



Robert L. McGee, Jr.  
Regulatory & Pricing Manager

FILED OCT 12, 2016  
DOCUMENT NO. 08146-16  
FPSC - COMMISSION CLERK

One Energy Place  
Pensacola, FL 32520-0780  
850 444 6530 tel  
850 444 6026 fax  
rlmcgee@southflinco.com

October 12, 2016

VIA ELECTRONIC FILING

Ms. Carlotta Stauffer  
Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

Re: Petition for an increase in rates by Gulf Power Company, Docket No. 160186-EI

Re: Petition for approval of 2016 depreciation and dismantlement studies, approval of proposed depreciation rates and annual dismantlement accruals and Plant Smith Units 1 and 2 regulatory asset amortization by Gulf Power Company, Docket No. 160170-EI

Dear Ms. Stauffer:

Attached is the Direct Testimony and Exhibit of Gulf Power Company Witness Joshua J. Mason.

(Document 12 of 29)

Sincerely,

A handwritten signature in blue ink that reads "Robert L. McGee, Jr." in a cursive style.

Robert L. McGee, Jr.  
Regulatory & Pricing Manager

**BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION**

**DOCKET NO. 160186-EI**



**Gulf Power**

**TESTIMONY AND EXHIBIT  
OF  
JOSHUA J. MASON**

1 GULF POWER COMPANY

2 Before the Florida Public Service Commission

3 Direct Testimony of

4 Joshua J. Mason

5 Docket No. 160186-EI

6 In Support of Rate Relief

7 Date of Filing: October 12, 2016

8 Q. Please state your name and business address.

9 A. My name is Josh Mason. My business address is One Energy Place,  
10 Pensacola, Florida 32520.

11 Q. What is your position?

12 A. I am the Financial Planning and Budgeting Manager for Gulf Power  
13 Company (Gulf or the Company). I also serve as Assistant Treasurer.

14 Q. What are your responsibilities as Assistant Treasurer and Financial  
15 Planning and Budgeting Manager?

16 A. As Financial Planning and Budgeting Manager, I am responsible for  
17 managing the development of financial projections and the performance of  
18 financial analysis. I ensure the timely and accurate development of the  
19 O&M and capital expenditures budgets for incorporation into Gulf's financial  
20 forecast. I am also responsible for various treasury activities at Gulf.

21 Q. Please state your prior work experience and responsibilities.

22 A. In 2003 I joined the accounting firm of KPMG LLP in Jacksonville, Florida,  
23 as a tax accountant. While at KPMG, I prepared tax returns for publicly  
24 traded organizations. I also prepared and reviewed corporate, partnership,  
25

1 insurance, and personal tax returns. In 2005 I returned to Pensacola to  
2 work for the regional accounting firm, O'Sullivan Creel, LLP (now Warren  
3 Averett) and continued my practice of tax compliance, research and  
4 consulting. In 2007 I began employment with Gulf in the Financial Planning  
5 department and have held various positions with increasing responsibility,  
6 including Financial Analyst, Supervisor of Financial Planning, and now  
7 Assistant Treasurer and Financial Planning and Budgeting Manager.  
8

9 Q. What is your educational background?

10 A. I graduated from the University of West Florida (UWF) in Pensacola, Florida  
11 in 2002 with a Bachelor of Science Degree in Accounting. In 2003, I earned  
12 a Master of Accounting Degree from UWF. I am a Certified Public  
13 Accountant licensed in the State of Florida, and I hold membership with the  
14 American Institute of Certified Public Accountants.  
15

16 Q. What is the purpose of your testimony?

17 A. I provide an overview of Gulf's rigorous planning and budgeting process.  
18 This process, which Gulf performs annually, uses the component budgets  
19 and financial assumptions to produce a financial forecast on which the  
20 Company relies to make decisions on how to provide adequate and reliable  
21 service to its customers. Specifically, I will describe the Capital Additions  
22 and Operations and Maintenance (O&M) Budget processes, set forth the  
23 component budgets used in developing the financial forecast, and outline  
24 the assumptions used in developing Gulf's financial forecast. The financial  
25 forecast is used by Gulf's management for a variety of purposes, and in this

1 instance, it is also the basis for Gulf's projected data for the 2017 test year  
2 used in this rate case.

3

4 Q. Are you sponsoring any exhibits?

5 A. Yes. I am sponsoring Exhibit JJM-1, Schedules 1 through 9. Exhibit JJM-1  
6 was prepared under my supervision and direction, and the information  
7 contained in that exhibit is true and correct to the best of my knowledge and  
8 belief.

9

10 Q. Are you sponsoring any of the Minimum Filing Requirements (MFRs)  
11 submitted by Gulf?

12 A. Yes. The MFRs that I sponsor in their entirety or that I jointly sponsor are  
13 listed on Schedule 1 of my Exhibit JJM-1. The information contained in the  
14 MFRs that I sponsor or co-sponsor is true and correct to the best of my  
15 knowledge and belief.

16

17

18 **I. GULF'S PLANNING AND BUDGETING PROCESS**

19

20 Q. Please provide an overview and description of Gulf's planning and  
21 budgeting process.

22 A. In order to provide reliable service to its customers at reasonable costs,  
23 Gulf's budgeting process is designed to facilitate the Company in producing  
24 the most accurate financial forecast, while taking into account economic and  
25 financial conditions. This process produces a budget for the current year

1 and a budget forecast for the four subsequent years. These are utilized by  
2 management as tools for evaluating and making decisions to ensure the  
3 Company provides efficient and reliable service to its customers. The  
4 annual 2016 Budget and Forecast, including the forecasted financial  
5 statements for the test year, is the basis for Gulf's projected data for the  
6 2017 test year used in this rate case. As discussed by Gulf's other  
7 witnesses, both the 2016 and 2017 budgeted levels of O&M and Capital  
8 Additions from the 2016 Budget and Forecast are reasonable, prudent and  
9 necessary. The budgeting process for 2016 was consistently applied by  
10 each Planning Unit at Gulf, which produced reliable results. These results  
11 are suitable for establishing the revenue requirements for the 2017 test  
12 year.

13  
14 Q. Please describe Schedule 2 of your exhibit.

15 A. Schedule 2 is a flow chart of Gulf's annual planning and budgeting process.  
16 There are eight component budgets, which are shaded on Schedule 2, that  
17 are incorporated into Gulf's financial forecast, which are provided by the  
18 Planning Units. The Customer, Energy, and Demand budgets start the  
19 process, and these budgets are used as inputs in the derivation of the  
20 Revenue, Fuel, Interchange, Capital Additions and O&M Budgets. I am  
21 responsible for the financial forecast, which integrates the eight component  
22 budgets, along with various other financial assumptions and estimates, and  
23 results in projected financial statements. These projected financial  
24 statements are then used by Gulf Witness Ritenour to develop the net  
25 operating income, rate base, capital structure and revenue requirements

1 that Gulf is requesting in this filing. The Company's budgeting process is  
2 the same effective and robust process that was examined and approved in  
3 Gulf's previous rate cases.

4  
5 Q. Who administers the annual planning and budgeting process, and what is  
6 Corporate Planning's role in the process?

7 A. The annual planning and budgeting process is administered by Corporate  
8 Planning under the direction of the Chief Financial Officer (CFO), Gulf  
9 Witness Liu. As a manager within the Corporate Planning organization, I  
10 ensure that Corporate Planning establishes the budget schedule, develops  
11 the Budget Message, which is submitted to the CFO for review and  
12 approval, and transmits the Budget Message on behalf of the CFO.  
13 Corporate Planning also coordinates the Capital Additions and O&M Budget  
14 processes, respectively, ensuring that all personnel involved with the  
15 processes are kept informed of the key assumptions, goals and any  
16 strategic issues facing the Company.

17  
18 Corporate Planning inputs information from the eight component budgets  
19 along with other financial assumptions and estimates into the financial  
20 model. Corporate Planning also is responsible for the ongoing process of  
21 analyzing and maintaining the financial model to ensure the most accurate  
22 forecast based on current assumptions.

1 Q. Please describe the role of Corporate Planning in preparation of the Capital  
2 Additions and O&M component budgets.

3 A. Corporate Planning is responsible for establishing a process for the  
4 preparation of the Capital Additions and O&M Budgets, for administering the  
5 process under the direction of the CFO and for preparing the summaries,  
6 comparisons, and other information that may be requested. The Executive  
7 Management Team (the Chief Executive Officer and the five vice  
8 presidents) reviews and approves these budgets. Schedule 3 of Exhibit  
9 JJM-1 is a flow chart outlining the Capital Additions and O&M Budget  
10 process.

11  
12 Q. One of the initial steps in the budget process described on your Schedule 3  
13 is the Budget Message. Please describe the Budget Message.

14 A. Each year, to begin the O&M and Capital Additions Budget process, the  
15 Budget Message is provided by the CFO to the Planning Units, which are  
16 organizations within the Company that have budget responsibilities. The  
17 Budget Message provides budget guidelines, assumptions and other  
18 information to be used in the budget preparation process. Corporate  
19 Planning assists the CFO in developing the information included in the  
20 Budget Message.

21  
22 Q. Does the Budget Message include a rate of inflation?

23 A. Yes. The inflation rates for 2016 and 2017 included in the Budget Message  
24 were 3.2 percent and 3.7 percent, respectively. These inflation rates are  
25 forecasted CPI rates obtained from Moody's Analytics.



