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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 Exhibits of Gulf Power Company Witness Michael T. O'Sheasy.

(Document 14 of 29)

Sincerely,

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

Robert L. McGee, Jr.
Regulatory & Pricing Manager

**BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION**

DOCKET NO. 160186-EI



Gulf Power

**TESTIMONY AND EXHIBIT
OF
MICHAEL T. O'SHEASY**

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GULF POWER COMPANY
Before the Florida Public Service Commission
Prepared Direct Testimony of
Michael T. O'Sheasy
Docket No. 160186-EI
In Support of Rate Relief
Date of Filing: October 12, 2016

Q. Please state your name, business address and occupation.

A. My name is Mike O'Sheasy. My business address is 5001 Kingswood Drive, Roswell, Georgia 30075. I am a Vice President with Christensen Associates, Inc.

Q. State briefly your education background and experience.

A. I received a Bachelor's of Industrial Engineering from the Georgia Institute of Technology in 1970. In 1974, I earned a Master's in Business Administration from Georgia State University. From 1971 to 1975, I was employed by the John W. Eshelman Company—a Division of the Carnation Company—as a plant superintendent in their Chamblee, Georgia operation. From 1975 to 1980, I worked for the John Harland Corporation, initially as an assistant plant manager and then as a plant manager in their Jacksonville, Florida plant, and finally as their plant manager in Miami, Florida. I joined Southern Company Services in 1980 as an engineering cost analyst and progressed through various positions to the position of supervisor, during which time I began serving as an expert witness in costing. I testified as Gulf Power Company's (Gulf or the Company) cost-of-service witness and provided other support to Gulf in matters before the Florida Public Service Commission (FPSC or the Commission).

1 In 1990, I became Manager of Product Design for Georgia Power Company
2 and have testified before the Georgia Public Service Commission as an
3 expert witness on rate design and pricing. I retired from Georgia Power
4 Company on May 1, 2001 and became a consultant with Christensen
5 Associates.

6
7 Q. Please identify the specific dockets in which you have previously testified
8 before the FPSC.

9 A. I testified before the FPSC on behalf of Gulf as their cost-of-service witness
10 in the 2012 test year rate case, Docket No. 130140-EI, and in Docket Nos.
11 110138-E1, 010949-EI, 891345-EI and 881167-EI. I was extensively
12 involved in the preparation of exhibits and Minimum Filing Requirements
13 (MFRs) in those cases. Also, I was the back-up cost-of-service witness for
14 Gulf in its 1984 rate case, Docket No. 840086-EI, where I helped prepare
15 the related analyses. I also testified in Docket No. 850673-EU regarding
16 standby back-up electric service.

17

18 Q. What is the purpose of your testimony in this proceeding?

19 A. The purpose of my testimony is to support the development and results of
20 the cost-of-service study for Gulf.

21

22 Q. Are there any material differences in your testimony here and in Gulf's two
23 prior rate cases?

24 A. No, and there are not material differences in how the studies were
25 conducted. The cost of service studies presented in this filing are very

1 similar to the previous cases. We believed then and remain convinced that
2 these methodologies for cost allocation and assignment are the best
3 reflection of cost causation for Gulf Power's customers.
4

5 Q. Do you have any exhibits that contain information to which you will refer in
6 your testimony?

7 A. Yes. My Exhibit MTO-1 (consisting of Schedules 1 through 3) and
8 Exhibit MTO-2 (containing Schedules 1 through 6) were prepared under my
9 supervision and direction by the Costing and Energy Analysis Team of
10 Southern Company Services (SCS), which is the service company in the
11 Southern electric system (SES), and the Costing and Load Research
12 Engineer at Gulf. SCS provides engineering and other technical support for
13 Gulf and the other SES operating companies. I have thoroughly reviewed
14 the schedules in my exhibits and agree with their content.
15

16 Q. Are you the sponsor of certain MFRs?

17 A. Yes. The MFRs which I am sponsoring, in part or in whole, are listed on
18 Schedule 1 of Exhibit MTO-1. To the best of my knowledge, the information
19 contained in these MFRs is true and correct.
20

21 Q. Please describe the contents of your Exhibit MTO-2.

22 A. My Exhibit MTO-2 consists of a number of schedules that set forth the
23 analyses and results of the cost-of-service study used as a basis for this
24 case. Page 1 of MTO-2 provides an index to the Schedules contained in
25 my exhibit. Each schedule was prepared in the manner approved by the

1 Commission in its final order for Gulf's 2012 test year rate case, Docket No.
2 110138-EI. That approved methodology was continued in the approved
3 settlement of Gulf's 2014 test year rate case.
4
5

6 I. COST-OF-SERVICE METHODOLOGY 7

8 Q. What is a cost-of-service study?

9 A. A cost-of-service study is a tool used to separate a utility's total electric
10 investments, revenues and expenses first among the regulatory jurisdictions
11 which an electric utility serves (jurisdictional separation) and then among
12 the rate classes within each jurisdiction.
13

14 Q. Why is a cost-of-service study necessary?

15 A. Gulf is regulated by the FPSC for retail sales and by the Federal Energy
16 Regulatory Commission (FERC) for wholesale sales. Costs and revenues
17 must be divided between the two jurisdictions using assignments and
18 allocations so that each respective commission can evaluate the rates over
19 which it has authority. In order for each regulatory commission to review
20 the utility's earnings and to evaluate the contribution made by rate classes
21 within its jurisdiction, it is also necessary to analyze the costs to serve the
22 respective rate classes.
23

24 Gulf, like other electric utilities, maintains its books and records in
25 accordance with the Uniform System of Accounts as directed by the FERC

1 and this Commission. Although this system of accounting reveals
2 company-wide information, it does not separate the Company's
3 investments, revenues and expenses by jurisdiction or by rate classes
4 within jurisdiction. The cost-of-service study that has been performed for
5 Gulf accomplishes this objective.

6
7 Q. What is the goal of a cost-of-service study?

8 A. The goal of a cost-of-service study is to identify what costs are incurred to
9 provide service to a specific jurisdiction and to certain groups of customers
10 within that jurisdiction. If it is performed well, it can be a useful (and often
11 times the primary) tool for determining the adequacy of current rates. For
12 those rate classes which the cost-of-service study reveals have inadequate
13 returns at current rate levels, the cost-of-service study is an appropriate tool
14 for helping determine what rate changes should be made. On the other
15 hand, if a cost-of-service study is not performed well, erroneous conclusions
16 can be drawn with resulting negative consequences if it influences
17 subsequent rate design. Although there are other ways to allocate costs,
18 the Company's proposed methodology is objective, consistent with the
19 methodology used in numerous previous rate cases, and provides the most
20 accurate information.

21
22 Q. If a use of a cost-of-service study is to assist with ratemaking and the
23 adequacy of rates, should results from the study be used to help guide rate
24 design?

1 A. Yes. The cost-of-service study will reveal the rate classes' revenue
2 requirements and the unit costs for use in the design of each of the rates.
3 By adhering as close as feasible to these costs, subsidies can be minimized
4 and efficient price signals will be sent.

5
6 Q. How did Gulf use your cost-of-service study in this retail rate filing?

7 A. The jurisdictional separations of rate base and net operating income
8 resulting from the study were used by Gulf Witness Ritenour to determine
9 the proposed jurisdictional revenue increase needed in order to achieve the
10 requested rate of return. These jurisdictional separation factors were
11 calculated according to accepted cost-of-service principles and followed the
12 methodology accepted by the Commission in Gulf's previous filing, Docket
13 No. 130140-EI, and other Gulf filings. The retail jurisdiction was further
14 divided into the respective rate classes using sound cost-causative
15 methodologies. The resultant rate class information from the cost-of-service
16 study was then considered by Gulf Witness Evans as a basis for the design
17 of proposed rates in this docket.

18
19 Q. In preparing a cost-of-service study, is there some overall guiding principle
20 or concept that should be followed?

21 A. Yes. The overall objective of a cost-of-service study is to assign or allocate
22 costs fairly and equitably to all customers. This objective is accomplished
23 when the resulting cost-of-service study reflects "cost causation," i.e., those
24 customers who caused a particular cost to be incurred by the Company in
25 providing them service should be responsible for that cost.

1 When certain costs are readily identified with a particular customer group
2 (rate class), the assignment of those costs to that group clearly reflects cost
3 causation and is fair and equitable to all customers. However, most parts of
4 an electric system are planned, designed, constructed, operated and
5 maintained to serve all customers. Most of Gulf's costs have been incurred
6 to serve all customers. These costs are referred to as joint or common
7 costs. Joint or common costs must be allocated to customer groups based
8 on the nature (i.e., drivers) of the costs incurred and the aggregate
9 requirements and service characteristics of the customers that caused the
10 costs to be incurred. By adhering to this fundamental and essential
11 principle of cost causation, the results of the cost-of-service study will be fair
12 and equitable to all customers.

13

14 Q. How is a cost-of-service analysis performed?

15 A. In order to determine the costs to serve each group of customers in a fair
16 and equitable manner, the utility company's records are analyzed to
17 determine how each group of customers influenced the actual incurrence of
18 costs by the utility. This review discloses certain direct costs that should be
19 assigned to the specific rate class for which these costs were directly
20 incurred. This review also discloses costs which are incurred to perform a
21 function within the electric system for multiple customer rate classes,
22 referred to as common costs. These common costs are then allocated
23 among those rate classes using an allocator that appropriately reflects the
24 underlying cost causative relationship(s).

25

1 Q. Please elaborate on the distinctions between various types of direct and
2 allocated costs.

3 A. Certain costs are directly associated with one particular group of customers
4 and are, therefore, directly assigned to that group. An example is FERC
5 Account 373 – Street Lighting. All costs associated with this account will be
6 assigned to the street lighting rate class OS.

7

8 The majority of costs, however, are incurred jointly to serve numerous
9 customer rate classes. An example of common costs is FERC Account
10 312 – Boiler Plant Equipment, which serves all rate classes. In order to
11 allocate the various common costs like Account 312 to the rate classes,
12 consideration must be given to the type and classes of customers, their load
13 characteristics, their number, and various other expense and investment
14 relationships in order to find the cost causative link.

15

16 Research of cost causative relationships reveals that costs normally
17 possess one or more of three attributes that identify the driving linkage
18 between customer and company. This cost categorization or
19 componentization can be viewed as: (1) customer-related, which are costs
20 that vary with the number of customers or the fact that customers must be
21 able to receive service; (2) energy-related, which pertain to costs that vary
22 with energy consumption (kWh); and (3) demand-related, which are costs
23 that are incurred to serve peak needs for electricity (kW). Each of these
24 three “drivers” has its own separate and appropriate allocators to spread its
25 respective costs to the associated rate class and jurisdiction.

1 Once the various common accounts have been analyzed to identify their
2 appropriate cost component(s), the corresponding allocator(s) can be
3 applied to apportion common costs to the area of responsibility. By
4 summing the allocated common costs and the assigned direct costs by
5 jurisdiction and rate class, the rate of return for each group can be
6 determined. If conducted upon a sound basis of cost causation, the cost-of-
7 service study can be the benchmark to determine the adequacy of current
8 rates and how well rate groups are covering their costs.

9
10 Q. Please expand on the importance of accurate cost allocation.

11 A. The goal of a cost-of-service study is to identify what costs are incurred to
12 provide service to certain groups of customers. It is based upon the
13 principle of cost causation. As stated in the National Association of
14 Regulatory Utility Commissioners (NARUC) *Electric Utility Cost Allocation*
15 *Manual*, “The total revenue requirement of the utility is attributed to the
16 various classes of customers in a fashion that reflects the cost of providing
17 utility services to each class” (pg. 13).

18
19 Q. Please give an example of the consequences of proper and improper
20 allocations in a cost-of-service study.

21 A. In general, a meter is necessary to measure the amount of electricity
22 provided to a customer, but the meter can operate adequately regardless of
23 the maximum demand or the overall quantity of energy consumed. The
24 cost of the meter incurred by the utility to serve the customer does not vary
25 with demand or the quantity of energy consumed by the customer; it is

1 driven by the fact that each customer needs a meter. As a result, utilities
2 will usually consider meters to be customer-related, and allocate meter
3 costs to the various rate classes using an allocator which reflects the
4 number of customers in each rate class.

5
6 If meters were misclassified as kWh (energy) related, then the
7 corresponding kWh allocator would spread more meter costs to large
8 customers and less meter costs to small customers despite the fact that the
9 large customers and the small customers both required the same meter and
10 imposed the same costs on the utility. The large customers' overall cost
11 responsibility would be ultimately overstated and that of the smaller
12 customers would be understated.

13 14 15 **II. GULF'S COST-OF-SERVICE STUDY**

16
17 Q. Please explain Schedule 1 of your Exhibit MTO-2.

18 A. Schedule 1.00, pages 2-3, of Exhibit MTO-2 is the result of the cost-of-
19 service study in summary form for the test year utilizing the Company's
20 present rates. It shows the Company's total rate base, revenues, expenses,
21 and net operating income, along with the corresponding responsibilities of
22 the retail jurisdiction, as well as the rate classes within the retail jurisdiction.
23 The column denoted "Wholesale" represents full requirements wholesale,
24 which is under the jurisdiction of the FERC. The column denoted "Unit
25 Power Sales (UPS)" reflects the portion of Gulf's ownership interest in Plant

1 Scherer that is temporarily committed to an off-system sale to another
2 electric utility.

3

4 Schedule 1.01, pages 4-5, is similar to Schedule 1.00 except that it shows
5 revenues by rate class that would produce equal rates of return by rate
6 class at the present retail rate of return. Schedule 1.10, pages 6-7, is
7 similar to Schedule 1.00 except that it is based upon the Company's
8 proposed revenues and related expenses by rate class. Schedule 1.11,
9 pages 8-9, states what would be the revenues and related expenses that
10 enable each rate class to achieve the same rate of return as will the retail
11 jurisdiction under the Company's total retail proposed revenues and related
12 expenses.

13

14 Q. What are the rate classes in the retail jurisdictional cost-of-service study for
15 Gulf?

16 A. The rate classes in Gulf's retail jurisdictional cost-of-service study are:

- 17 • Rate Class Residential
- 18 • Rate Class GS (Small Business)
- 19 • Rate Class GSD/GSDT (Medium Business)
- 20 • Rate Class LP/LPT (Large Business)
- 21 • Rate Class Major Accounts (Very Large Business)
- 22 • Rate Class Outdoor Service (OS)

23

24

25

1 Q. What is the purpose of Schedule 2 of Exhibit MTO-2?

2 A. Schedule 2 of Exhibit MTO-2 analyzes investment related accounts and
3 either assigns or allocates them to the appropriate jurisdiction and then to
4 rate classes within the retail jurisdiction. It includes Gross Plant Schedule
5 2.10, pages 10-14, Accumulated Depreciation Reserve Schedule 2.20,
6 pages 15-17, Materials and Supplies Schedule 2.30, pages 18-19, Other
7 Working Capital Schedule 2.40, pages 20-24, and Other Rate Base Items
8 Schedule 2.50, pages 25-27. Together these schedules flow to the
9 summary Schedule 1 to provide rate base by jurisdiction and rate class.
10

11 Q. What is shown on the remaining schedules of Exhibit MTO-2?

12 A. Schedule 3.00, pages 28-29, provides the Analysis of Revenues. Schedule
13 4 displays the Analysis of Expenses. Schedule 4.10, pages 30-41, details
14 the allocation of Operations and Maintenance (O&M) expenses to
15 jurisdiction and rate classes. Schedule 4.20, pages 42-44, describes the
16 Depreciation expense allocation, and Schedule 4.30, pages 45-47, presents
17 the Analysis of Taxes Other Than Income Taxes. Schedule 5.0, pages
18 48-50, contains the Table of Line Allocators and Percentages. The results
19 of these various schedules are summarized in Schedule 1. Schedule 6
20 shows the development of the Minimum Distribution System.
21

22 Q. Please identify the steps that were undertaken in preparing the cost-of-
23 service study shown in your Exhibit MTO-2.

24 A. The development began with the collection and analysis of load research
25 data. This research provided the number of customers and their respective

1 demand and energy sales by voltage level of service which were then used
2 to produce the allocators.

3
4 The load research data for the test year was supplied by Mr. Evans. He
5 also provided monthly coincident peak (MCP) demands and annual non-
6 coincident peak (NCP) demands by rate class and voltage level. Gulf
7 Witness Park provided annual energy sales and the average number of
8 customers for the test year by rate class along with total territorial supply
9 and losses for annual energy and system peak demand. These inputs were
10 then used to calculate the "12-MCP," "NCP," "energy," and "number of
11 customers" allocators.

12
13 Q. Please describe the 12-MCP and NCP concepts and why they are used.

14 A. The 12-MCP demand is the sum of the highest kilowatt load predicted to
15 occur in each month of the test year divided by twelve. This 12-MCP
16 concept recognizes the fact that Gulf's system is planned and operated for
17 the purpose of meeting these demands for electricity every month of the
18 year. It also reflects consideration of scheduled maintenance, firm sales
19 and purchase commitments, and reliance on interconnections. In addition,
20 12-MCP has traditionally been the FERC's preferred allocation technique for
21 determining the wholesale jurisdictional obligation. The 12-MCP demand
22 allocator has been used to help make the split between retail and
23 wholesale. Within the retail jurisdiction it is used to allocate generation level
24 demand-related costs and costs for transmission step-up substations,
25 transmission lines, and substations linking transmission with distribution.

1 The NCP demand for each retail rate class is the highest demand occurring
2 for that rate class during the test year. The NCP demand allocator was
3 used to allocate distribution demand costs at Level 4 (primary distribution)
4 and Level 5 (secondary distribution) and was similarly applied in Gulf's 2014
5 test year rate case.

6

7 Q. Please explain the steps that were used in developing the demand and
8 energy allocators.

9 A. Balanced system load flows for demand and energy were first developed
10 through a load flow program, which spreads total system losses to each
11 voltage level. These levels, which are defined in more detail in MFR E-10,
12 are used to describe the flow of electricity from generation, through the
13 various transformations, across the various transmission and distribution
14 lines, to the eventual delivery to the customer.

15

16 The load flow process begins by taking the total energy sales at Level 5, the
17 secondary distribution level, multiplying these sales by the loss percentage
18 at Level 5, and then combining these calculated losses and sales. This
19 amount is then added to the sales at Level 4, and this new total is, in turn,
20 multiplied by the loss percentage at Level 4. This procedure is continued up
21 through Level 1, the generation level. The program adjusts the loss
22 percentages at each level and then iterates the above process until the sum
23 of the losses at each level matches the total system losses and a balanced
24 flow is produced. These total system loss percentages are then applied to
25 the rate classes by voltage level, thus computing energy allocators for each

1 respective voltage level. A similar process is used to calculate the 12-MCP
2 demand allocators. The NCP demand allocators for Levels 4 and 5 are
3 developed similarly and use the loss percentages calculated by the 12-MCP
4 demand flow, since there is no territorial input for NCP with which to
5 balance.

6

7 Q. What other types of allocators were used besides demand and energy?

8 A. Customer-related allocators were also used in order to allocate customer-
9 related costs.

10

11 Q. What was the next step in the development of Gulf's cost-of-service study?

12 A. Ms. Ritenour provided the financial information for the projected test year.
13 These investment, revenue, and expense items were then assigned to
14 jurisdiction and rate class if a direct cost causative relationship was known,
15 or allocated to jurisdiction and rate class using the previously developed
16 allocators.

17

18 Q. How were the allocations made between the wholesale and retail
19 jurisdictions?

20 A. Where costs were identified as serving only the retail or wholesale
21 jurisdictions, they were assigned to that respective jurisdiction. Where costs
22 were common and served both jurisdictions, they were allocated. The
23 jurisdictional separation for demand costs was based upon the 12-MCP
24 allocation. A kWh allocator was employed for the allocation of energy-

25

1 related costs. Again, this methodology is consistent with the one approved
2 in Gulf's 2014 test year rate case. The methodology also conforms to
3 MFR E-1.

4
5 Q. Please describe the analysis within the retail jurisdiction.

6 A. Where known to serve a particular rate class, revenues and costs were
7 directly assigned. For example, residential revenues were assigned to the
8 residential rate class and outdoor lighting fixture costs were assigned to the
9 outdoor service rate class. The majority of costs were common and
10 therefore allocated. Generation level costs were allocated on the basis of
11 12-MCP & 1/13 kWh (energy). Energy-related accounts were allocated
12 upon the kWh allocator. Transmission, subtransmission and substations
13 were allocated upon the 12-MCP concept. Primary and secondary
14 distribution demand-related costs were apportioned on the corresponding
15 NCP allocators, and customer-related costs were allocated upon the
16 respective customer allocator.

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1 determine and subsequently allocate these customer-related distribution
2 costs.

3

4 Q. Where are customer-related costs found?

5 A. Basically, they can be found in Customer Assistance, Customer Service and
6 the FERC mass distribution accounts. They relate to the costs of being
7 capable of providing electric service. In other words, regardless of the
8 quantity of electricity demanded, the mere fact that the utility must be
9 prepared to provide service at any time causes those costs to be incurred.
10 These customer-related costs are driven by the simple fact that each
11 customer must have the ability to receive service.

12

13 This cost category, which Gulf designates as “customer-related,” includes
14 those distribution costs that do not vary with demand use. Some may vary
15 directly with the number of customers to be served, while others are a fixed
16 requirement necessary for a distribution system regardless of usage. An
17 example would be protective devices (found in FERC Account 368), which
18 operate in the same manner with or without load on the system in order to
19 keep the lines available to as many customers as possible.

20

21 Q. Which FERC accounts require cost classification scrutiny to identify their
22 customer-related component?

23 A. Accounts 364-370 usually require an analysis to properly apportion their
24 overall costs into those which are customer-related and those which are
25 demand-related.

1 Q. What harm can occur if these accounts are not classified properly into
2 customer-related and demand-related using MDS?

3 A. The misclassification of costs that results from not using the MDS
4 methodology could lead to inaccurate price signals to customers. This
5 misclassification also results in different customer rate classes bearing more
6 or less cost than their cost-causative share of distribution costs. It is
7 therefore important to examine these customer-related costs and classify
8 them appropriately, which the MDS methodology enables us to do.

9

10 Q. Does NARUC advocate accurate cost classification and the allocation of
11 these accounts?

12 A. Yes. Its official guidebook, the *Electric Utility Cost Allocation Manual*, offers
13 clear instructions. The following is an excerpt from page 90 of its January
14 1992 edition:

15

16 Distribution plant Accounts 364 through 370 involve demand
17 and customer costs. The customer component of
18 distribution facilities is that portion of costs which varies with
19 the number of customers. Thus, the number of poles,
20 conductors, transformers, services, and meters are directly
21 related to the number of customers on the utility's system.
22 As shown in table 6-1, each primary plant account can be
23 separately classified into a demand and customer
24 component. Two methods are used to determine the
25 demand and customer components of distribution facilities.

1 They are, the minimum-size-of-facilities method, and the
2 minimum-intercept cost (zero-intercept or positive-intercept
3 costs, as applicable) of facilities.
4

5 Q. Does the NARUC manual require that the cost-of-service study be done in a
6 certain manner?

7 A. No, the NARUC manual is a guide that offers reasonable and logical
8 methodologies for cost allocation. The manual discusses only the major
9 costing methodologies and acknowledges those that are acceptable.
10

11 Q. Can you expand on the logic of a customer-related component for
12 distribution accounts?

13 A. Yes. Schedule 2 of Exhibit MTO-1 depicts a simple distribution network.
14 Now, imagine three different usage scenarios of this network:
15

16 Scenario I: Imagine that houses A-E are expected to all have about the
17 same load usage. Now imagine that houses A and B become unoccupied
18 due to impacts of a downturn in the economy or a rental or vacation home
19 now experiencing high vacancy rates. The result is that load on the system
20 goes down, yet the cost of the distribution network remains the same.
21

22 Scenario II: Now imagine that all 5 houses are occupied with like load
23 usage. Next, houses C & D employ energy efficiency improvements. Load
24 on the system diminishes, yet the cost of the distribution network remains
25 the same.

1 Scenario III: Next imagine that all 5 houses are occupied with like load
2 usage. Now imagine that houses C, D, & E add energy efficiency
3 improvements, but a new house F is added to the network with a load equal
4 to what the energy efficiency improvements were for houses C, D, & E. The
5 result is that the total load on the system remains the same, yet the cost of
6 the distribution network must be expanded for new poles and lines.

7

8 In each scenario, one can see that the cost of the distribution network is
9 influenced by the number of customers served, not by any changes in total
10 demand or energy usage. Therefore allocating these customer-related
11 costs on a basis other than a customer allocator would result in an
12 inaccurate cost classification and allocation. Assuming that an underage in
13 properly defining customer cost is absorbed in demand cost, this inaccurate
14 classification could lead to a demand or energy charge that is larger than its
15 true cost. The customer receives a resultant price signal that is larger than
16 it should be.

17

18 Even if rate designs do not exactly follow cost of service, it is crucial to have
19 a cost-causative cost-of-service study. It is important that both rate
20 designers and policy makers have an accurate cost benchmark so that
21 deviations from true costs can be observed and considered. Otherwise,
22 rate decisions will be based on inaccurate information about true cost
23 responsibility and impacts.

24

25

1 **IV. HOW THE MINIMUM DISTRIBUTION SYSTEM**
2 **METHODOLOGY IS PERFORMED**
3

4 Q. How do you determine the customer-related costs of distribution?

5 A. The process of identifying customer-related costs uses the concept
6 mentioned in the NARUC manual called the Minimum Distribution System.
7 (MDS). This concept is based on the fact that in order to simply connect a
8 customer to the power system, a minimum amount of facilities and
9 equipment are necessary. The minimum distribution facilities, along with
10 meters and service drops, make up the plant investment portion of
11 customer-related costs. The distribution facilities in excess of the minimum
12 are classified as demand-related costs because they relate to capacity.

