



Gulf Power®

Mitchell P. Goldstein

Vice President, Finance

March 13, 2020

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

RE: Forecasted Earnings Surveillance Report for Calendar Year 2020

Dear Mr. Maurey:

Attached is Gulf Power Company's Forecasted Earnings Surveillance Report for the calendar year 2020.

Sincerely,

Mitchell P. Goldstein
Vice President, Finance

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Attachments

cc/att.: Office of the Public Counsel
c/o Florida Legislature
111 W. Madison, Rm. 801
Tallahassee FL 32399-1400

FLORIDA PUBLIC SERVICE COMMISSION
 ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT
 GULF POWER COMPANY
 2020

SCHEDULE 1

	(1) Actual Per Books	(2) FPSC Adjustments	(3) FPSC Adjusted	(4) Pro Forma Adjustments
I. Average Rate of Return				
(JURISDICTIONAL)				
Net Operating Income	(a) \$289,529,004.33	(b) (\$106,901,705)	\$182,627,300	\$0
Average Rate Base	\$5,195,090,691	(\$2,015,412,071)	\$3,179,678,620	\$0
Average Rate of Return	5.57%		5.74%	

(a) Includes AFUDC Earnings

(b) Includes Reversal of AFUDC Earnings

III. Required Rates of Return

Average Capital Structure
 (FPSC Adjusted Basis)

Low	5.21%
Midpoint	5.65%
High	6.08%

IV. Financial Integrity Indicators

A. T.I.E. With AFUDC	4.24 x (System per Books Basis)
B. T.I.E. Without AFUDC	3.66 x (System per Books Basis)
C. AFUDC To Net Income	12.87% (System per Books Basis)
D. Internally Generated Funds	66.21% (System per Books Basis)
E. LTD To Total Investor Funds	38.73% (FPSC Adjusted Basis)
F. STD To Total Investor Funds	7.77% (FPSC Adjusted Basis)
G. Return on Common Equity	10.47% (FPSC Adjusted Basis)

	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	6,144,119,025	1,913,779,728	4,230,339,298	14,109,788	724,414,552	0	4,968,863,638	396,241,782	5,365,105,420
JURISDICTIONAL PER BOOKS	5,955,676,605	1,806,423,299	4,149,253,305	13,716,610	743,219,887	0	4,906,189,804	288,900,888	5,195,090,691
FPSC ADJUSTMENTS									
ENVIRONMENTAL COST RECOVERY CLAUSE	(1,650,413,651)	(429,770,548)	(1,220,643,104)		(96,995,749)		(1,257,638,853)	(46,526,118)	(1,304,164,971)
INT BEARING CWIP					(495,725,163)		(495,725,163)		(495,725,163)
ENERGY CONSERVATION CLAUSE	(17,809,141)	5,393,460	(23,202,601)				(23,202,601)		(23,202,601)
OBLIGATIONS UNDER CAPITAL LEASES	(202,007,184)		(202,007,184)				(202,007,184)	202,007,184	
HURRICANE MICHAEL STORM RESERVE								(180,232,617)	(180,232,617)
LOANS TO EMPLOYEES / RETIREES								(7,893)	(7,893)
INTEREST AND DIVIDENDS RECEIVABLE								(25,075)	(25,075)
FUNDED PROP RES, N. ESCAMBIA & OTHER INV.				(12,053,751)			(12,053,751)		(12,053,751)
TOTAL FPSC ADJUSTMENTS	(1,870,229,976)	(424,377,088)	(1,445,852,888)	(12,053,751)	(532,720,912)	0	(1,990,627,552)	(24,784,519)	(2,015,412,071)
FPSC ADJUSTED	4,085,446,629	1,382,046,211	2,703,400,418	1,662,859	210,498,975	0	2,915,562,252	264,116,368	3,179,678,620

TOTALS MAY NOT ADD DUE TO ROUNDING.