1 Q. How is the rate of inflation used by Gulf in the preparation of its O&M  
2 Budget?

3 A. The inflation rate is provided as part of the Budget Message as an aid to  
4 Planning Units in the development of their budget details. However,  
5 justification of O&M expenses by the Planning Units requires more than  
6 mere escalation by the Consumer Price Index (CPI) or any other measure  
7 of inflation. Each Planning Unit develops its O&M budget by examining the  
8 activities necessary to meet its goals and objectives, not by simply  
9 escalating costs associated with prior periods.

10

11 Q. Describe the budget process after the issuance of the Budget Message.

12 A. This is a multi-step, iterative process. Upon receipt of the Budget Message,  
13 each Planning Unit follows its own internal process to prepare its O&M and  
14 Capital Additions Budgets. Those internal processes are described in the  
15 testimony of other witnesses. However, there is a common element among  
16 the processes used by each individual Planning Unit – each Planning Unit  
17 closely examines and analyzes the activities necessary to accomplish its  
18 goals and objectives and then builds the budgets necessary to meet these  
19 responsibilities. Each Planning Unit prepares the detailed budgets that  
20 support its goals and objectives. The Vice President for each Planning Unit  
21 reviews and, if necessary, modifies that function's budgets prior to the  
22 submission of the Planning Unit's budgets to Corporate Planning.  
23 Corporate Planning reviews submittals for consistency with the Budget  
24 Message and compiles the data for review by the CFO and the other  
25 executives. Any changes resulting from the executive review and approval

1 process are communicated to the Planning Unit by Corporate Planning.  
2 The final approved budgets for O&M and Capital Additions are summarized  
3 and communicated to the Planning Units in a letter from the CFO.

4  
5 Q. Please describe Gulf's Capital Additions Budget.

6 A. The Capital Additions Budget consists of Plant Expenditures (PEs) for  
7 investments that are categorized by function as Production, Transmission,  
8 Distribution, and General Plant. The PEs are further identified as Specific  
9 PEs and Blanket PEs. Specific PEs are generally individual projects costing  
10 \$50,000 or more that require expenditures in one or more years. Blanket  
11 PEs reflect repetitive expenditures based on historical trends and projected  
12 customer growth, such as pole replacements and transformers, that are not  
13 identified as individual or separate projects at the time the budget is  
14 prepared.

15  
16 Q. Who is responsible for developing PEs?

17 A. Planning Units are responsible for developing the PEs for their areas. The  
18 majority of the PEs are prepared under the direction of Gulf Witnesses  
19 Burroughs and Smith.

20  
21 Q. Who is responsible for reviewing and approving the overall Capital Additions  
22 Budget?

23 A. Gulf's Executive Management Team reviews all Capital Additions Budget  
24 requests. After review and approval by the executives, the Capital Additions  
25 Budget is approved annually by the Company's Board of Directors.

1 Q. Does Gulf monitor the actual construction expenditures against its approved  
2 budget?

3 A. Yes. Corporate Planning monitors and prepares a comparison of actual to  
4 budget expenditures each month. For quarter-end months, the Planning  
5 Units must submit variance explanations for each PE that has a year-to-  
6 date variance that exceeds 10 percent or \$250,000, whichever is less. For  
7 non-quarter-end months, explanations are required only for variances that  
8 exceed \$250,000. Variances less than \$10,000 do not require an  
9 explanation. In addition to researching and explaining year-to-date  
10 variances, the appropriate Planning Unit is required to prepare a quarterly  
11 estimate of the budget status at year-end or at completion of the project.  
12 Corporate Planning is responsible for monitoring the variances and ensuring  
13 this process is followed.

14

15 Q. What is the amount of Gulf's test year Capital Additions Budget?

16 A. Gulf's 2017 test year total company Capital Additions Budget is  
17 \$196,732,000. The 2017 test year Capital Additions Budget, excluding  
18 wholesale, cost recovery clauses, non-utility expenditures and test year rate  
19 base adjustments is \$162,431,000. These projections are shown by major  
20 functional category on Schedule 4 of Exhibit JJM-1.

21

22 Q. Please describe Gulf's O&M Budget.

23 A. The O&M Budget consists of expenses required to safely provide efficient  
24 and reliable service to Gulf's customers, covering a period of five years.  
25 Gulf's Planning Units submit detailed budget requests through the

1 Company's budget input system. All O&M budget amounts are required to  
2 be submitted through this process, with the exception of the fuel and  
3 interchange information, which is derived from the Fuel and Interchange  
4 component budgets. The O&M Budget is provided to the Executive  
5 Management Team for their review and approval.

6  
7 Q. How does Corporate Planning monitor O&M budget variances?

8 A. Corporate Planning monitors budget variance reports each month, using  
9 Gulf's accounting and reporting system. Each quarter, the Planning Units  
10 are required to submit year-to-date reports that include explanations of all  
11 variances of 10 percent or more that equal or exceed \$25,000. Any  
12 variance amount that exceeds \$500,000, regardless of the percentage,  
13 must also be explained. Projections for the year-end expenses are also  
14 submitted quarterly and reviewed by the CFO.

15  
16 Q. What is the amount of Gulf's test year O&M Budget?

17 A. The test year System Per Books O&M Budget is \$972,265,000, and the test  
18 year Total Adjusted O&M Budget is \$319,813,000 as shown by major  
19 functional category on Schedule 5 of Exhibit JJM-1. The witnesses  
20 responsible for O&M expenses by function will address their test year O&M  
21 budgets and any O&M benchmark variances. Schedule 21 of Exhibit  
22 SDR-1 included in Ms. Ritenour's testimony shows the calculation of Total  
23 Adjusted O&M, including each adjustment to O&M expense by function.

1 Q. Have there been any significant changes in Gulf's budget process since the  
2 development of the forecast that was used to support Gulf's last base rate  
3 case?

4 A. No. Gulf's budget process continues to successfully produce reliable  
5 budgets and forecasts. Therefore, there have not been any significant  
6 changes in Gulf's budget process since the last base rate case, and this  
7 process has been consistently applied in preparing the 2016 Budget and  
8 Forecast, which includes the 2017 test year.

9

10

11

## II. GULF'S FINANCIAL FORECAST

12

13 Q. Turning now to the financial forecast, please explain how this forecast is  
14 developed.

15 A. The outputs of the component budgets that I described earlier in my  
16 testimony are input into Gulf's financial model. Additionally, various income  
17 statement and balance sheet items not captured in the component budgets  
18 are analyzed, developed and input into the financial model. The financial  
19 model, in turn, processes this data using a number of integrated calculation  
20 modules to generate the financial and accounting statements that comprise  
21 Gulf's financial forecast. This dynamic iterative process ensures that these  
22 various items are consistent with the other budgeted items. For example,  
23 forecasted debt issuances and associated interest expense are analyzed  
24 and updated when necessary due to other budget changes.

25

1 Q. What is the financial model to which you have referred?

2 A. The financial model is a computer-based model that simulates Gulf's actual  
3 financial and accounting results based on a given set of inputs. Schedule 6  
4 of Exhibit JJM-1 is a summarized flowchart of the financial model inputs and  
5 outputs required to produce the financial forecast.

6  
7 Q. Does Gulf prepare financial forecasts for purposes other than rate cases?

8 A. Yes. Gulf prepares and updates its financial forecast in the regular course  
9 of its business to provide management with the most accurate and up-to-  
10 date projections to manage the business and to help the Company achieve  
11 operational and financial goals.

12  
13 Gulf uses the financial model to prepare the Annual Budget and Forecast,  
14 and also to update financial projections. These financial forecasts are also  
15 used for external purposes such as analyst earnings calls, rating agency  
16 information, forecasted earnings surveillance reports filed with the Florida  
17 Public Service Commission (FPSC or the Commission), and other financial  
18 requests.

19  
20 Q. Please describe the financial statements shown on Schedules 7 and 8 of  
21 your exhibit.

22 A. Schedule 7 is Gulf's projected monthly Balance Sheet for the period  
23 December 2016 through December 2017, which is the basis for developing  
24 the test year rate base and capital structure. Schedule 8 is the projected  
25 monthly Income Statement for the twelve months ended December 31,

1 2017 used in developing net operating income. These financial statements  
2 from the financial model are based on current budget estimates for 2017  
3 from the 2016 Budget and Forecast.  
4

5 Q. You have summarized utility plant data on your Schedule 7. Have you  
6 prepared a report with a further breakdown of the plant balances?

7 A. Yes. Schedule 9 of Exhibit JJM-1 presents a further breakdown of the utility  
8 plant balances along with the monthly activity in these accounts for the test  
9 period. The projected plant data is based on the approved Capital Additions  
10 Budget, which is supported by various witnesses as noted on Exhibit JJM-1,  
11 Schedule 4.  
12

13 Q. Has Gulf Power filed a list of the assumptions used in developing its  
14 financial forecast?

15 A. Yes. MFR F-8 lists the assumptions used in developing Gulf's financial  
16 forecast and the supporting basis for each assumption. The assumptions  
17 used in this financial forecast, as outlined on MFR F-8, are reasonable  
18 based on our experience and consideration of the circumstances known or  
19 anticipated at the time the assumptions were developed.  
20

21 Q. Please summarize your testimony.

22 A. Gulf utilizes a very straightforward, logical and comprehensive budget and  
23 financial forecasting process. This process is performed annually and  
24 results in a forecast that management uses as a tool in planning and  
25 decision making. The assumptions contained in the budget process are

1 reasonable, and the resulting financial forecast provides a reasonable and  
2 sound basis for projecting the results of Gulf's operations during the 2017  
3 test year as incorporated in the MFRs, testimony and exhibits filed in this  
4 case.

