



**Rhonda J. Alexander**  
Manager  
Regulatory, Forecasting & Pricing

One Energy Place  
Pensacola, FL 32520-0780  
850 444 6743 tel  
850 444 6026 fax  
rjalexad@southernco.com

July 13, 2018

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

RE: Monthly Rate of Return Report

Dear Mr. Fletcher:

Attached is Gulf Power Company's Jurisdictional Rate of Return Report for the month of May, 2018.

Sincerely,

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

Rhonda J. Alexander  
Regulatory, Forecasting and Pricing Manager

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Attachment

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

GOV 2-1-5-3

**May 2018**

Earnings Surveillance  
Report  
(Rate of Return)



**Gulf Power**

**GULF POWER COMPANY**  
**Earnings Surveillance Report Summary**  
**May, 2018**

	(1) Actual Per Books	(2) FPSC Adjustments	(3) FPSC Adjusted	(4) Pro Forma Adjustments	(5) Pro Forma Adjusted
<b>I. Average Rate of Return (Jurisdictional)</b>					
	(a)	(b)			
Net Operating Income	192,530,362	(48,874,806)	143,655,556	0	143,655,556
Average Rate Base	3,758,064,193	(1,345,115,361)	2,412,948,832	0	2,412,948,832
Average Rate of Return	5.12%		5.95%		5.95%
<b>II. Year End Rate of Return (Jurisdictional)</b>					
	(a)	(b)			
Net Operating Income	192,595,429	(48,496,427)	144,099,002	0	144,099,002
Year End Rate Base	3,836,900,690	(1,342,375,796)	2,494,524,893	0	2,494,524,893
Year End Rate of Return	5.02%		5.78%		5.78%

(a) Includes AFUDC Earnings

(b) Includes Reversal of AFUDC Earnings

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

Low	5.15%
Midpoint	5.57%
High	5.98%

**IV. Financial Integrity Indicators**

A. Tie With AFUDC	5.45 x (System per Books Basis)
B. Tie Without AFUDC	5.45 x (System per Books Basis)
C. AFUDC To Net Income	0.07% (System per Books Basis)
D. Internally Generated Funds	162.82% (System per Books Basis)
E. LTD To Total Investor Funds	44.44% (FPSC Adjusted Basis)
F. STD To Total Investor Funds	0.51% (FPSC Adjusted Basis)
G. Return on Common Equity	11.20% (FPSC Adjusted Basis)
H. Return on Common Equity	11.20% (Proforma Basis)

I am aware that Section 837.06, Florida Statutes, provides:

Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in s. 775.082, s. 775.083, or s. 775.084.

Name and Title	Signature	Date
Robin B. Boren Chief Financial Officer & Treasurer		<u>07-13-18</u>