FLORIDA PUBLIC SERVICE COMMISSION
ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT
AVERAGE RATE OF RETURN
INCOME STATEMENT
GULF POWER COMPANY
2020

	OPERATING REVENUES	O & M FUEL & NET INTERCHANGE	O & M OTHER	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	DEFERRED INCOME TAXES (NET)	INVESTMENT TAX CREDIT (NET)	(GAIN)/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
SYSTEM PER BOOKS	1,513,744,125	568,128,428	232,557,965	118,543,023	32,434,598	433,233	25,985,721	(56)	1,260,511,225	253,232,900 (a)
JURISDICTIONAL PER BOOKS	1,384,269,944	446,382,331	226,968,793	118,436,116	30,323,119	(1,530,838)	25,514,623	(56)	1,126,074,974	258,194,970 (a)
LESS FPSC ADJUSTMENTS:										
RETAIL FUEL REVENUES & EXPENSES	(361,782,180)	(361,782,180)			0				(361,782,180)	0
PURCHASED POWER CAPACITY REVENUES & EXPENSES	(84,669,296)	(84,600,151)			(14,379)				(84,614,530)	(54,766)
ENERGY CONSERVATION COST REVENUES & EXPENSES	(9,672,192)		(6,555,747)	(1,393,251)	(306,477)				(8,375,625)	(1,296,567)
ENVIRONMENTAL COST RECOVERY CLAUSE	(192,030,544)		(31,883,200)	(61,596,110)	(18,409,900)			56	(119,945,104)	(72,085,440)
FRANCHISE FEE REVENUE & EXPENSE	(44,074,832)			(8,105,951)	(7,761)				(44,050,882)	(23,950)
GROSS RECEIPTS TAX REVENUE & ADJUSTMENT	(31,780,191)			(31,766,276)	(2,922)				(31,771,198)	(8,993)
HURRICANE MICHAEL STORM REVENUES/AMORTIZATION	(54,851,231)			(54,851,231)	0				(54,851,231)	0
INSTITUTIONAL ADVERTISING EXPENSE			(169,031)		41,449				(127,582)	127,582
ECONOMIC DEVELOPMENT EXPENSE			(72,130)		17,688				(54,443)	54,443
DIRECTORS' & OFFICERS' INSURANCE			(24,794)		6,080				(18,714)	18,714
TALLAHASSEE LIAISON EXPENSES			(625,578)		153,402				(472,177)	472,177
GRT, FPSC FEES ON CLAUSES & FEES				(977,376)	239,668				(737,708)	737,708
INTEREST SYNCHRONIZATION					3,508,578				3,508,578	(3,508,578)
TOTAL FPSC ADJUSTMENTS	(778,860,465)	(446,382,331)	(39,280,480)	(117,840,591)	(14,774,595)	0	0	56	(703,292,794)	(75,567,670)
FPSC ADJUSTED	605,409,479	0	187,688,313	33,421,263	15,546,525	(1,530,838)	25,514,623	0	422,782,180	182,627,300

(a) THE ADDITION OF EARNINGS FROM A FUDC WOULD INCREASE THE SYSTEM NOI BY \$31,991,720 AND THE JURISDICTIONAL NOI BY \$31,334,035
TOTALS MAY NOT ADD DUE TO ROUNDING.

FLORIDA PUBLIC SERVICE COMMISSION
ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT
AVERAGE RATE OF RETURN
SYSTEM ADJUSTMENTS
GULF POWER COMPANY
2020