13
14 Q. How does one determine this minimum amount of facilities and equipment
15 to simply enable service?

16 A. There are two common ways to conduct such an analysis: (1) minimum
17 size (MS) and (2) zero-intercept (ZI). The philosophy of MS is that in order
18 to simply connect a customer to the system, a minimum size/amount of
19 equipment is necessary. The cost of this minimum equipment is then
20 categorized as a customer-related cost. For example, suppose that a 15
21 kVA line transformer represents the smallest size transformer normally
22 used. In this case the unit installed costs of a 15 kVA transformer would be
23 employed as the basis for the customer cost of transformers, with the
24 residual transformer costs treated as demand-related. This analysis,
25 although logical, has a weakness because even the smallest standard size

1 equipment such as the 15 kVA transformer is capable of carrying load, i.e.,
2 it has capacity. This capacity is demand-related and should therefore be
3 embedded within another price component. The second analysis
4 procedure, Zero-Intercept (ZI) is an improved technique for determining
5 customer-related costs that, by definition, removes any ability of carrying
6 load. Gulf employed the ZI analysis procedure.

7
8 Mr. Lawrence J. Vogt in his published treatise, *Electricity Pricing:
9 Engineering Principles and Methodologies* (2009) identified the zero-
10 intercept and minimum system analysis. Mr. Vogt writes as follows:

11 The concept of a minimum distribution system recognizes
12 that the primary and secondary distribution system has
13 both customer-related and demand-related attributes.

14 As discussed previously, the customer cost component is
15 associated with no-load conditions, whereas the demand
16 cost component is associated with load conditions....

17
18 When a single device has both customer-related and
19 demand-related attributes, its total cost must be allocated.

20 The minimum intercept or zero-intercept methodology
21 provides a rational basis for separating the cost of a device
22 between its customer and demand components. (Id. at pp.
23 498-500.)

1 Q. How is the Zero-Intercept analysis conducted?

2 A. ZI is based on a regression analysis of equipment costs. The y-axis is
3 based upon equipment unit cost, and the x-axis is based upon load carrying
4 capability considering sizes of equipment. This analysis creates a
5 regression equation with acceptable confidence intervals that provides cost
6 projections for equipment having load capacities outside the range of
7 existing equipment. This allows a cost analyst to extrapolate back to a level
8 of zero (i.e., no-load) capacity referred to as the y-intercept. The equation
9 thereby identifies a value of unit cost for equipment with zero load capacity.
10 This avoids any double counting of load with MDS. The ZI analysis can be
11 observed in Schedules 6.1, 6.2, and 6.3 of Exhibit MTO-2.

12
13 Q. When using different sizes of equipment in the ZI regression, did you
14 employ all sizes in use by Gulf?

15 A. No, we used the equipment which Gulf now purchases and anticipates
16 continuing to purchase and avoided use of antiquated equipment sizes. For
17 example, to use 7.5 kVA or 10 kVA transformers in the analysis would
18 produce misleading results since Gulf has no plans to continue use of small
19 transformers like these.

20
21 Q. If the unit cost is based upon a concept of equipment with no-load
22 capability, do you consider the MDS to be an unrealistic or fictional concept
23 as has sometimes been claimed?

24 A. No. MDS is no more of a fictional concept than is a deposit requirement for
25 a vacation rental on Pensacola Beach or a simple retainer fee. A deposit is

1 required to preserve the ability to occupy the rental space for future use.
2 Likewise, the retainer fee is required to secure the right of future service
3 regardless of the magnitude of additional services to be rendered. Similarly,
4 the MDS is the cost required to ensure the availability of service to a
5 customer premise whether or not any electricity is ever actually consumed.

6

7 Q. Is any equipment built to zero load specifications?

8 A. No, there is none to my knowledge. Likewise, there is no generating plant
9 that is built with exactly 1/13 of its capital cost to minimize fuel cost as
10 required by one of the MFRs for allocation of production costs. This does
11 not mean, though, that ZI is an illogical concept and therefore not to be
12 used. Even though no equipment is built to serve zero load, the ZI concept
13 is still a valid method of identifying customer-related cost, because ZI
14 recognizes the intrinsic cost of providing service – the necessary elements
15 to merely enable service to be provided.

16

17 Q. What FERC mass distribution accounts are split and classified to customer
18 and demand in this manner?

19 A. Distribution Accounts 364, 365, 366, 367, and 368 use ZI analysis.

20

21 Q. Please explain further how these splits are then used in the cost of service
22 study for allocation to rate classes.

23 A. The resultant split will divide each respective FERC account into a customer-
24 related piece and a demand-related portion. An appropriate customer-
25 related allocator will next allocate the customer portion to the rate classes,

1 and similarly an appropriate demand allocator will allocate the demand
2 portion to the rate classes.

3
4 Accounts 369 and 370 are considered as all customer-related. Any related
5 expense accounts (for example depreciation expense) then utilize the
6 corresponding 364-368 accounts to appropriately split expenses into
7 customer and demand-related costs. The computation of the splits for
8 Accounts 364-370 are shown in Schedules 6.4 to 6.10 of Exhibit MTO-2.

9
10 Q. Are Account 369 (Service Drops) and Account 370 (Meters) usually
11 classified as 100 percent customer-related?

12 A. Yes, this has been the traditional treatment for most utilities. Service Drops
13 are the lines that provide the service connection between the secondary
14 level distribution transformer and the customer's meter and enable the
15 customer to receive service. The meter, as previously mentioned,
16 measures the amount of electricity that the customer consumes and is used
17 for billing.

18
19 Q. What are the resultant customer/demand splits that Gulf is proposing?

20 A. The customer-related analysis performed for Gulf results in the
21 customer/demand splits shown on Schedule 3 of Exhibit MTO-1. These are
22 the splits which Gulf is proposing for its recommended cost of service study.

23
24
25

1 Q. Do any other electric utilities use MDS to determine the customer-related
2 costs?

3 A. Yes. In fact, all the other regulated operating companies in the Southern
4 electric system use MDS to determine the customer-related costs.
5 Examples of other utilities that employ MDS include Kentucky Utilities,
6 Dayton Power and Light, Manitoba Hydro, LG&E, Nova Scotia Power,
7 Tennessee Valley Authority (TVA), Wisconsin Public Service, and Virginia
8 Electric Power.

9

10 Q. Has Gulf's use of MDS previously been approved by the Commission?

11 A. Yes. The Commission approved Gulf's use of MDS in the final order in
12 Gulf's 2012 test year rate case. The MDS methodology was continued in
13 Gulf's 2014 test year rate case, and it expressly formed the basis for setting
14 the rates included in the Commission-approved stipulation.

15

16 Q. Was there any discussion of the MDS methodology during the
17 Commission's consideration of the stipulation offered in Gulf's 2014 test
18 year rate case?

19 A. Yes. During the December 3, 2013, Commission Conference, Commission
20 Staff was asked for comment on Gulf's use of the MDS methodology. Staff
21 stated: "Staff has generally moved in the direction of believing MDS is an
22 appropriate new cost-of-service technique, if you will, and so recommended
23 in the TECO case." [Commission Conference Transcript p. 55]

24

25

1 Q. Prior to approving the stipulations to use MDS in Gulf's last two base rate
2 proceedings, has this Commission ever approved MDS?

3 A. Yes, it was approved for Choctawhatchee Electric Cooperative Inc.
4 (CHELCO) in Docket No. 020537-EC.
5

6 Q. Will the use of MDS allocate a disproportionate share of cost to the
7 residential and small commercial rate classes?

8 A. No. Using MDS and including the resultant customer component in the
9 distribution accounts, as opposed to not using MDS, will result in allocating
10 more costs to the residential rate class and small commercial rate class,
11 and usually it will result in allocating less costs to large business classes.
12 However, this is appropriate, since it better reflects the cost to serve these
13 rate classes. It is not "disproportionate," but simply more accurate. For
14 instance, if the majority of secondary customers and load are from a
15 particular rate class, that rate class causes the majority of secondary cost
16 and this is more precisely revealed with the use of MDS.
17

18 Q. Do you recommend continuing to use MDS for Gulf in this case?

19 A. Yes, I do. I believe that this methodology provides the most appropriate
20 cost assignments to assess rate class returns and to serve as a basis for
21 rate design.
22
23
24
25

1 Q. In your opinion, are the results of the recommended cost-of-service study
2 accurate representations of the rates of return by jurisdiction and rate class?

3 A. Yes. The results shown on Schedule 1 of the cost-of-service study in
4 Exhibit MTO-2 are indeed fair and accurate statements of cost causation.
5 The rates of return produced by jurisdiction and by rate class for Gulf's test
6 year are fair and accurate indications of how the rate classes are covering
7 costs.

8

9 Q. Does this conclude your testimony?

10 A. Yes, it does.

11

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25

AFFIDAVIT

STATE OF GEORGIA)
)
COUNTY OF COBB)

Docket No. 160186-EI

Before me the undersigned authority, personally appeared Michael T. O'Sheasy, who being first duly sworn, deposes, and says that he is a Vice President with Christensen Associates, Inc., and that the foregoing is true and correct to the best of his knowledge, information, and belief.

Michael T. O'Sheasy
s/ Michael T. O'Sheasy
Vice President

Sworn to and subscribed before me this 4 day of October, 2016.

Diane E. Ware
Notary Public, State of Georgia at Large Cobb County

Commission No. _____

My Commission Expires 01/14/2020

Personally Known _____ OR Produced Identification X

Type of Identification
Produced Georgia D.L.

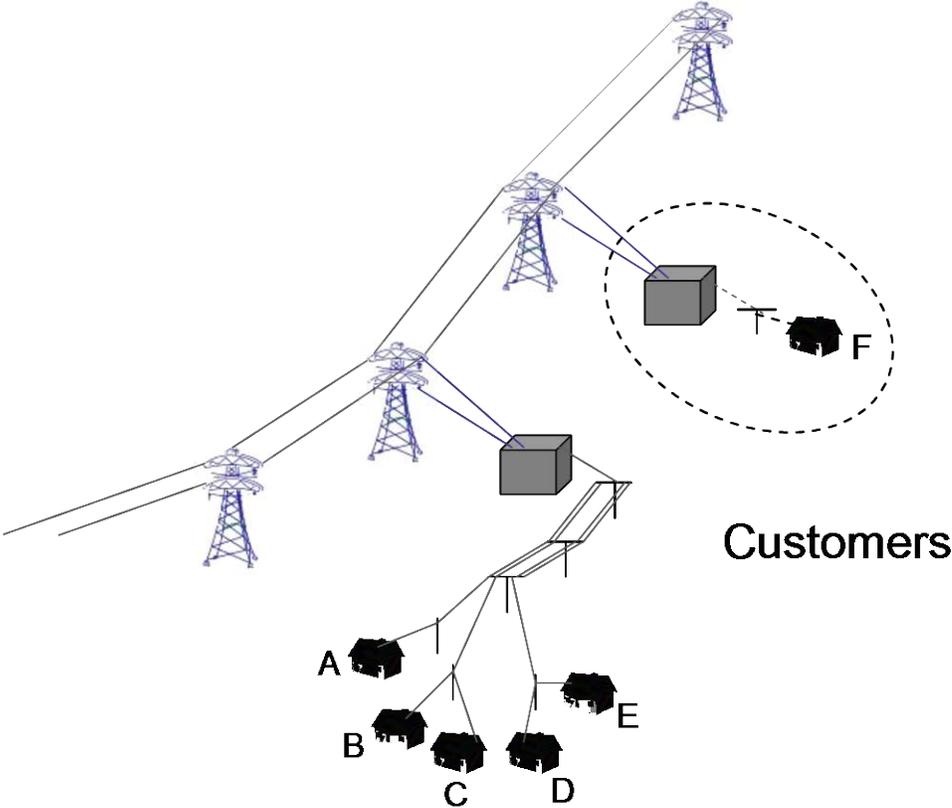


Exhibit

Responsibility for Minimum Filing Requirements

<u>Schedule</u>	<u>Title</u>
B-6	Jurisdictional Separation Factors – Rate Base
C-4	Jurisdictional Separation Factors – Net Operating Income
E-1	Cost of Service Studies
E-2	Explanation of Variations from Cost of Service Study Approved in Company's Last Rate Case
E-3a	Cost of Service Study – Allocation of Rate Base Components to Rate Schedule
E-3b	Cost of Service Study – Allocation of Expense Components to Rate Schedule
E-4a	Cost of Service Study – Functionalization and Classification of Rate Base
E-4b	Cost of Service Study – Functionalization and Classification of Expenses
E-5	Source and Amount of Revenues – At Present and Proposed Rates
E-6a	Cost of Service Study – Unit Costs, Present Rates
E-6b	Cost of Service Study – Unit Costs, Proposed Rates
E-9	Cost of Service – Load Data
E-10	Cost of Service Study – Development of Allocation Factors
E-11	Development of Coincident and Non-Coincident Demands for Cost Study
E-16	Customers by Voltage Level
E-19a	Demand and Energy Losses
E-19b	Energy Losses
E-19c	Demand Losses

Illustration of Simple Distribution Network



MDS Customer/Demand Percentages by FERC Account

Account	%Customer	%Demand
364	44.8%	55.2%
365	20.4%	79.6%
366	5.7%	94.3%
367	6.6%	93.4%
368	26.6%	73.4%
369	100%	0%
370	100%	0%

GULF POWER COMPANY
 12 MONTHS ENDING DECEMBER 31, 2017
 12/13 DEMAND ALLOCATION - WITH MDS METHODOLOGY
 SCHEDULE 1.00 - PRESENT RATE SUMMARY
 (\$000s)

LINE NO. (1)	DESCRIPTION (2)	TOTAL ELECTRIC SYSTEM (3)	RATE CLASS RESIDENTIAL (4)	RATE CLASS GS (5)	RATE CLASS GSD/GSDT (6)	RATE CLASS LP/LPT (7)	RATE CLASS MAJOR ACCTS (8)	RATE CLASS OS (9)	TOTAL RETAIL SERVICE (10)	WHOLESALE (11)	UNIT POWER SALES (12)
INVESTMENT											
1	ELECTRIC GROSS PLANT	3,618,224	2,042,817	118,620	671,127	186,912	332,668	105,598	3,457,741	63,843	96,640
2	ACCUMULATED DEPRECIATION	1,410,153	802,003	46,528	254,392	70,447	124,410	52,562	1,350,342	24,318	35,493
3	NET PLANT	2,208,071	1,240,814	72,092	416,735	116,465	208,258	53,036	2,107,399	39,525	61,147
4	MATERIALS AND SUPPLIES	124,389	62,007	3,257	27,259	8,490	15,521	2,641	119,175	2,864	2,350
5	OTHER WORKING CAPITAL	139,711	81,286	5,975	26,899	7,504	14,066	1,456	137,186	3,036	(511)
6	CONST. WORK IN PROGRESS	0	0	0	0	0	0	0	0	0	0
7	CWIP - NOT BEARING INTEREST	42,431	23,311	1,267	8,096	2,324	4,197	968	40,163	843	1,425
8	PLANT HELD FOR FUTURE USE	14,757	7,944	398	3,144	967	1,817	75	14,345	412	0
9	UNAMORT. PLANT ACQ. ADJUST.	1,137	465	24	184	56	106	4	839	25	273
10	INJURIES AND DAMAGES RESERVE	(193)	(119)	(10)	(34)	(9)	(15)	(3)	(190)	(3)	0
11	TOTAL ELECTRIC INVESTMENT	2,530,303	1,415,708	83,003	482,283	135,797	243,950	58,177	2,418,917	46,702	64,684
REVENUES											
12	REVENUE FROM SALES	569,849	335,572	22,721	111,050	28,468	39,816	18,253	555,880	13,969	0
13	OTHER OPERATING REVENUES	68,636	39,257	2,316	11,034	4,134	6,163	1,507	64,411	4,225	0
14	REVENUE-NONASSOCIATED SALES	31,598	8,833	484	4,385	1,450	2,740	250	18,142	537	12,919
15	ADJUSTMENTS TO REVENUE	(41,767)	(25,214)	(1,707)	(8,344)	(2,139)	(2,992)	(1,371)	(41,767)	(0)	0
16	TOTAL ADJUSTED REVENUE	628,316	358,448	23,814	118,125	31,913	45,727	18,639	596,666	18,731	12,919
EXPENSE											
17	OPERATIONS & MAINTENANCE	323,096	190,036	14,807	56,634	16,498	29,945	5,900	313,820	5,993	3,283
18	DEPRECIATION	131,414	75,305	4,589	24,330	6,699	11,931	4,230	127,084	2,328	2,002
19	AMORT. OF INV. TAX CREDIT	(394)	(194)	(12)	(63)	(17)	(30)	(11)	(327)	(6)	(61)
20	OTHER AMORTIZATION	9,458	5,089	255	2,016	620	1,166	48	9,194	264	0
21	REAL & PERSONAL PROP. TAX	25,927	14,578	805	5,113	1,488	2,707	558	25,249	553	125
22	PAYROLL TAX	8,308	5,009	453	1,461	366	677	148	8,114	134	60
23	REVENUE TAX	442	266	18	88	23	32	15	442	0	0
24	OTHER TAXES	41,264	24,888	1,682	8,245	2,118	2,977	1,340	41,250	14	0
25	ADJUSTMENT TO OTHER TAXES	(40,693)	(24,567)	(1,663)	(8,129)	(2,084)	(2,914)	(1,336)	(40,693)	0	0
26	EXPENSES EXCL. INC. TAX	498,822	290,410	20,934	89,695	25,711	46,491	10,892	484,133	9,280	5,409
27	OPERATING INCOME	129,494	68,038	2,880	28,430	6,203	(765)	7,747	112,533	9,451	7,510
28	STATE & FEDERAL INCOME TAX	27,891	13,784	380	6,722	1,197	(2,442)	2,476	22,117	3,235	2,539
29	INTEREST SYNCHRONIZATION	9,824	5,672	333	1,933	544	978	233	9,693	131	0
30	TOTAL INCOME TAXES	37,715	19,456	713	8,655	1,741	(1,464)	2,709	31,810	3,366	2,539
31	NET OPERATING INCOME	91,779	48,582	2,167	19,775	4,462	699	5,038	80,723	6,085	4,971
32	RATE OF RETURN	3.63%	3.43%	2.61%	4.10%	3.29%	0.29%	8.66%	3.34%		
33	RATE OF RETURN INDEX		102.83%	78.23%	122.87%	98.45%	8.59%	259.50%	100.00%		

Florida Public Service Commission
 Docket No. 160186-EI
 GULF POWER COMPANY
 Witness: Michael T. O'Sheasy
 Exhibit No. _____ (MTO-2)
 Page 2 of 61
 Schedule 1.00

GULF POWER COMPANY
12 MONTHS ENDED DECEMBER 31, 2017
12/13 DEMAND ALLOCATION - WITH MDS METHODOLOGY
PRESENT RATE SUMMARY

<u>Line No.</u>	<u>Ftnt Label</u>	<u>Description</u>
1	(A)	From "Analysis of Gross Plant"
2	(B)	From "Analysis of Accumulated Depreciation Reserve"
4	(C)	From "Analysis of Materials and Supplies"
5	(D)	From "Analysis of Other Working Capital"
6	(E)	From "Analysis of Other Rate Base Items"
7	(E)	
8	(E)	
9	(E)	
10	(E)	
12	(F)	From "Analysis of Revenues"
13	(F)	
14	(F)	
15	(F)	
17	(G)	From "Analysis of Operations and Maintenance Expense"
18	(H)	From "Analysis of Depreciation Expense"
19	(I)	Allocated per Depreciation Expense; UPS directly assigned
20	(J)	Allocated per Total Production Gross Plant excluding UPS
21	(K)	From "Analysis of Taxes Other Than Income Taxes"
22	(K)	
23	(K)	
24	(K)	
25	(K)	
28	(L)	Income Taxes allocated per formula $t = Rc - KI$: where t = Total Income Taxes, R = Operating Income, c = Combined Effective Tax Rate of 0.38575, I = Total Electric Investment, and K = Income Tax Deduction factor of 0.0088023843; UPS directly assigned.
29	(M)	Retail portion allocated per Retail Rate Base; Wholesale and UPS directly assigned.
32	(N)	Rate of Return equals Net Operating Income Divided by Total Electric Investment.
33	(O)	Each Rate Class Rate of Return divided by Total Retail Service Rate of Return

GULF POWER COMPANY
12 MONTHS ENDING DECEMBER 31, 2017
12/13 DEMAND ALLOCATION - WITH MDS METHODOLOGY
SCHEDULE 1.01 - EQUAL RATE OF RETURN SUMMARY - PRESENT RATES
(\$000s)

LINE NO. (1)	DESCRIPTION (2)	TOTAL RETAIL SERVICE (3)	RATE CLASS RESIDENTIAL (4)	RATE CLASS GS (5)	RATE CLASS GSD/GSDT (6)	RATE CLASS LP/LPT (7)	RATE CLASS MAJOR ACCTS (8)	RATE CLASS OS (9)
1	EQUAL RATE OF RETURN	3.34%	3.34%	3.34%	3.34%	3.34%	3.34%	3.34%
2	PRESENT SYSTEM NET OPERATING INCOME	80,723	47,244	2,770	16,095	4,532	8,141	1,941
3	CURRENT NET OPERATING INCOME	80,723	48,582	2,167	19,775	4,462	699	5,038
4	CHANGE IN NET OPERATING INCOME	(0)	(1,338)	603	(3,680)	70	7,442	(3,097)
5	CHANGE IN INCOME TAXES	0	(840)	379	(2,311)	44	4,673	(1,945)
6	CURRENT INCOME TAXES	31,810	19,456	713	8,655	1,741	(1,464)	2,709
7	CHANGE IN EXPENSES	0	(8)	3	(19)	0	40	(16)
8	CURRENT EXPENSES	484,133	290,410	20,934	89,695	25,711	46,491	10,892
9	REV REQ - EQUAL SYSTEM ROR - PRESENT RATES	596,666	356,262	24,799	112,115	32,028	57,881	13,581
10	PRESENT REVENUE REQUIREMENTS	596,666	358,448	23,814	118,125	31,913	45,727	18,639
11	REVENUE EXCESS / DEFICIENCY	(0)	(2,186)	985	(6,010)	114	12,155	(5,058)
12	REV REQ INDEX - EQUAL SYSTEM ROR - PRES. RATES	100.00%	100.61%	96.03%	105.36%	99.64%	79.00%	137.24%

Florida Public Service Commission
Docket No. 160186-EI
GULF POWER COMPANY
Witness: Michael T. O'Sheasy
Exhibit No. _____ (MTO-2)
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Schedule 1.01

GULF POWER COMPANY
12 MONTHS ENDED DECEMBER 31, 2017
12/13 DEMAND ALLOCATION - WITH MDS METHODOLOGY
EQUAL RATE OF RETURN SUMMARY - PRESENT RATES

<u>Line No.</u>	<u>Ftnt Label</u>	<u>Description</u>
1	(A)	From "Present Rate Summary", Total Retail Service Rate of Return
2	(B)	Line 1 times Total Rate Base - "Present Rate Summary"
3	(C)	From "Present Rate Summary"
4	(D)	Line 2 minus Line 3
5	(E)	Line 4 times the combined effective tax rate divided by 1 minus the combined effective tax rate
6	(C)	
7	(F)	Line 4 plus Line 5 times the Proposed Expense Factor divided by 1 minus the Proposed Expense Factor
8	(C)	
9	(G)	Line 2 plus Lines 5 - 8.
10	(C)	
11	(H)	Line 9 minus Line 10
12	(I)	Line 10 divided by Line 9

GULF POWER COMPANY
12 MONTHS ENDING DECEMBER 31, 2017
12/13 DEMAND ALLOCATION - WITH MDS METHODOLOGY
SCHEDULE 1.10 - PROPOSED RATE SUMMARY
(\$000s)

LINE NO. (1)	DESCRIPTION (2)	TOTAL ELECTRIC SYSTEM (3)	RATE CLASS RESIDENTIAL (4)	RATE CLASS GS (5)	RATE CLASS GSD/GSDT (6)	RATE CLASS LP/LPT (7)	RATE CLASS MAJOR ACCTS (8)	RATE CLASS OS (9)	TOTAL RETAIL SERVICE (10)	WHOLESALE (11)	UNIT POWER SALES (12)
1	TOTAL ELECTRIC INVESTMENT	2,530,303	1,415,708	83,003	482,283	135,797	243,950	58,177	2,418,917	46,702	64,684
REVENUE											
2	PRESENT REVENUE	628,316	358,448	23,814	118,125	31,913	45,727	18,639	596,666	18,731	12,919
3	PROPOSED REVENUE INCREASE	106,782	61,000	4,670	20,655	6,090	11,472	2,895	106,782	0	0
4	TOTAL REVENUE	735,098	419,448	28,484	138,780	38,003	57,199	21,534	703,448	18,731	12,919
EXPENSE											
5	PRESENT OPERATING EXPENSES	498,822	290,410	20,934	89,695	25,711	46,491	10,892	484,133	9,280	5,409
6	PROPOSED EXPENSE INCREASE	344	197	15	66	20	37	9	344	0	0
7	TOTAL EXPENSES	499,166	290,607	20,949	89,761	25,731	46,528	10,901	484,477	9,280	5,409
8	PROPOSED OPERATING INCOME	235,932	128,841	7,535	49,019	12,273	10,670	10,633	218,971	9,451	7,510
INCOME TAXES											
9	PRESENT INCOME TAXES	37,715	19,456	713	8,655	1,741	(1,464)	2,709	31,810	3,366	2,539
10	PROPOSED INC. TAX INCREASE	41,058	23,454	1,796	7,942	2,342	4,411	1,113	41,058	0	0
11	TOTAL INCOME TAXES	78,773	42,910	2,509	16,597	4,083	2,947	3,822	72,868	3,366	2,539
12	PROPOSED NET OPERATING INCOME	157,159	85,931	5,026	32,422	8,190	7,723	6,811	146,103	6,085	4,971
13	PROPOSED RATE OF RETURN	6.21%	6.07%	6.06%	6.72%	6.03%	3.17%	11.71%	6.04%		
14	PROPOSED RATE OF RETURN INDEX		100.49%	100.25%	111.30%	99.85%	52.42%	193.83%	100.00%		