GULF POWER COMPANY  
AVERAGE RATE OF RETURN  
RATE BASE  
May, 2018

	PLANT IN SERVICE	ACCUMULATED DEPRECIATION & AMORTIZATION	NET PLANT IN SERVICE	PROPERTY HELD FOR FUTURE USE	CONSTRUCTION WORK IN PROGRESS	NUCLEAR FUEL (NET)	NET UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE
<b>SYSTEM PER BOOKS</b>	5,184,950,266	1,693,770,072	3,491,180,194	14,358,337	82,556,767	0	3,588,095,298	241,737,553	3,829,832,851
<b>JURISDICTIONAL PER BOOKS</b>	5,022,976,910	1,660,942,681	3,362,034,229	13,957,467	80,529,668	0	3,456,521,364	301,542,829	3,758,064,193
<b>FPSC ADJUSTMENTS:</b>									
ENVIRONMENTAL RECOVERY CLAUSE	(1,549,825,592)	(311,622,365)	(1,238,203,227)		(21,114,218)		(1,259,317,445)	(26,828,394)	(1,286,145,839)
INIT BEARING CWIP					(2,213,138)		(2,213,138)	0	(2,213,138)
ENERGY CONSERVATION CLAUSE							(23,747,058)	(685,971)	(24,433,029)
LOANS TO EMPLOYEES / RETIREES	(16,061,877)	7,665,181	(23,747,058)				(28,692)	(448,537)	(28,692)
INTEREST AND DIVIDENDS RECEIVABLE								(448,537)	(448,537)
FUNDED PROP RES, N. ESCAMBIA & OTHER INV.				(12,294,137)			(12,294,137)	(3,025,282)	(15,319,419)
DEPRECIATION CREDIT ADJUSTMENT								0	0
FUEL RELATED DEFERRED DEBITS								(13,913,136)	(13,913,136)
FLAME RESISTANT CLOTHING								0	0
ACCRUED PROVISION FOR REFUND								0	0
UNAMORTIZED RATE CASE EXPENSES								(2,613,571)	(2,613,571)
SALE OF RAILCARS								0	0
<b>TOTAL FPSC ADJUSTMENTS</b>	(1,565,887,469)	(303,937,184)	(1,261,950,285)	(12,294,137)	(23,327,356)	0	(1,297,571,778)	(47,543,583)	(1,345,115,361)
<b>FPSC ADJUSTED</b>	3,457,089,441	1,357,005,497	2,100,083,944	1,663,330	57,202,312	0	2,158,949,586	253,999,246	2,412,948,832
<b>PRO FORMA REVENUE AND ANNUALIZATION ADJUSTMENTS</b>	0	0	0	0	0	0	0	0	0
<b>TOTAL PRO FORMA ADJUST</b>	0	0	0	0	0	0	0	0	0
<b>PRO FORMA ADJUSTED</b>	3,457,089,441	1,357,005,497	2,100,083,944	1,663,330	57,202,312	0	2,158,949,586	253,999,246	2,412,948,832

GULF POWER COMPANY  
AVERAGE RATE OF RETURN  
INCOME STATEMENT  
May, 2018

	OPERATING REVENUES	FUEL & NET INTERCHANGE	O & M OTHER	DEPRECIATION & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	DEFERRED INCOME TAXES (NET)	INVESTMENT TAX CREDIT (NET)	(GAIN)/LOSS ON DISPOSITION OF PROPERTY	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
SYSTEM PER BOOKS	1,499,549,093	578,919,587	328,773,899	177,525,769	119,300,530	28,897,086	43,358,222	(364,880)	0	1,276,410,211	223,138,882 (a)