5

6 Q. Does that conclude your testimony?

7 A. Yes.

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25



AFFIDAVIT

STATE OF FLORIDA )  
 )  
COUNTY OF ESCAMBIA )

Docket No. 160186-EI

Before me the undersigned authority, personally appeared Joshua J. Mason, who being first duly sworn, deposes, and says that he is the Assistant Treasurer & Financial Planning & Budgeting Manager of Gulf Power Company, a Florida corporation, and that the foregoing is true and correct to the best of his knowledge, information, and belief. He is personally known to me.

s/   
Joshua J. Mason  
Assistant Treasurer & Financial Planning  
& Budgeting Manager

Sworn to and subscribed before me this 5<sup>th</sup> day of October, 2016.

  
Notary Public, State of Florida at Large

Commission No. FF912698

My Commission Expires December 17, 2019



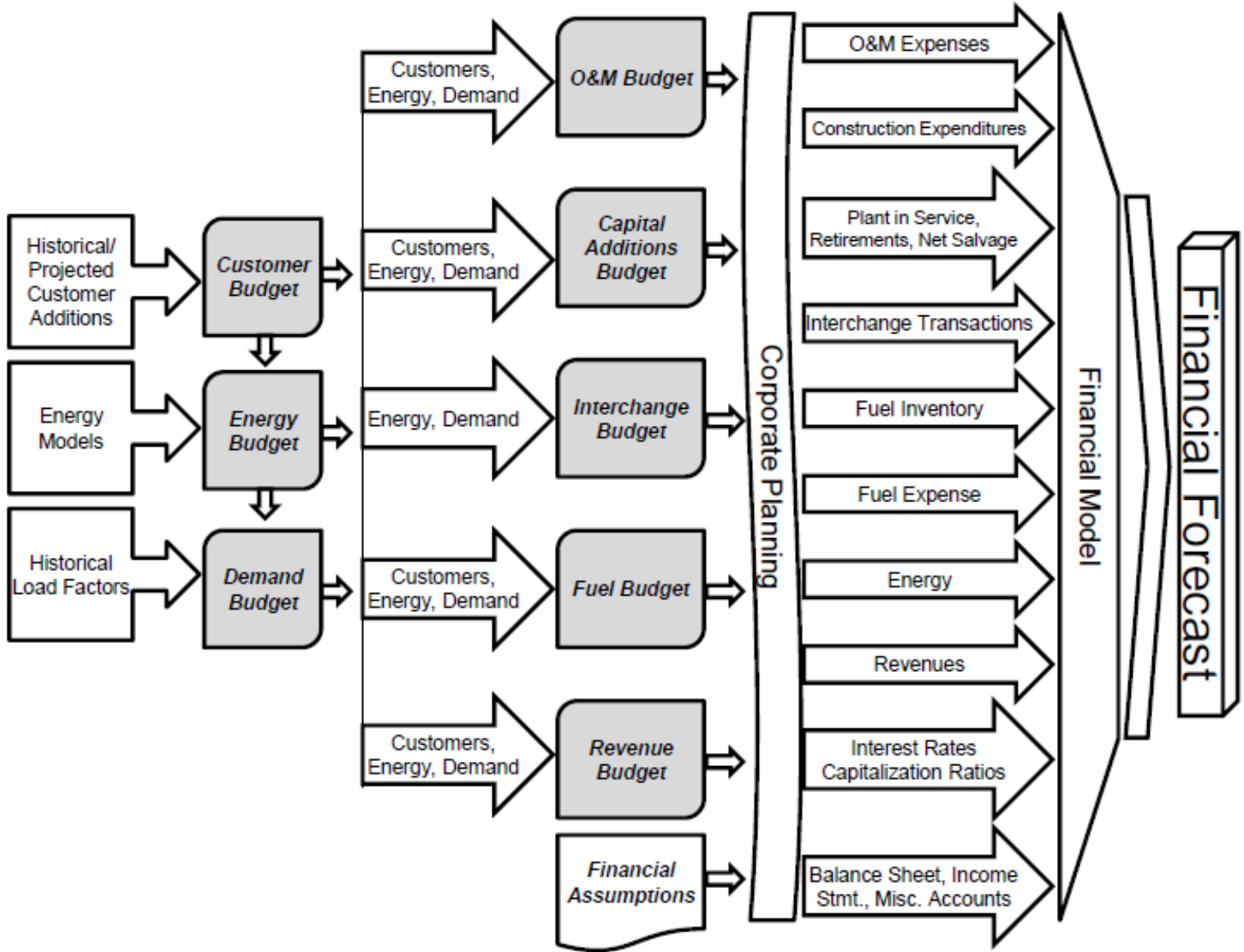
MELISSA DARNES  
MY COMMISSION # FF 912698  
EXPIRES: December 17, 2019  
Bonded Thru Budget Notary Services

# Exhibit

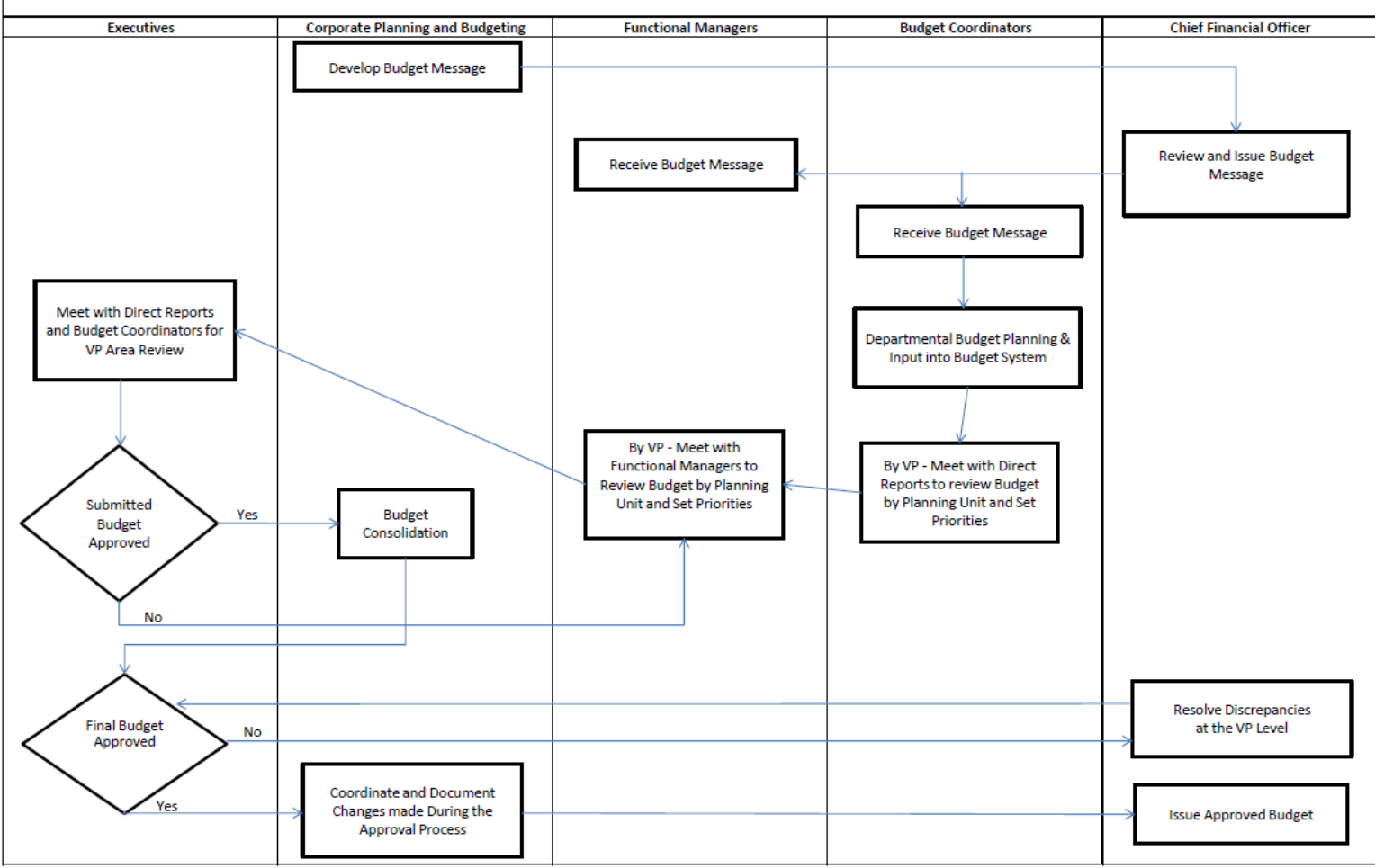
Responsibility for Minimum Filing Requirements

<u>Schedule</u>	<u>Title</u>
B-3	13 Month Average Balance Sheet – System Basis
C-6	Budgeted Versus Actual Operating Revenues and Expenses
F-5	Forecasting Models
F-8	Assumptions

# GULF POWER FINANCIAL PLANNING PROCESS



**Gulf Power Company  
Capital Additions and O&M Budget Process**



**GULF POWER COMPANY**

2017 Test Year Capital Additions Budget  
By Function  
(\$000s)

Function	Test Year System Per Books	Test Year Total Adjusted *	Witness
Production	77,108	38,404	Burroughs
Transmission	27,198	34,363	Smith
Distribution	69,301	67,516	Smith
General	23,125	22,148	Ritenour, Smith, Terry
<b>TOTAL</b>	<u>196,732</u>	<u>162,431</u>	

\* Amounts exclude capital expenditures for wholesale, clauses and non-utility.  
Additionally, these amounts include the impact of test year rate base adjustments.