GULF POWER COMPANY
12 MONTHS ENDED DECEMBER 31, 2017
12/13 DEMAND ALLOCATION - WITH MDS METHODOLOGY
PROPOSED RATE SUMMARY

<u>Line No.</u>	<u>Ftnt Label</u>	<u>Description</u>
1	(A)	From "Present Rate Summary"
2	(A)	
3	(B)	Provided by Pricing, Costing & Load Research, Gulf Power Company.
5	(A)	
6	(C)	Calculated by multiplying Proposed Revenues times the appropriate Proposed Expense Factor
8	(D)	Operating Income equals Total Revenue minus Total Expenses.
9	(A)	
10	(E)	Proposed Income Tax Increase calculated by multiplying Proposed Revenue minus Proposed Expense Increase times Effective Tax Rate of 0.38575.
12	(F)	Net Operating Income equals Operating Income less Total Income Taxes.
13	(G)	Rate of Return equals Net Operating Income Divided by Total Electric Investment.
14	(H)	Each Rate Class Rate of Return divided by Total Retail Service Rate of Return

GULF POWER COMPANY
12 MONTHS ENDING DECEMBER 31, 2017
12/13 DEMAND ALLOCATION - WITH MDS METHODOLOGY
SCHEDULE 1.11 - EQUAL RATE OF RETURN SUMMARY - PROPOSED RATES
(\$000s)

LINE NO. (1)	DESCRIPTION (2)	TOTAL RETAIL SERVICE (3)	RATE CLASS RESIDENTIAL (4)	RATE CLASS GS (5)	RATE CLASS GSD/GSDT (6)	RATE CLASS LP/LPT (7)	RATE CLASS MAJOR ACCTS (8)	RATE CLASS OS (9)
1	EQUAL RATE OF RETURN	6.04%	6.04%	6.04%	6.04%	6.04%	6.04%	6.04%
2	PROPOSED NET OPERATING INCOME	146,103	85,509	5,013	29,130	8,202	14,735	3,514
3	CURRENT NET OPERATING INCOME	80,723	48,582	2,167	19,775	4,462	699	5,038
4	CHANGE IN NET OPERATING INCOME	65,380	36,927	2,846	9,355	3,740	14,036	(1,524)
5	CHANGE IN INCOME TAXES	41,059	23,190	1,787	5,875	2,349	8,815	(957)
6	PRESENT INCOME TAXES	31,810	19,456	713	8,655	1,741	(1,464)	2,709
7	CHANGE IN EXPENSES	344	194	15	49	20	74	(8)
8	PRESENT EXPENSES	484,133	290,410	20,934	89,695	25,711	46,491	10,892
9	REV REQ - EQUAL SYSTEM ROR - PROPOSED RATES	703,448	418,759	28,462	133,403	38,023	68,651	16,150
10	PRESENT REVENUE REQUIREMENTS	596,666	358,448	23,814	118,125	31,913	45,727	18,639
11	REVENUE EXCESS / DEFICIENCY	106,782	60,311	4,648	15,278	6,109	22,925	(2,489)
12	REV REQ INDEX - EQUAL SYSTEM ROR - PROP. RATES	84.82%	85.60%	83.67%	88.55%	83.93%	66.61%	115.41%

GULF POWER COMPANY
12 MONTHS ENDED DECEMBER 31, 2017
12/13 DEMAND ALLOCATION - WITH MDS METHODOLOGY
EQUAL RATE OF RETURN SUMMARY - PROPOSED RATES

<u>Line No.</u>	<u>Ftnt Label</u>	<u>Description</u>
1	(A)	From "Proposed Rate Summary", Total Retail Service Rate of Return
2	(B)	Line 1 times Total Rate Base - "Proposed Rate Summary"
3	(C)	From "Present Rate Summary"
4	(D)	Line 2 minus Line 3
5	(E)	Line 4 times the combined effective tax rate divided by 1 minus the combined effective tax rate
6	(C)	
7	(F)	Line 4 plus Line 5 times the Proposed Expense Factor divided by 1 minus the Proposed Expense Factor
8	(C)	
9	(G)	Line 2 plus Lines 5 - 8.
10	(C)	
11	(H)	Line 9 minus Line 10
12	(I)	Line 10 divided by Line 9

GULF POWER COMPANY
 12 MONTHS ENDING DECEMBER 31, 2017
 12/13 DEMAND ALLOCATION - WITH MDS METHODOLOGY
 SCHEDULE 2.10 - ANALYSIS OF GROSS PLANT
 (\$000s)

LINE NO. (1)	DESCRIPTION (2)	TOTAL ELECTRIC SYSTEM (3)	RATE CLASS RESIDENTIAL (4)	RATE CLASS GS (5)	RATE CLASS GSD/GSDT (6)	RATE CLASS LP/LPT (7)	RATE CLASS MAJOR ACCTS (8)	RATE CLASS OS (9)	TOTAL RETAIL SERVICE (10)	WHOLESALE (11)	UNIT POWER SALES (12)
1	TOTAL PRODUCTION PLANT	1,430,220	719,013	35,982	284,926	87,630	164,788	6,761	1,299,100	37,369	93,751
2	RETAIL JURISDICTION DEMAND		670,357	33,319	260,770	79,645	149,696	5,382	1,199,169		
3	ENERGY		48,656	2,663	24,156	7,985	15,092	1,379	99,931		
TRANSMISSION PLANT											

350-LAND & LAND RIGHTS SUBSTATIONS											
4	LEVEL 2 COMMON	2,176	1,183	59	460	140	264	9	2,115	61	0
5	LEVEL 3 COMMON	471	275	14	107	27	46	2	471	0	0
6	TOTAL SUBSTATION LAND LINES	2,647	1,458	73	567	167	310	11	2,586	61	0
7	LEVEL 2 COMMON	18,790	10,212	507	3,972	1,213	2,279	82	18,265	525	0
8	TOTAL ACCOUNT 350	21,437	11,670	580	4,539	1,380	2,589	93	20,851	586	0
9	TOTAL ACCOUNT 350	21,437	11,670	580	4,539	1,380	2,589	93	20,851	586	0
352-STRUCTURES											
10	LEVEL 2 CUSTOMER SUB	1	0	0	0	0	1	0	1	0	0
11	LEVEL 2 COMMON	18,042	9,804	487	3,814	1,165	2,189	79	17,538	504	0
12	LEVEL 3 COMMON	5,832	3,401	169	1,323	336	576	27	5,832	0	0
13	TOTAL ACCOUNT 352	23,875	13,205	656	5,137	1,501	2,766	106	23,371	504	0
353-STATION EQUIPMENT											
14	LEVEL 2 CUSTOMER SUB	60	0	0	0	0	60	0	60	0	0
15	LEVEL 2 COMMON	205,073	110,592	5,497	43,020	13,139	24,696	888	197,832	5,691	1,550
16	LEVEL 3 COMMON	45,768	26,688	1,326	10,380	2,635	4,525	214	45,768	0	0
17	TOTAL ACCOUNT 353	250,901	137,280	6,823	53,400	15,774	29,281	1,102	243,660	5,691	1,550
354-TOWERS AND FIXTURES											
18	LEVEL 2 COMMON	42,109	22,882	1,137	8,901	2,719	5,109	184	40,932	1,177	0
355-POLES AND FIXTURES											
19	LEVEL 2 COMMON	238,824	129,776	6,450	50,482	15,418	28,978	1,042	232,146	6,678	0
356-OVERHEAD CONDUCTORS											
20	LEVEL 2 COMMON	126,154	68,552	3,407	26,666	8,144	15,308	550	122,627	3,527	0
358-UNDERGROUND CONDUCTORS											
21	LEVEL 2 COMMON	14,402	7,826	389	3,044	930	1,747	63	13,999	403	0
359-ROADS AND TRAILS											
22	LEVEL 2 COMMON	236	128	6	50	15	29	1	229	7	0
23	TOTAL TRANS. PLANT	717,938	391,319	19,448	152,219	45,881	85,807	3,141	697,815	18,573	1,550

GULF POWER COMPANY
12 MONTHS ENDING DECEMBER 31, 2017
12/13 DEMAND ALLOCATION - WITH MDS METHODOLOGY
SCHEDULE 2.10 - ANALYSIS OF GROSS PLANT
(\$000s)

LINE NO. (1)	DESCRIPTION (2)	TOTAL ELECTRIC SYSTEM (3)	RATE CLASS RESIDENTIAL (4)	RATE CLASS GS (5)	RATE CLASS GSD/GSDT (6)	RATE CLASS LP/LPT (7)	RATE CLASS MAJOR ACCTS (8)	RATE CLASS OS (9)	TOTAL RETAIL SERVICE (10)	WHOLESALE (11)	UNIT POWER SALES (12)
----- DISTRIBUTION PLANT -----											
360-SUBSTATION LAND											
24	LEVEL 3 CUST. SUB	85	0	0	0	0	11	0	11	73	0
25	LEVEL 3 COMMON	3,044	1,776	88	690	175	301	14	3,044	0	0
26	LEVEL 4 COMMON	8	5	0	2	0	1	0	8	0	0
27	TOTAL ACCOUNT 360	3,137	1,781	88	692	175	313	14	3,063	73	0
361-STRUCTURES											
28	LEVEL 3 CUST. SUB	2,183	0	0	0	473	1,111	0	1,584	598	0
29	LEVEL 3 COMMON	23,642	13,786	685	5,362	1,361	2,337	111	23,642	0	0
30	LEVEL 4 COMMON	0	0	0	0	0	0	0	0	0	0
31	TOTAL ACCOUNT 361	25,825	13,786	685	5,362	1,834	3,448	111	25,226	598	0
362-STATION EQUIPMENT											
32	LEVEL 3 CUST. SUB	20,460	0	0	0	3,531	13,071	0	16,602	3,857	0
33	LEVEL 3 COMMON	194,306	113,301	5,631	44,067	11,186	19,211	910	194,306	0	0
34	LEVEL 4 COMMON	19	12	1	4	1	1	0	19	0	0
35	TOTAL ACCOUNT 362	214,785	113,313	5,632	44,071	14,718	32,283	910	210,927	3,857	0
364-POLES AND FIXTURES											
36	LEVEL 4 COMMON	61,241	37,590	1,856	13,333	3,264	4,451	747	61,241	0	0
37	LEVEL 4 CUSTOMER	49,794	43,389	3,370	1,893	22	12	1,108	49,794	0	0
38	LEVEL 5 COMMON	17,743	11,652	575	4,111	729	445	231	17,743	0	0
39	LEVEL 5 CUSTOMER	14,308	12,470	968	543	6	3	318	14,308	0	0
40	TOTAL ACCOUNT 364	143,086	105,101	6,769	19,880	4,021	4,911	2,404	143,086	0	0
365-OVERHEAD CONDUCTORS											
41	LEVEL 4 COMMON	97,808	60,036	2,964	21,294	5,212	7,109	1,193	97,808	0	0
42	LEVEL 4 CUSTOMER	25,002	21,787	1,692	950	11	6	556	25,002	0	0
43	LEVEL 5 COMMON	27,518	18,069	892	6,377	1,131	690	359	27,518	0	0
44	LEVEL 5 CUSTOMER	6,920	6,031	468	263	3	1	154	6,920	0	0
45	TOTAL ACCOUNT 365	157,248	105,923	6,016	28,884	6,357	7,806	2,262	157,248	0	0
366-UNDERGROUND CONDUIT											
46	LEVEL 4 COMMON	679	416	21	148	36	50	8	679	0	0
47	LEVEL 4 CUSTOMER	48	42	3	2	0	0	1	48	0	0
48	LEVEL 5 COMMON	416	275	13	96	17	10	5	416	0	0
49	LEVEL 5 CUSTOMER	17	15	1	1	0	0	0	17	0	0
50	TOTAL ACCOUNT 366	1,160	748	38	247	53	60	14	1,160	0	0
367-UNDERGROUND COND. & DEV.											
51	LEVEL 4 COMMON	112,343	68,958	3,405	24,458	5,987	8,165	1,370	112,343	0	0
52	LEVEL 4 CUSTOMER	7,978	6,951	540	303	4	2	178	7,978	0	0
53	LEVEL 5 COMMON	39,727	26,088	1,287	9,206	1,632	996	518	39,727	0	0
54	LEVEL 5 CUSTOMER	2,768	2,412	187	105	1	1	62	2,768	0	0
55	TOTAL ACCOUNT 367	162,816	104,409	5,419	34,072	7,624	9,164	2,128	162,816	0	0

Florida Public Service Commission
Docket No. 160186-EI
GULF POWER COMPANY
Witness: Michael T. O'Sheasy
Exhibit No. _____ (MTO-2)
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Schedule 2.10

GULF POWER COMPANY
 12 MONTHS ENDING DECEMBER 31, 2017
 12/13 DEMAND ALLOCATION - WITH MDS METHODOLOGY
 SCHEDULE 2.10 - ANALYSIS OF GROSS PLANT
 (\$000s)

LINE NO. (1)	DESCRIPTION (2)	TOTAL ELECTRIC SYSTEM (3)	RATE CLASS RESIDENTIAL (4)	RATE CLASS GS (5)	RATE CLASS GSD/GSDT (6)	RATE CLASS LP/LPT (7)	RATE CLASS MAJOR ACCTS (8)	RATE CLASS OS (9)	TOTAL RETAIL SERVICE (10)	WHOLESALE (11)	UNIT POWER SALES (12)
368-LINE TRANSFORMERS											
56	LEVEL 4 COMMON	41,884	25,709	1,269	9,119	2,232	3,044	511	41,884	0	0
57	LEVEL 4 CUSTOMER	7,272	6,337	492	276	3	2	162	7,272	0	0
58	LEVEL 5 COMMON	171,610	112,691	5,562	39,766	7,051	4,301	2,239	171,610	0	0
59	LEVEL 5 CUSTOMER	70,098	61,092	4,744	2,661	28	13	1,560	70,098	0	0
60	TOTAL ACCOUNT 368	290,864	205,829	12,067	51,822	9,314	7,360	4,472	290,864	0	0
369-SERVICES											
61	HOUSE POWER BOXES	0	0	0	0	0	0	0	0	0	0
62	OTHER SERVICES	121,887	108,645	8,437	4,733	49	23	0	121,887	0	0
63	TOTAL ACCOUNT 369	121,887	108,645	8,437	4,733	49	23	0	121,887	0	0
64	370-METERS	63,675	47,062	6,686	8,823	451	393	139	63,554	121	0
65	373-STREET LIGHTING	79,692	0	0	0	0	0	79,692	79,692	0	0
66	TOTAL DIST. PLANT	1,264,174	806,597	51,837	198,586	44,597	65,761	92,146	1,259,524	4,650	0
67	DEMAND	814,715	490,364	24,249	178,033	44,019	65,305	8,216	810,186	4,529	0
68	CUSTOMER	449,459	316,233	27,588	20,553	578	456	83,930	449,338	121	0
----- GENERAL PLANT											
69	ELECTRIC	205,892	125,888	11,353	35,396	8,804	16,311	3,550	201,302	3,251	1,339
70	DEMAND	127,127	70,087	3,479	26,811	7,771	13,877	720	122,745	3,043	1,339
71	CUSTOMER	71,496	52,264	7,680	6,827	453	1,335	2,729	71,288	208	0
72	ENERGY	7,269	3,537	194	1,758	580	1,099	101	7,269	0	0
73	TOTAL GENERAL PLANT	205,892	125,888	11,353	35,396	8,804	16,311	3,550	201,302	3,251	1,339
74	TOTAL ELEC. GROSS PLANT	3,618,224	2,042,817	118,620	671,127	186,912	332,668	105,598	3,457,741	63,843	96,640
75	DEMAND	2,990,070	1,622,127	80,495	617,833	177,316	314,686	17,459	2,829,916	63,514	96,640
76	CUSTOMER	520,955	368,497	35,268	27,380	1,031	1,791	86,659	520,626	329	0
77	ENERGY	107,200	52,193	2,857	25,914	8,565	16,191	1,480	107,200	0	0

Florida Public Service Commission
 Docket No. 160186-EI
 GULF POWER COMPANY
 Witness: Michael T. O'Sheasy
 Exhibit No. _____ (MTO-2)
 Page 12 of 61
 Schedule 2.10

GULF POWER COMPANY
12 MONTHS ENDED DECEMBER 31, 2017
12/13 DEMAND ALLOCATION - WITH MDS METHODOLOGY
ANALYSIS OF GROSS PLANT

<u>Line No.</u>	<u>Ftnt Label</u>	<u>Description</u>
1	(A)	Retail jurisdiction sum of Lines 2 and 3; Wholesale allocated per Level 1 Demand Allocator; UPS directly assigned.
2	(B)	Allocated per corresponding Level 1 Demand Allocator.
3	(C)	Allocated per corresponding Level 1 Energy Allocator.
5	(D)	Allocated per Level 2 Demand Allocator; UPS directly assigned.
6	(E)	Allocated per Level 3 Demand Allocator.
8	(D)	
10	(F)	Specific Assignment
11	(D)	
12	(E)	
14	(F)	
15	(D)	
16	(E)	
18	(D)	
19	(D)	
20	(D)	
21	(D)	
22	(D)	
24	(F)	
25	(E)	
26	(G)	Allocated per Level 4 NCP Demand Allocator
28	(F)	
29	(E)	
30	(G)	
32	(F)	
33	(E)	
34	(G)	
36	(G)	
37	(H)	Allocated per Average Number of Customers at Level 4 and Level 5.
38	(I)	Allocated per Level 5 NCP Demand Allocator
39	(J)	Allocated per Average Number of Customers at Level 5.

GULF POWER COMPANY
12 MONTHS ENDED DECEMBER 31, 2017
12/13 DEMAND ALLOCATION - WITH MDS METHODOLOGY
ANALYSIS OF GROSS PLANT

<u>Line No.</u>	<u>Ftnt Label</u>	<u>Description</u>
41	(G)	
42	(H)	
43	(I)	
44	(J)	
46	(G)	
47	(H)	
48	(I)	
49	(J)	
51	(G)	
52	(H)	
53	(I)	
54	(J)	
56	(G)	
57	(H)	
58	(I)	
59	(J)	
61	(F)	
62	(K)	Allocated per Average Number of Customers at Level 5 excluding Rate OS.
64	(L)	Provided by Gulf Power Company
65	(F)	
69	(M)	Allocated per corresponding Salaries and Wages; UPS directly assigned.
70	(M)	
71	(M)	
72	(M)	

GULF POWER COMPANY
12 MONTHS ENDING DECEMBER 31, 2017
12/13 DEMAND ALLOCATION - WITH MDS METHODOLOGY
SCHEDULE 2.20 - ANALYSIS OF ACCUMULATED DEPRECIATION RESERVE
(\$000s)

LINE NO. (1)	DESCRIPTION (2)	TOTAL ELECTRIC SYSTEM (3)	RATE CLASS RESIDENTIAL (4)	RATE CLASS GS (5)	RATE CLASS GSD/GSDT (6)	RATE CLASS LP/LPT (7)	RATE CLASS MAJOR ACCTS (8)	RATE CLASS OS (9)	TOTAL RETAIL SERVICE (10)	WHOLESALE (11)	UNIT POWER SALES (12)
1	TOTAL PRODUCTION	673,491	343,868	17,209	136,267	41,909	78,811	3,234	621,298	17,872	34,321
RETAIL JURISDICTION											
2	DEMAND		320,600	15,935	124,714	38,090	71,593	2,574	573,506		
3	ENERGY		23,268	1,274	11,553	3,819	7,218	660	47,792		
TRANSMISSION											
4	350-LAND AND LAND RIGHTS	7,407	4,026	200	1,566	478	898	32	7,200	207	0
5	352-STRUCTURES	4,703	2,601	129	1,012	296	545	21	4,604	99	0
6	353-STATION EQUIPMENT	36,503	19,745	981	7,681	2,269	4,211	159	35,046	819	638
7	354-TOWERS & FIXTURES	25,151	13,667	679	5,316	1,624	3,052	110	24,448	703	0
8	355-POLES & FIXTURES	34,344	18,662	928	7,260	2,217	4,167	150	33,384	960	0
9	356-OVERHEAD COND.	29,350	15,948	793	6,204	1,895	3,561	128	28,529	821	0
10	358-UNDERGROUND COND.	8,515	4,627	230	1,800	550	1,033	37	8,277	238	0
11	359-ROADS AND TRAILS	54	31	1	11	3	6	0	52	2	0
12	TOTAL TRANSMISSION	146,027	79,307	3,941	30,850	9,332	17,473	637	141,540	3,849	638
DISTRIBUTION											
13	360-SUBSTATION LAND	40	23	1	9	2	4	0	39	1	0
14	361-STRUCTURES	8,527	4,552	226	1,770	606	1,138	37	8,329	198	0
15	362-STATION EQUIPMENT	51,109	26,964	1,340	10,487	3,502	7,681	217	50,191	918	0
364-POLES & FIXTURES											
16	COMMON	45,432	28,324	1,398	10,034	2,297	2,816	563	45,432	0	0
17	CUSTOMER	36,872	32,129	2,496	1,402	16	9	820	36,872	0	0
18	TOTAL ACCOUNT 364	82,304	60,453	3,894	11,436	2,313	2,825	1,383	82,304	0	0
365-OVERHEAD COND.											
19	COMMON	42,752	26,645	1,315	9,439	2,164	2,660	529	42,752	0	0
20	CUSTOMER	10,890	9,488	737	414	5	3	243	10,890	0	0
21	TOTAL ACCOUNT 365	53,642	36,133	2,052	9,853	2,169	2,663	772	53,642	0	0

GULF POWER COMPANY
12 MONTHS ENDING DECEMBER 31, 2017
12/13 DEMAND ALLOCATION - WITH MDS METHODOLOGY
SCHEDULE 2.20 - ANALYSIS OF ACCUMULATED DEPRECIATION RESERVE
(\$000s)

LINE NO. (1)	DESCRIPTION (2)	TOTAL ELECTRIC SYSTEM (3)	RATE CLASS RESIDENTIAL (4)	RATE CLASS GS (5)	RATE CLASS GSD/GSDT (6)	RATE CLASS LP/LPT (7)	RATE CLASS MAJOR ACCTS (8)	RATE CLASS OS (9)	TOTAL RETAIL SERVICE (10)	WHOLESALE (11)	UNIT POWER SALES (12)
22	366-UNDG. CONDUIT COMMON	764	482	24	171	37	41	9	764	0	0
23	CUSTOMER	45	39	3	2	0	0	1	45	0	0
24	TOTAL ACCOUNT 366	809	521	27	173	37	41	10	809	0	0
25	367-UNDERGROUND COND. & DEV. COMMON	61,032	38,145	1,883	13,512	3,058	3,676	758	61,032	0	0
26	CUSTOMER	4,313	3,757	292	164	2	2	96	4,313	0	0
27	TOTAL ACCOUNT 367	65,345	41,902	2,175	13,676	3,060	3,678	854	65,345	0	0
28	368-LINE TRANSFORMERS COMMON	79,042	51,240	2,529	18,099	3,437	2,719	1,018	79,042	0	0
29	CUSTOMER	28,645	24,964	1,939	1,087	11	6	638	28,645	0	0
30	TOTAL ACCOUNT 368	107,687	76,204	4,468	19,186	3,448	2,725	1,656	107,687	0	0
31	369-SERVICES	60,041	53,519	4,156	2,331	24	11	0	60,041	0	0
32	370-METERS	27,614	22,653	1,997	2,636	135	117	42	27,580	36	0
33	373-STREET LIGHTING	42,143	0	0	0	0	0	42,143	42,143	0	0
34	TOTAL DISTRIBUTION	499,263	322,924	20,336	71,557	15,296	20,883	47,114	498,110	1,153	0
35	DEMAND	288,698	176,375	8,716	63,521	15,103	20,735	3,131	287,581	1,117	0
36	CUSTOMER	210,565	146,549	11,620	8,036	193	148	43,983	210,529	36	0
GENERAL PLANT											
37	ELECTRIC DEMAND	56,394	31,125	1,545	11,906	3,451	6,162	320	54,509	1,351	534
38	CUSTOMER	31,750	23,209	3,411	3,032	201	592	1,212	31,657	93	0
39	ENERGY	3,228	1,570	86	780	258	489	45	3,228	0	0
40	TOTAL ELECTRIC GENERAL PLANT	91,372	55,904	5,042	15,718	3,910	7,243	1,577	89,394	1,444	534
41	TOTAL ELECTRIC DEPR. RESERVE	1,410,153	802,003	46,528	254,392	70,447	124,410	52,562	1,350,342	24,318	35,493
42	DEMAND	1,116,818	607,407	30,137	230,991	65,976	115,963	6,662	1,057,136	24,189	35,493
43	CUSTOMER	242,315	169,758	15,031	11,068	394	740	45,195	242,186	129	0
44	ENERGY	51,020	24,838	1,360	12,333	4,077	7,707	705	51,020	0	0

GULF POWER COMPANY
12 MONTHS ENDED DECEMBER 31, 2017
12/13 DEMAND ALLOCATION - WITH MDS METHODOLOGY
ANALYSIS OF ACCUMULATED DEPRECIATION RESERVE