JURISDICTIONAL PER BOOKS	1,350,389,873	464,047,017	322,451,586	177,272,739	118,966,868	35,028,657	41,149,298	(353,336)	0	1,157,962,827	192,407,046 (a)
LESS FPSC ADJUSTMENTS:											
RETAIL FUEL REVENUES & EXPENSES	(354,641,164)	(380,925,414)	(109,410)			8,871,737				(372,053,677)	17,412,513
PURCHASED POWER CAPACITY REVENUES & EXPENSES	(75,501,538)	(83,121,603)	(226,726)			2,572,005				(80,549,598)	5,048,061
ENERGY CONSERVATION COST REVENUES & EXPENSES	(11,380,241)		(6,307,011)	(794,775)	(338,168)	(654,906)				(10,994,860)	(1,285,382)
ENVIRONMENTAL COST RECOVERY CLAUSE	(195,452,408)		(37,708,204)	(53,016,907)	(7,083,352)	(32,957,816)				(130,766,279)	(64,886,129)
FRANCHISE FEE REVENUE & EXPENSE	(44,175,674)				(43,769,422)	(137,122)				(43,906,544)	(269,131)
GROSS RECEIPTS TAX REVENUE & ADJUSTMENT	(32,392,708)				(31,937,894)	(153,514)				(32,091,408)	(301,300)
MARKETING SUPPORT ACTIVITIES						36,929				(72,481)	72,481
WHOLESALE EXPENSES						76,527				(150,199)	150,199
INSTITUTIONAL ADVERTISING EXPENSE						60,193				(118,139)	118,139
ECONOMIC DEVELOPMENT EXPENSE						20,575				(40,383)	40,383
MGMT FINANCIAL PLANNING SERVICES						15,844				(31,098)	31,098
DIRECTORS' & OFFICERS' INSURANCE						11,953				(23,460)	23,460
INDUSTRY ASSOCIATION DUES						432				(847)	847
TALLAHASSEE UNION EXPENSES						165,255				(324,344)	324,344
GRT, FPSC FEES ON CLAUSES & FEES						492,927				(967,465)	967,465
(GAIN) / LOSS ON DISPOSITION OF PROPERTY						15,426			(45,704)	(30,278)	30,278
INTEREST SYNCHRONIZATION						8,428,817				6,428,817	(6,428,817)
TOTAL FPSC ADJUSTMENTS	(713,543,732)	(464,047,017)	(47,142,037)	(53,811,682)	(84,611,065)	(15,134,739)	0	0	(45,704)	(664,792,242)	(48,751,490)
FPSC ADJUSTED	636,846,141	0	275,309,549	123,461,057	33,775,803	19,893,918	41,149,298	(353,336)	(45,704)	493,190,585	143,655,556
PRO FORMA REVENUE ANNUALIZATION ADJUSTMENTS	0	0	0	0	0	0	0	0	0	0	0
TOTAL PRO FORMA ADJUSTMENTS	0	0	0	0	0	0	0	0	0	0	0
PRO FORMA ADJUSTED	636,846,141	0	275,309,549	123,461,057	33,775,803	19,893,918	41,149,298	(353,336)	(45,704)	493,190,585	143,655,556
(a) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM NOI BY				125,904	AND THE JURISDICTIONAL NOI BY	123,316					
CURRENT MONTH SYSTEM PER BOOKS	116,055,203	45,505,240	29,289,736	15,877,669	9,910,126	4,289,643	(7,383,722)	(27,018)	0	96,345,673	19,709,530
CURRENT MONTH JURISDICTIONAL PER BOOKS	108,579,408	40,821,822	27,823,875	15,538,189	8,743,999	9,483,122	(6,522,657)	(26,531)	0	95,861,820	12,717,588