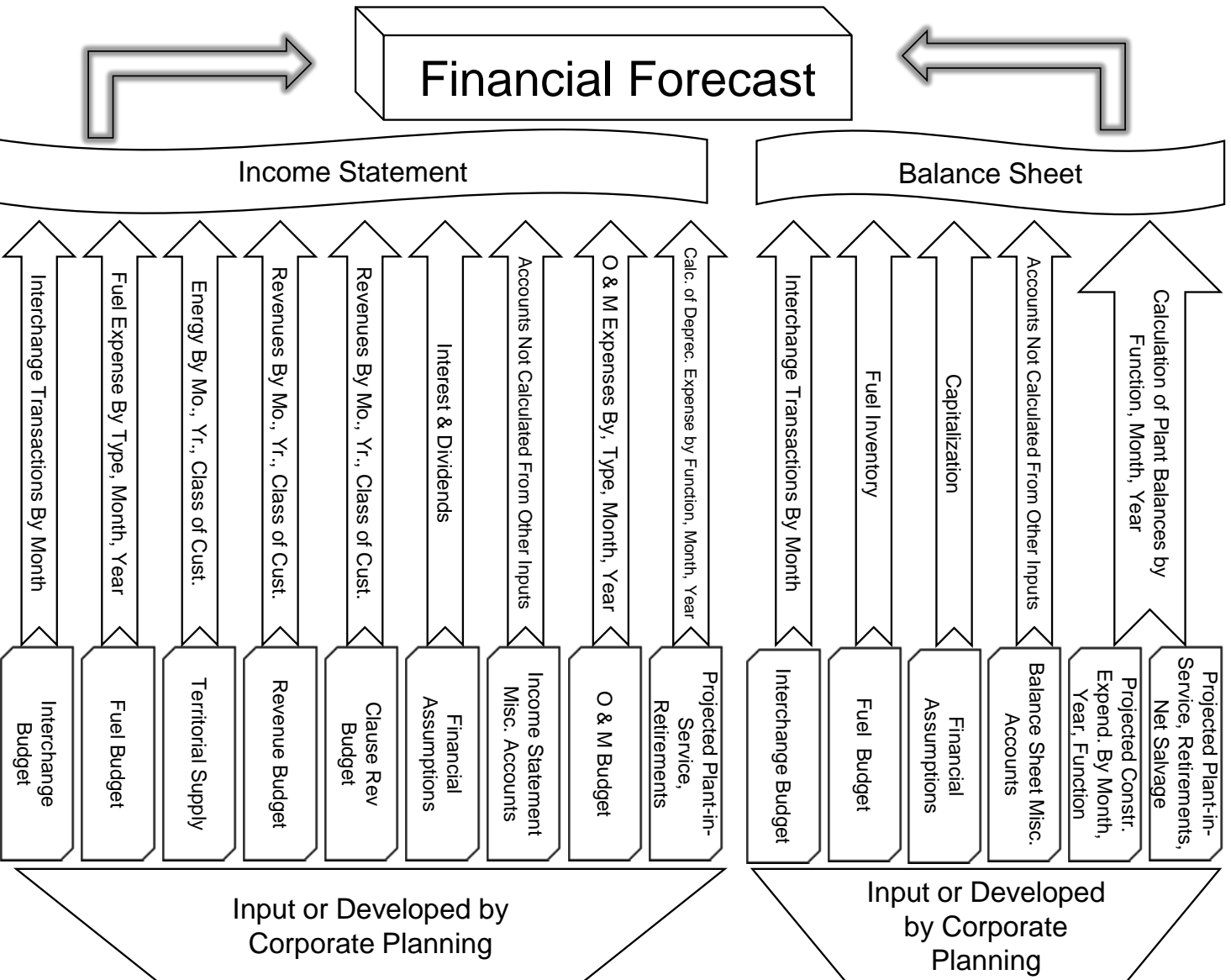
**GULF POWER COMPANY**

**2017 Test-Year Operation and Maintenance Expense  
By Function  
(\$000)**

Function	Test Year System Per Books	Test Year Total Adjusted*	Witness
Production	748,697	122,154	Burroughs
Transmission	28,629	16,568	Smith
Distribution	51,147	45,874	Smith
Customer Accounts	28,670	27,730	Terry
Customer Service & Information	26,675	16,983	Terry
Sales Expenses	1,398	1,156	Terry
Administrative & General	<u>87,049</u>	<u>89,348</u>	Hodnett
Total Operation and Maintenance	<u>972,265</u>	<u>319,813</u>	

\*As reflected on exhibit SDR-1, Schedule 21 of Gulf Witness Ritenour's testimony.

# Gulf Power Financial Model Flowchart





**GULF POWER COMPANY**  
**BALANCE SHEET**  
For the Period December 2016 through December 2017  
(\$000s)

	<u>2016</u>												<u>2017</u>
	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>
<b>ASSETS:</b>													
<b>Utility Plant</b>													
Electric Plant in Service	5,258,401	5,272,452	5,293,595	5,313,588	5,328,496	5,342,281	5,354,988	5,367,805	5,380,347	5,395,838	5,408,886	5,422,081	5,433,545
Accum Prov & Amort	1,620,858	1,631,966	1,644,791	1,655,719	1,668,931	1,682,268	1,695,454	1,708,719	1,721,852	1,735,010	1,747,755	1,759,634	1,771,993
<b>Net Elec &amp; Plant In Service</b>	<b>3,637,543</b>	<b>3,640,486</b>	<b>3,648,804</b>	<b>3,657,869</b>	<b>3,659,565</b>	<b>3,660,013</b>	<b>3,659,534</b>	<b>3,659,086</b>	<b>3,658,495</b>	<b>3,660,828</b>	<b>3,661,131</b>	<b>3,662,447</b>	<b>3,661,552</b>
<b>Other Property &amp; Investments</b>													
Other Special Funds	123,091	124,894	124,900	124,907	124,919	124,930	124,942	124,958	124,973	124,989	125,009	125,029	125,049
Non-Utility Property-Net	12,400	12,396	12,392	12,388	12,383	12,379	12,374	12,370	12,365	12,360	12,355	12,351	12,346
Other Property & Investments	2,557	2,563	2,568	2,574	2,580	2,586	2,592	2,598	2,605	2,612	2,619	2,626	2,633
<b>Total Other Property &amp; Invest</b>	<b>138,048</b>	<b>139,853</b>	<b>139,860</b>	<b>139,869</b>	<b>139,882</b>	<b>139,895</b>	<b>139,908</b>	<b>139,926</b>	<b>139,943</b>	<b>139,961</b>	<b>139,983</b>	<b>140,006</b>	<b>140,028</b>
<b>Current Assets</b>													
Cash & Cash Equivalents	6,367	6,367	6,367	6,367	6,367	6,367	6,367	6,367	6,367	6,367	6,367	6,367	6,367
Special Deposits	20	20	20	20	20	20	20	20	20	20	20	20	20
Working Funds	439	439	439	439	439	439	439	439	439	439	439	439	439
Temporary Cash Investments	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Accounts &amp; Notes Receivable:</b>													
Customer Accounts Receivable	75,298	83,824	86,512	71,849	71,549	72,087	84,131	94,425	92,186	101,184	85,617	75,199	76,551
Accrued Unbilled Revenues	55,575	52,241	43,597	44,784	45,420	60,090	65,049	68,001	66,941	58,428	50,751	50,527	55,382
Other Accts/Notes Receivable	8,736	10,625	10,390	10,154	9,919	9,684	9,449	9,918	9,682	9,445	9,209	8,973	8,736
Accum Prov for Uncoll Accts	775	2,052	2,051	1,453	1,476	1,571	1,497	1,493	1,689	1,859	900	877	787
Rec. From Assoc. Companies	5,488	16,680	12,882	8,739	7,159	10,154	13,246	15,460	16,919	13,532	7,552	13,374	9,740
Interest & Dividends Receivable	35	41	44	44	49	49	50	53	53	53	58	58	58
<b>Materials &amp; Supplies:</b>													
Fuel Stock	51,304	49,919	49,548	49,891	49,838	48,825	47,594	47,448	47,562	46,470	46,150	45,709	45,621
In-Transit Coal	30,227	29,811	29,676	29,564	29,428	29,204	29,138	21,537	9,252	8,873	8,753	8,554	9,862
Plt Materials & Supplies	62,672	64,166	64,056	63,934	63,801	63,655	63,498	63,341	63,184	64,458	64,325	64,203	64,093
Prepayments	7,989	7,689	7,191	6,693	6,195	6,957	6,456	5,955	5,572	5,070	4,568	8,631	8,118
Miscellaneous Current & Accrued	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Current Assets</b>	<b>303,375</b>	<b>319,770</b>	<b>308,671</b>	<b>291,025</b>	<b>288,708</b>	<b>305,960</b>	<b>323,940</b>	<b>331,471</b>	<b>316,488</b>	<b>312,480</b>	<b>282,909</b>	<b>281,177</b>	<b>284,200</b>
<b>Deferred Debits</b>													
Unamortized Debt Expense	8,214	8,171	8,128	8,084	8,041	7,998	7,955	7,914	7,872	7,831	7,789	7,748	7,706
Accum Deferred Income Tax	120,710	121,000	121,290	121,580	121,870	122,160	122,450	122,740	123,030	123,320	123,610	123,900	124,190
Regulatory Tax Asset	55,811	55,641	55,470	55,299	55,129	54,958	54,788	54,617	54,446	54,276	54,105	53,935	53,764
Unamortized Loss Reacq Debt	14,064	13,976	13,888	13,800	13,712	13,624	13,542	13,459	13,377	13,295	13,212	13,130	13,047
Other Deferred Debits	564,770	563,019	561,008	558,195	556,450	554,434	551,475	549,726	547,707	544,884	543,141	541,124	538,617
<b>Total Deferred Debits</b>	<b>763,569</b>	<b>761,807</b>	<b>759,784</b>	<b>756,958</b>	<b>755,202</b>	<b>753,174</b>	<b>750,210</b>	<b>748,456</b>	<b>746,432</b>	<b>743,606</b>	<b>741,857</b>	<b>739,837</b>	<b>737,324</b>
<b>Total Assets</b>	<b>4,842,535</b>	<b>4,861,916</b>	<b>4,857,119</b>	<b>4,845,721</b>	<b>4,843,357</b>	<b>4,859,042</b>	<b>4,873,592</b>	<b>4,878,939</b>	<b>4,861,358</b>	<b>4,856,875</b>	<b>4,825,880</b>	<b>4,823,467</b>	<b>4,823,104</b>

