE BASE ADJUSTMENTS

ENVIRONMENTAL COST RECOVERY CLAUSE INVESTMENT	(1,613,348,613)
ACCUMULATED DEPRECIATION CWIP	353,157,090
ENERGY CONSERVATION COST RECOVERY INVESTMENT	(16,808,010)
ACCUMULATED DEPRECIATION CWIP	(7,063,972)
FAS 143 NET PLANT	(43,186,411)
INTEREST BEARING CWIP	(2,360,340)
PHFU - NORTH ESCAMBIA	(12,398,686)
WORKING CAPITAL:	
ECRC WORKING CAPITAL	(27,474,831)
CONSERVATION/AEM INVENTORY	(764,240)
FUNDED PROPERTY INSURANCE RESERVE	(1)
LOANS TO EMPLOYEES AND RETIREES	(27,679)
INTEREST & DIVIDENDS RECEIVABLE	(513,980)
NORTH ESCAMBIA SITE	(2,486,794)
UNAMORTIZED RATE CASE EXPENSE	(1,774,506)
FUEL RELATED DEFERRED DEBITS	(12,041,831)
UNREALIZED LOSS ON FWD CONTRACT	(10,607)
ACCUM. PROV. FOR RATE REFUNDS	0
FAS 143 WORKING CAPITAL	55,132,769
FAS 158 REGULATORY ASSETS	(165,665,443)
FAS 158 REGULATORY LIABILITIES	165,665,443
PPA REGULATORY ASSETS	(117,269,124)
PPA REGULATORY LIABILITIES	117,269,124
FAS 133 REGULATORY ASSETS	(19,023,963)
FAS 133 REGULATORY LIABILITIES	19,023,963

AMOUNT

NET OPERATING INCOME STATEMENT ADJUSTMENTS

AMOUNT

TAX EFFECT

FUEL & IIC FUEL REVENUES AND ECONOMY PROFITS	(455,158,289)	(142,479,831)
ENVIRONMENTAL COST RECOVERY CLAUSE REVENUES	(200,680,213)	(62,819,647)
PURCHASED POWER CAPACITY COST CLAUSE REVENUES	(74,836,300)	(23,426,275)
ENERGY CONSERVATION COST RECOVERY CLAUSE REVENUES	(11,621,417)	(3,637,894)
FUEL EXPENSE	(491,363,813)	153,813,376
PURCHASED POWER CAPACITY COST EXPENSE	(85,523,647)	26,771,774
CONSERVATION EXPENSES - DEPRECIATION AND O & M	(9,387,108)	2,938,480
CONSERVATION EXPENSES - OTHER TAXES	(337,726)	105,719
ENVIRONMENTAL COST RECOVERY EXPENSE	(103,001,094)	32,242,802
FRANCHISE FEE REVENUES	(44,513,184)	(13,934,121)
FRANCHISE FEE	(44,088,250)	13,801,103
GROSS RECEIPTS TAX REVENUES	(32,483,160)	(10,168,320)
GROSS RECEIPTS TAX EXPENSE	(32,017,523)	10,022,560
MARKETING SUPPORT ACTIVITIES	(126,757)	39,679
WHOLESALE EXPENSES	(179,055)	56,050
INSTITUTIONAL ADVERTISING EXPENSE	(191,996)	60,101
ECONOMIC DEVELOPMENT EXPENSE	(66,927)	20,950
MGMT FINANCIAL PLANNING SERVICES	(45,206)	14,151
DIRECTORS' & OFFICERS' INSURANCE	(36,064)	11,289
INDUSTRY ASSOCIATION DUES	(1,079)	338
TALLAHASSEE LIAISON EXPENSE	(495,458)	155,095
GRT/FPSC FEES ON CLAUSE REV ADJ & FRAN FEES	(1,469,305)	459,842
COMP SALES/TRANS REV/G/L SALE GAS/PROV RT REFVN. ESC REV	(4,041)	(1,265)
GAIN/LOSS ON DISPOSITION OF PROPERTY	(52,883)	16,554
INTEREST SYNCHRONIZATION	5,562,752	5,562,752

GULF POWER COMPANY
Financial Integrity Indicators
July 2018

A. Times Interest Earned with AFUDC

Earnings Before Interest	218,194,240
AFUDC - Debt	39,339
Income Taxes	39,795,245
	<hr/>
Total	258,028,823
Interest Charges (Before Deducting AFUDC - Debt)	52,343,437
	<hr/>
T.I.E. With AFUDC	4.93 x

B. Times Interest Earned without AFUDC

Earnings Before Interest	218,194,240
AFUDC - Other	(88,013)
Income Taxes	39,795,245
	<hr/>
Total	257,901,471
Interest Charges (Before Deducting AFUDC - Debt)	52,343,437
	<hr/>
T.I.E. Without AFUDC	4.93 x

C. Percent AFUDC To Net Income Available for Common Stockholders

AFUDC - Debt	39,339
X (1 - Income Tax Rate)	0.69143
	<hr/>
Subtotal	27,200
AFUDC - Other	88,013
	<hr/>
Total	115,213
	<hr/>
Net Income Available for Common Stockholders	165,890,142
Percent AFUDC to Available Net Income	0.07%

D. Percent Internally Generated Funds

Net Income	165,890,142
Preference Dividends	0
Common Dividends	(146,419,000)
AFUDC (Debt & Other)	(127,352)
Depreciation & Amortization	191,130,468
Deferred Income Taxes	21,696,728
Investment Tax Credits	0
Other	(13,275,415)
	<hr/>
Total	218,895,571
	<hr/>
Construction Expenditures (Excluding AFUDC Other & Debt)	263,291,171
	<hr/>
Percent Internally Generated Funds	83.14%

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	802,964,823
Short Term Debt	13,766,687
Preference Stock	0
Common Equity	995,404,017
	<hr/>
Total	1,812,135,527
	<hr/>
% Long Term Debt To Total	44.31%
	<hr/>
% Short Term Debt To Total	0.76%

G. FPSC Adjusted Average Jurisdictional Return
On Common Equity

	G. FPSC ADJ.	H. PROFORMA
FPSC Adjusted Average Earned Rate of Return	5.86%	5.86%
Less: Reconciled Average Retail Weighted Cost Rates For:		
Long Term Debt	(1.30)	(1.30)
Short Term Debt	(0.03)	(0.03)
Preference Stock	0.00	0.00
Customer Deposits	(0.02)	(0.02)
Tax Credits - Weighted Cost (Common Equity at Midpoint)	(0.00)	(0.00)
	<hr/>	<hr/>
Subtotal	(1.35)	(1.35)
	<hr/>	<hr/>
Total	4.51	4.51
Divided by Common Equity Ratio	41.28	41.28
	<hr/>	<hr/>
Jurisdictional Return on Common Equity	10.93%	10.93%

GULF POWER COMPANY
Storm Accrual - Twelve Month to Date
July 2018

Supplemental 1

<u>Month</u>	<u>Year</u>	<u>\$</u>
August	2017	0
September	2017	0
October	2017	0
November	2017	0
December	2017	2,624,999
January	2018	0
February	2018	0
March	2018	0
April	2018	0
May	2018	4,200,000
June	2018	5,700,000
July	2018	0
12 - M-T-D		<u><u>12,524,999</u></u>