<u>Line No.</u>	<u>Ftnt Label</u>	<u>Description</u>
1	(A)	Retail jurisdiction sum of Lines 2 and 3; Wholesale allocated per Level 1 Demand Allocator; UPS directly assigned.
2	(B)	Allocated per corresponding Level 1 Demand Allocator.
3	(C)	Allocated per corresponding Level 1 Energy Allocator.
4	(D)	Allocated per Transmission Account 350 Gross Plant (Lines portion only); UPS directly assigned.
5	(E)	Allocated per corresponding Transmission Gross Plant; UPS directly assigned.
6	(E)	
7	(E)	
8	(E)	
9	(E)	
10	(E)	
11	(E)	
13	(F)	Allocated per corresponding Distribution Gross Plant.
14	(F)	
15	(F)	
16	(F)	
17	(F)	
19	(F)	
20	(F)	
22	(F)	
23	(F)	
25	(F)	
26	(F)	
28	(F)	
29	(F)	
31	(F)	
32	(F)	
33	(F)	
37	(G)	Allocated per corresponding Gross General Plant; UPS directly assigned.
38	(G)	
39	(G)	

GULF POWER COMPANY
12 MONTHS ENDING DECEMBER 31, 2017
12/13 DEMAND ALLOCATION - WITH MDS METHODOLOGY
SCHEDULE 2.30 - ANALYSIS OF MATERIALS AND SUPPLIES
(\$000s)

LINE NO. (1)	DESCRIPTION (2)	TOTAL ELECTRIC SYSTEM (3)	RATE CLASS RESIDENTIAL (4)	RATE CLASS GS (5)	RATE CLASS GSD/GSDT (6)	RATE CLASS LP/LPT (7)	RATE CLASS MAJOR ACCTS (8)	RATE CLASS OS (9)	TOTAL RETAIL SERVICE (10)	WHOLESALE (11)	UNIT POWER SALES (12)
----- PRODUCTION -----											
1	NON-FUEL RETAIL JURISDICTION	30,593	16,186	810	6,413	1,973	3,707	152	29,241	786	566
2	DEMAND		15,089	750	5,869	1,793	3,369	121	26,991		
3	ENERGY		1,097	60	544	180	338	31	2,250		
4	FUEL	69,213	31,886	1,745	15,831	5,233	9,891	904	65,490	1,939	1,784
5	TOTAL PRODUCTION M & S	99,806	48,072	2,555	22,244	7,206	13,598	1,056	94,731	2,725	2,350
----- TRANSMISSION -----											
6	LINES RELATED	2,919	1,586	79	617	188	354	13	2,837	82	0
7	SUBSTATION RELATED	2,245	1,237	61	481	142	263	10	2,194	51	0
8	TOTAL TRANS. M & S	5,164	2,823	140	1,098	330	617	23	5,031	133	0
----- DISTRIBUTION -----											
9	DEMAND RELATED	16,709	10,257	506	3,638	890	1,214	204	16,709	0	0
10	METERING RELATED	213	158	22	30	2	1	0	213	0	0
11	ST. LIGHTING RELATED	1,347	0	0	0	0	0	1,347	1,347	0	0
12	OTHER	1,137	687	34	248	61	90	11	1,131	6	0
13	TOTAL DIST. M & S	19,406	11,102	562	3,916	953	1,305	1,562	19,400	6	0
14	CUSTOMER ACCOUNTS	7	7	0	0	0	0	0	7	0	0
15	CUSTOMER ASSISTANCE	7	4	0	1	1	1	0	7	0	0
16	TOTAL ELECTRIC M & S	124,389	62,007	3,257	27,259	8,490	15,521	2,641	119,175	2,864	2,350
17	DEMAND	51,352	28,855	1,430	10,853	3,074	5,290	359	49,861	925	566
18	CUSTOMER	1,574	169	22	31	3	2	1,347	1,574	0	0
19	ENERGY	71,463	32,983	1,805	16,375	5,413	10,229	935	67,740	1,939	1,784

GULF POWER COMPANY
12 MONTHS ENDED DECEMBER 31, 2017
12/13 DEMAND ALLOCATION - WITH MDS METHODOLOGY
ANALYSIS OF MATERIALS AND SUPPLIES

<u>Line No.</u>	<u>Fnt Label</u>	<u>Description</u>
1	(A)	Retail jurisdiction sum of Lines 2 and 3; Wholesale allocated per Level 1 Demand Allocator; UPS directly assigned.
2	(B)	Allocated per corresponding Level 1 Demand Allocator.
3	(C)	Allocated per corresponding Level 1 Energy Allocator.
4	(D)	Allocated per Level 1 Energy Allocator; UPS directly assigned.
6	(E)	Allocated per Level 2 Demand Allocator; UPS directly assigned.
7	(F)	Allocated per Gross Investment in Transmission Substations excluding UPS.
9	(G)	Allocated per Level 4 NCP Demand Allocator.
10	(H)	Allocated per Distribution Gross Plant in Account 370.
11	(I)	Directly assigned to Street Lighting.
12	(J)	Allocated per Demand-related Distribution Gross Plant.
14	(K)	Allocated per Customer Accounts O & M Expense.
15	(L)	Allocated per Customer Assistance O & M Energy Cost Conservation.

GULF POWER COMPANY
12 MONTHS ENDING DECEMBER 31, 2017
12/13 DEMAND ALLOCATION - WITH MDS METHODOLOGY
SCHEDULE 2.40 - ANALYSIS OF OTHER WORKING CAPITAL
(\$000s)

LINE NO. (1)	DESCRIPTION (2)	TOTAL ELECTRIC SYSTEM (3)	RATE CLASS RESIDENTIAL (4)	RATE CLASS GS (5)	RATE CLASS GSD/GSDT (6)	RATE CLASS LP/LPT (7)	RATE CLASS MAJOR ACCTS (8)	RATE CLASS OS (9)	TOTAL RETAIL SERVICE (10)	WHOLESALE (11)	UNIT POWER SALES (12)
OTHER WORKING CAPITAL											
1	CURRENT ASSETS & LIAB.	(17,554)	(10,664)	(845)	(2,960)	(833)	(1,496)	(341)	(17,139)	(302)	(113)
2	DEMAND	(11,452)	(6,335)	(314)	(2,420)	(699)	(1,246)	(66)	(11,080)	(259)	(113)
3	CUSTOMER	(5,404)	(3,895)	(502)	(429)	(102)	(195)	(265)	(5,388)	(16)	0
4	ENERGY	(269)	(125)	(6)	(68)	(23)	(43)	(4)	(269)	0	0
5	REVENUE RELATED	(429)	(309)	(23)	(43)	(9)	(12)	(6)	(402)	(27)	0
6	CABLE ATTACHMENTS	(817)	(497)	(39)	(138)	(39)	(70)	(15)	(798)	(14)	(5)
7	DEMAND	(533)	(294)	(15)	(113)	(33)	(58)	(3)	(516)	(12)	(5)
8	CUSTOMER	(252)	(182)	(23)	(20)	(5)	(9)	(12)	(251)	(1)	0
9	ENERGY	(13)	(7)	0	(3)	(1)	(2)	0	(13)	0	0
10	REVENUE RELATED	(19)	(14)	(1)	(2)	0	(1)	0	(18)	(1)	0
11	PREPAYMENTS										
	PRODUCTION	2,759	1,457	72	577	177	333	14	2,630	76	53
	RETAIL JURISDICTION										
12	DEMAND		1,358	67	528	161	303	11	2,428		
13	ENERGY		99	5	49	16	30	3	202		
14	TRANSMISSION	1,371	748	37	291	88	164	6	1,334	36	1
15	DISTRIBUTION	2,471	1,577	101	387	87	129	181	2,462	9	0
16	DEMAND	1,586	953	47	347	86	128	16	1,577	9	0
17	CUSTOMER	885	624	54	40	1	1	165	885	0	0
18	CUSTOMER ACCOUNTS	49	43	3	2	0	0	1	49	0	0
19	CUSTOMER ASSSISTANCE	49	22	7	8	4	8	0	49	0	0
20	CUSTOMER	49	22	7	8	4	8	0	49	0	0
21	ENERGY	0	0	0	0	0	0	0	0	0	0
22	TOTAL PREPAYMENTS	6,699	3,847	220	1,265	356	634	202	6,524	121	54
23	DEMAND	5,514	3,059	151	1,166	335	595	33	5,339	121	54
24	CUSTOMER	983	689	64	50	5	9	166	983	0	0
25	ENERGY	202	99	5	49	16	30	3	202	0	0
26	PRELIM. SURVEY & INVESTIGATION	9,863	5,305	266	2,103	647	1,216	50	9,587	276	0
	RETAIL JURISDICTION										
27	DEMAND		4,946	246	1,925	588	1,105	40	8,850		
28	ENERGY		359	20	178	59	111	10	737		
29	OTHER INVESTMENTS										
	PRODUCTION	78,866	42,428	2,123	16,815	5,171	9,725	399	76,661	2,205	0
	RETAIL JURISDICTION										
30	DEMAND		39,559	1,966	15,389	4,700	8,833	317	70,764		
31	ENERGY		2,869	157	1,426	471	892	82	5,897		
32	TRANSMISSION	7,947	4,320	214	1,682	512	962	37	7,727	220	0
33	DISTRIBUTION	37,198	25,453	1,560	5,381	1,114	1,478	2,165	37,151	47	0
34	DEMAND	21,121	12,976	642	4,677	1,091	1,461	230	21,077	44	0
35	CUSTOMER	16,077	12,476	919	704	23	17	1,935	16,074	3	0

GULF POWER COMPANY
12 MONTHS ENDING DECEMBER 31, 2017
12/13 DEMAND ALLOCATION - WITH MDS METHODOLOGY
SCHEDULE 2.40 - ANALYSIS OF OTHER WORKING CAPITAL
(\$000s)

LINE NO. (1)	DESCRIPTION (2)	TOTAL ELECTRIC SYSTEM (3)	RATE CLASS RESIDENTIAL (4)	RATE CLASS GS (5)	RATE CLASS GSD/GSDT (6)	RATE CLASS LP/LPT (7)	RATE CLASS MAJOR ACCTS (8)	RATE CLASS OS (9)	TOTAL RETAIL SERVICE (10)	WHOLESALE (11)	UNIT POWER SALES (12)
36	CUSTOMER ACCOUNTS	20,904	18,122	1,408	797	24	108	279	20,738	166	0
37	CUSTOMER ASSISTANCE	21,014	11,796	3,903	4,037	321	957	0	21,014	0	0
38	CUSTOMER	21,014	11,796	3,903	4,037	321	957	0	21,014	0	0
39	ENERGY	0	0	0	0	0	0	0	0	0	0
40	TOTAL OTHER INVESTMENTS	165,929	102,118	9,209	28,712	7,142	13,230	2,880	163,291	2,638	0
41	DEMAND	102,037	56,855	2,822	21,748	6,303	11,256	584	99,568	2,469	0
42	CUSTOMER	57,995	42,394	6,230	5,538	368	1,082	2,214	57,826	169	0
43	ENERGY	5,897	2,869	157	1,426	471	892	82	5,897	0	0
44	ENVIRONMENTAL CLEANUP	40,684	24,707	1,960	6,863	1,932	3,471	789	39,722	699	263
45	DEMAND	26,541	14,678	728	5,609	1,621	2,889	153	25,678	600	263
46	CUSTOMER	12,524	9,025	1,164	995	237	452	614	12,487	37	0
47	ENERGY	623	288	15	158	53	100	9	623	0	0
48	REVENUE RELATED	996	716	53	101	21	30	13	934	62	0
49	PROP. INSURANCE RESERVE	(20,453)	(11,494)	(667)	(3,860)	(1,079)	(1,930)	(491)	(19,521)	(366)	(566)
50	DEMAND	(17,352)	(9,401)	(466)	(3,583)	(1,031)	(1,841)	(100)	(16,422)	(364)	(566)
51	CUSTOMER	(2,581)	(1,841)	(187)	(151)	(6)	(10)	(384)	(2,579)	(2)	0
52	ENERGY	(520)	(252)	(14)	(126)	(42)	(79)	(7)	(520)	0	0
53	OTHER POST RETIREMENT BENEFITS										
	PRODUCTION	(40,875)	(21,991)	(1,100)	(8,715)	(2,680)	(5,041)	(206)	(39,733)	(1,142)	0
	RETAIL JURISDICTION										
54	DEMAND		(20,504)	(1,019)	(7,976)	(2,436)	(4,578)	(164)	(36,677)		
55	ENERGY		(1,487)	(81)	(739)	(244)	(463)	(42)	(3,056)		
56	TRANSMISSION	(4,119)	(2,238)	(111)	(872)	(266)	(499)	(19)	(4,005)	(114)	0
57	DISTRIBUTION	(19,279)	(13,192)	(809)	(2,789)	(577)	(766)	(1,122)	(19,255)	(24)	0
58	DEMAND	(10,946)	(6,725)	(332)	(2,424)	(566)	(757)	(119)	(10,923)	(23)	0
59	CUSTOMER	(8,333)	(6,466)	(476)	(365)	(12)	(9)	(1,003)	(8,331)	(2)	0
60	CUSTOMER ACCOUNTS	(10,834)	(9,391)	(730)	(413)	(13)	(56)	(145)	(10,748)	(86)	0
61	CUSTOMER ASSISTANCE	(10,891)	(6,114)	(2,023)	(2,092)	(166)	(496)	0	(10,891)	0	0
62	CUSTOMER	(10,891)	(6,114)	(2,023)	(2,092)	(166)	(496)	0	(10,891)	0	0
63	ENERGY	0	0	0	0	0	0	0	0	0	0
64	TOTAL OTHER POST RETIREMENT BENEFITS	(85,998)	(52,925)	(4,772)	(14,881)	(3,703)	(6,858)	(1,492)	(84,631)	(1,367)	0
65	DEMAND	(52,884)	(29,467)	(1,462)	(11,272)	(3,268)	(5,834)	(302)	(51,605)	(1,279)	0
66	CUSTOMER	(30,058)	(21,971)	(3,229)	(2,870)	(191)	(561)	(1,148)	(29,970)	(88)	0
67	ENERGY	(3,056)	(1,487)	(81)	(739)	(244)	(463)	(42)	(3,056)	0	0
68	OTHER DEF. CR. & DEBITS	(22,332)	(13,564)	(1,076)	(3,767)	(1,061)	(1,904)	(433)	(21,805)	(383)	(144)
69	DEMAND	(14,569)	(8,058)	(400)	(3,079)	(890)	(1,585)	(84)	(14,096)	(329)	(144)
70	CUSTOMER	(6,875)	(4,956)	(639)	(546)	(130)	(247)	(337)	(6,855)	(20)	0
71	ENERGY	(342)	(158)	(8)	(87)	(29)	(55)	(5)	(342)	0	0
72	REVENUE RELATED	(546)	(392)	(29)	(55)	(12)	(17)	(7)	(512)	(34)	0

Florida Public Service Commission
Docket No. 160186-EI
GULF POWER COMPANY
Witness: Michael T. O'Sheasy
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Schedule 2.40

GULF POWER COMPANY
12 MONTHS ENDING DECEMBER 31, 2017
12/13 DEMAND ALLOCATION - WITH MDS METHODOLOGY
SCHEDULE 2.40 - ANALYSIS OF OTHER WORKING CAPITAL
(\$000s)

LINE NO. (1)	DESCRIPTION (2)	TOTAL ELECTRIC SYSTEM (3)	RATE CLASS RESIDENTIAL (4)	RATE CLASS GS (5)	RATE CLASS GSD/GSDT (6)	RATE CLASS LP/LPT (7)	RATE CLASS MAJOR ACCTS (8)	RATE CLASS OS (9)	TOTAL RETAIL SERVICE (10)	WHOLESALE (11)	UNIT POWER SALES (12)
73	PLANT SMITH	40,320	21,692	1,085	8,596	2,644	4,972	204	39,193	1,127	0
74	DEMAND		20,224	1,005	7,867	2,403	4,517	162	36,178		
75	ENERGY		1,468	80	729	241	455	42	3,015		
76	PLANT SCHOLZ INVENTORY	533	287	14	114	35	65	3	518	15	0
77	DEMAND		268	13	104	32	59	2	478		
78	ENERGY		19	1	10	3	6	1	40		
79	TRANSMISSION SETTLEMENT DEFERRED EARNINGS	22,837	12,474	620	4,852	1,463	2,736	100	22,245	592	0
80	UNAMORT. RATE CASE EXP. REVENUE RELATED	0	0	0	0	0	0	0	0	0	0
81	TOTAL OTHER WORK. CAP.	139,711	81,286	5,975	26,899	7,504	14,066	1,456	137,186	3,036	(511)
82	DEMAND	107,063	58,949	2,928	22,804	6,824	12,593	519	104,617	2,957	(511)
83	CUSTOMER	26,332	19,263	2,878	2,567	176	521	848	26,253	79	0
84	ENERGY	6,314	3,073	169	1,527	504	952	89	6,314	0	0
85	REVENUE RELATED	2	1	0	1	0	0	0	2	0	0

GULF POWER COMPANY
12 MONTHS ENDED DECEMBER 31, 2017
12/13 DEMAND ALLOCATION - WITH MDS METHODOLOGY
ANALYSIS OF OTHER WORKING CAPITAL

<u>Line No.</u>	<u>Ftnt Label</u>	<u>Description</u>
1	(A)	Allocated per Total Expenses less Production Energy related O & M, Income taxes, and Non-cash items.
2	(A)	
3	(A)	
4	(A)	
5	(A)	
6	(A)	
7	(A)	
8	(A)	
9	(A)	
10	(A)	
11	(B)	Allocated per corresponding Gross Plant; UPS directly assigned.
12	(C)	Allocated per corresponding Gross Plant.
13	(C)	
14	(B)	
15	(C)	
16	(C)	
17	(C)	
18	(D)	Allocated per corresponding Operations and Maintenance Expense.
19	(D)	
20	(D)	
21	(D)	
26	(E)	Allocated per Production Gross Plant. UPS directly assigned.
27	(F)	Allocated per corresponding Production Gross Plant.
28	(F)	
29	(G)	Allocated per corresponding Salaries and Wages
30	(G)	
31	(G)	
32	(G)	
33	(G)	
34	(G)	
35	(G)	
36	(G)	
37	(G)	
38	(G)	
39	(G)	

GULF POWER COMPANY
12 MONTHS ENDED DECEMBER 31, 2017
12/13 DEMAND ALLOCATION - WITH MDS METHODOLOGY
ANALYSIS OF OTHER WORKING CAPITAL

<u>Line No.</u>	<u>Ftnt Label</u>	<u>Description</u>
44	(A)	
45	(A)	
46	(A)	
47	(A)	
48	(A)	
49	(H)	Allocated per Total Net Plant.
50	(H)	
51	(H)	
52	(H)	
53	(G)	
54	(G)	
55	(G)	
56	(G)	
57	(G)	
58	(G)	
59	(G)	
60	(G)	
61	(G)	
62	(G)	
63	(G)	
68	(A)	
69	(A)	
70	(A)	
71	(A)	
72	(A)	
73	(B)	
74	(B)	
75	(B)	
76	(B)	
77	(B)	
78	(B)	
79	(B)	
80	(I)	Allocated per Retail Revenue from Sales.

GULF POWER COMPANY
 12 MONTHS ENDING DECEMBER 31, 2017
 12/13 DEMAND ALLOCATION - WITH MDS METHODOLOGY
 SCHEDULE 2.50 - ANALYSIS OF OTHER RATE BASE ITEMS
 (\$000s)

LINE NO. (1)	DESCRIPTION (2)	TOTAL ELECTRIC SYSTEM (3)	RATE CLASS RESIDENTIAL (4)	RATE CLASS GS (5)	RATE CLASS GSD/GSDT (6)	RATE CLASS LP/LPT (7)	RATE CLASS MAJOR ACCTS (8)	RATE CLASS OS (9)	TOTAL RETAIL SERVICE (10)	WHOLESALE (11)	UNIT POWER SALES (12)
CONST. WORK IN PROGRESS INTEREST BEARING											
1	PRODUCTION	0	0	0	0	0	0	0	0	0	0
2	RETAIL JURISDICTION										
3	DEMAND		0	0	0	0	0	0	0		
4	ENERGY		0	0	0	0	0	0	0		
5	TRANSMISSION	0	0	0	0	0	0	0	0	0	0
6	DISTRIBUTION	0	0	0	0	0	0	0	0	0	0
7	DEMAND	0	0	0	0	0	0	0	0	0	0
8	CUSTOMER	0	0	0	0	0	0	0	0	0	0
9	CUSTOMER ACCOUNTS	0	0	0	0	0	0	0	0	0	0
10	CUSTOMER ASSISTANCE	0	0	0	0	0	0	0	0	0	0
11	CUSTOMER	0	0	0	0	0	0	0	0	0	0
12	ENERGY	0	0	0	0	0	0	0	0	0	0
13	TOTAL CWIP	0	0	0	0	0	0	0	0	0	0
14	DEMAND	0	0	0	0	0	0	0	0	0	0
15	CUSTOMER	0	0	0	0	0	0	0	0	0	0
15	ENERGY	0	0	0	0	0	0	0	0	0	0
CONST. WORK IN PROGRESS WORK NOT BEARING INTEREST											
16	PRODUCTION	17,118	8,443	422	3,346	1,029	1,935	79	15,254	439	1,425
17	RETAIL JURISDICTION										
18	DEMAND		7,872	391	3,062	935	1,758	63	14,081		
19	ENERGY		571	31	284	94	177	16	1,173		
20	TRANSMISSION	13,953	7,621	379	2,965	894	1,671	61	13,591	362	0
21	DISTRIBUTION	11,360	7,247	466	1,785	401	591	828	11,318	42	0
22	DEMAND	7,321	4,406	218	1,600	396	586	74	7,280	41	0
23	CUSTOMER	4,039	2,841	248	185	5	5	754	4,038	1	0
24	TOTAL CWIP - WORK NOT BEARING INTEREST	42,431	23,311	1,267	8,096	2,324	4,197	968	40,163	843	1,425
25	DEMAND	37,219	19,899	988	7,627	2,225	4,015	198	34,952	842	1,425
26	CUSTOMER	4,039	2,841	248	185	5	5	754	4,038	1	0
26	ENERGY	1,173	571	31	284	94	177	16	1,173	0	0
PLANT HELD FOR FUTURE USE											
27	PRODUCTION	14,695	7,906	395	3,133	964	1,812	74	14,284	411	0
28	RETAIL JURISDICTION										
29	DEMAND		7,371	366	2,867	876	1,646	59	13,185		
30	ENERGY		535	29	266	88	166	15	1,099		
31	DISTRIBUTION										
32	DEMAND	0	0	0	0	0	0	0	0	0	0
33	CUSTOMER	0	0	0	0	0	0	0	0	0	0
34	TOTAL DISTRIBUTION	0	0	0	0	0	0	0	0	0	0
35	GENERAL										
36	DEMAND	38	22	1	8	2	4	0	37	1	0
37	CUSTOMER	22	17	2	2	0	0	1	22	0	0
38	ENERGY	2	(1)	0	1	1	1	0	2	0	0
39	TOTAL GENERAL	62	38	3	11	3	5	1	61	1	0
40	TOTAL PLNT HELD FOR FUT. USE	14,757	7,944	398	3,144	967	1,817	75	14,345	412	0
41	DEMAND	13,634	7,393	367	2,875	878	1,650	59	13,222	412	0
42	CUSTOMER	22	17	2	2	0	0	1	22	0	0
43	ENERGY	1,101	534	29	267	89	167	15	1,101	0	0

Florida Public Service Commission
 Docket No. 160186-EI
 GULF POWER COMPANY
 Witness: Michael T. O'Sheasy
 Exhibit No. _____ (MTO-2)
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 Schedule 2.50

GULF POWER COMPANY
12 MONTHS ENDING DECEMBER 31, 2017
12/13 DEMAND ALLOCATION - WITH MDS METHODOLOGY
SCHEDULE 2.50 - ANALYSIS OF OTHER RATE BASE ITEMS
(\$000s)

LINE NO. (1)	DESCRIPTION (2)	TOTAL ELECTRIC SYSTEM (3)	RATE CLASS RESIDENTIAL (4)	RATE CLASS GS (5)	RATE CLASS GSD/GSDT (6)	RATE CLASS LP/LPT (7)	RATE CLASS MAJOR ACCTS (8)	RATE CLASS OS (9)	TOTAL RETAIL SERVICE (10)	WHOLESALE (11)	UNIT POWER SALES (12)
41	INJURIES & DAMAGES RESERVE PRODUCTION RETAIL JURISDICTION	(93)	(50)	(2)	(20)	(7)	(11)	0	(90)	(3)	0
42	DEMAND		(47)	(2)	(18)	(6)	(10)	0	(83)		
43	ENERGY		(3)	0	(2)	(1)	(1)	0	(7)		
44	TRANSMISSION	(9)	(5)	0	(2)	(1)	(1)	0	(9)	0	0
45	DISTRIBUTION	(43)	(29)	(2)	(6)	(1)	(2)	(3)	(43)	0	0
46	DEMAND	(24)	(15)	(1)	(5)	(1)	(2)	0	(24)	0	0
47	CUSTOMER	(19)	(14)	(1)	(1)	0	0	(3)	(19)	0	0
48	CUSTOMER ACCOUNTS	(24)	(21)	(2)	(1)	0	0	0	(24)	0	0
49	CUSTOMER ASSISTANCE	(24)	(14)	(4)	(5)	0	(1)	0	(24)	0	0
50	CUSTOMER	(24)	(14)	(4)	(5)	0	(1)	0	(24)	0	0
51	ENERGY	0	0	0	0	0	0	0	0	0	0
52	TOTAL INJ. & DAM. RES.	(193)	(119)	(10)	(34)	(9)	(15)	(3)	(190)	(3)	0
53	DEMAND	(119)	(67)	(3)	(25)	(8)	(13)	0	(116)	(3)	0
54	CUSTOMER	(67)	(49)	(7)	(7)	0	(1)	(3)	(67)	0	0
55	ENERGY	(7)	(3)	0	(2)	(1)	(1)	0	(7)	0	0
56	UNAMORT. PLANT ACQ. ADJ. PRODUCTION RETAIL JURISDICTION	1,107	453	23	179	55	103	4	817	24	266
57	DEMAND		422	21	164	50	94	3	754		
58	ENERGY		31	2	15	5	9	1	63		
59	TRANSMISSION	30	12	1	5	1	3	0	22	1	7
60	DISTRIBUTION	0	0	0	0	0	0	0	0	0	0
61	DEMAND	0	0	0	0	0	0	0	0	0	0
62	CUSTOMER	0	0	0	0	0	0	0	0	0	0
63	TOTAL UNAMORT PLNT ACQ. ADJ.	1,137	465	24	184	56	106	4	839	25	273
64	DEMAND	1,074	434	22	169	51	97	3	776	25	273
65	CUSTOMER	0	0	0	0	0	0	0	0	0	0
66	ENERGY	63	31	2	15	5	9	1	63	0	0
67	CUSTOMER ADVANCES FOR CONST.	0	0	0	0	0	0	0	0	0	0
68	TOTAL OTHER ADDITIONS	58,132	31,601	1,679	11,390	3,338	6,105	1,044	55,157	1,277	1,698
69	DEMAND	51,808	27,659	1,374	10,646	3,146	5,749	260	48,834	1,276	1,698
70	CUSTOMER	3,994	2,809	243	180	5	4	752	3,993	1	0
71	ENERGY	2,330	1,133	62	564	187	352	32	2,330	0	0

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GULF POWER COMPANY
12 MONTHS ENDED DECEMBER 31, 2017
12/13 DEMAND ALLOCATION - WITH MDS METHODOLOGY
ANALYSIS OF OTHER RATE BASE ITEMS

<u>Line No.</u>	<u>Ftnt Label</u>	<u>Description</u>
1	(A)	Functional totals provided by Gulf Power Company. Allocated per corresponding Gross Plant excluding UPS. UPS directly assigned.
2	(B)	Functional totals provided by Gulf Power Company. Allocated per corresponding Gross Plant.
3	(B)	
4	(B)	
5	(B)	
6	(B)	
7	(B)	
8	(C)	Allocated per corresponding Operations and Maintenance expense.
9	(C)	
10	(C)	
11	(C)	
16	(A)	
17	(B)	
18	(B)	
19	(B)	
20	(B)	
21	(B)	
22	(B)	
27	(B)	
28	(B)	
29	(B)	
30	(B)	
31	(B)	
33	(B)	
34	(B)	
35	(B)	
41	(D)	Allocated per Total Salaries and Wages, including UPS Production Salaries and Wages of \$660
42	(E)	Allocated per corresponding Salaries and Wages.
43	(E)	
44	(D)	
45	(E)	
46	(E)	
47	(E)	
48	(E)	
49	(E)	
50	(E)	
51	(E)	
56	(A)	
57	(B)	
58	(B)	
59	(A)	
60	(B)	
61	(B)	
62	(B)	
67	(F)	Specific Assignment.