Florida Public Service Commission  
Docket No. 160186-EI  
**GULF POWER COMPANY**  
Witness: Joshua J. Mason  
Exhibit No. \_\_\_\_\_ (JIM-1)  
Schedule 7  
Page 1 of 3

**GULF POWER COMPANY**  
**BALANCE SHEET**  
For the Period December 2016 through December 2017  
(\$000s)

	2016 DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	2017 DEC
<b>CAPITALIZATION &amp; LIABILITIES:</b>													
<b>Common Equity</b>													
Common Stock	503,060	503,060	503,060	503,060	503,060	503,060	503,060	503,060	503,060	503,060	503,060	503,060	503,060
Other Paid-In Capital	582,394	582,531	582,919	586,278	586,473	586,654	589,524	589,723	589,922	592,789	592,987	593,180	596,059
Capital Stock Expense	0	0	0	0	0	0	0	0	0	0	0	0	0
Retained Earnings	266,247	245,331	250,409	250,609	220,529	230,003	243,360	229,494	245,654	257,671	232,844	234,233	241,111
<b>Total Common Equity</b>	<b>1,351,701</b>	<b>1,330,922</b>	<b>1,336,388</b>	<b>1,339,947</b>	<b>1,310,062</b>	<b>1,319,717</b>	<b>1,335,944</b>	<b>1,322,277</b>	<b>1,338,636</b>	<b>1,353,520</b>	<b>1,328,891</b>	<b>1,330,473</b>	<b>1,340,230</b>
<b>Preferred Stock</b>													
Preferred Stock	146,504	146,504	146,504	146,504	146,504	146,504	146,504	146,504	146,504	146,504	146,504	146,504	146,504
Trust Preferred Stock	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Preferred Stock</b>	<b>146,504</b>	<b>146,504</b>	<b>146,504</b>	<b>146,504</b>	<b>146,504</b>	<b>146,504</b>	<b>146,504</b>	<b>146,504</b>	<b>146,504</b>	<b>146,504</b>	<b>146,504</b>	<b>146,504</b>	<b>146,504</b>
<b>Debt</b>													
Pollution Control Bonds	308,955	308,955	308,955	308,955	308,955	308,955	308,955	308,955	308,955	308,955	308,955	308,955	308,955
Long-Term Notes	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	965,000	965,000	965,000	965,000	965,000	965,000	965,000
Unamortized Premiums & Disc	(8,032)	(7,990)	(7,948)	(7,906)	(7,864)	(7,822)	(7,783)	(7,746)	(7,709)	(7,673)	(7,636)	(7,599)	(7,562)
<b>Total Debt</b>	<b>1,350,923</b>	<b>1,350,965</b>	<b>1,351,007</b>	<b>1,351,049</b>	<b>1,351,091</b>	<b>1,351,133</b>	<b>1,266,172</b>	<b>1,266,209</b>	<b>1,266,246</b>	<b>1,266,282</b>	<b>1,266,319</b>	<b>1,266,356</b>	<b>1,266,393</b>
<b>Total Capitalization</b>	<b>2,849,128</b>	<b>2,828,391</b>	<b>2,833,899</b>	<b>2,837,500</b>	<b>2,807,657</b>	<b>2,817,354</b>	<b>2,748,620</b>	<b>2,734,990</b>	<b>2,751,386</b>	<b>2,766,306</b>	<b>2,741,714</b>	<b>2,743,333</b>	<b>2,753,127</b>
<b>Current Liabilities</b>													
Short-Term Notes Payable	7,605	18,602	361	18,299	25,435	20,716	130,782	101,991	48,888	65,512	23,109	33,905	78,596
<b>Accounts Payable:</b>													
Construction Related Accts Payable	3,525	4,395	5,345	5,306	3,582	3,569	3,567	3,746	3,684	4,084	3,791	4,024	3,592
Other Accounts Payable	57,266	61,630	57,117	58,585	57,967	58,061	58,788	58,051	57,233	58,505	61,946	62,749	57,149
Payables to Assoc. Companies	31,393	27,863	27,544	36,319	34,136	30,421	35,011	36,319	36,618	34,112	31,390	30,220	31,517
<b>Total Accounts Payable</b>	<b>92,184</b>	<b>93,888</b>	<b>90,006</b>	<b>100,210</b>	<b>95,685</b>	<b>92,051</b>	<b>97,366</b>	<b>98,116</b>	<b>97,535</b>	<b>96,701</b>	<b>97,127</b>	<b>96,993</b>	<b>92,258</b>
Customer Deposits	36,254	36,332	36,403	36,466	36,520	36,581	36,659	36,712	36,752	36,750	36,749	36,767	36,789
Income Tax Accrued	20,348	25,452	27,943	27,371	19,694	24,946	25,611	35,138	44,587	36,515	39,158	39,331	20,348
Interest Accrued	17,084	20,822	25,528	24,002	24,230	28,708	21,106	24,566	29,041	27,202	27,157	30,715	26,377
Dividends Declared	2,226	30,875	31,625	2,226	30,875	31,625	2,226	30,875	31,625	2,226	30,875	31,625	2,226
Accrued Vacations	10,562	10,562	10,562	10,562	10,562	10,562	10,562	10,562	10,562	10,562	10,562	10,562	10,878
Tax Collections Payable	7,743	584	3,092	4,739	6,932	9,511	13,095	15,997	19,141	22,092	24,169	3,539	5,536
Other Current Liabilities	120,885	115,718	117,234	104,679	106,270	107,710	109,433	111,344	113,407	115,619	118,028	119,675	121,136
<b>Total Current Liabilities</b>	<b>314,891</b>	<b>352,835</b>	<b>342,754</b>	<b>328,554</b>	<b>356,203</b>	<b>362,410</b>	<b>446,840</b>	<b>465,301</b>	<b>431,538</b>	<b>413,179</b>	<b>406,934</b>	<b>403,112</b>	<b>394,144</b>
<b>Deferred Credits</b>													
Unamortized ITC	1,570	1,537	1,504	1,472	1,439	1,406	1,373	1,340	1,307	1,275	1,242	1,209	1,176
Other Deferred Credits	245,730	246,045	243,981	241,342	239,327	237,263	234,271	232,938	230,872	227,924	225,911	223,846	220,802
<b>Total Deferred Credits</b>	<b>247,300</b>	<b>247,582</b>	<b>245,485</b>	<b>242,814</b>	<b>240,766</b>	<b>238,669</b>	<b>235,644</b>	<b>234,278</b>	<b>232,179</b>	<b>229,199</b>	<b>227,153</b>	<b>225,055</b>	<b>221,978</b>

Florida Public Service Commission  
Docket No. 160186-EI  
**GULF POWER COMPANY**  
Witness: Joshua J. Mason  
Exhibit No. \_\_\_\_\_ (JJM-1)  
Schedule 7  
Page 2 of 3

**GULF POWER COMPANY**  
**BALANCE SHEET**  
For the Period December 2016 through December 2017  
(\$000s)

**Operating Reserves**

Property Insurance Reserve	41,661	41,962	42,267	42,571	42,881	43,191	43,501	43,814	44,128	44,441	44,759	45,077	45,396
Injuries & Damages Reserve	129	140	150	161	172	183	193	204	215	225	236	247	258
Accum Prov for Rate Refunds	0	0	0	0	0	0	0	0	0	0	0	0	0
Empl Pension & Insurance Reserve	245,151	245,195	245,216	245,238	245,259	245,280	245,301	245,322	245,343	245,418	245,439	245,460	245,481
Asset Retirement Reserve	96,567	96,567	96,567	96,567	96,567	96,567	96,567	96,567	96,567	96,567	96,567	96,567	96,567
<b>Total Operating Reserves</b>	<b>383,508</b>	<b>383,864</b>	<b>384,200</b>	<b>384,537</b>	<b>384,879</b>	<b>385,221</b>	<b>385,562</b>	<b>385,907</b>	<b>386,253</b>	<b>386,651</b>	<b>387,001</b>	<b>387,351</b>	<b>387,702</b>