TOTALS MAY NOT ADD DUE TO ROUNDING.

GULF POWER COMPANY  
AVERAGE RATE OF RETURN  
SYSTEM ADJUSTMENTS  
May, 2018

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<u>RATE BASE ADJUSTMENTS</u>	<u>AMOUNT</u>	<u>NET OPERATING INCOME STATEMENT ADJUSTMENTS</u>	<u>AMOUNT</u>	<u>TAX EFFECT</u>
ENVIRONMENTAL COST RECOVERY CLAUSE INVESTMENT	(1,594,604,567)	FUEL & IIC FUEL REVENUES AND ECONOMY PROFITS	(467,381,294)	(157,755,471)
ACCUMULATED DEPRECIATION	320,626,043	ENVIRONMENTAL COST RECOVERY CLAUSE REVENUES	(201,355,866)	(67,963,759)
CWIP	(21,724,270)	PURCHASED POWER CAPACITY COST CLAUSE REVENUES	(75,538,155)	(25,496,436)
ENERGY CONSERVATION COST RECOVERY INVESTMENT	(16,061,877)	ENERGY CONSERVATION COST RECOVERY CLAUSE REVENUES	(11,380,241)	(3,841,179)
ACCUMULATED DEPRECIATION	(7,685,181)	FUEL EXPENSE	(493,353,580)	166,521,912
CWIP	0	PURCHASED POWER CAPACITY COST EXPENSE	(85,529,108)	28,868,688
FAS 143 NET PLANT	(45,480,607)	CONSERVATION EXPENSES - DEPRECIATION AND O & M	(9,101,786)	3,072,131
INTEREST BEARING CWIP	(2,259,591)	CONSERVATION EXPENSES - OTHER TAXES	(338,168)	114,142
PHFU - NORTH ESCAMBIA	(12,647,235)	ENVIRONMENTAL COST RECOVERY EXPENSE	(100,568,262)	33,944,862
		FRANCHISE FEE REVENUES	(44,175,674)	(14,910,640)
		FRANCHISE FEE	(43,769,422)	14,773,518
		GROSS RECEIPTS TAX REVENUES	(32,392,708)	(10,933,529)
WORKING CAPITAL:		GROSS RECEIPTS TAX EXPENSE	(31,937,894)	10,780,015
ECRC WORKING CAPITAL	(27,603,544)	MARKETING SUPPORT ACTIVITIES	(109,410)	36,929
CONSERVATION/AEM INVENTORY	(685,971)	WHOLESALE EXPENSES	(233,327)	78,755
FUNDED PROPERTY INSURANCE RESERVE	0	INSTITUTIONAL ADVERTISING EXPENSE	(181,738)	61,342
LOANS TO EMPLOYEES AND RETIREES	(29,198)	ECONOMIC DEVELOPMENT EXPENSE	(60,958)	20,575
INTEREST & DIVIDENDS RECEIVABLE	(456,441)	MGMT FINANCIAL PLANNING SERVICES	(47,926)	16,177
NORTH ESCAMBIA SITE	(3,078,421)	DIRECTORS' & OFFICERS' INSURANCE	(36,155)	12,203
UNAMORTIZED RATE CASE EXPENSE	(2,659,478)	INDUSTRY ASSOCIATION DUES	(1,303)	440
FUEL RELATED DEFERRED DEBITS	(13,913,136)	TALLAHASSEE LIAISON EXPENSE	(499,847)	168,714
UNREALIZED LOSS ON FWD CONTRACT	(6,950)	GRT/FPSC FEES ON CLAUSE REV ADJ & FRAN FEES	(1,460,392)	492,927
ACCUM. PROV. FOR RATE REFUNDS	0	COMP SALES\TRANS REV\G/L SALE GAS\PROV RT REFN. ESC REV	(7,531)	(2,542)
FAS 143 WORKING CAPITAL	55,805,034	GAIN\LOSS ON DISPOSITION OF PROPERTY	(47,016)	15,869
FAS 158 REGULATORY ASSETS	(165,490,581)	INTEREST SYNCHRONIZATION	6,382,186	6,382,186
FAS 158 REGULATORY LIABILITIES	165,490,581			
PPA REGULATORY ASSETS	(120,933,784)			
PPA REGULATORY LIABILITIES	120,933,784			
FAS 133 REGULATORY ASSETS	(21,869,869)			
FAS 133 REGULATORY LIABILITIES	21,869,869			