GULF POWER COMPANY
12 MONTHS ENDING DECEMBER 31, 2017
12/13 DEMAND ALLOCATION - WITH MDS METHODOLOGY
SCHEDULE 3.00 - ANALYSIS OF REVENUES
(\$000s)

LINE NO. (1)	DESCRIPTION (2)	TOTAL ELECTRIC SYSTEM (3)	RATE CLASS RESIDENTIAL (4)	RATE CLASS GS (5)	RATE CLASS GSD/GSDT (6)	RATE CLASS LP/LPT (7)	RATE CLASS MAJOR ACCTS (8)	RATE CLASS OS (9)	TOTAL RETAIL SERVICE (10)	WHOLESALE (11)	UNIT POWER SALES (12)
REVENUE FROM SALES											
1	BASE RATE REV. FROM SALES	569,849	335,572	22,721	111,050	28,468	39,816	18,253	555,880	13,969	0
2	FUEL, ECCR, PPCC, ECRC REVENUES	0	0	0	0	0	0	0	0	0	0
3	NET REVENUE EXCLUDING FUEL	569,849	335,572	22,721	111,050	28,468	39,816	18,253	555,880	13,969	0
OTHER OPERATING REVENUES											
451-MISC. SERVICE REVENUES											
4	RESTORATION FEE	1,469	1,440	25	4	0	0	0	1,469	0	0
5	AFTER HOURS FEE	168	167	1	0	0	0	0	168	0	0
6	INACCURATE METER FEE	19	17	1	1	0	0	0	19	0	0
7	RECONNECTION FEE	2,943	2,943	0	0	0	0	0	2,943	0	0
8	FRANCHISE FEES	41,767	25,214	1,707	8,344	2,139	2,992	1,371	41,767	0	0
9	INSTALL. & REM.-TEMP SERV	0	0	0	0	0	0	0	0	0	0
10	CONNECTION FEES	155	155	0	0	0	0	0	155	0	0
11	COLLECTION CHARGES	591	475	79	37	0	0	0	591	0	0
12	INVESTIGATIVE CHARGES	27	27	0	0	0	0	0	27	0	0
13	RETURN CHECK CHARGE	268	256	6	6	0	0	0	268	0	0
14	TOTAL ACCOUNT 451	47,407	30,694	1,819	8,392	2,139	2,992	1,371	47,407	0	0
454-RENT FROM ELEC. PROP.											
15	EQUIPMENT RENTAL	2,022	1,327	66	469	83	51	26	2,022	0	0
16	METER TREATER RENTAL	220	212	6	2	0	0	0	220	0	0
17	POLE ATTACHMENT RENTAL	3,054	2,245	144	424	86	104	51	3,054	0	0
18	MICROWAVE TRANSPORT	1,112	684	62	192	48	89	19	1,094	18	0
19	RENT FROM PLANT DANIEL	20	11	1	4	1	2	0	19	1	0
20	MISCELLANEOUS RENTS	576	355	32	100	25	45	10	567	9	0
21	TOTAL ACCOUNT 454	7,004	4,834	311	1,191	243	291	106	6,976	28	0
22	455-INTERDEPART. RENTAL	0	0	0	0	0	0	0	0	0	0
23	456-OTHER ELECTRIC REVENUES	6,732	3,659	182	1,423	435	816	29	6,544	188	0
24	456-GULF POWER ENERGY SERVICES REVENUES	3,357	0	0	0	1,309	2,048	0	3,357	0	0
25	456 - FPU SERVICE PAYMENTS	4,005	0	0	0	0	0	0	0	4,005	0
26	456 - BLOUNTSTOWN SERVICE PAYMENTS	131	70	4	28	8	16	1	127	4	0
27	TOTAL ACCOUNT 456	14,225	3,729	186	1,451	1,752	2,880	30	10,028	4,197	0
28	REV. NONASSOC. CO.-DEMAND	11,973	0	0	0	0	0	0	0	0	11,973
29	REV. NONASSOC. CO.-ENERGY	19,625	8,833	484	4,385	1,450	2,740	250	18,142	537	946
30	TOTAL REV. NONASSOC. CO.	31,598	8,833	484	4,385	1,450	2,740	250	18,142	537	12,919
31	TOTAL OTHER OPER. REVENUE	100,234	48,090	2,800	15,419	5,584	8,903	1,757	82,553	4,762	12,919
ADJUSTMENTS TO REVENUES											
32	FRANCHISE FEE REVENUES	(41,767)	(25,214)	(1,707)	(8,344)	(2,139)	(2,992)	(1,371)	(41,767)	(0)	0
33	NET ADJUSTMENT TO REVENUES	(41,767)	(25,214)	(1,707)	(8,344)	(2,139)	(2,992)	(1,371)	(41,767)	(0)	0
34	TOTAL ADJUSTED REVENUES	628,316	358,448	23,814	118,125	31,913	45,727	18,639	596,666	18,731	12,919

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GULF POWER COMPANY
12 MONTHS ENDED DECEMBER 31, 2017
12/13 DEMAND ALLOCATION - WITH MDS METHODOLOGY
ANALYSIS OF REVENUES

<u>Line No.</u>	<u>Fnt Label</u>	<u>Description</u>
1	(A)	Provided by Gulf Power Company.
2	(B)	Allocated per Retail MWH Sales.
4	(A)	
5	(A)	
6	(A)	
7	(A)	
8	(C)	Allocated per retail revenue from sales.
9	(A)	
10	(A)	
11	(A)	
12	(A)	
13	(A)	
15	(D)	Allocated per Level 5 Demand Allocator
16	(A)	
17	(E)	Allocated per Distribution Gross Plant in Account 364.
18	(F)	Allocated per Total Salaries and Wages.
19	(G)	Allocated per Level 2 Demand Allocator; UPS directly assigned.
20	(F)	
22	(F)	
23	(G)	
24	(H)	Provided by Gulf Power Company and assigned to Rate Class LP/LPT.
25	(I)	Assigned to FPU.
26	(G)	
28	(G)	
29	(J)	Allocated per Level 1 Energy Allocator; UPS directly assigned.
32	(C)	

GULF POWER COMPANY
12 MONTHS ENDING DECEMBER 31, 2017
12/13 DEMAND ALLOCATION - WITH MDS METHODOLOGY
SCHEDULE 4.10 - ANALYSIS OF OPERATIONS AND MAINTENANCE EXPENSE
(\$000s)

LINE NO. (1)	DESCRIPTION (2)	TOTAL ELECTRIC SYSTEM (3)	RATE CLASS RESIDENTIAL (4)	RATE CLASS GS (5)	RATE CLASS GSD/GSDT (6)	RATE CLASS LP/LPT (7)	RATE CLASS MAJOR ACCTS (8)	RATE CLASS OS (9)	TOTAL RETAIL SERVICE (10)	WHOLESALE (11)	UNIT POWER SALES (12)

PRODUCTION O & M EXPENSES											

STEAM POWER GENERATION											

	OPERATIONS										
1	500-SUPERVISION	12,315	6,633	330	2,580	788	1,481	53	11,865	341	109
2	501-ENERGY RELATED	180,721	82,231	4,501	40,826	13,495	25,507	2,330	168,890	5,001	6,830
3	501-FUEL REMOVAL	(174,918)	(79,538)	(4,354)	(39,489)	(13,053)	(24,672)	(2,254)	(163,360)	(4,837)	(6,721)
4	501-NET	5,803	2,693	147	1,337	442	835	76	5,530	164	109
	502-STEAM										
5	DEMAND RELATED	2,652	1,402	70	545	167	313	11	2,508	72	72
6	ENERGY RELATED	4,328	1,950	107	968	320	605	55	4,005	119	204
7	TOTAL ACCOUNT 502	6,980	3,352	177	1,513	487	918	66	6,513	191	276
	505-ELECTRIC EXPENSES										
8	DEMAND RELATED	3,449	1,848	92	718	219	412	15	3,304	95	50
9	ENERGY RELATED	328	156	8	77	25	47	4	317	9	2
10	TOTAL ACCOUNT 505	3,777	2,004	100	795	244	459	19	3,621	104	52
	506-MISCELLANEOUS										
11	DEMAND RELATED	16,123	8,590	427	3,341	1,020	1,918	69	15,365	442	316
12	ENERGY RELATED	0	0	0	0	0	0	0	0	0	0
13	TOTAL ACCOUNT 506	16,123	8,590	427	3,341	1,020	1,918	69	15,365	442	316
14	507-RENTS	0	0	0	0	0	0	0	0	0	0
15	509-ALLOWANCES	19	10	0	4	1	3	0	18	1	0
16	TOTAL STEAM OPERATIONS	45,017	23,282	1,181	9,570	2,982	5,614	283	42,912	1,243	862
	MAINTENANCE										
17	510-SUPERVISION	10,892	5,770	287	2,244	685	1,289	46	10,321	297	274
18	511-STRUCTURES	5,673	2,987	148	1,162	355	667	24	5,343	154	176
	512-BOILER PLANT										
19	DEMAND RELATED	6,336	3,368	167	1,310	400	752	27	6,024	173	139
20	ENERGY RELATED	25,638	11,662	638	5,790	1,914	3,617	330	23,951	709	978
21	TOTAL ACCOUNT 512	31,974	15,030	805	7,100	2,314	4,369	357	29,975	882	1,117
	513-ELECTRIC PLANT										
22	DEMAND RELATED	2,122	1,154	57	448	137	257	9	2,062	59	1
23	ENERGY RELATED	8,308	3,842	210	1,907	630	1,191	109	7,889	234	185
24	TOTAL ACCOUNT 513	10,430	4,996	267	2,355	767	1,448	118	9,951	293	186

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GULF POWER COMPANY
 12 MONTHS ENDING DECEMBER 31, 2017
 12/13 DEMAND ALLOCATION - WITH MDS METHODOLOGY
 SCHEDULE 4.10 - ANALYSIS OF OPERATIONS AND MAINTENANCE EXPENSE
 (\$000s)

LINE NO. (1)	DESCRIPTION (2)	TOTAL ELECTRIC SYSTEM (3)	RATE CLASS RESIDENTIAL (4)	RATE CLASS GS (5)	RATE CLASS GSD/GSDT (6)	RATE CLASS LP/LPT (7)	RATE CLASS MAJOR ACCTS (8)	RATE CLASS OS (9)	TOTAL RETAIL SERVICE (10)	WHOLESALE (11)	UNIT POWER SALES (12)
25	514-MISCELLANEOUS DEMAND RELATED	3,154	1,681	84	654	200	375	13	3,007	87	60
26	ENERGY RELATED	0	0	0	0	0	0	0	0	0	0
27	TOTAL ACCOUNT 514	3,154	1,681	84	654	200	375	13	3,007	87	60
28	TOTAL MAINTENANCE	62,123	30,464	1,591	13,515	4,321	8,148	558	58,597	1,713	1,813
29	TOTAL STEAM POWER GENERATION	107,140	53,746	2,772	23,085	7,303	13,762	841	101,509	2,956	2,675
----- OTHER POWER GENERATION -----											
30	OPERATION 546-SUPERVISION	1,756	955	47	371	113	213	8	1,707	49	0
31	547-ENERGY RELATED	712	337	18	167	55	105	10	692	20	0
32	547-FUEL	306,882	145,120	7,944	72,049	23,815	45,016	4,112	298,056	8,826	0
33	547-FUEL REMOVAL	(306,882)	(145,120)	(7,944)	(72,049)	(23,815)	(45,016)	(4,112)	(298,056)	(8,826)	0
34	547-NET FUEL	0	0	0	0	0	0	0	0	0	0
35	548-GENERATION EXPENSES DEMAND	507	276	14	107	33	61	2	493	14	0
36	ENERGY	0	0	0	0	0	0	0	0	0	0
37	TOTAL ACCOUNT 548	507	276	14	107	33	61	2	493	14	0
38	549-MISCELLANEOUS PLANT DEMAND	2,602	1,415	70	550	168	315	11	2,529	73	0
39	ENERGY	0	0	0	0	0	0	0	0	0	0
40	TOTAL ACCOUNT 549	2,602	1,415	70	550	168	315	11	2,529	73	0
41	TOTAL OPERATION	5,577	2,983	149	1,195	369	694	31	5,421	156	0
42	MAINTENANCE 551-SUPERVISION	672	365	18	142	43	82	3	653	19	0
43	552-STRUCTURES DEMAND	373	203	10	79	24	45	2	363	10	0
44	ENERGY	0	0	0	0	0	0	0	0	0	0
45	TOTAL ACCOUNT 552	373	203	10	79	24	45	2	363	10	0

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GULF POWER COMPANY
12 MONTHS ENDING DECEMBER 31, 2017
12/13 DEMAND ALLOCATION - WITH MDS METHODOLOGY
SCHEDULE 4.10 - ANALYSIS OF OPERATIONS AND MAINTENANCE EXPENSE
(\$000s)

LINE NO. (1)	DESCRIPTION (2)	TOTAL ELECTRIC SYSTEM (3)	RATE CLASS RESIDENTIAL (4)	RATE CLASS GS (5)	RATE CLASS GSD/GSDT (6)	RATE CLASS LP/LPT (7)	RATE CLASS MAJOR ACCTS (8)	RATE CLASS OS (9)	TOTAL RETAIL SERVICE (10)	WHOLESALE (11)	UNIT POWER SALES (12)
46	553-ELECTRIC PLANT DEMAND	811	441	22	171	52	98	4	788	23	0
47	ENERGY	5,067	2,395	131	1,190	393	744	68	4,921	146	0
48	TOTAL ACCOUNT 553	5,878	2,836	153	1,361	445	842	72	5,709	169	0
49	554-MISCELLANEOUS PLANT DEMAND	780	425	21	165	50	94	3	758	22	0
50	ENERGY	0	0	0	0	0	0	0	0	0	0
51	TOTAL ACCOUNT 554	780	425	21	165	50	94	3	758	22	0
52	TOTAL MAINTENANCE	7,703	3,829	202	1,747	562	1,063	80	7,483	220	0
53	TOTAL OTHER GEN. EXPENSE	13,280	6,812	351	2,942	931	1,757	111	12,904	376	0
54	TOTAL GENERATION EXPENSES	120,420	60,558	3,123	26,027	8,234	15,519	952	114,413	3,332	2,675
55	DEMAND	70,217	37,513	1,864	14,587	4,454	8,372	300	67,090	1,930	1,197
56	ENERGY	50,203	23,045	1,259	11,440	3,780	7,147	652	47,323	1,402	1,478
----- OTHER PRODUCTION EXPENSE											
57	555-PURCHASED POWER	25,967	12,280	672	6,096	2,015	3,809	348	25,220	747	0
58	DEMAND	0	0	0	0	0	0	0	0	0	0
59	ENERGY	25,967	12,280	672	6,096	2,015	3,809	348	25,220	747	0
60	FUEL REMOVAL	(25,967)	(12,280)	(672)	(6,096)	(2,015)	(3,809)	(348)	(25,220)	(747)	0
61	NET ENERGY	0	0	0	0	0	0	0	0	0	0
62	NET TOTAL ACCOUNT 555	0	0	0	0	0	0	0	0	0	0
63	556-SYSTEM CONTROL DEMAND	1,987	1,079	54	420	128	241	9	1,931	56	0
64	ENERGY	0	0	0	0	0	0	0	0	0	0
65	TOTAL ACCOUNT 556	1,987	1,079	54	420	128	241	9	1,931	56	0
66	557-OTHER EXPENSES DEMAND	2,423	1,317	65	512	156	294	11	2,355	68	0
67	ENERGY	0	0	0	0	0	0	0	0	0	0
68	TOTAL ACCOUNT 557	2,423	1,317	65	512	156	294	11	2,355	68	0
69	TOTAL OTHER PROD. EXPENSE	4,410	2,396	119	932	284	535	20	4,286	124	0
70	DEMAND	4,410	2,396	119	932	284	535	20	4,286	124	0
71	ENERGY	0	0	0	0	0	0	0	0	0	0
72	TOTAL PRODUCTION EXPENSES	124,830	62,954	3,242	26,959	8,518	16,054	972	118,699	3,456	2,675
73	DEMAND	74,627	39,909	1,983	15,519	4,738	8,907	320	71,376	2,054	1,197
74	ENERGY	50,203	23,045	1,259	11,440	3,780	7,147	652	47,323	1,402	1,478

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GULF POWER COMPANY
12 MONTHS ENDING DECEMBER 31, 2017
12/13 DEMAND ALLOCATION - WITH MDS METHODOLOGY
SCHEDULE 4.10 - ANALYSIS OF OPERATIONS AND MAINTENANCE EXPENSE
(\$000s)

LINE NO. (1)	DESCRIPTION (2)	TOTAL ELECTRIC SYSTEM (3)	RATE CLASS RESIDENTIAL (4)	RATE CLASS GS (5)	RATE CLASS GSD/GSDT (6)	RATE CLASS LP/LPT (7)	RATE CLASS MAJOR ACCTS (8)	RATE CLASS OS (9)	TOTAL RETAIL SERVICE (10)	WHOLESALE (11)	UNIT POWER SALES (12)
TRANSMISSION O & M EXPENSE											
OPERATION											
75	561-LOAD DISPATCHING	3,793	2,061	102	802	245	460	17	3,687	106	0
76	562-STATION	45	25	1	10	3	5	0	44	1	0
77	563-OVERHEAD LINES	219	119	6	46	14	27	1	213	6	0
78	564-UNDERGROUND LINES	0	0	0	0	0	0	0	0	0	0
79	565-TRANS. OF ELEC. BY OTHERS	(264)	(144)	(7)	(56)	(17)	(32)	(1)	(257)	(7)	0
80	SUBTOTAL	3,793	2,061	102	802	245	460	17	3,687	106	0
81	560-SUPERVISION	2,419	1,315	65	511	156	293	11	2,351	68	0
82	566-MISCELLANEOUS	1,462	795	39	309	94	177	7	1,421	41	0
83	567-RENTS	1,269	690	34	268	82	154	6	1,234	35	0
84	TOTAL OPERATIONS	8,943	4,861	240	1,890	577	1,084	41	8,693	250	0
MAINTENANCE											
85	569-STRUCTURES	972	528	26	206	63	118	4	945	27	0
86	570-STATION EQUIPMENT	888	490	24	190	56	104	4	868	20	0
87	571-OVERHEAD LINES	4,248	2,307	115	898	274	516	19	4,129	119	0
88	SUBTOTAL	6,108	3,325	165	1,294	393	738	27	5,942	166	0
89	568-SUPERVISION	1,396	759	38	296	90	169	6	1,358	38	0
90	573-MISCELLANEOUS	121	66	3	26	8	14	1	118	3	0
91	TOTAL MAINTENANCE	7,625	4,150	206	1,616	491	921	34	7,418	207	0
92	TOTAL TRANSMISSION EXPENSE	16,568	9,011	446	3,506	1,068	2,005	75	16,111	457	0
DISTRIBUTION O & M EXPENSE											
OPERATIONS											
93	581-LOAD DISPATCHING	1,226	713	36	278	71	122	6	1,226	0	0
94	582-STATION	438	231	12	90	30	65	2	430	8	0

GULF POWER COMPANY
 12 MONTHS ENDING DECEMBER 31, 2017
 12/13 DEMAND ALLOCATION - WITH MDS METHODOLOGY
 SCHEDULE 4.10 - ANALYSIS OF OPERATIONS AND MAINTENANCE EXPENSE
 (\$000s)

LINE NO. (1)	DESCRIPTION (2)	TOTAL ELECTRIC SYSTEM (3)	RATE CLASS RESIDENTIAL (4)	RATE CLASS GS (5)	RATE CLASS GSD/GSDT (6)	RATE CLASS LP/LPT (7)	RATE CLASS MAJOR ACCTS (8)	RATE CLASS OS (9)	TOTAL RETAIL SERVICE (10)	WHOLESALE (11)	UNIT POWER SALES (12)
95	583-OVERHEAD LINES										
	DEMAND	2,416	1,545	76	545	111	108	31	2,416	0	0
96	CUSTOMER	779	677	53	30	1	1	17	779	0	0
97	TOTAL ACCOUNT 583	3,195	2,222	129	575	112	109	48	3,195	0	0
	584-UNDERGROUND LINES										
98	DEMAND	917	585	29	208	42	41	12	917	0	0
99	CUSTOMER	221	194	15	7	0	0	5	221	0	0
100	TOTAL ACCOUNT 584	1,138	779	44	215	42	41	17	1,138	0	0
101	585-STREET LIGHTING	674	0	0	0	0	0	674	674	0	0
102	586-METER	1,302	963	137	180	9	8	3	1,300	2	0
103	586-OTHER MISC. REVS.	1,239	1,239	0	0	0	0	0	1,239	0	0
104	TOTAL ACCOUNT 586	2,541	2,202	137	180	9	8	3	2,539	2	0
105	587-CUSTOMER INSTAL.	2,083	1,857	144	81	1	0	0	2,083	0	0
106	587-OTHER MISC. REVS.	17	17	0	0	0	0	0	17	0	0
107	TOTAL ACCOUNT 587	2,100	1,874	144	81	1	0	0	2,100	0	0
108	SUBTOTAL	11,312	8,021	502	1,419	265	345	750	11,302	10	0
109	DEMAND	4,997	3,074	153	1,121	254	336	51	4,989	8	0
110	CUSTOMER	6,315	4,947	349	298	11	9	699	6,313	2	0
	580-SUPERVISION										
111	DEMAND	3,309	2,036	101	742	168	223	34	3,304	5	0
112	CUSTOMER	4,181	3,276	231	197	7	6	463	4,180	1	0
113	TOTAL ACCOUNT 580	7,490	5,312	332	939	175	229	497	7,484	6	0
	588-MISCELLANEOUS										
114	DEMAND	2,192	1,349	67	491	111	148	22	2,188	4	0
115	CUSTOMER	2,770	2,169	153	131	5	4	307	2,769	1	0
116	TOTAL ACCOUNT 588	4,962	3,518	220	622	116	152	329	4,957	5	0
	589-RENTS										
117	DEMAND	0	0	0	0	0	0	0	0	0	0
118	CUSTOMER	0	0	0	0	0	0	0	0	0	0
119	TOTAL ACCOUNT 589	0	0	0	0	0	0	0	0	0	0
120	TOTAL OPERATION	23,764	16,851	1,054	2,980	556	726	1,576	23,743	21	0
	MAINTENANCE										
121	591-STRUCTURES	271	145	7	56	19	37	1	265	6	0
122	592-STATION EQUIPMENT	1,199	633	31	246	82	180	5	1,177	22	0