**Deferred Tax Related Items**

ADIT Accts 281, 282, 283	1,045,188	1,046,764	1,048,340	1,049,915	1,051,491	1,053,067	1,054,645	1,056,222	1,057,800	1,059,378	1,060,956	1,062,534	1,064,111
Regulatory Tax Liability	2,520	2,480	2,441	2,401	2,361	2,321	2,281	2,241	2,202	2,162	2,122	2,082	2,042
<b>Total Deferred Taxes</b>	<b>1,047,708</b>	<b>1,049,244</b>	<b>1,050,781</b>	<b>1,052,316</b>	<b>1,053,852</b>	<b>1,055,388</b>	<b>1,056,926</b>	<b>1,058,463</b>	<b>1,060,002</b>	<b>1,061,540</b>	<b>1,063,078</b>	<b>1,064,616</b>	<b>1,066,153</b>

**Total Capital & Liabilities**

<b>4,842,535</b>	<b>4,861,916</b>	<b>4,857,119</b>	<b>4,845,721</b>	<b>4,843,357</b>	<b>4,859,042</b>	<b>4,873,592</b>	<b>4,878,939</b>	<b>4,861,358</b>	<b>4,856,875</b>	<b>4,825,880</b>	<b>4,823,467</b>	<b>4,823,104</b>
------------------	------------------	------------------	------------------	------------------	------------------	------------------	------------------	------------------	------------------	------------------	------------------	------------------

Florida Public Service Commission  
Docket No. 160186-EI  
GULF POWER COMPANY  
Witness: Joshua J. Mason  
Exhibit No. \_\_\_\_\_ (JJM-1)  
Schedule 7  
Page 3 of 3

**GULF POWER COMPANY**  
**INCOME STATEMENTS**  
For the Twelve Months Ended December 31, 2017  
(\$000s)

	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>12 MONTHS ENDED DEC 2017</u>
<b>OPERATING REVENUES:</b>													
<b><u>Residential</u></b>													
Base	28,463	23,803	23,368	22,340	29,088	33,709	36,654	35,426	31,292	25,171	22,418	27,222	338,954
Fuel	15,622	13,321	12,391	11,466	16,370	19,471	20,969	20,238	17,763	13,333	11,493	14,232	186,669
Conservation	530	512	548	507	605	589	576	654	516	492	455	495	6,479
Capacity	4,054	4,053	4,054	4,053	4,050	4,029	4,015	4,017	4,027	4,032	4,033	4,034	48,451
Environmental	8,795	8,654	8,775	8,671	8,951	8,973	9,066	9,194	8,979	8,595	8,608	8,671	105,932
<b>Total Residential Revenues</b>	<b>57,464</b>	<b>50,343</b>	<b>49,136</b>	<b>47,037</b>	<b>59,064</b>	<b>66,771</b>	<b>71,280</b>	<b>69,529</b>	<b>62,577</b>	<b>51,623</b>	<b>47,007</b>	<b>54,654</b>	<b>686,485</b>
<b><u>Commercial</u></b>													
Base	13,191	12,275	13,257	13,058	15,320	15,429	16,359	16,046	15,419	14,563	12,466	13,168	170,551
Fuel	10,007	9,610	10,576	10,590	12,820	13,079	13,644	13,497	12,934	11,650	9,625	9,719	137,751
Conservation	340	369	468	469	473	395	375	436	377	430	381	339	4,852
Capacity	2,011	2,010	2,011	2,010	2,009	1,999	1,992	1,993	1,997	2,000	2,000	2,000	24,032
Environmental	4,531	4,444	4,514	4,445	4,633	4,651	4,717	4,796	4,654	4,403	4,414	4,457	54,659
<b>Total Commercial Revenues</b>	<b>30,080</b>	<b>28,708</b>	<b>30,826</b>	<b>30,572</b>	<b>35,255</b>	<b>35,553</b>	<b>37,087</b>	<b>36,768</b>	<b>35,381</b>	<b>33,046</b>	<b>28,886</b>	<b>29,683</b>	<b>391,845</b>
<b><u>Industrial</u></b>													
Base	3,223	3,023	3,376	3,513	3,678	3,778	4,023	4,136	3,773	3,611	3,208	3,114	42,456
Fuel	4,483	4,347	4,872	4,964	5,234	5,258	5,496	5,719	5,252	5,086	4,495	4,173	59,379
Conservation	152	167	216	220	193	158	151	185	152	187	178	146	2,105
Capacity	1,044	1,044	1,044	1,044	1,043	1,038	1,034	1,035	1,037	1,039	1,039	1,039	12,480
Environmental	2,399	2,348	2,387	2,346	2,458	2,470	2,509	2,553	2,471	2,324	2,330	2,356	28,951
<b>Total Industrial Revenues</b>	<b>11,301</b>	<b>10,929</b>	<b>11,895</b>	<b>12,087</b>	<b>12,606</b>	<b>12,702</b>	<b>13,213</b>	<b>13,628</b>	<b>12,685</b>	<b>12,247</b>	<b>11,250</b>	<b>10,828</b>	<b>145,371</b>
<b><u>Street Lighting</u></b>													
Base	327	327	327	327	327	327	327	327	327	327	327	327	3,924
Fuel	69	72	72	70	69	67	65	65	66	68	68	64	815
Conservation	2	3	3	3	3	2	2	2	2	3	3	2	30
Capacity	2	2	2	2	2	2	2	2	2	2	2	2	24
Environmental	8	8	8	8	9	9	9	10	9	8	8	8	102
<b>Total Street Lighting Revenues</b>	<b>408</b>	<b>412</b>	<b>412</b>	<b>410</b>	<b>410</b>	<b>407</b>	<b>405</b>	<b>406</b>	<b>406</b>	<b>408</b>	<b>408</b>	<b>403</b>	<b>4,895</b>
Additional Gross Receipts Tax	2,632	2,541	2,337	2,296	2,378	2,835	3,054	3,115	3,068	2,694	2,252	2,329	31,531
Residential Conservation AEM	0	0	0	0	0	0	0	0	0	0	0	0	0
Tot Base Revenues (incl Gross Recpts)	47,836	41,969	42,665	41,534	50,791	56,078	60,417	59,050	53,879	46,366	40,671	46,160	587,416
Tot Fuel Revenues	30,181	27,350	27,911	27,090	34,493	37,875	40,174	39,519	36,015	30,137	25,681	28,188	384,614
Total Conservation (Incl AEM )	1,024	1,051	1,235	1,199	1,274	1,144	1,104	1,277	1,047	1,112	1,017	982	13,466
Total Capacity	7,111	7,109	7,111	7,109	7,104	7,068	7,043	7,047	7,063	7,073	7,074	7,075	84,987
Total Environmental	15,733	15,454	15,684	15,470	16,051	16,103	16,301	16,553	16,113	15,330	15,360	15,492	189,644
<b>Total Retail Revenues</b>	<b>101,885</b>	<b>92,933</b>	<b>94,606</b>	<b>92,402</b>	<b>109,713</b>	<b>118,268</b>	<b>125,039</b>	<b>123,446</b>	<b>114,117</b>	<b>100,018</b>	<b>89,803</b>	<b>97,897</b>	<b>1,260,127</b>

Florida Public Service Commission  
Docket No. 160186-EI  
**GULF POWER COMPANY**  
Witness: Joshua J. Mason  
Exhibit No. \_\_\_\_\_ (JIM-1)  
Schedule 8  
Page 1 of 3