SCHEDULE 2
PAGE 3 OF 3

RATE BASE ADJUSTMENTS	AMOUNT	NET OPERATING INCOME STATEMENT ADJUSTMENTS	AMOUNT	TAX EFFECT
ENVIRONMENTAL COST RECOVERY CLAUSE INVESTMENT	(1,607,030,445)	FUEL & IIC FUEL REVENUES AND ECONOMY PROFITS	(484,573,793)	(123,188,350)
ACCUMULATED DEPRECIATION	431,029,241	ENVIRONMENTAL COST RECOVERY CLAUSE REVENUES	(192,030,544)	(47,089,730)
CWIP	(37,772,272)	PURCHASED POWER CAPACITY COST CLAUSE REVENUES	(84,669,296)	(20,762,605)
ENERGY CONSERVATION COST RECOVERY INVESTMENT	(17,809,141)	ENERGY CONSERVATION COST RECOVERY CLAUSE REVENUES	(9,672,192)	(2,371,815)
ACCUMULATED DEPRECIATION	(5,393,460)	FUEL EXPENSE	(484,194,919)	123,092,032
FAS 143 NET PLANT	(66,173,223)	PURCHASED POWER CAPACITY COST EXPENSE	(84,600,151)	20,745,649
INTEREST BEARING CWIP	(509,445,766)	CONSERVATION EXPENSES -DEPRECIATION AND O & M	(7,948,998)	1,949,253
PHFU - NORTH ESCAMBIA	(12,399,945)	CONSERVATION EXPENSES - OTHER TAXES	(120,149)	29,463
WORKING CAPITAL:		ENVIRONMENTAL COST RECOVERY EXPENSE	(119,945,160)	29,412,952
ECRC WORKING CAPITAL	(46,526,118)	FRANCHISE FEE REVENUES	(44,074,832)	(10,808,030)
LOANS TO EMPLOYEES AND RETIREES	(7,893)	FRANCHISE FEE	(44,043,101)	10,800,249
INTEREST & DIVIDENDS RECEIVABLE	(25,075)	GROSS RECEIPTS TAX REVENUES	(31,780,191)	(7,793,138)
NORTH ESCAMBIA SITE	(12,053,751)	GROSS RECEIPTS TAX EXPENSE	(31,768,276)	7,790,217
UNREALIZED LOSS ON FWD CONTRACT	(2,997)	HURRICANE MICHAEL REVENUES	(54,851,231)	(13,450,619)
FAS 143 WORKING CAPITAL	104,836,924	HURRICANE MICHAEL AMORTIZATION	(54,851,231)	13,450,619
PPA LEASE REGULATORY ASSET	(62,235,443)	INSTITUTIONAL ADVERTISING EXPENSE	(172,259)	42,241
PPA LEASE OBLIGATION	62,235,443	ECONOMIC DEVELOPMENT EXPENSE	(72,130)	17,688
FAS 133 DERIVATIVE REGULATORY ASSETS	(1,149,184)	DIRECTORS' & OFFICERS' INSURANCE	(25,313)	6,207
FAS 133 DERIVATIVE LIABILITIES	1,149,183	GRT/FPSC FEES ON CLAUSE REV ADJ & FRAN FEES	(977,376)	239,672
		INTEREST SYNCHRONIZATION	3,508,578	3,508,578

SCHEDULE 3

FLORIDA PUBLIC SERVICE COMMISSION
ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT
CAPITAL STRUCTURE
FPSC ADJUSTED BASIS
GULF POWER COMPANY
2020

AVERAGE	SYSTEM PER BOOKS	RETAIL PER BOOKS	ADJUSTMENTS		ADJUSTED RETAIL	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
			PRO RATA	SPECIFIC			COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
	1,436,957,342	1,622,002,952	(629,248,751)	0	992,754,201	31.22	3.27	1.02	3.27	1.02	3.27	1.02
LONG TERM DEBT	322,570,344	325,402,656	(126,238,497)	0	199,164,159	6.26	2.57	0.16	2.57	0.16	2.57	0.16
SHORT TERM DEBT	0	0	0	0	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PREFERENCE STOCK	34,386,065	34,755,838	(13,483,371)	0	21,272,467	0.67	2.32	0.02	2.32	0.02	2.32	0.02
CUSTOMER DEPOSITS	2,450,407,357	2,240,664,826	(669,255,843)	0	1,371,408,983	43.13	9.25	3.99	10.25	4.42	11.25	4.85
COMMON EQUITY	1,101,911,709	953,554,452	(369,927,161)	0	583,627,290	18.35	0.00	0.00	0.00	0.00	0.00	0.00
DEFERRED INCOME TAXES	18,872,613	18,709,988	(7,258,448)	0	11,451,520	0.36	7.12	0.03	7.65	0.03	8.18	0.03
TAX CREDITS - WEIGHTED COST												
TOTAL	5,365,105,420	5,195,090,691	(2,015,412,071)	0	3,179,678,620	100.00		5.21 %		5.65 %		6.08 %

TOTALS MAY NOT ADD DUE TO ROUNDING.