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 Docket No. 160186-EI
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 Witness: Michael T. O'Sheasy
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GULF POWER COMPANY
12 MONTHS ENDING DECEMBER 31, 2017
12/13 DEMAND ALLOCATION - WITH MDS METHODOLOGY
SCHEDULE 4.10 - ANALYSIS OF OPERATIONS AND MAINTENANCE EXPENSE
(\$000s)

LINE NO. (1)	DESCRIPTION (2)	TOTAL ELECTRIC SYSTEM (3)	RATE CLASS RESIDENTIAL (4)	RATE CLASS GS (5)	RATE CLASS GSD/GSDT (6)	RATE CLASS LP/LPT (7)	RATE CLASS MAJOR ACCTS (8)	RATE CLASS OS (9)	TOTAL RETAIL SERVICE (10)	WHOLESALE (11)	UNIT POWER SALES (12)
123	593-OVHD LINES - MISC REVS	0	0	0	0	0	0	0	0	0	0
	593-OVERHEAD LINES										
124	DEMAND	8,392	5,230	258	1,853	425	522	104	8,392	0	0
125	CUSTOMER	3,944	3,436	267	150	2	1	88	3,944	0	0
126	SUBTOTAL OVERHEAD LINES	12,336	8,666	525	2,003	427	523	192	12,336	0	0
127	TOTAL ACCOUNT 593	12,336	8,666	525	2,003	427	523	192	12,336	0	0
	594-UNDERGROUND LINES										
128	DEMAND	1,532	958	47	339	77	92	19	1,532	0	0
129	CUSTOMER	108	94	8	4	0	0	2	108	0	0
130	TOTAL ACCOUNT 594	1,640	1,052	55	343	77	92	21	1,640	0	0
	595-LINE TRANSFORMERS										
131	DEMAND	812	527	26	186	35	28	10	812	0	0
132	CUSTOMER	294	256	20	11	0	0	7	294	0	0
133	TOTAL ACCOUNT 595	1,106	783	46	197	35	28	17	1,106	0	0
134	596-STREET LIGHTING	624	0	0	0	0	0	624	624	0	0
135	597-METERS	181	135	19	25	1	1	0	181	0	0
136	SUBTOTAL	17,357	11,414	683	2,870	641	861	860	17,329	28	0
137	DEMAND	12,206	7,493	369	2,680	638	859	139	12,178	28	0
138	CUSTOMER	5,151	3,921	314	190	3	2	721	5,151	0	0
	590-SUPERVISION										
139	DEMAND	2,965	1,819	90	651	155	209	34	2,958	7	0
140	CUSTOMER	1,251	953	76	46	1	0	175	1,251	0	0
141	TOTAL ACCOUNT 590	4,216	2,772	166	697	156	209	209	4,209	7	0
	598-MISCELLANEOUS										
142	DEMAND	376	231	11	83	20	26	4	375	1	0
143	CUSTOMER	158	120	10	6	0	0	22	158	0	0
144	TOTAL ACCOUNT 598	534	351	21	89	20	26	26	533	1	0
145	TOTAL MAINTENANCE	22,107	14,537	870	3,656	817	1,096	1,095	22,071	36	0
146	TOTAL DISTRIBUTION EXPENSE	45,871	31,388	1,924	6,636	1,373	1,822	2,671	45,814	57	0
147	TOTAL DEMAND	26,045	16,002	791	5,768	1,346	1,801	284	25,992	53	0
148	TOTAL CUSTOMER	19,826	15,386	1,133	868	27	21	2,387	19,822	4	0
149	CUSTOMER ACCOUNTS EXPENSE	23,735	20,576	1,599	904	28	122	317	23,546	189	0

GULF POWER COMPANY
12 MONTHS ENDING DECEMBER 31, 2017
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SCHEDULE 4.10 - ANALYSIS OF OPERATIONS AND MAINTENANCE EXPENSE
(\$000s)

LINE NO. (1)	DESCRIPTION (2)	TOTAL ELECTRIC SYSTEM (3)	RATE CLASS RESIDENTIAL (4)	RATE CLASS GS (5)	RATE CLASS GSD/GSDT (6)	RATE CLASS LP/LPT (7)	RATE CLASS MAJOR ACCTS (8)	RATE CLASS OS (9)	TOTAL RETAIL SERVICE (10)	WHOLESALE (11)	UNIT POWER SALES (12)
----- CUSTOMER ASSISTANCE EXPENSE -----											
150	907/911-SUPERVISION	1,650	1,446	130	73	1	0	0	1,650	0	0
	908/912-CUSTOMER ASSISTANCE										
151	RESIDENTIAL	6,248	6,248	0	0	0	0	0	6,248	0	0
152	COMMERCIAL	3,728	0	2,381	1,328	14	5	0	3,728	0	0
153	TOTAL INDUSTRIAL	5,867	0	171	1,336	1,575	2,785	0	5,867	0	0
154	INDUSTRIAL - GULF POWER ENERGY SRVS	3,527	0	0	0	1,376	2,151	0	3,527	0	0
155	NET INDUSTRIAL OF GULF POWER ENERGY SRV	2,340	0	171	1,336	199	634	0	2,340	0	0
156	STREET LIGHTING	0	0	0	0	0	0	0	0	0	0
157	TOTAL ACCOUNT 908/912	15,843	6,248	2,552	2,664	1,589	2,790	0	15,843	0	0
158	909/913-ADVERTISING	557	429	25	67	9	27	0	557	0	0
159	910-MISCELLANEOUS	90	79	7	4	0	0	0	90	0	0
160	ENERGY CONSERVATION	9,626	8,079	825	613	29	80	0	9,626	0	0
161	ECCR ADJUSTMENT	(9,626)	(8,079)	(825)	(613)	(29)	(80)	0	(9,626)	0	0
162	NET ENERGY COST CONSER.	0	0	0	0	0	0	0	0	0	0
163	TOTAL CUSTOMER ASSISTANCE	18,140	8,202	2,714	2,808	1,599	2,817	0	18,140	0	0
----- ADMIN. & GENERAL EXPENSE -----											
164	924-PROPERTY INSURANCE PRODUCTION	5,288	2,815	140	1,116	343	644	26	5,084	148	56
	RETAIL JURISDICTION										
165	DEMAND		2,624	130	1,021	312	585	21	4,693		
166	ENERGY		191	10	95	31	59	5	391		
167	TRANSMISSION	1,543	842	42	328	99	184	7	1,502	40	1
168	DISTRIBUTION	6,623	4,225	272	1,040	234	345	483	6,599	24	0
169	DEMAND	4,268	2,568	127	933	231	342	43	4,244	24	0
170	CUSTOMER	2,355	1,657	145	107	3	3	440	2,355	0	0
171	CUSTOMER ACCOUNTS	81	71	5	3	0	0	1	80	1	0
172	CUSTOMER ASSISTANCE	82	37	12	13	7	13	0	82	0	0
173	CUSTOMER	82	37	12	13	7	13	0	82	0	0
174	ENERGY	0	0	0	0	0	0	0	0	0	0
175	TOTAL ACCOUNT 924	13,617	7,990	471	2,500	683	1,186	517	13,347	213	57
176	DEMAND	10,708	6,034	299	2,282	642	1,111	71	10,439	212	57
177	CUSTOMER	2,518	1,765	162	123	10	16	441	2,517	1	0
178	ENERGY	391	191	10	95	31	59	5	391	0	0
	REG. COMM. EXP. & UNCOLL.										
179	STATE & FEDERAL	3,100	1,586	107	525	135	189	86	2,628	472	0
180	UNCOLLECTIBLE EXP.	3,994	3,565	277	150	2	0	0	3,994	0	0
181	TOTAL REG. COMM. & UNCOLL.	7,094	5,151	384	675	137	189	86	6,622	472	0
182	OTHER INDUSTRY DUES	578	279	15	139	47	90	8	578	0	0

Florida Public Service Commission
Docket No. 160186-EI
GULF POWER COMPANY
Witness: Michael T. O'Sheasy
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GULF POWER COMPANY
12 MONTHS ENDING DECEMBER 31, 2017
12/13 DEMAND ALLOCATION - WITH MDS METHODOLOGY
SCHEDULE 4.10 - ANALYSIS OF OPERATIONS AND MAINTENANCE EXPENSE
(\$000s)

LINE NO. (1)	DESCRIPTION (2)	TOTAL ELECTRIC SYSTEM (3)	RATE CLASS RESIDENTIAL (4)	RATE CLASS GS (5)	RATE CLASS GSD/GSDT (6)	RATE CLASS LP/LPT (7)	RATE CLASS MAJOR ACCTS (8)	RATE CLASS OS (9)	TOTAL RETAIL SERVICE (10)	WHOLESALE (11)	UNIT POWER SALES (12)
183	MISC. A & G - OTHER REVS.	1	1	0	0	0	0	0	1	0	0
184	MISC. A & G - GULF POWER ENERGY SRVC OH	(170)	0	0	0	(66)	(104)	0	(170)	0	0
185	MISCELLANEOUS A & G	72,832	44,484	4,012	12,507	3,111	5,764	1,254	71,132	1,149	551
186	DEMAND	44,999	24,767	1,229	9,474	2,746	4,903	254	43,373	1,075	551
187	CUSTOMER	25,264	18,469	2,714	2,412	160	471	964	25,190	74	0
188	ENERGY	2,569	1,248	69	621	205	390	36	2,569	0	0
189	TOTAL MISCELLANEOUS A & G	72,663	44,485	4,012	12,507	3,045	5,660	1,254	70,963	1,149	551
190	DEMAND	44,999	24,767	1,229	9,474	2,746	4,903	254	43,373	1,075	551
191	CUSTOMER	25,095	18,470	2,714	2,412	94	367	964	25,021	74	0
192	ENERGY	2,569	1,248	69	621	205	390	36	2,569	0	0
193	TOTAL ADMIN. & GENERAL	93,952	57,905	4,882	15,821	3,912	7,125	1,865	91,510	1,834	608
194	TOTAL OPER. & MAINTENANCE	323,096	190,036	14,807	56,634	16,498	29,945	5,900	313,820	5,993	3,283
195	DEMAND	172,947	95,723	4,748	36,549	10,540	18,727	1,004	167,291	3,851	1,805
196	ENERGY	53,741	24,763	1,353	12,295	4,063	7,686	701	50,861	1,402	1,478
197	CUSTOMER	89,314	64,399	8,322	7,115	1,758	3,343	4,109	89,046	268	0
198	REVENUE	7,094	5,151	384	675	137	189	86	6,622	472	0

GULF POWER COMPANY
12 MONTHS ENDED DECEMBER 31, 2017
12/13 DEMAND ALLOCATION - WITH MDS METHODOLOGY
ANALYSIS OF OPERATIONS AND MAINTENANCE EXPENSE

<u>Line No.</u>	<u>Ftnt Label</u>	<u>Description</u>
1	(A)	Allocated per Level 1 Demand Allocator; UPS directly assigned.
2	(B)	Allocated per Level 1 Energy Allocator; UPS directly assigned.
3	(B)	
5	(A)	
6	(B)	
8	(A)	
9	(B)	
11	(A)	
12	(B)	
14	(C)	Allocated per Level 2 Demand Allocator; UPS directly assigned.
15	(B)	
17	(A)	
18	(A)	
19	(A)	
20	(B)	
22	(A)	
23	(B)	
25	(A)	
26	(B)	
30	(D)	Allocated per Level 1 Demand Allocator.
31	(E)	Allocated per Level 1 Energy Allocator.
32	(E)	
33	(E)	
35	(D)	
36	(E)	
38	(D)	
39	(E)	
42	(D)	
43	(D)	
44	(E)	
46	(D)	
47	(E)	
49	(D)	
50	(E)	
58	(A)	
59	(B)	
60	(B)	

GULF POWER COMPANY
12 MONTHS ENDED DECEMBER 31, 2017
12/13 DEMAND ALLOCATION - WITH MDS METHODOLOGY
ANALYSIS OF OPERATIONS AND MAINTENANCE EXPENSE

<u>Line No.</u>	<u>Ftnt Label</u>	<u>Description</u>
63	(F)	Allocated per sum of Generation Demand Expenses and Purchased Power Demand Expenses.
64	(E)	
66	(D)	
67	(E)	
75	(C)	
76	(G)	Allocated per Transmission Substations Gross Plant; UPS directly assigned.
77	(H)	Allocated per Transmission Lines Gross Plant; UPS directly assigned.
78	(I)	Allocated per Transmission Account 358 Gross Plant.
79	(D)	
81	(J)	Allocated per Subtotal of Transmission Operations O & M Expense; UPS directly assigned.
82	(J)	
83	(J)	
85	(K)	Allocated per sum of Transmission Accounts 352, 354, and 355 Gross Plant; UPS directly assigned.
86	(L)	Allocated per Transmission Account 353 Gross Plant; UPS directly assigned.
87	(H)	
89	(M)	Allocated per Subtotal of Transmission Maintenance O & M Expense; UPS directly assigned
90	(M)	
93	(N)	Allocated per Level 3 Demand Allocator.
94	(O)	Allocated per Distribution Substations Gross Plant.
95	(P)	Allocated per corresponding Distribution Gross Plant Accounts 365 and 368.
96	(P)	
98	(Q)	Allocated per corresponding Distribution Gross Plant Accounts 367 and 368.
99	(Q)	
101	(R)	Allocated per Distribution Account 373 Gross Plant.
102	(S)	Allocated per Distribution Account 370 Gross Plant.
103	(T)	Per analysis of information provided by Gulf Power Company.
105	(U)	Allocated per Distribution Account 369 Gross Plant.
106	(T)	
111	(V)	Allocated per corresponding Subtotal of Distribution Operations O & M.
112	(V)	
114	(V)	
115	(V)	

GULF POWER COMPANY
12 MONTHS ENDED DECEMBER 31, 2017
12/13 DEMAND ALLOCATION - WITH MDS METHODOLOGY
ANALYSIS OF OPERATIONS AND MAINTENANCE EXPENSE

<u>Line No.</u>	<u>Ftnt Label</u>	<u>Description</u>
117	(V)	
118	(V)	
121	(W)	Allocated per Distribution Account 361 Gross Plant.
122	(X)	Allocated per Distribution Account 362 Gross Plant.
123	(T)	
124	(Y)	Allocated per Common portion of Distribution Accounts 364 and 365.
125	(Z)	Allocated per Customer portion of Distribution Accounts 364 and 365.
128	(AA)	Allocated per Common portion of Distribution Accounts 366 and 367 Gross Plant.
129	(AB)	Allocated per Customer portion of Distribution Accounts 366 and 367 Gross Plant.
131	(AC)	Allocated per Distribution Account 368 Gross Plant.
132	(AC)	
134	(R)	
135	(S)	
139	(AD)	Allocated per corresponding Subtotal of Distribution Maintenance O & M.
140	(AD)	
142	(AD)	
143	(AD)	
149	(AE)	Direct assignment to rate provided by Gulf Power Company.
150	(AF)	Provided by Gulf Power to Class. Allocated to rate based on analysis of average number of customers within class.
151	(AF)	
152	(AF)	
153	(AF)	
154	(AG)	Provided by Gulf Power and assigned to Rate Class LP/LPT.
156	(AF)	
158	(AF)	
159	(AF)	
160	(AF)	
161	(AF)	

GULF POWER COMPANY
12 MONTHS ENDED DECEMBER 31, 2017
12/13 DEMAND ALLOCATION - WITH MDS METHODOLOGY
ANALYSIS OF OPERATIONS AND MAINTENANCE EXPENSE

<u>Line No.</u>	<u>Fnt Label</u>	<u>Description</u>
164	(AH)	Retail jurisdiction sum of corresponding demand and energy pieces; Wholesale allocated per Level 1 Demand Allocator; UPS directly assigned.
165	(D)	
166	(E)	
167	(AI)	Allocated per Transmission Gross Plant; UPS directly assigned.
168	(AJ)	Allocated per corresponding Distribution Gross Plant.
169	(AJ)	
170	(AJ)	
171	(AK)	Allocated per Customer Accounts O & M Expense.
172	(AL)	Allocated per corresponding Customer Assistance O & M Expense.
173	(AL)	
174	(AL)	
179	(AM)	Provided by Gulf Power to jurisdiction. Allocated to rate per Retail Revenue from Sales.
180	(AE)	
182	(AN)	Allocated per Retail MWH Sales.
183	(T)	
184	(AO)	A&G Overheads related to Gulf Power Energy Services. Assigned to Rate Class LP/LPT,
185	(AP)	Allocated per corresponding Salaries and Wages; UPS directly assigned.
186	(AP)	
187	(AP)	
188	(AP)	

GULF POWER COMPANY
 12 MONTHS ENDING DECEMBER 31, 2017
 12/13 DEMAND ALLOCATION - WITH MDS METHODOLOGY
 SCHEDULE 4.20 - ANALYSIS OF DEPRECIATION EXPENSE
 (\$000s)

LINE NO. (1)	DESCRIPTION (2)	TOTAL ELECTRIC SYSTEM (3)	RATE CLASS RESIDENTIAL (4)	RATE CLASS GS (5)	RATE CLASS GSD/GSDT (6)	RATE CLASS LP/LPT (7)	RATE CLASS MAJOR ACCTS (8)	RATE CLASS OS (9)	TOTAL RETAIL SERVICE (10)	WHOLESALE (11)	UNIT POWER SALES (12)
1	TOTAL PRODUCTION	52,471	27,182	1,361	10,771	3,313	6,230	255	49,112	1,413	1,946
2	RETAIL JURISDICTION										
3	DEMAND ENERGY		25,343	1,260	9,858	3,011	5,659	203	45,334		
			1,839	101	913	302	571	52	3,778		
	TRANSMISSION										
4	350-LAND AND LAND RIGHTS	191	104	5	40	12	24	1	186	5	0
5	352-STRUCTURES	407	224	11	88	26	47	2	398	9	0
6	353-STATION EQUIPMENT	7,265	3,983	198	1,549	458	850	32	7,070	165	30
7	354-TOWERS & FIXTURES	765	416	21	162	49	93	3	744	21	0
8	355-POLES & FIXTURES	11,177	6,071	302	2,363	722	1,357	49	10,864	313	0
9	356-OVERHEAD COND.	3,277	1,780	89	693	212	397	14	3,185	92	0
10	358-UNDERGROUND COND.	244	131	7	52	16	30	1	237	7	0
11	359-ROADS AND TRAILS	5	3	0	1	0	1	0	5	0	0
12	TOTAL TRANSMISSION	23,331	12,712	633	4,948	1,495	2,799	102	22,689	612	30
	DISTRIBUTION										
13	360-SUBSTATION LAND	4	3	0	1	0	0	0	4	0	0
14	361-STRUCTURES	516	275	14	107	37	69	2	504	12	0
15	362-STATION EQUIPMENT	6,663	3,515	175	1,367	457	1,001	28	6,543	120	0
16	364-POLES & FIXTURES										
17	COMMON CUSTOMER	3,865	2,409	119	854	195	240	48	3,865	0	0
18	TOTAL ACCOUNT 364	3,136	2,732	212	119	2	1	70	3,136	0	0
		7,001	5,141	331	973	197	241	118	7,001	0	0

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GULF POWER COMPANY
12 MONTHS ENDING DECEMBER 31, 2017
12/13 DEMAND ALLOCATION - WITH MDS METHODOLOGY
SCHEDULE 4.20 - ANALYSIS OF DEPRECIATION EXPENSE
(\$000s)

LINE NO. (1)	DESCRIPTION (2)	TOTAL ELECTRIC SYSTEM (3)	RATE CLASS RESIDENTIAL (4)	RATE CLASS GS (5)	RATE CLASS GSD/GSDT (6)	RATE CLASS LP/LPT (7)	RATE CLASS MAJOR ACCTS (8)	RATE CLASS OS (9)	TOTAL RETAIL SERVICE (10)	WHOLESALE (11)	UNIT POWER SALES (12)
19	365-OVERHEAD COND. DEMAND	4,501	2,805	138	994	228	280	56	4,501	0	0
20	CUSTOMER	1,146	1,000	78	43	0	0	25	1,146	0	0
21	TOTAL ACCOUNT 365	5,647	3,805	216	1,037	228	280	81	5,647	0	0
22	366-UNDG. CONDUIT COMMON	12	7	0	3	1	1	0	12	0	0
23	CUSTOMER	1	1	0	0	0	0	0	1	0	0
24	TOTAL ACCOUNT 366	13	8	0	3	1	1	0	13	0	0
25	367-UNDERGROUND COND. & DEV. COMMON	3,641	2,277	112	806	182	219	45	3,641	0	0
26	CUSTOMER	257	222	18	10	1	0	6	257	0	0
27	TOTAL ACCOUNT 367	3,898	2,499	130	816	183	219	51	3,898	0	0
28	368-LINE TRANSFORMERS COMMON	7,241	4,694	232	1,658	315	249	93	7,241	0	0
29	CUSTOMER	2,624	2,286	177	100	1	1	59	2,624	0	0
30	TOTAL ACCOUNT 368	9,865	6,980	409	1,758	316	250	152	9,865	0	0
31	369-SERVICES	3,980	3,547	275	155	2	1	0	3,980	0	0
32	370-METERS	4,573	3,380	480	634	32	28	10	4,564	9	0
33	373-STREET LIGHTING	3,254	0	0	0	0	0	3,254	3,254	0	0
34	TOTAL DISTRIBUTION	45,414	29,153	2,030	6,851	1,453	2,090	3,696	45,273	141	0
35	DEMAND	26,443	15,985	790	5,790	1,415	2,059	272	26,311	132	0
36	CUSTOMER	18,971	13,168	1,240	1,061	38	31	3,424	18,962	9	0
37	GENERAL PLANT	10,198	6,258	565	1,760	438	812	177	10,010	162	26
38	DEMAND	6,281	3,485	173	1,333	386	690	36	6,103	152	26
39	CUSTOMER	3,555	2,598	382	339	23	67	136	3,545	10	0
40	ENERGY	362	175	10	88	29	55	5	362	0	0
41	TOTAL DEPR. EXPENSE	131,414	75,305	4,589	24,330	6,699	11,931	4,230	127,084	2,328	2,002
42	DEMAND	104,748	57,525	2,856	21,929	6,307	11,207	613	100,437	2,309	2,002
43	CUSTOMER	22,526	15,766	1,622	1,400	61	98	3,560	22,507	19	0
44	ENERGY	4,140	2,014	111	1,001	331	626	57	4,140	0	0

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GULF POWER COMPANY
12 MONTHS ENDED DECEMBER 31, 2017
12/13 DEMAND ALLOCATION - WITH MDS METHODOLOGY
ANALYSIS OF DEPRECIATION EXPENSE

<u>Line No.</u>	<u>Ftnt Label</u>	<u>Description</u>
1	(A)	Retail jurisdiction sum of Lines 2 and 3; Wholesale allocated per Level 1 Demand Allocator; UPS directly assigned.
2	(B)	Allocated per corresponding Level 1 Demand Allocator.
3	(C)	Allocated per corresponding Level 1 Energy Allocator.
4	(D)	Allocated per Transmission Account 350 Gross Plant (Lines portion only); UPS directly assigned.
5	(E)	Allocated per corresponding Transmission Gross Plant; UPS directly assigned.
6	(E)	
7	(E)	
8	(E)	
9	(E)	
10	(E)	
11	(E)	
13	(F)	Allocated per corresponding Distribution Gross Plant.
14	(F)	
15	(F)	
16	(F)	
17	(F)	
19	(F)	
20	(F)	
22	(F)	
23	(F)	
25	(F)	
26	(F)	
28	(F)	
29	(F)	
31	(F)	
32	(F)	
33	(F)	
37	(G)	Allocated per corresponding Gross General Plant; UPS directly assigned.
38	(G)	
39	(G)	
40	(G)	

GULF POWER COMPANY
 12 MONTHS ENDING DECEMBER 31, 2017
 12/13 DEMAND ALLOCATION - WITH MDS METHODOLOGY
 SCHEDULE 4.30 - ANALYSIS OF TAXES OTHER THAN INCOME TAXES
 (\$000s)

LINE NO. (1)	DESCRIPTION (2)	TOTAL ELECTRIC SYSTEM (3)	RATE CLASS RESIDENTIAL (4)	RATE CLASS GS (5)	RATE CLASS GSD/GSDT (6)	RATE CLASS LP/LPT (7)	RATE CLASS MAJOR ACCTS (8)	RATE CLASS OS (9)	TOTAL RETAIL SERVICE (10)	WHOLESALE (11)	UNIT POWER SALES (12)
REAL & PERSONAL PROPERTY											
1	PRODUCTION	15,514	8,281	415	3,281	1,009	1,898	78	14,962	430	122
	RETAIL JURISDICTION										
2	DEMAND		7,721	384	3,003	917	1,724	62	13,811		
3	ENERGY		560	31	278	92	174	16	1,151		
4	TRANSMISSION	3,836	2,095	104	814	245	459	17	3,734	99	3
5	DISTRIBUTION	6,323	4,035	259	993	223	329	461	6,300	23	0
6	DEMAND	4,075	2,453	121	890	220	327	41	4,052	23	0
7	CUSTOMER	2,248	1,582	138	103	3	2	420	2,248	0	0
8	CUSTOMER ACCOUNTS	126	109	8	5	0	1	2	125	1	0
9	CUSTOMER ASSISTANCE	128	58	19	20	11	20	0	128	0	0
10	CUSTOMER	128	58	19	20	11	20	0	128	0	0
11	ENERGY	0	0	0	0	0	0	0	0	0	0
12	TOTAL ELECTRIC PROP. TAXES	25,927	14,578	805	5,113	1,488	2,707	558	25,249	553	125
13	DEMAND	22,274	12,269	609	4,707	1,382	2,510	120	21,597	552	125
14	CUSTOMER	2,502	1,749	165	128	14	23	422	2,501	1	0
15	ENERGY	1,151	560	31	278	92	174	16	1,151	0	0
PAYROLL TAXES											
16	PRODUCTION	4,081	2,166	108	858	264	495	20	3,911	112	58
	RETAIL JURISDICTION										
17	DEMAND		2,019	100	785	240	450	16	3,610		
18	ENERGY		147	8	73	24	45	4	301		
19	TRANSMISSION	411	223	11	87	26	49	2	398	11	2
20	DISTRIBUTION	1,923	1,315	81	278	58	77	112	1,921	2	0
21	DEMAND	1,093	672	33	242	56	76	12	1,091	2	0
22	CUSTOMER	830	643	48	36	2	1	100	830	0	0
23	CUSTOMER ACCOUNTS	1,080	936	73	41	1	6	14	1,071	9	0
24	CUSTOMER ASSISTANCE	1,086	608	202	209	17	50	0	1,086	0	0
25	CUSTOMER	1,086	608	202	209	17	50	0	1,086	0	0
26	ENERGY	0	0	0	0	0	0	0	0	0	0
27	SUBTOTAL ELEC. PAYROLL TAXES	8,581	5,248	475	1,473	366	677	148	8,387	134	60
28	DEMAND	5,284	2,914	144	1,114	322	575	30	5,099	125	60
29	CUSTOMER	2,996	2,187	323	286	20	57	114	2,987	9	0
30	ENERGY	301	147	8	73	24	45	4	301	0	0
31	ECCR PAYROLL ADJUSTMENT	(273)	(239)	(22)	(12)	0	0	0	(273)	0	0
32	NET ELEC. PAYROLL TAXES	8,308	5,009	453	1,461	366	677	148	8,114	134	60
33	DEMAND	5,284	2,914	144	1,114	322	575	30	5,099	125	60
34	CUSTOMER	2,996	2,187	323	286	20	57	114	2,987	9	0
35	ENERGY	28	(92)	(14)	61	24	45	4	28	0	0