**GULF POWER COMPANY  
INCOME STATEMENTS  
For the Twelve Months Ended December 31, 2017  
(\$000s)**

	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>12 MONTHS ENDED DEC 2017</u>
<b><u>Sales for Resale - Territorial</u></b>													
Muni & Rea Revenues	0	0	0	0	0	0	0	0	0	0	0	0	0
FPU Revenues	2,642	2,386	2,359	2,340	2,614	2,791	2,934	2,940	2,714	2,484	2,404	2,640	31,248
<b>Total Sales For Resale - Territorial</b>	<b>2,642</b>	<b>2,386</b>	<b>2,359</b>	<b>2,340</b>	<b>2,614</b>	<b>2,791</b>	<b>2,934</b>	<b>2,940</b>	<b>2,714</b>	<b>2,484</b>	<b>2,404</b>	<b>2,640</b>	<b>31,248</b>
<b>Total Territorial Revenues</b>	<b>104,527</b>	<b>95,319</b>	<b>96,965</b>	<b>94,742</b>	<b>112,327</b>	<b>121,059</b>	<b>127,973</b>	<b>126,386</b>	<b>116,831</b>	<b>102,502</b>	<b>92,207</b>	<b>100,537</b>	<b>1,291,375</b>
<b><u>Non-Territorial Sales</u></b>													
Total Assoc. Co. Revenues	14,076	10,317	8,295	6,227	8,069	10,827	12,930	14,330	11,075	5,852	11,143	7,425	120,566
Total Non-Assoc Co. Revenues	2,257	2,162	1,408	1,327	1,909	2,087	2,261	2,208	2,068	2,089	2,106	2,098	23,980
<b>Total Non-Territorial Revenues</b>	<b>16,333</b>	<b>12,479</b>	<b>9,703</b>	<b>7,554</b>	<b>9,978</b>	<b>12,914</b>	<b>15,191</b>	<b>16,538</b>	<b>13,143</b>	<b>7,941</b>	<b>13,249</b>	<b>9,523</b>	<b>144,546</b>
Other Operating Revenue	5,439	5,516	5,267	5,092	5,198	5,981	6,398	6,479	6,322	5,576	5,045	4,900	67,213
<b>Total Electric Revenues</b>	<b>126,299</b>	<b>113,314</b>	<b>111,935</b>	<b>107,388</b>	<b>127,503</b>	<b>139,954</b>	<b>149,562</b>	<b>149,403</b>	<b>136,296</b>	<b>116,019</b>	<b>110,501</b>	<b>114,960</b>	<b>1,503,134</b>
<b><u>ELECTRIC O&amp;M:</u></b>													
<b><u>Steam Power Generation Fuel Cost</u></b>													
Coal	14,850	11,231	8,650	6,781	14,458	19,049	22,173	22,629	17,941	11,030	11,882	9,602	170,276
Gas	357	356	309	308	322	322	337	352	323	308	324	325	3,943
Oil	73	73	46	20	59	60	67	74	60	47	60	60	699
<b>Total Steam Fuel Cost</b>	<b>15,280</b>	<b>11,660</b>	<b>9,005</b>	<b>7,109</b>	<b>14,839</b>	<b>19,431</b>	<b>22,577</b>	<b>23,055</b>	<b>18,324</b>	<b>11,385</b>	<b>12,266</b>	<b>9,987</b>	<b>174,918</b>
Fuel Handling	416	457	525	547	461	478	455	472	568	477	477	469	5,802
Steam O&M	9,522	10,847	16,262	15,272	12,003	11,153	10,483	10,630	10,757	10,670	14,280	9,975	141,854
Emissions	4	1	1	1	1	2	1	2	1	1	1	2	18
<b>Total Steam Power Generation</b>	<b>25,222</b>	<b>22,965</b>	<b>25,793</b>	<b>22,929</b>	<b>27,304</b>	<b>31,064</b>	<b>33,516</b>	<b>34,159</b>	<b>29,650</b>	<b>22,533</b>	<b>27,024</b>	<b>20,433</b>	<b>322,592</b>
<b><u>Other Power Generation</u></b>													
Fuel Cost: Gas & Oil	26,877	23,711	23,651	23,795	26,202	27,326	28,467	28,534	26,905	23,023	23,507	24,884	306,882
Other Pwr Generation Fuel Cost	26,877	23,711	23,651	23,795	26,202	27,326	28,467	28,534	26,905	23,023	23,507	24,884	306,882
Other Power Gen O&M	907	968	952	2,025	1,010	931	936	924	840	1,628	1,311	944	13,376
<b>Total Other Power Generation</b>	<b>27,784</b>	<b>24,679</b>	<b>24,603</b>	<b>25,820</b>	<b>27,212</b>	<b>28,257</b>	<b>29,403</b>	<b>29,458</b>	<b>27,745</b>	<b>24,651</b>	<b>24,818</b>	<b>25,828</b>	<b>320,258</b>
<b><u>Purchased Power</u></b>													
Total So. Pool Purchases	223	171	1,546	981	410	238	292	189	205	998	492	404	6,149
Non Associated Purchases	8,151	8,754	8,164	7,811	7,781	8,114	8,212	8,130	7,875	7,806	6,815	7,393	95,006
<b>Total Purchased Power</b>	<b>8,374</b>	<b>8,925</b>	<b>9,710</b>	<b>8,792</b>	<b>8,191</b>	<b>8,352</b>	<b>8,504</b>	<b>8,319</b>	<b>8,080</b>	<b>8,804</b>	<b>7,307</b>	<b>7,797</b>	<b>101,155</b>
<b>Other Power Supply Expense</b>	<b>337</b>	<b>375</b>	<b>387</b>	<b>502</b>	<b>376</b>	<b>366</b>	<b>354</b>	<b>370</b>	<b>508</b>	<b>369</b>	<b>388</b>	<b>360</b>	<b>4,692</b>
<b>Total Other Power Supply Expenses</b>	<b>337</b>	<b>375</b>	<b>387</b>	<b>502</b>	<b>376</b>	<b>366</b>	<b>354</b>	<b>370</b>	<b>508</b>	<b>369</b>	<b>388</b>	<b>360</b>	<b>4,692</b>
<b>Total Power Production Expense</b>	<b>61,717</b>	<b>56,944</b>	<b>60,493</b>	<b>58,043</b>	<b>63,083</b>	<b>68,039</b>	<b>71,777</b>	<b>72,306</b>	<b>65,983</b>	<b>56,357</b>	<b>59,537</b>	<b>54,418</b>	<b>748,697</b>
<b>Total Prod Non-Fuel O&amp;M</b>	<b>11,182</b>	<b>12,647</b>	<b>18,126</b>	<b>18,346</b>	<b>13,850</b>	<b>12,928</b>	<b>12,228</b>	<b>12,396</b>	<b>12,673</b>	<b>13,144</b>	<b>16,456</b>	<b>11,748</b>	<b>165,724</b>

Florida Public Service Commission  
 Docket No. 160186-EI  
 GULF POWER COMPANY  
 Witness: Joshua J. Mason  
 Exhibit No. \_\_\_\_\_ (JJM-1)  
 Schedule 8  
 Page 2 of 3

**GULF POWER COMPANY  
INCOME STATEMENTS  
For the Twelve Months Ended December 31, 2017  
(\$000s)**

	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>12 MONTHS ENDED DEC 2017</u>
Transmission O&M	2,311	2,330	2,523	2,460	2,392	2,521	2,424	2,389	2,407	2,427	2,270	2,175	28,629
Distribution O&M	4,102	3,895	4,493	4,106	4,107	4,378	4,256	4,277	4,288	4,776	4,209	4,260	51,147
Cust Accts, Serv, and Sales	4,441	4,187	4,865	4,926	4,868	4,635	4,634	4,698	4,709	5,121	4,805	4,854	56,743
Admin & General Expense	7,343	6,824	8,664	7,325	6,926	6,823	7,391	7,008	7,018	7,273	7,199	7,255	87,049
<b>Total Non-Production O&amp;M</b>	<b>18,197</b>	<b>17,236</b>	<b>20,545</b>	<b>18,817</b>	<b>18,293</b>	<b>18,357</b>	<b>18,705</b>	<b>18,372</b>	<b>18,422</b>	<b>19,597</b>	<b>18,483</b>	<b>18,544</b>	<b>223,568</b>
<b>Total Non-Fuel O&amp;M</b>	<b>29,379</b>	<b>29,883</b>	<b>38,671</b>	<b>37,163</b>	<b>32,143</b>	<b>31,285</b>	<b>30,933</b>	<b>30,768</b>	<b>31,095</b>	<b>32,741</b>	<b>34,939</b>	<b>30,292</b>	<b>389,292</b>
<b>Total O&amp;M</b>	<b>79,914</b>	<b>74,180</b>	<b>81,038</b>	<b>76,860</b>	<b>81,376</b>	<b>86,396</b>	<b>90,482</b>	<b>90,678</b>	<b>84,405</b>	<b>75,954</b>	<b>78,020</b>	<b>72,962</b>	<b>972,265</b>
Depreciation Expense	13,937	13,967	13,997	14,048	14,077	14,135	14,187	14,211	14,236	14,264	14,288	14,314	169,661
Amort ITC	(33)	(33)	(33)	(33)	(33)	(33)	(33)	(33)	(33)	(33)	(33)	(33)	(394)
Amort of Property	689	689	689	689	689	689	689	689	689	689	689	689	8,268
Electric Income Taxes	6,594	3,997	974	859	6,779	9,201	11,094	10,958	8,360	4,147	1,691	5,115	69,769
Taxes Other	9,887	9,406	8,915	8,763	8,965	10,067	10,660	10,745	10,695	9,752	8,581	8,841	115,277
<b>Total Depr, Amort &amp; Taxes</b>	<b>31,074</b>	<b>28,026</b>	<b>24,542</b>	<b>24,326</b>	<b>30,477</b>	<b>34,059</b>	<b>36,597</b>	<b>36,570</b>	<b>33,947</b>	<b>28,819</b>	<b>25,216</b>	<b>28,926</b>	<b>362,581</b>
<b>Total Utility Operating Income</b>	<b>15,311</b>	<b>11,108</b>	<b>6,355</b>	<b>6,202</b>	<b>15,650</b>	<b>19,499</b>	<b>22,483</b>	<b>22,155</b>	<b>17,944</b>	<b>11,246</b>	<b>7,265</b>	<b>13,072</b>	<b>168,288</b>
<b>Other Income &amp; Deductions</b>													
AFUDC - Equity	0	0	0	0	0	0	0	0	0	0	0	0	0
Earnings on Temporary Cash	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Income	71	44	75	81	76	69	70	76	82	82	77	78	883
Other Income Deductions	350	363	500	420	450	404	546	401	416	394	427	373	5,044
Taxes Other Than Income Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0
Income Taxes	(73)	(89)	(130)	(97)	(110)	(95)	(148)	(90)	(95)	(85)	(100)	(78)	(1,190)
<b>Total Other Income</b>	<b>(206)</b>	<b>(230)</b>	<b>(295)</b>	<b>(242)</b>	<b>(264)</b>	<b>(240)</b>	<b>(328)</b>	<b>(235)</b>	<b>(239)</b>	<b>(227)</b>	<b>(250)</b>	<b>(217)</b>	<b>(2,971)</b>
<b>Income Before Interest</b>	<b>15,105</b>	<b>10,878</b>	<b>6,060</b>	<b>5,960</b>	<b>15,386</b>	<b>19,259</b>	<b>22,155</b>	<b>21,920</b>	<b>17,705</b>	<b>11,019</b>	<b>7,015</b>	<b>12,855</b>	<b>165,318</b>
<b>Interest Charges</b>													
Interest On Long-Term Debt	4,846	4,786	4,846	4,840	4,860	4,725	4,575	4,575	4,552	4,586	4,562	4,832	56,585
Interest on Short-Term Debt	30	22	21	56	59	193	315	204	155	129	83	163	1,430
Amort DD&P Gains/Losses	173	173	173	173	173	164	161	161	161	161	161	161	1,995
Other Interest Expense	70	70	70	70	70	70	70	70	70	70	70	71	841
AFUDC - Debt	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Interest</b>	<b>5,119</b>	<b>5,051</b>	<b>5,110</b>	<b>5,139</b>	<b>5,162</b>	<b>5,152</b>	<b>5,121</b>	<b>5,010</b>	<b>4,938</b>	<b>4,946</b>	<b>4,876</b>	<b>5,227</b>	<b>60,851</b>
<b>Income Before Dividends</b>	<b>9,986</b>	<b>5,827</b>	<b>950</b>	<b>821</b>	<b>10,224</b>	<b>14,107</b>	<b>17,034</b>	<b>16,910</b>	<b>12,767</b>	<b>6,073</b>	<b>2,139</b>	<b>7,628</b>	<b>104,467</b>
Dividends on Preferred Stock	750	750	750	751	750	750	750	750	750	750	750	750	9,003
<b>Net Income</b>	<b>9,236</b>	<b>5,077</b>	<b>200</b>	<b>70</b>	<b>9,474</b>	<b>13,357</b>	<b>16,284</b>	<b>16,160</b>	<b>12,017</b>	<b>5,323</b>	<b>1,389</b>	<b>6,878</b>	<b>95,464</b>