FLORIDA PUBLIC SERVICE COMMISSION
ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT
FINANCIAL INTEGRITY INDICATORS
GULF POWER COMPANY
2020

SCHEDULE 4

A. Times Interest Earned with AFUDC

Earnings Before Interest	285,218,606
AFUDC - Debt	9,990,279
Income Taxes	<u>(59,323,235)</u>
Total	235,885,649
Interest Charges (Before Deducting AFUDC - Debt)	<u>55,694,031</u>
Tie With AFUDC	<u>4.24</u> x

B. Times Interest Earned without AFUDC

Earnings Before Interest	285,218,606
AFUDC - Other	(22,001,442)
Income Taxes	<u>(59,323,235)</u>
Total	203,893,929
Interest Charges (Before Deducting AFUDC - Debt)	<u>55,694,031</u>
Tie Without AFUDC	<u>3.66</u> x

C. Percent AFUDC To Net Income Available
for Common Stockholders

AFUDC - Debt	9,990,279
X (1 - Income Tax Rate)	<u>0.7548</u>
Subtotal	7,540,463
AFUDC - Other	<u>22,001,442</u>
Total	<u>29,541,904</u>
Net Income Available for Common Stockholders	<u>229,524,574</u>
Percent AFUDC to Available Net Income	<u>12.87%</u>

D. Percent Internally Generated Funds

Net Income	229,524,574
Preference Dividends	0
Common Dividends	0
AFUDC (Debt & Other)	(31,991,720)
Depreciation & Amortization	282,428,313
Deferred Income Taxes	433,233
Investment Tax Credits	<u>0</u>
Total	480,394,400
Construction Expenditures (Excluding AFUDC Other & Debt)	<u>725,535,503</u>
Percent Internally Generated Funds	<u>66.21%</u>

E. Long Term Debt as Percent of Total
Investor Capital

F. Short Term Debt as Percent of Total Investor Capital

Reconciled Average Retail Amounts

Long Term Debt	992,754,201
Short Term Debt	199,164,159
Preference Stock	0
Common Equity	<u>1,371,408,983</u>
Total	2,563,327,343
% Long Term Debt To Total	<u>38.73%</u>
% Short Term Debt To Total	<u>7.77%</u>

G. FPSC Adjusted Average Jurisdictional Return
On Common Equity

	G. FPSC ADJ.	H. PROFORMA
FPSC Adjusted Average Earned Rate of Return	<u>5.74%</u>	<u>5.74%</u>
Less: Reconciled Average Retail Weighted Cost Rates For:		
Long Term Debt	(1.02)	(1.02)
Short Term Debt	(0.16)	(0.16)
Preference Stock	0.00	0.00
Customer Deposits	(0.02)	(0.02)
Tax Credits - Weighted Cost	(0.03)	(0.03)
Subtotal	<u>(1.23)</u>	<u>(1.23)</u>
Total	4.52	4.52
Divided by Common Equity Ratio	<u>43.13</u>	<u>43.13</u>
Jurisdictional Return on Common Equity	<u>10.47%</u>	<u>10.47%</u>

TOTALS MAY NOT ADD DUE TO ROUNDING.

FLORIDA PUBLIC SERVICE COMMISSION
 ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT
 FORECAST ASSUMPTIONS
 GULF POWER COMPANY
 2020

SCHEDULE 5

FORECAST ASSUMPTIONS

Customers (Avg.)	2020 Forecast	2019 Actual
Residential	414,018	407,436
Commercial	57,318	56,590
Industrial	251	250
Other	602	607
Total	472,189	464,883

KWH Sales		
Residential	5,394,218,882	5,333,048,967
Commercial	3,643,349,172	3,677,511,330
Industrial	1,737,683,630	1,735,076,369
Other	27,570,137	27,290,746
Inter Departmental	0	0
Total	10,802,821,821	10,772,927,412

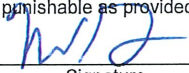
See Attached For Additional Information

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.

 Mitchell P. Goldstein
 Name

 Vice President - Finance
 Title



 Signature

Monday 12/20/20

 Date

FLORIDA PUBLIC SERVICE COMMISSION
 ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT
 FORECAST ASSUMPTIONS
 GULF POWER COMPANY
 2020

Supplemental Schedule

Schedule of Individual projects that commence during 2020 and exceed a gross cost of 0.5% of the sum of the total balance in FERC accounts 101 & 106:

<u>Project Description</u>	<u>Estimated Total Cost (\$ 000s)</u>	<u>Construction Start Date</u>	<u>Estimated In - Service Date</u>
Blue Springs Solar	94,000	June 2020	December 2021
Cotton Creek Solar	94,000	June 2020	December 2021