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GULF POWER COMPANY
12 MONTHS ENDING DECEMBER 31, 2017
12/13 DEMAND ALLOCATION - WITH MDS METHODOLOGY
SCHEDULE 4.30 - ANALYSIS OF TAXES OTHER THAN INCOME TAXES
(\$000s)

LINE NO. (1)	DESCRIPTION (2)	TOTAL ELECTRIC SYSTEM (3)	RATE CLASS RESIDENTIAL (4)	RATE CLASS GS (5)	RATE CLASS GSD/GSDT (6)	RATE CLASS LP/LPT (7)	RATE CLASS MAJOR ACCTS (8)	RATE CLASS OS (9)	TOTAL RETAIL SERVICE (10)	WHOLESALE (11)	UNIT POWER SALES (12)
REVENUE TAXES											
36	GROSS RECEIPTS TAX	0	0	0	0	0	0	0	0	0	0
37	FLA REG. COMM. ASSESSMENT	442	266	18	88	23	32	15	442	0	0
38	FUEL & ECCR REL. REV TAXES	0	0	0	0	0	0	0	0	0	0
39	FRANCHISE FEE REV. ADJ.	0	0	0	0	0	0	0	0	0	0
40	TOTAL REVENUE TAXES	442	266	18	88	23	32	15	442	0	0
OTHER TAXES											
41	MISS. STATE FRAN. TAX	438	238	12	93	28	53	2	426	12	0
42	FRANCHISE FEE	40,693	24,567	1,663	8,129	2,084	2,914	1,336	40,693	0	0
43	MISCELLANEOUS TAXES	133	83	7	23	6	10	2	131	2	0
44	DEMAND	82	47	2	17	5	9	0	80	2	0
45	CUSTOMER	46	33	5	5	1	0	2	46	0	0
46	ENERGY	5	3	0	1	0	1	0	5	0	0
47	TOTAL OTHER TAXES	41,264	24,888	1,682	8,245	2,118	2,977	1,340	41,250	14	0
48	FRANCHISE FEE ADJUSTMENT	(40,693)	(24,567)	(1,663)	(8,129)	(2,084)	(2,914)	(1,336)	(40,693)	0	0
49	TOTAL TAXES OTHER THAN INC.	35,248	20,174	1,295	6,778	1,911	3,479	725	34,362	701	185
50	DEMAND	28,078	15,468	767	5,931	1,737	3,147	152	27,202	691	185
51	CUSTOMER	5,544	3,969	493	419	35	80	538	5,534	10	0
52	ENERGY	1,184	471	17	340	116	220	20	1,184	0	0
53	REVENUE RELATED	442	266	18	88	23	32	15	442	0	0

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GULF POWER COMPANY
12 MONTHS ENDED DECEMBER 31, 2017
12/13 DEMAND ALLOCATION - WITH MDS METHODOLOGY
ANALYSIS OF TAXES OTHER THAN INCOME TAXES

<u>Line No.</u>	<u>Ftnt Label</u>	<u>Description</u>
1	(A)	Retail jurisdiction sum of Lines 2 and 3; Wholesale allocated per Level 1 Demand Allocator; UPS directly assigned.
2	(B)	Allocated per Level 1 Demand Allocator.
3	(C)	Allocated per Level 1 Energy Allocator.
4	(D)	Allocated per Transmission Gross Plant; UPS directly assigned.
5	(E)	Allocated per corresponding Distribution Gross Plant.
6	(E)	
7	(E)	
8	(F)	Allocated per corresponding Operations and Maintenance Expense.
9	(F)	
10	(F)	
11	(F)	
16	(G)	Allocated per corresponding Salaries and Wages; UPS directly assigned.
17	(H)	Allocated per corresponding Salaries and Wages.
18	(H)	
19	(G)	
20	(H)	
21	(H)	
22	(H)	
23	(H)	
24	(H)	
25	(H)	
26	(H)	
31	(I)	Provided by Gulf Power to Class. Allocated to rate per average number of customers within class.
36	(J)	Allocated per Retail Revenue from Sales.
37	(J)	
38	(K)	Allocated per Retail MWH Sales.
39	(J)	
41	(B)	
42	(J)	
43	(H)	
44	(H)	
45	(H)	
46	(H)	
48	(J)	

GULF POWER COMPANY
 12 MONTHS ENDING DECEMBER 31, 2017
 12/13 DEMAND ALLOCATION - WITH MDS METHODOLOGY
 SCHEDULE 5.0 - LINE ALLOCATORS AND PERCENTAGES

LINE NO. (1)	DESCRIPTION (2)	TOTAL ELECTRIC SYSTEM (3)	RATE CLASS RESIDENTIAL (4)	RATE CLASS GS (5)	RATE CLASS GSD/GSDT (6)	RATE CLASS LP/LPT (7)	RATE CLASS MAJOR ACCTS (8)	RATE CLASS OS (9)	TOTAL RETAIL SERVICE (10)	WHOLESALE (11)	UNIT POWER SALES (12)
1	ENERGY - LEVEL 1	11,985,112	5,667,610	310,242	2,813,843	930,096	1,758,035	160,608	11,640,433	344,679	0
2	%	1.0000000	0.4728875	0.0258856	0.2347782	0.0776044	0.1466849	0.0134006	0.9712411	0.0287589	0.0000000
3	MWH SALES	11,362,017	5,336,892	292,139	2,650,042	887,729	1,704,488	151,236	11,022,525	339,492	0
4	%	1.0000000	0.4697134	0.0257119	0.2332370	0.0781312	0.1500163	0.0133106	0.9701205	0.0298795	0.0000000
CP DEMAND											

5	LEVELS 1 & 2	2,057,250	1,117,888	55,562	434,858	132,815	249,630	8,975	1,999,728	57,522	0
6	%	1.0000000	0.5433895	0.0270079	0.2113783	0.0645596	0.1213416	0.0043626	0.9720394	0.0279606	0.0000000
7	LEVEL 3	1,884,482	1,098,847	54,616	427,387	108,484	186,326	8,822	1,884,482	0	0
8	%	1.0000000	0.5831029	0.0289820	0.2267928	0.0575669	0.0988739	0.0046814	1.0000000	0.0000000	0.0000000
NCP DEMAND											

9	LEVEL 4	2,597,921	1,594,638	78,734	565,594	138,444	188,830	31,681	2,597,921	0	0
10	%	1.0000000	0.6138131	0.0303065	0.2177101	0.0532903	0.0726850	0.0121948	1.0000000	0.0000000	0.0000000
11	LEVEL 5	2,356,407	1,547,382	76,367	546,034	96,819	59,063	30,742	2,356,407	0	0
12	%	1.0000000	0.6566701	0.0324082	0.2317231	0.0410877	0.0250649	0.0130461	1.0000000	0.0000000	0.0000000
AVERAGE NO. OF CUSTOMERS											

13	LEVEL 4 and BELOW	458,748	399,746	31,043	17,440	202	108	10,209	458,748	0	0
14	%	1.0000000	0.8713847	0.0676690	0.0380165	0.0004404	0.0002354	0.0222540	1.0000000	0.0000000	0.0000000
15	LEVEL 5	458,677	399,746	31,042	17,414	181	85	10,209	458,677	0	0
16	%	1.0000000	0.8715196	0.0676773	0.0379657	0.0003947	0.0001853	0.0222575	1.0000000	0.0000000	0.0000000
17	TOTAL	458,781	399,746	31,043	17,445	206	131	10,209	458,780	1	0
18	%	1.0000000	0.8713220	0.0676641	0.0380247	0.0004491	0.0002855	0.0222524	0.9999978	0.0000022	0.0000000

GULF POWER COMPANY
 12 MONTHS ENDING DECEMBER 31, 2017
 12/13 DEMAND ALLOCATION - WITH MDS METHODOLOGY
 SCHEDULE 5.0 - LINE ALLOCATORS AND PERCENTAGES

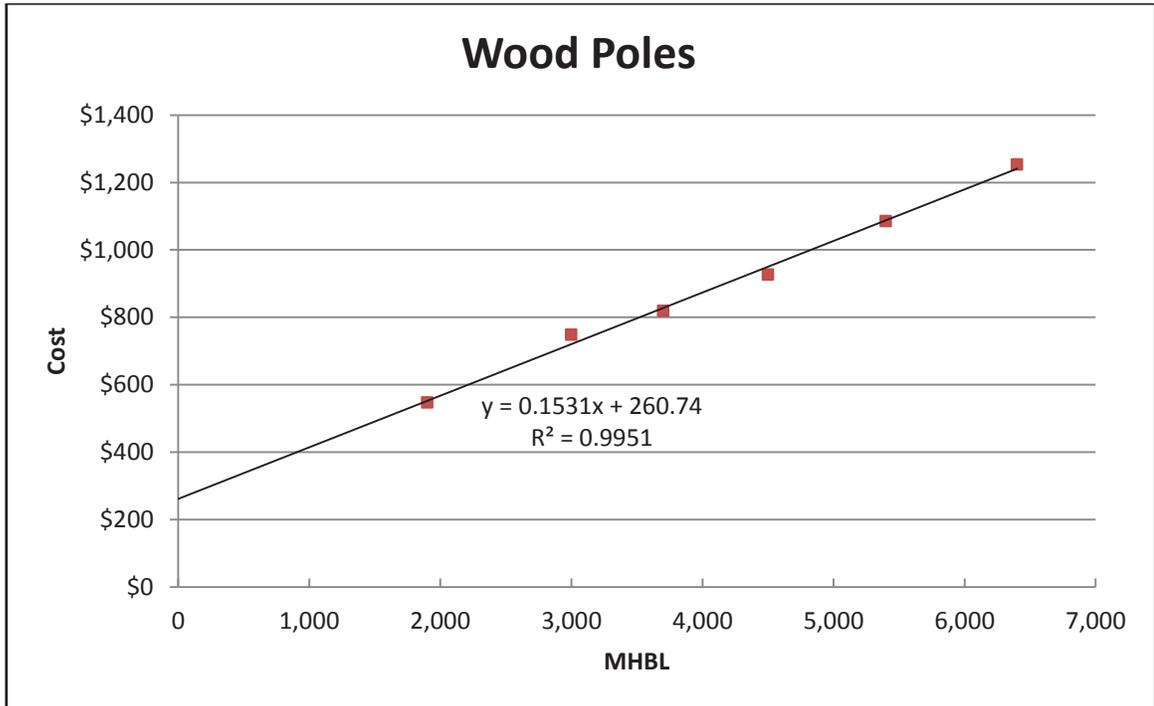
LINE NO. (1)	DESCRIPTION (2)	TOTAL ELECTRIC SYSTEM (3)	RATE CLASS RESIDENTIAL (4)	RATE CLASS GS (5)	RATE CLASS GSD/GSDT (6)	RATE CLASS LP/LPT (7)	RATE CLASS MAJOR ACCTS (8)	RATE CLASS OS (9)	TOTAL RETAIL SERVICE (10)	WHOLESALE (11)	UNIT POWER SALES (12)
SALARIES AND WAGES											
19	PRODUCTION	45,242	24,339	1,218	9,646	2,966	5,579	229	43,977	1,265	0
	RETAIL JURISDICTION										
20	12/13 DEMAND RELATED		22,693	1,128	8,828	2,696	5,067	182	40,594		
21	1/13 ENERGY RELATED		1,646	90	818	270	512	47	3,383		
22	%	1.0000000	0.5379736	0.0269219	0.2132090	0.0655586	0.1233146	0.0050617	0.9720393	0.0279607	0.0000000
23	TRANSMISSION	4,559	2,478	123	965	294	552	21	4,433	126	0
24	%	1.0000000	0.5435402	0.0269796	0.2116692	0.0644878	0.1210792	0.0046063	0.9723624	0.0276376	0.0000000
	DISTRIBUTION										
25	DEMAND	12,116	7,444	368	2,683	626	838	132	12,091	25	0
26	CUSTOMER	9,223	7,157	527	404	13	10	1,110	9,221	2	0
27	TOTAL DISTRIBUTION	21,339	14,601	895	3,087	639	848	1,242	21,312	27	0
28	%	1.0000000	0.6842401	0.0419420	0.1446647	0.0299452	0.0397394	0.0582033	0.9987347	0.0012653	0.0000000
29	CUSTOMER ACCOUNTS	11,992	10,396	808	457	14	62	160	11,897	95	0
30	%	1.0000000	0.8669113	0.0673783	0.0381087	0.0011674	0.0051701	0.0133422	0.9920781	0.0079219	0.0000000
	CUSTOMER ASSISTANCE										
31	CUSTOMER	12,055	6,767	2,239	2,316	184	549	0	12,055	0	0
32	ENERGY	0	0	0	0	0	0	0	0	0	0
33	TOTAL CUSTOMER ASST.	12,055	6,767	2,239	2,316	184	549	0	12,055	0	0
34	%	1.0000000	0.5613438	0.1857321	0.1921195	0.0152634	0.0455413	0.0000000	1.0000000	0.0000000	0.0000000
	SUBTOTAL SALARIES & WAGES										
35	DEMAND	58,534	32,615	1,619	12,476	3,616	6,457	335	57,118	1,416	0
36	CUSTOMER	33,270	24,320	3,574	3,177	211	621	1,270	33,173	97	0
37	ENERGY	3,383	1,646	90	818	270	512	47	3,383	0	0
38	SUBTOTAL SALARIES & WAGES	95,187	58,581	5,283	16,471	4,097	7,590	1,652	93,674	1,513	0
39	%	1.0000000	0.6154307	0.0555013	0.1730383	0.0430416	0.0797378	0.0173553	0.9841050	0.0158950	0.0000000
40	ADMINISTRATIVE & GENERAL	20,989	12,917	1,165	3,632	903	1,674	364	20,655	334	0
41	%	1.0000000	0.6154176	0.0555053	0.1730430	0.0430225	0.0797561	0.0173424	0.9840869	0.0159131	0.0000000
42	TOTAL SALARIES & WAGES	116,176	71,498	6,448	20,103	5,000	9,264	2,016	114,329	1,847	0
43	%	1.0000000	0.6154283	0.0555020	0.1730392	0.0430381	0.0797411	0.0173530	0.9841017	0.0158983	0.0000000

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GULF POWER COMPANY
12 MONTHS ENDED DECEMBER 31, 2017
12/13 DEMAND ALLOCATION - WITH MDS METHODOLOGY
ANALYSIS OF LINE ALLOCATORS AND PERCENTAGES

<u>Line No.</u>	<u>Fnt Label</u>	<u>Description</u>
1	(A)	Energy at point of generation.
2	(B)	Percent of above lines total.
3	(C)	Total sales of energy at point of delivery.
4	(B)	
5	(D)	Coincident peak demand at Levels 1 & 2.
6	(B)	
7	(E)	Coincident peak demand at Level 3
8	(B)	
9	(F)	Non-coincident peak demand at Level 4.
10	(B)	
11	(G)	Non-coincident peak demand at Level 5.
12	(B)	
13	(H)	Average number of customers at Levels 4 & 5.
14	(B)	
15	(I)	Average number of common customers at Level 5.
16	(B)	
17	(J)	Total average number of customers at all levels.
18	(B)	
19	(K)	Retail Jurisdiction sum of lines 2 & 3; Wholesale and Total Retail Service Allocated per Level 1 Demand Allocator.
20	(L)	Allocated per corresponding Level 1 Demand Allocator.
21	(M)	Allocated per corresponding Level 1 Energy Allocator.
22	(B)	
23	(N)	Allocated per Total Transmission O & M Expense excluding UPS.
24	(B)	
25	(O)	Allocated per demand related Distribution O & M Expense.
26	(P)	Allocated per customer related Distribution O & M Expense.
28	(B)	
29	(Q)	Allocated per Customer Accounts Expense excluding UPS.
30	(B)	
31	(R)	Allocated per customer related Customer Assistance Expense excluding UPS and Gulf Power Energy Services.
32	(S)	Allocated per energy related Customer Assistance Expense excluding UPS.
34	(B)	
40	(T)	Allocated per Subtotal Salaries and Wages.
41	(B)	

Minimum Distribution System
Account 364 – Wood Pole Regression
Schedule 6.1

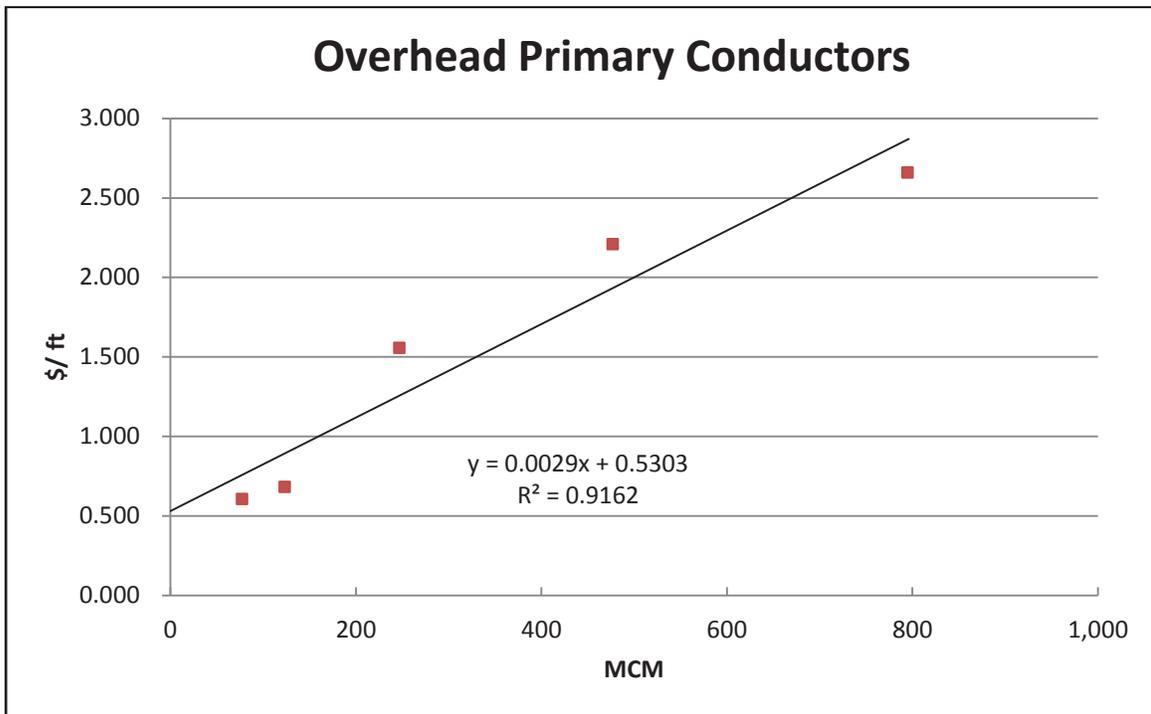


Account 364 – Wood Poles

Class	MHL	Wtd Cost
CI 5	1,900	\$546.32
CI 3	3,000	\$747.43
CI 2	3,700	\$818.89
CI 1	4,500	\$926.56
H1	5,400	\$1,084.98
H2	6,400	\$1,252.64

Zero Intercept = \$260.74

Minimum Distribution System
Account 365 – Overhead Primary Conductor Regression
Schedule 6.2

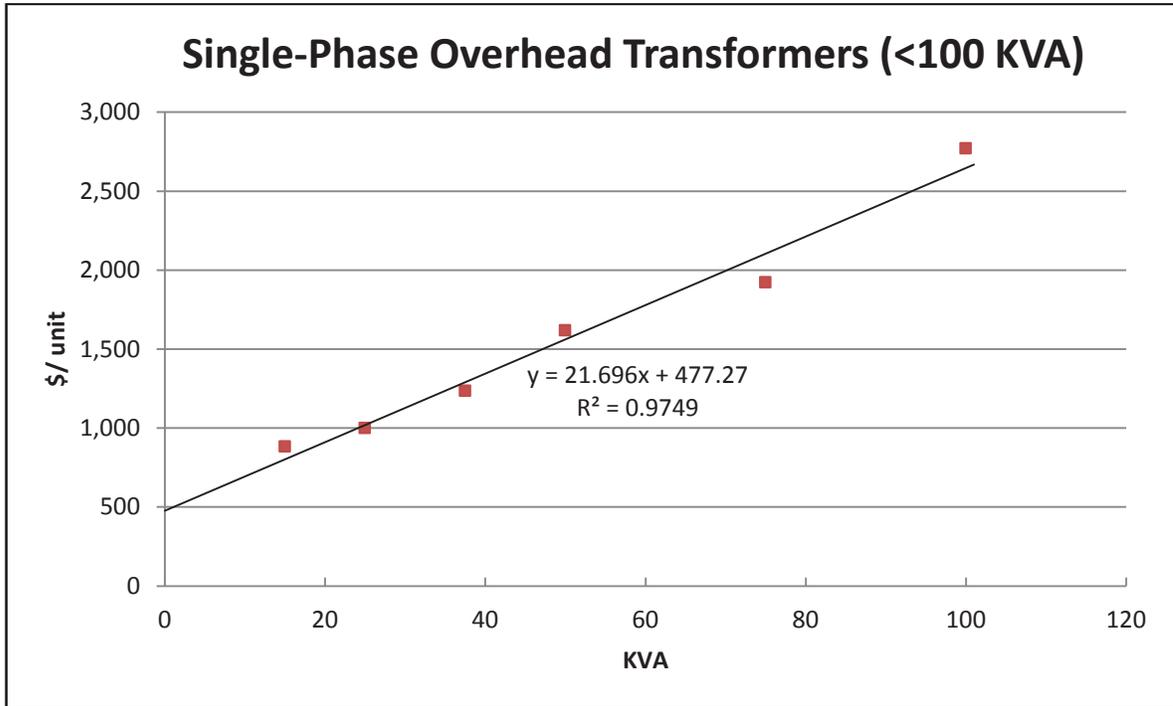


Account 365 – Overhead Primary Conductors

Size	MCM	\$/ft
#2	77.47	0.606
1/0	123.30	0.681
4/0	246.90	1.555
477	477.00	2.205
795	795.00	2.657

Zero Intercept = \$0.5303/ft

Minimum Distribution System
 Account 368 – Single Phase Transformer Regression
 Schedule 6.3



Account 368 – Single Phase Overhead Transformers <100 kVA

kVA	\$/ ea
15	883
25	999
37.5	1,235
50	1,619
75	1,921
100	2,770

Zero Intercept = \$477.27

GULF POWER COMPANY
 TWELVE MONTHS ENDED 12/31/15
 MINIMUM DISTRIBUTION SYSTEM - ZERO-INTERCEPT METHOD
 ACCOUNT 364 - POLES, TOWERS AND FIXTURES (MASS ACCOUNT)

	PRIMARY LEVEL 4			NOTES				
	12-31-15 TOTAL LEVEL 4 COSTS	CUSTOMER- RELATED COMPONENT	DEMAND- RELATED COMPONENT					
<i>COMPONENT SPLIT ANALYSIS OF MASS ACCOUNT RECORDS</i>								
1. ZERO-INTERCEPT UNIT COST OF WOOD POLES		260.74		(A)				
2. TOTAL NUMBER OF POLES		205,265		(B)				
3. TOTAL COST OF POLES (ADJUSTED FOR VINTAGE)	119,416,749	53,520,796	65,895,953	(C)				
4. PERCENTAGE OF TOTAL COST OF POLES		44.82%	55.18%					
	PRIMARY LEVEL 4			SECONDARY LEVEL 5			NOTES	
	12-31-15 TOTAL ALL COSTS	12-31-15 TOTAL LEVEL 4 COSTS	CUSTOMER- RELATED COMPONENT	DEMAND- RELATED COMPONENT	12-31-15 TOTAL LEVEL 5 COSTS	CUSTOMER- RELATED COMPONENT		DEMAND- RELATED COMPONENT
5. PRIMARY / SECONDARY SPLIT OF OVERHEAD LINES FROM ACCOUNT 365	115,356,675	89,082,431			26,274,244			(D)
<i>ANALYSIS OF ACCOUNT 364</i>								
6. POLES (WOOD, CONCRETE)	84,098,734	64,943,963	29,106,910	35,837,053	19,154,771	8,584,881	10,569,890	(E)
7. STEEL-REINFORCED POLE TRUSS	1,409,555	1,409,555	631,741	777,814	-	-	-	(F)
8. TOTAL POLES	85,508,289	66,353,518	29,738,651	36,614,867	19,154,771	8,584,881	10,569,890	
9. FIXTURE SETS	48,838,393	37,898,071	16,985,347	20,912,724	10,940,322	4,903,288	6,037,034	(G)
10. OTHER ACCOUNT 364	1,728,080	1,340,972	601,004	739,968	387,108	173,496	213,612	(H)
11. TOTAL ACCOUNT 364	<u>136,074,762</u>	<u>105,592,561</u>	<u>47,325,002</u>	<u>58,267,559</u>	<u>30,482,201</u>	<u>13,661,665</u>	<u>16,820,536</u>	
12. PERCENTAGES AT LEVEL			44.82%	55.18%		44.82%	55.18%	
13. PERCENTAGES OF TOTAL		77.60%	34.78%	42.82%	22.40%	10.04%	12.36%	

NOTES:

- (A) Y-AXIS INTERCEPT OF REGRESSION BASED ON COST FROM JETS SYSTEM OF WOODEN POLES 45' AND SMALLER.
- (B) INCLUDES ALL POLE SIZES.
- (C) TOTAL AMOUNT FOR ALL POLES ADJUSTED FOR VINTAGE BY HANDY-WHITMAN RATIOS. CUSTOMER COMPONENT EQUALS TOTAL NUMBER OF POLES (LINE 2) TIMES ZERO INTERCEPT UNIT COST OF WOOD POLES (LINE 1). DEMAND COMPONENT IS TOTAL MINUS CUSTOMER COMPONENT.
- (D) FROM ACCOUNT 365, LINE 7, TOTAL OVERHEAD LINES.
- (E) TOTAL AMOUNT ALLOCATED TO LEVEL PER PRIMARY / SECONDARY SPLIT OF OVERHEAD LINES FROM ACCOUNT 365 (LINE 5). WITHIN LEVEL, ALLOCATED TO COMPONENT PER TOTAL COST OF POLES (LINE 3).
- (F) TOTAL AMOUNT ASSIGNED TO PRIMARY LEVEL. ALLOCATED TO COMPONENT PER TOTAL COST OF POLES (LINE 3).
- (G) ALLOCATED PER TOTAL POLES (LINE 8).
- (H) INCLUDES ADJUSTMENTS, INTERIM RUCs, AND NON-UNITIZED. ALLOCATED PER TOTAL POLES (LINE 8).