Florida Public Service Commission  
 Docket No. 160186-EI  
 GULF POWER COMPANY  
 Witness: Joshua J. Mason  
 Exhibit No. \_\_\_\_\_ (JJM-1)  
 Schedule 8  
 Page 3 of 3

**GULF POWER COMPANY**  
**UTILITY PLANT BALANCES**  
For the Periods Ended December 2016 through December 2017  
(\$000s)

	Dec 2016	Jan 2017	Feb 2017	Mar 2017	Apr 2017	May 2017	Jun 2017	Jul 2017	Aug 2017	Sep 2017	Oct 2017	Nov 2017	Dec 2017
<b>CAPITAL SUPPLEMENTAL SCHEDULE</b>													
<b>Non Depreciable:</b>													
Initial Beginning Balance	36,713	36,713	36,713	36,713	36,713	36,713	36,736	36,736	36,736	36,736	36,736	36,759	36,759
Placed in Service	0	0	0	0	0	23	0	0	0	0	23	0	0
Retirements	0	0	0	0	0	0	0	0	0	0	0	0	0
Adjustments	0	0	0	0	0	0	0	0	0	0	0	0	0
Balance End of Period	<u>36,713</u>	<u>36,713</u>	<u>36,713</u>	<u>36,713</u>	<u>36,713</u>	<u>36,736</u>	<u>36,736</u>	<u>36,736</u>	<u>36,736</u>	<u>36,736</u>	<u>36,759</u>	<u>36,759</u>	<u>36,759</u>
<b>Depreciable:</b>													
Initial Beginning Balance	5,105,894	5,150,830	5,157,980	5,169,388	5,187,164	5,197,724	5,222,151	5,242,861	5,250,459	5,257,924	5,266,726	5,273,790	5,281,951
Placed in Service	47,798	10,430	12,625	19,997	11,500	25,498	21,978	9,039	8,951	10,302	8,787	10,619	31,883
Retirements	(2,862)	(3,281)	(1,217)	(2,221)	(939)	(1,071)	(1,268)	(1,440)	(1,486)	(1,500)	(1,723)	(2,458)	(2,253)
Adjustments	0	0	0	0	0	0	0	0	0	0	0	0	0
Balance End of Period	<u>5,150,830</u>	<u>5,157,980</u>	<u>5,169,388</u>	<u>5,187,164</u>	<u>5,197,724</u>	<u>5,222,151</u>	<u>5,242,861</u>	<u>5,250,459</u>	<u>5,257,924</u>	<u>5,266,726</u>	<u>5,273,790</u>	<u>5,281,951</u>	<u>5,311,581</u>
<b>Plant Held for Future Use:</b>													
Initial Beginning Balance	14,757	14,757	14,757	14,757	14,757	14,757	14,757	14,757	14,757	14,757	14,757	14,757	14,757
Adjustments & Transfers	0	0	0	0	0	0	0	0	0	0	0	0	0
Balance End of Period	<u>14,757</u>	<u>14,757</u>	<u>14,757</u>	<u>14,757</u>	<u>14,757</u>	<u>14,757</u>	<u>14,757</u>	<u>14,757</u>	<u>14,757</u>	<u>14,757</u>	<u>14,757</u>	<u>14,757</u>	<u>14,757</u>
<b>Construction Work in Progress:</b>													
Initial Beginning Balance	89,143	54,837	61,758	71,516	73,753	78,122	67,479	59,498	64,737	69,835	76,546	82,529	87,584
Expenditures	13,492	17,352	22,382	22,235	15,868	14,878	13,997	14,278	14,049	17,013	14,792	15,675	13,738
Placed in Service	47,798	10,430	12,625	19,997	11,500	25,521	21,978	9,039	8,951	10,302	8,810	10,619	31,883
Balance End of Period	<u>54,837</u>	<u>61,758</u>	<u>71,516</u>	<u>73,753</u>	<u>78,122</u>	<u>67,479</u>	<u>59,498</u>	<u>64,737</u>	<u>69,835</u>	<u>76,546</u>	<u>82,529</u>	<u>87,584</u>	<u>69,440</u>
<b>Plant Acquisition Adjustment:</b>													
Initial Beginning Balance	1,286	1,265	1,244	1,222	1,201	1,180	1,159	1,137	1,116	1,095	1,073	1,052	1,031
Adjustments & Transfers	(21)	(21)	(21)	(21)	(21)	(21)	(21)	(21)	(21)	(21)	(21)	(21)	(21)
Balance End of Period	<u>1,265</u>	<u>1,244</u>	<u>1,222</u>	<u>1,201</u>	<u>1,180</u>	<u>1,159</u>	<u>1,137</u>	<u>1,116</u>	<u>1,095</u>	<u>1,073</u>	<u>1,052</u>	<u>1,031</u>	<u>1,010</u>
<b>Total Utility Plant:</b>													
Initial Beginning Balance	5,247,793	5,258,401	5,272,452	5,293,595	5,313,588	5,328,496	5,342,281	5,354,988	5,367,805	5,380,347	5,395,838	5,408,886	5,422,081
Expenditures	13,492	17,352	22,382	22,235	15,868	14,878	13,997	14,278	14,049	17,013	14,792	15,675	13,738
Retirements	(2,862)	(3,281)	(1,217)	(2,221)	(939)	(1,071)	(1,268)	(1,440)	(1,486)	(1,500)	(1,723)	(2,458)	(2,253)
Adjustments & Transfers	(21)	(21)	(21)	(21)	(21)	(21)	(21)	(21)	(21)	(21)	(21)	(21)	(21)
Balance End of Period	<u>5,258,401</u>	<u>5,272,452</u>	<u>5,293,595</u>	<u>5,313,588</u>	<u>5,328,496</u>	<u>5,342,281</u>	<u>5,354,988</u>	<u>5,367,805</u>	<u>5,380,347</u>	<u>5,395,838</u>	<u>5,408,886</u>	<u>5,422,081</u>	<u>5,433,545</u>
<b>Accumulated Provision:</b>													
Initial Beginning Balance	1,609,395	1,620,858	1,631,966	1,644,791	1,655,719	1,668,931	1,682,268	1,695,454	1,708,719	1,721,852	1,735,010	1,747,755	1,759,634
Provision for Depreciation	14,623	14,751	14,782	14,813	14,865	14,896	14,958	15,014	15,040	15,065	15,090	15,111	15,136
Provision for Amortization	0	0	0	0	0	0	0	0	0	0	0	0	0
Retirements	(2,862)	(3,281)	(1,217)	(2,221)	(939)	(1,071)	(1,268)	(1,440)	(1,486)	(1,500)	(1,723)	(2,458)	(2,253)
Removal	(501)	(442)	(816)	(1,862)	(783)	(559)	(593)	(422)	(591)	(569)	(784)	(1,004)	(705)
Salvage	203	80	76	198	69	71	89	115	169	163	162	230	181
Adjustments & Transfers	0	0	0	0	0	0	0	0	0	0	0	0	0
Balance End of Period	<u>1,620,858</u>	<u>1,631,966</u>	<u>1,644,791</u>	<u>1,655,719</u>	<u>1,668,931</u>	<u>1,682,268</u>	<u>1,695,454</u>	<u>1,708,719</u>	<u>1,721,852</u>	<u>1,735,010</u>	<u>1,747,755</u>	<u>1,759,634</u>	<u>1,771,993</u>

Florida Public Service Commission  
Docket No. 160186-EI  
GULF POWER COMPANY  
Witness: Joshua J. Mason  
Exhibit No. \_\_\_\_\_ (JIM-1)  
Schedule 9  
Page 1 of 1