GULF POWER COMPANY  
YEAR END RATE OF RETURN  
RATE BASE  
May, 2018

	PLANT IN SERVICE	ACCUMULATED DEPRECIATION & AMORTIZATION	NET PLANT IN SERVICE	PROPERTY HELD FOR FUTURE USE	CONSTRUCTION WORK IN PROGRESS	NUCLEAR FUEL (NET)	NET UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE
SYSTEM PER BOOKS	5,274,197,139	1,731,891,860	3,542,305,278	14,111,047	100,896,001	0	3,657,312,327	241,737,553	3,899,049,880
JURISDICTIONAL PER BOOKS	5,124,186,345	1,701,728,405	3,422,457,940	13,717,080	98,572,396	0	3,534,747,416	302,153,273	3,836,900,690
<u>FPSC ADJUSTMENTS:</u>									
ENVIRONMENTAL RECOVERY CLAUSE	(1,559,811,734)	(335,626,742)	(1,224,184,992)		(32,406,608)		(1,256,591,600)	(26,828,394)	(1,283,419,994)
INT BEARING CWIP					(2,289,948)		(2,289,948)	0	(2,289,948)
ENERGY CONSERVATION CLAUSE	(16,652,052)	7,244,862	(23,896,914)				(23,896,914)	(685,971)	(24,582,885)
LOANS TO EMPLOYEES AND RETIREES								(28,692)	(28,692)
INTEREST AND DIVIDENDS RECEIVABLE								(448,537)	(448,537)
FUNDED PROP RES, N. ESCAMBIA SITE, & OTHER INV.				(12,053,751)			(12,053,751)	(3,025,282)	(15,079,033)
FUEL RELATED DEFERRED DEBITS								(13,913,136)	(13,913,136)
ACCRUED PROVISION FOR REFUND								0	0
UNAMORTIZED RATE CASE EXPENSES								(2,613,571)	(2,613,571)
<b>TOTAL FPSC ADJUSTMENTS</b>	<b>(1,576,463,786)</b>	<b>(328,381,880)</b>	<b>(1,248,081,906)</b>	<b>(12,053,751)</b>	<b>(34,696,556)</b>	<b>0</b>	<b>(1,294,832,213)</b>	<b>(47,543,583)</b>	<b>(1,342,375,796)</b>
FPSC ADJUSTED	3,547,722,559	1,373,346,525	2,174,376,034	1,663,329	63,875,840	0	2,239,915,203	254,609,690	2,494,524,893
PRO FORMA REVENUE AND ANNUALIZATION ADJUSTMENTS	0	0	0	0	0	0	0	0	0
TOTAL PRO FORMA ADJUSTMENTS	0	0	0	0	0	0	0	0	0
PRO FORMA ADJUSTED	3,547,722,559	1,373,346,525	2,174,376,034	1,663,329	63,875,840	0	2,239,915,203	254,609,690	2,494,524,893

GULF POWER COMPANY  
YEAR END RATE OF RETURN  
INCOME STATEMENT  
May, 2018

	OPERATING REVENUES	O & M INTERCHANGE	O & M OTHER	DEPRECIATION & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	DEFERRED INCOME TAXES (NET)	INVESTMENT TAX CREDIT (NET)	(GAIN)/LOSS ON DISPOSITION OF PROPERTY	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
SYSTEM PER BOOKS	1,499,549,093	578,919,587	328,773,899	177,525,768	119,300,530	28,897,086	43,358,222	(364,860)	0	1,276,410,211	223,138,882 (a)
JURISDICTIONAL PER BOOKS	1,350,389,873	464,047,017	322,451,586	177,272,738	118,386,868	35,012,658	41,100,230	(353,336)	0	1,157,917,760	192,472,113 (a)
LESS FPSC ADJUSTMENTS:											
RETAIL FUEL REVENUES & EXPENSES	(354,641,164)	(380,925,414)				6,871,737				(372,053,677)	17,412,513
PURCHASED POWER CAPACITY REVENUES & EXPENSES	(75,501,538)	(83,121,603)				2,572,005				(80,549,598)	5,048,061
ENERGY CONSERVATION COST REVENUES & EXPENSES	(11,380,241)		(8,307,011)	(794,775)	(338,168)	(654,906)				(10,094,860)	(1,285,382)
ENVIRONMENTAL COST RECOVERY CLAUSE	(195,452,408)		(37,708,204)	(53,016,907)	(7,083,352)	(32,957,816)				(130,766,279)	(64,686,129)
FRANCHISE FEE REVENUE & EXPENSE	(44,175,674)				(43,769,422)	(137,122)				(43,906,544)	(269,131)
GROSS RECEIPTS TAX REVENUE & ADJUSTMENT	(32,392,708)				(31,937,894)	(153,514)				(32,091,408)	(301,300)
MARKETING SUPPORT ACTIVITIES			(109,410)			36,929				(72,481)	72,481
WHOLESALE EXPENSES			(226,726)			76,527				(150,199)	150,199
INSTITUTIONAL ADVERTISING EXPENSE			(178,332)			60,193				(118,139)	118,139
ECONOMIC DEVELOPMENT EXPENSE			(60,958)			20,575				(40,383)	40,383
MGMT FINANCIAL PLANNING SERVICES			(46,942)			15,844				(31,098)	31,098
DIRECTORS' & OFFICERS' INSURANCE			(35,413)			11,953				(23,460)	23,460
INDUSTRY ASSOCIATION DUES			(1,279)			432				(847)	847
TALLAHASSEE LIAISON EXPENSES			(467,762)		(21,837)	165,255				(324,344)	324,344
GRT, FPSC FEES ON CLAUSES & FEES					(1,460,392)	492,927				(967,465)	967,465
(GAIN) / LOSS ON DISPOSITION OF PROPERTY						15,426			(45,704)	(30,278)	30,278
INTEREST SYNCHRONIZATION						6,050,438				6,050,438	(6,050,438)
TOTAL FPSC ADJUSTMENTS	(713,543,732)	(464,047,017)	(47,142,037)	(53,811,682)	(84,611,065)	(15,513,118)	0	0	(45,704)	(665,170,621)	(48,373,111)
FPSC ADJUSTED	636,846,141	0	275,309,549	123,461,057	33,775,803	19,499,540	41,100,230	(353,336)	(45,704)	492,747,139	144,099,002
PRO FORMA REVENUE ANNUALIZATION											
TOTAL PRO FORMA ADJUSTMENTS	0	0	0	0	0	0	0	0	0	0	0
PRO FORMA ADJUSTED	636,846,141	0	275,309,549	123,461,057	33,775,803	19,499,540	41,100,230	(353,336)	(45,704)	492,747,139	144,099,002
(a) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM NOI BY				125,904	AND THE JURISDICTIONAL NOI BY		123,316				