Florida Public Service Commission
 Docket No. 160186-EI
 GULF POWER COMPANY
 Witness: Michael T. O'Sheasy
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GULF POWER COMPANY
 TWELVE MONTHS ENDED 12/31/15
 MINIMUM DISTRIBUTION SYSTEM - ZERO-INTERCEPT METHOD
 ACCOUNT 365 - OVERHEAD CONDUCTORS AND DEVICES (CURRENT REPLACEMENT COST BASIS)

	PRIMARY LEVEL 4			NOTES
	12-31-15 TOTAL LEVEL 4 COSTS	CUSTOMER- RELATED COMPONENT	DEMAND- RELATED COMPONENT	
<i>COMPONENT SPLIT ANALYSIS OF MASS ACCOUNT RECORDS</i>				
1. ZERO-INTERCEPT UNIT COST OF AAC/AAAC Wire (\$/FT)		0.5303		(A)
2. TOTAL FEET OF MINIMUM SYSTEM PRIMARY OVERHEAD LINES		61,801,344		(B)
3. TOTAL COST OF PRIMARY OVERHEAD LINES (ADJ FOR VINTAGE)	160,768,687	32,773,253	127,995,434	(C)
4. PERCENTAGE OF TOTAL COST OF OVERHEAD LINES		20.39%	79.61%	

	PRIMARY LEVEL 4				SECONDARY LEVEL 5			
	12-31-15 TOTAL ALL COSTS	12-31-15 TOTAL LEVEL 4 COSTS	CUSTOMER- RELATED COMPONENT	DEMAND- RELATED COMPONENT	12-31-15 TOTAL LEVEL 5 COSTS	CUSTOMER- RELATED COMPONENT	DEMAND- RELATED COMPONENT	
<i>ANALYSIS OF ACCOUNT 365</i>								
5. PRIMARY LINES	89,082,431	89,082,431	18,159,762	70,922,669	-	-	-	(D)
6. SECONDARY LINES	26,274,244	-	-	-	26,274,244	5,356,095	20,918,149	(E)
7. TOTAL OVERHEAD LINES	115,356,675	89,082,431	18,159,762	70,922,669	26,274,244	5,356,095	20,918,149	
8. PRIMARY SWITCHGEAR	5,253,272	5,253,272	1,070,898	4,182,374	-	-	-	(F)
9. SECONDARY SWITCHGEAR	2,026	-	-	-	2,026	413	1,613	(G)
10. OTHER EQUIPMENT	21,258,257	16,416,364	3,346,533	13,069,831	4,841,893	987,036	3,854,857	(H)
11. TOTAL SWITCHGEAR AND OTHER EQUIPMENT	26,513,555	21,669,636	4,417,431	17,252,205	4,843,919	987,449	3,856,470	
12. SUBTOTAL	141,870,230	110,752,067	22,577,193	88,174,874	31,118,163	6,343,544	24,774,619	
13. OTHER 365	2,877,806	2,246,581	457,973	1,788,608	631,225	128,677	502,548	(I)
14. TOTAL ACCOUNT 365	144,748,036	112,998,648	23,035,166	89,963,482	31,749,388	6,472,221	25,277,167	
15. PERCENTAGES AT LEVEL			20.39%	79.61%		20.39%	79.61%	
16. PERCENTAGES OF TOTAL		78.07%	15.91%	62.15%	21.93%	4.47%	17.46%	

- NOTES:
- (A) Y-AXIS INTERCEPT OF REGRESSION BASED ON COST FROM MAXIMO SSTEM OF AAC AND AAAC WIRRE SIZES.
 - (B) TWO TIMES TOTAL PRIMARY OVERHEAD CIRCUIT-MILES FROM DISTGIS AUTOMATED MAPPING SYSTEM, CONVERTED TO FEET.
 - (C) TOTAL AMOUNT FOR ALL PRIMARY WIRE TYPES AND SIZES, ADJUSTED FOR VITAGE BY HANDY-WHITMAN RATIOS. CUSTOMER COMPONENT EQUALS TOTAL FEET OF MINIMUM SYSTEM OVERHEAD LINES (LINE 2) TIMES UNIT COST OF ZERO-INTERCEPT (LINE 1). DEMAND COMPONENT IS TOTAL MINUS CUSTOMER COMPONENT.
 - (D) INCLUDES ALL OVERHEAD WIRE TYPES AND SIZES EXCEPT N-PLEX. ALLOCATED PER TOTAL COST OF PRIMARY OVERHEAD LINES (ADJ FOR VINTAGE) (LINE 3).
 - (E) INCLUDES ALL DUPLEX, TRIPLEX, AND QUADRUPLEX. ALLOCATED TO COMPONENT PER LINE 3.
 - (F) INCLUDES ALL SWITCHES SPECIFIED FOR USAGE AT 5 KV AND ABOVE. ALLOCATED PER PRIMARY LINES (LINE 5).
 - (G) INCLUDES ALL SWITCHES SPECIFIED FOR USAGE AT 4.9 KV AND BELOW. ALLOCATED PER SECONDARY LINES (LINE 6).
 - (H) INCLUDES ALL OTHER UNITIZED EQUIPMENT. ALLOCATED PER TOTAL OVERHEAD LINES (LINE 7).
 - (I) INCLUDES ADJUSTMENTS, INTERIM RUCs, AND NON-UNITIZED. ALLOCATED PER SUBTOTAL (LINE 12).

GULF POWER COMPANY
 TWELVE MONTHS ENDED 12/31/15
 MINIMUM DISTRIBUTION SYSTEM - ZERO-INTERCEPT METHOD
 ACCOUNT 366 - UNDERGROUND CONDUIT (MASS ACCOUNT)

	12-31-15 TOTAL ALL COSTS	12-31-15 TOTAL LEVEL 4 COSTS	PRIMARY LEVEL 4		12-31-15 TOTAL LEVEL 5 COSTS	SECONDARY LEVEL 5		NOTES
			CUSTOMER- RELATED COMPONENT	DEMAND- RELATED COMPONENT		CUSTOMER- RELATED COMPONENT	DEMAND- RELATED COMPONENT	
1. TOTAL UNDERGROUND LINES FROM ACCOUNT 367	119,525,790	87,281,886	5,773,061	81,508,825	32,243,904	2,132,699	30,111,205	(A)
<i>ANALYSIS OF ACCOUNT 366</i>								
2. DUCT LINES, MANHOLES, AND SPLICING CHAMBERS	994,326	726,091	48,026	678,065	268,235	17,742	250,493	(B)
3. TRANSFORMER VAULTS AND SUMP PUMPS	165,370	0	0	0	165,370	0	165,370	(C)
4. TOTAL ACCOUNT 366	1,159,696	726,091	48,026	678,065	433,605	17,742	415,863	
5. PERCENTAGES AT LEVEL			6.61%	93.39%		4.09%	95.91%	
6. PERCENTAGES OF TOTAL		62.61%	4.14%	58.47%	37.39%	1.53%	35.86%	

NOTES:

- (A) FROM ANALYSIS OF ACCOUNT 367, LINE 7, TOTAL UNDERGROUND LINES.
- (B) ALLOCATED PER TOTAL UNDERGROUND LINES FROM ACCOUNT 367 (LINE 1).
- (C) ASSIGNED TO SECONDARY LEVEL 5 DEMAND-RELATED COMPONENT.

GULF POWER COMPANY
 TWELVE MONTHS ENDED 12/31/15
 MINIMUM DISTRIBUTION SYSTEM - ZERO-INTERCEPT METHOD
 ACCOUNT 367 - UNDERGROUND CONDUCTORS (CURRENT REPLACEMENT COST BASIS)

COMPONENT SPLIT ANALYSIS OF MASS ACCOUNT RECORDS	PRIMARY LEVEL 4			NOTES
	12-31-15 TOTAL	CUSTOMER- RELATED COMPONENT	DEMAND- RELATED COMPONENT	
	LEVEL 4 COSTS			
1. ZERO-INTERCEPT UNIT COST OF AAC/AAAC WIRE (\$/FT)		0.5303		(A)
2. TOTAL FEET OF PRIMARY UNDERGROUND MINIMUM SYSTEM LINES		22,989,120		(B)
3. TOTAL COST OF PRIMARY UNDERGROUND LINES (ADJ FOR VINTAGE)	184,315,551	12,191,130	172,124,421	(C)
4. PERCENTAGE OF TOTAL COST OF UNDERGROUND LINES		6.61%	93.39%	

ANALYSIS OF ACCOUNT 367	PRIMARY LEVEL 4				SECONDARY LEVEL 5			
	12-31-15 TOTAL ALL COSTS	12-31-15 TOTAL LEVEL 4 COSTS	CUSTOMER- RELATED COMPONENT	DEMAND- RELATED COMPONENT	12-31-15 TOTAL LEVEL 5 COSTS	CUSTOMER- RELATED COMPONENT	DEMAND- RELATED COMPONENT	
	5. PRIMARY LINES	87,281,886	87,281,886	5,773,061	81,508,825	-	-	
6. SECONDARY LINES	32,243,904	-	-	-	32,243,904	2,132,699	30,111,205	(E)
7. TOTAL UNDERGROUND LINES	119,525,790	87,281,886	5,773,061	81,508,825	32,243,904	2,132,699	30,111,205	
8. NEUTRALS	31,885	-	-	-	31,885	2,109	29,776	(F)
9. PRIMARY SWITCHGEAR	4,568,958	4,568,958	302,203	4,266,755	-	-	-	(G)
10. SECONDARY SWITCHGEAR	26,346	-	-	-	26,346	1,743	24,603	(H)
11. OTHER EQUIPMENT	21,938,099	16,019,962	1,059,604	14,960,358	5,918,137	391,442	5,526,695	(I)
12. TOTAL SWITCHGEAR AND OTHER EQUIPMENT	26,533,403	20,588,920	1,361,807	19,227,113	5,944,483	393,185	5,551,298	
13. SUBTOTAL	146,091,078	107,870,806	7,134,868	100,735,938	38,220,272	2,527,993	35,692,279	
14. OTHER 367	6,384,128	4,713,916	311,791	4,402,125	1,670,212	110,472	1,559,740	(J)
15. TOTAL ACCOUNT 367	152,475,206	112,584,722	7,446,659	105,138,063	39,890,484	2,638,465	37,252,019	
16. PERCENTAGES AT LEVEL			6.61%	93.39%		6.61%	93.39%	
17. PERCENTAGES OF TOTAL		73.84%	4.88%	68.95%	26.16%	1.73%	24.43%	

NOTES:

- (A) FROM ACCOUNT 365, LINE 1, ZERO-INTERCEPT UNIT COST OF AAC/AAAC WIRE.
- (B) TWO TIMES TOTAL PRIMARY UNDERGROUND CIRCUIT-MILES FROM DISTGIS AUTOMATED MAPPING SYSTEM, CONVERTED TO FEET.
- (C) TOTAL AMOUNT FOR ALL PRIMARY WIRE TYPES AND SIZES, ADJUSTED FOR VINTAGE BY HANDY-WHITMAN RATIOS. CUSTOMER COMPONENT EQUALS TOTAL FEET OF MINIMUM SYSTEM UNDERGROUND LINES (LINE 2) TIMES UNIT COST OF ZERO-INTERCEPT (LINE 1). DEMAND COMPONENT IS TOTAL MINUS CUSTOMER COMPONENT.
- (D) INCLUDES ALL UNDERGROUND CABLE SPECIFIED FOR USAGE AT 5 KV AND ABOVE. ALLOCATED PER TOTAL COST OF PRIMARY UNDERGROUND LINES ADJUSTED FOR VINTAGE (LINE 3).
- (E) INCLUDES ALL UNDERGROUND CABLE SPECIFIED FOR USAGE AT 4.9 KV AND BELOW. ALLOCATED TO COMPONENT PER LINE 4.
- (F) ASSIGNED TO SECONDARY. ALLOCATED TO COMPONENT PER SECONDARY LINES (LINE 6).
- (G) INCLUDES ALL SWITCHES SPECIFIED FOR USAGE AT 5 KV AND ABOVE. ALLOCATED PER PRIMARY LINES (LINE 5).
- (H) INCLUDES ALL SWITCHES SPECIFIED FOR USAGE AT 4.9 KV AND BELOW. ALLOCATED PER SECONDARY LINES (LINE 6).
- (I) INCLUDES ALL OTHER UNITIZED EQUIPMENT. ALLOCATED PER TOTAL UNDERGROUND LINES (LINE 7).
- (J) INCLUDES ADJUSTMENTS, INTERIM RUCs, AND NON-UNITIZED. ALLOCATED PER SUBTOTAL (LINE 13).

GULF POWER COMPANY
 TWELVE MONTHS ENDED 12/31/15
 MINIMUM DISTRIBUTION SYSTEM - ZERO-INTERCEPT METHOD
 ACCOUNT 368 - LINE TRANSFORMERS (CURRENT REPLACEMENT COST BASIS)

	PRIMARY LEVEL 4			SECONDARY LEVEL 5			NOTES
	12-31-15 TOTAL ALL COSTS	12-31-15 TOTAL LEVEL 4 COSTS	CUSTOMER- RELATED COMPONENT	DEMAND- RELATED COMPONENT	12-31-15 TOTAL LEVEL 5 COSTS	CUSTOMER- RELATED COMPONENT	
COMPONENT SPLIT ANALYSIS OF MASS ACCOUNT RECORDS							
1. UNIT COST OF ZERO-INTERCEPT (1 PHASE O/H)						477.27	(A)
2. TOTAL NUMBER OF O/H TRANSFORMERS						119,826	(B)
3. TOTAL OVERHEAD TRANSFORMERS (ADJ FOR VINTAGE)					161,495,750	57,189,355	104,306,395 (C)
4. PERCENTAGE SPLIT OF OVERHEAD TRANSFORMERS						35.41%	64.59%
5. UNIT COST OF ZERO-INTERCEPT (1 PHASE O/H)						477.27	(A)
6. TOTAL NUMBER OF PAD-MT TRANSFORMERS						30,984	(B)
7. TOTAL PAD-MT TRANSFORMERS (ADJ FOR VINTAGE)					75,015,821	14,787,734	60,228,087 (C)
8. PERCENTAGE SPLIT OF PAD-MT TRANSFORMERS						19.71%	80.29%
9. UNIT COST OF ZERO-INTERCEPT (1 PHASE O/H)						477.27	(A)
10. TOTAL NUMBER OF VAULT/DRY TRANSFORMERS						124	(B)
11. TOTAL VAULT/DRY TRANSFORMERS (ADJ FOR VINTAGE)					560,132	59,181	500,951 (C)
12. PERCENTAGE SPLIT OF VAULT/DRY TRANSFORMERS						10.57%	89.43%
13. PRIMARY LINES FROM ACCOUNT 365		89,082,431	18,159,762	70,922,669			(D)
ANALYSIS OF ACCOUNT 368							
<u>TRANSFORMERS</u>							
14. OVERHEAD TRANSFORMERS	79,899,921	0	0	0	79,899,921	28,294,398	51,605,523 (E)
15. PAD-MOUNTED TRANSFORMERS	83,575,230	0	0	0	83,575,230	16,475,035	67,100,195 (F)
16. VAULT AND UNDERGROUND DRY TRANSFORMERS	624,044	0	0	0	624,044	65,934	558,110 (G)
17. NETWORK PROTECTORS	676,283	0	0	0	676,283	71,453	604,830 (H)
18. REGULATORS AND CAPACITORS	7,877,427	7,877,427	0	7,877,427	0	0	0 (I)
19. SWITCHES	2,821,751	2,821,751	575,224	2,246,527	0	0	0 (J)
<u>CUTOUPS AND ARRESTERS</u>							
: TRANSFORMER-RELATED	51,233,956	0	0	0	51,233,956	18,143,121	33,090,835 (K)
: REGULATOR/CAPACITOR-RELATED	4,237,373	4,237,373	0	4,237,373	0	0	0 (L)
: LINE/SWITCH-RELATED	29,749,934	29,749,934	6,064,627	23,685,307	0	0	0 (M)
: OTHER UNITIZED ACCOUNT 368	3,763,334	0	0	0	3,763,334	741,859	3,021,475 (N)
: SUBTOTAL	264,459,253	44,686,485	6,639,851	38,046,634	219,772,768	63,791,800	155,980,968
: OTHER 367	2,423,616	409,526	60,850	348,676	2,014,090	584,615	1,429,475 (O)
: TOTAL ACCOUNT 367	266,882,869	45,096,011	6,700,701	38,395,310	221,786,858	64,376,415	157,410,443
: PERCENTAGES AT LEVEL			14.86%	85.14%		29.03%	70.97%
: PERCENTAGES OF TOTAL		16.90%	2.51%	14.39%	83.10%	24.12%	58.98%

NOTES:

- (A) Y-AXIS INTERCEPT OF REGRESSION BASED ON COST FROM MAXIMO SYSTEM OF SINGLE-PHASE OVERHEAD TRANSFORMERS 100 KVA AND LESS.
- (B) INCLUDES ALL OVERHEAD, PAD-MOUNTED, AND VAULT/UNDERGROUND DRY TRANSFORMERS, RESPECTIVELY.
- (C) TOTAL AMOUNT FOR ALL TRANSFORMERS OF EACH RESPECTIVE TYPE ADJUSTED FOR VINTAGE USING HANDY-WHITMAN RATIOS. CUSTOMER COMPONENT EQUALS TOTAL NUMBER OF TRANSFORMERS (LINE 2) TIMES UNIT COST OF ZERO-INTERCEPT (LINE 1). DEMAND COMPONENT IS TOTAL MINUS CUSTOMER COMPONENT.
- (D) FROM ANALYSIS OF ACCOUNT 365, LINE 5, PRIMARY LINES.
- (E) ALLOCATED PER TOTAL OVERHEAD TRANSFORMERS ADJUSTED FOR VINTAGE (LINE 3).
- (F) ALLOCATED PER TOTAL PAD-MT TRANSFORMERS ADJUSTED FOR VINTAGE (LINE 7).
- (G) ALLOCATED PER TOTAL VAULT/DRY TRANSFORMERS ADJUSTED FOR VINTAGE (LINE 11).
- (H) ALLOCATED PER VAULT AND UNDERGROUND DRY TRANSFORMERS (LINE 16).
- (I) ASSIGNED TO LEVEL 4 DEMAND COMPONENT.
- (J) ALLOCATED PER PRIMARY LINES FROM ACCOUNT 365 (LINE 13).
- (K) FROM ACCOUNT 368-A. ALLOCATED PER OVERHEAD TRANSFORMERS (LINE 14).
- (L) FROM ACCOUNT 368-A. ALLOCATED PER REGULATORS AND CAPACITORS (LINE 18).
- (M) FROM ACCOUNT 368-A. ALLOCATED PER PRIMARY LINES FROM ACCOUNT 365 (LINE 13).
- (N) ALLOCATED PER PAD-MOUNTED TRANSFORMERS (LINE 15).
- (O) ALLOCATED PER SUBTOTAL (LINE 24).

Florida Public Service Commission
 Docket No. 160186-EI
 GULF POWER COMPANY
 Witness: Michael T. O'Sheasy
 Exhibit No. _____ (MTO-2)
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GULF POWER COMPANY
TWELVE MONTHS ENDED 12/31/15
MINIMUM DISTRIBUTION SYSTEM - ZERO-INTERCEPT METHOD
ACCOUNT 368-A - ANALYSIS OF CUTOUPS AND ARRESTERS

	<u>QUANTITY</u>	<u>PERCENTAGE</u>	<u>AMOUNT (\$)</u>	<u>NOTES</u>
1. TOTAL FOR CUTOUPS	176,706		37,752,762	(A)
2. PROTECTION FOR OVERHEAD TRANSFORMERS	119,826	67.81%	25,600,503	(B)
3. REMAINDER FOR LINE PROTECTION	56,880	32.19%	12,152,259	(C)
4. TOTAL FOR ARRESTERS	221,896		47,468,501	(D)
5. PROTECTION FOR OVERHEAD TRANSFORMERS	119,826	54.00%	25,633,453	(E)
6. PROTECTION FOR REGULATORS AND AUTO-BOOSTERS	1,124	0.51%	240,449	(F)
7. PROTECTION FOR CAPACITORS	18,684	8.42%	3,996,924	(G)
8. PROTECTION FOR SWITCHES	7,142	3.22%	1,527,833	(H)
9. REMAINDER FOR LINE PROTECTION	75,120	33.85%	16,069,842	(I)
SUMMARY FOR CUTOUPS AND ARRESTERS				
10. Transformer-related			51,233,956	(J)
11. Regulator/Capacitor-related			4,237,373	(K)
12. Line/Switch-related			29,749,934	(L)

NOTES:

- (A) TOTAL NUMBER AND AMOUNT FOR CUTOUPS
- (B) ASSUMED 1 CUTOUP PER TRANSFORMER.
- (C) DIFFERENCE BETWEEN TOTAL FOR CUTOUPS (LINE 1) AND PROTECTION FOR OVERHEAD TRANSFORMERS (LINE 2).
- (D) TOTAL NUMBER AND AMOUNT FOR ARRESTERS.
- (E) ASSUMED 1 ARRESTER PER TRANSFORMER.
- (F) REGULATORS AND AUTO-BOOSTERS ALL SINGLE-PHASE. ASSUMED 2 ARRESTERS PER UNIT (ONE EACH ON LOAD SIDE AND SOURCE SIDE).
- (G) ASSUMED ALL CAPACITORS 3-PHASE. ASSUMED SIX ARRESTERS PER CAPACITOR--TWO PER PHASE (ONE EACH ON LOAD SIDE AND SOURCE SIDE).
- (H) ASSUMED TWO ARRESTERS PER SINGLE-PHASE SWITCH AND 6 ARRESTERS PER 3-PHASE SWITCH.
- (I) DIFFERENCE BETWEEN TOTAL FOR ARRESTERS (LINE 4) AND [PROTECTION FOR OVERHEAD TRANSFORMERS (LINE 5) PLUS PROTECTION FOR REGULATORS (LINE 6) PLUS PROTECTION FOR CAPACITORS (LINE 7) PLUS PROTECTION FOR SWITCHES (LINE 8)].
- (J) LINE 2 PLUS LINE 5
- (K) LINE 6 PLUS LINE 7.
- (L) LINE 3 PLUS LINE 8 PLUS LINE 9.

Gulf Power Company
Twelve Months Ended 12/31/15
Minimum Distribution System
Account 369 – Services Analysis (Mass Account)
Schedule 6.9

		Secondary -----Level 5-----			Notes
		12-31-15 Total All Costs	Customer- Related Component	Demand- Related Component	
1.	All Services	113,777,433	113,777,433	-	
2.	Total Account 369	113,777,433	113,777,433	-	
3.	Percentages		100%		

Notes

(A) Assigned to Secondary Level 5 Customer-Related Component.

Gulf Power Company
Twelve Months Ended 12/31/15
Minimum Distribution System
Account 370 – Meters Analysis (Mass Account)
Schedule 6.10

		Secondary -----Level 5-----			
		12-31-15 Total All Costs	Customer- Related Component	Demand- Related Component	Notes
1.	All Meters	75,761,676	75,761,676	-	(A)
2.	Total Account 370	75,761,676	75,761,676	-	
3.	Percentages		100%		

Notes

(A) Assigned to Secondary Level 5 Customer-Related Component.