GULF POWER COMPANY  
YEAR END RATE OF RETURN  
SYSTEM ADJUSTMENTS  
May, 2018

SCHEDULE 3  
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<u>RATE BASE ADJUSTMENTS</u>	<u>AMOUNT</u>	<u>NET OPERATING INCOME STATEMENT ADJUSTMENTS</u>	<u>AMOUNT</u>	<u>TAX EFFECT</u>
ENVIRONMENTAL COST RECOVERY CLAUSE INVESTMENT	(1,604,806,902)	FUEL & IIC FUEL REVENUES AND ECONOMY PROFITS	(467,381,294)	(157,755,471)
ACCUMULATED DEPRECIATION	345,308,411	ENVIRONMENTAL COST RECOVERY CLAUSE REVENUES	(201,355,866)	(67,963,759)
CWIP	(33,341,426)	PURCHASED POWER CAPACITY COST CLAUSE REVENUES	(75,538,155)	(25,496,436)
ENERGY CONSERVATION COST RECOVERY INVESTMENT	(16,652,052)	ENERGY CONSERVATION COST RECOVERY CLAUSE REVENUES	(11,380,241)	(3,841,179)
ACCUMULATED DEPRECIATION	(7,244,862)	FUEL EXPENSE	(493,353,580)	166,521,912
CWIP	0	PURCHASED POWER CAPACITY COST EXPENSE	(85,529,108)	28,868,688
FAS 143 NET PLANT	(43,752,010)	CONSERVATION EXPENSES - DEPRECIATION AND O & M	(9,101,786)	3,072,131
INTEREST BEARING CWIP	(2,338,013)	CONSERVATION EXPENSES - OTHER TAXES	(338,168)	114,142
PHFU - NORTH ESCAMBIA	(12,399,945)	ENVIRONMENTAL COST RECOVERY EXPENSE	(100,568,262)	33,944,862
		FRANCHISE FEE REVENUES	(44,175,674)	(14,910,640)
		FRANCHISE FEE	(43,769,422)	14,773,518
		GROSS RECEIPTS TAX REVENUES	(32,392,708)	(10,933,529)
		GROSS RECEIPTS TAX EXPENSE	(31,937,894)	10,780,015
		MARKETING SUPPORT ACTIVITIES	(109,410)	36,929
		WHOLESALE EXPENSES	(233,327)	78,755
		INSTITUTIONAL ADVERTISING EXPENSE	(181,738)	61,342
		ECONOMIC DEVELOPMENT EXPENSE	(60,958)	20,575
		MGMT FINANCIAL PLANNING SERVICES	(47,926)	16,177
		DIRECTORS' & OFFICERS' INSURANCE	(36,155)	12,203
		INDUSTRY ASSOCIATION DUES	(1,303)	440
		TALLAHASSEE LIAISON EXPENSE	(499,847)	168,714
		GRT/FPSC FEES ON CLAUSE REV ADJ & FRAN FEES	(1,460,392)	492,927
		COMP SALES/TRANS REV/Q/L SALE GAS/PROV RT REFM. ESC REV	(7,531)	(2,542)
		GAIN/LOSS ON DISPOSITION OF PROPERTY	(47,016)	15,869
		INTEREST SYNCHRONIZATION	6,030,153	6,030,153
WORKING CAPITAL:				
ECRC WORKING CAPITAL	(27,603,544)			
CONSERVATION/AEM INVENTORY	(685,971)			
FUNDED PROPERTY INSURANCE RESERVE	0			
LOANS TO EMPLOYEES AND RETIREES	(29,198)			
INTEREST & DIVIDENDS RECEIVABLE	(456,441)			
NORTH ESCAMBIA SITE	(3,078,421)			
UNAMORTIZED RATE CASE EXPENSE	(2,659,478)			
FUEL RELATED DEFERRED DEBITS	(13,913,136)			
UNREALIZED LOSS ON FWD CONTRACT	(6,950)			
ACCUM. PROV. FOR RATE REFUNDS	0			
FAS 143 WORKING CAPITAL	55,805,034			
FAS 158 REGULATORY ASSETS	(165,490,581)			
FAS 158 REGULATORY LIABILITIES	165,490,581			
PPA REGULATORY ASSETS	(120,933,784)			
PPA REGULATORY LIABILITIES	120,933,784			
FAS 133 REGULATORY ASSETS	(21,869,869)			
FAS 133 REGULATORY LIABILITIES	21,869,869			

GULF POWER COMPANY  
CAPITAL STRUCTURE  
FPSC ADJUSTED BASIS  
May, 2018

AVERAGE	ADJUSTMENTS				LOW POINT			MIDPOINT			HIGH POINT			
	SYSTEM PER BOOKS	RETAIL PER BOOKS	PRO RATA	SPECIFIC	ADJUSTED RETAIL	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
LONG TERM DEBT	1,278,299,444	1,254,912,304	(449,167,904)	0	805,744,400	33.39	3.89	1.30	3.89	1.30	3.89	1.30	3.89	1.30
SHORT TERM DEBT	28,755,464	14,511,349	(5,194,014)	0	9,317,335	0.39	4.17	0.02	4.17	0.02	4.17	0.02	4.17	0.02
PREFERENCE STOCK	11,269,563	10,918,416	(3,908,004)	0	7,010,412	0.29	6.14	0.02	6.14	0.02	6.14	0.02	6.14	0.02
CUSTOMER DEPOSITS	34,992,002	34,943,804	(12,507,356)	0	22,436,448	0.93	2.29	0.02	2.29	0.02	2.29	0.02	2.29	0.02
COMMON EQUITY	1,550,034,740	1,543,329,202	(552,400,308)	0	990,928,894	41.07	9.25	3.80	10.25	4.21	11.25	4.62	11.25	4.62
DEFERRED INCOME TAXES	778,768,083	764,817,520	(273,749,384)	0	491,068,126	20.35	0	0.00	0	0.00	0	0.00	0	0.00
FASB 109 DEFERRED TAXES	135,912,202	133,477,521	(47,775,305)	0	85,702,216	3.55	0	0.00	0	0.00	0	0.00	0	0.00
TAX CREDITS - ZERO COST	0	0	(413,076)	0	741,001	0.03	6.84	0.00	7.39	0.00	7.94	0.00	7.94	0.00
TAX CREDITS - WEIGHTED COST	1,215,618	1,154,077	(413,076)	0	741,001	0.03	6.84	0.00	7.39	0.00	7.94	0.00	7.94	0.00
<b>TOTAL</b>	<b>3,819,247,116</b>	<b>3,758,064,193</b>	<b>(1,345,115,361)</b>	<b>0</b>	<b>2,412,948,832</b>	<b>100.00</b>	<b>5.15</b>	<b>5.15</b>	<b>5.15</b>	<b>5.57</b>	<b>5.57</b>	<b>5.98</b>	<b>5.98</b>	<b>5.98</b>

YEAR-END	ADJUSTMENTS				LOW POINT			MIDPOINT			HIGH POINT			
	SYSTEM PER BOOKS	RETAIL PER BOOKS	PRO RATA	SPECIFIC	ADJUSTED RETAIL	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
LONG TERM DEBT	1,268,821,623	1,270,739,198	(444,580,061)	0	826,159,137	33.12	3.89	1.29	3.89	1.29	3.89	1.29	3.89	1.29
SHORT TERM DEBT	50,978,190	37,121,071	(12,987,156)	0	24,133,915	0.97	2.82	0.03	2.82	0.03	2.82	0.03	2.82	0.03
PREFERENCE STOCK	0	0	0	0	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CUSTOMER DEPOSITS	34,979,711	35,551,232	(12,437,933)	0	23,113,299	0.93	2.26	0.02	2.26	0.02	2.26	0.02	2.26	0.02
COMMON EQUITY	1,558,644,684	1,596,981,080	(558,718,852)	0	1,038,262,228	41.62	9.25	3.85	10.25	4.27	11.25	4.68	11.25	4.68
DEFERRED INCOME TAXES	540,996,054	541,813,662	(189,558,606)	0	352,255,056	14.11	0	0.00	0	0.00	0	0.00	0	0.00
FASB 109 DEFERRED TAXES	353,118,211	353,651,879	(123,728,436)	0	229,923,443	9.22	0	0.00	0	0.00	0	0.00	0	0.00
TAX CREDITS - ZERO COST	0	0	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
TAX CREDITS - WEIGHTED COST	1,040,993	1,042,567	(384,752)	0	677,815	0.03	6.88	0.00	7.43	0.00	7.99	0.00	7.99	0.00
<b>TOTAL</b>	<b>3,808,579,466</b>	<b>3,836,900,690</b>	<b>(1,342,375,796)</b>	<b>0</b>	<b>2,494,524,893</b>	<b>100.00</b>	<b>5.19</b>	<b>5.19</b>	<b>5.19</b>	<b>5.61</b>	<b>5.61</b>	<b>6.02</b>	<b>6.02</b>	<b>6.02</b>

**GULF POWER COMPANY**  
**Financial Integrity Indicators**  
**May, 2018**

**A. Times Interest Earned with AFUDC**

Earnings Before Interest	216,754,185
AFUDC - Debt	38,892
Income Taxes	67,960,258
	<hr/>
Total	284,753,335
Interest Charges (Before Deducting AFUDC - Debt)	52,207,795
T.I.E. With AFUDC	<hr/> 5.45 x

**B. Times Interest Earned without AFUDC**

Earnings Before Interest	216,754,185
AFUDC - Other	(87,013)
Income Taxes	67,960,258
	<hr/>
Total	284,627,430
Interest Charges (Before Deducting AFUDC - Debt)	52,207,795
T.I.E. Without AFUDC	<hr/> 5.45 x

**C. Percent AFUDC To Net Income Available for Common Stockholders**

AFUDC - Debt	38,892
X (1 - Income Tax Rate)	0.66938
	<hr/>
Subtotal	26,033
AFUDC - Other	87,013
	<hr/>
Total	113,046
	<hr/>
Net Income Available for Common Stockholders	164,135,156
Percent AFUDC to Available Net Income	<hr/> 0.07%

**D. Percent Internally Generated Funds**

Net Income	164,585,282
Preference Dividends	(450,126)
Common Dividends	(139,468,000)
AFUDC (Debt & Other)	(125,904)
Depreciation & Amortization	187,639,230
Deferred Income Taxes	43,358,222
Investment Tax Credits	0
Other	143,360,449
	<hr/>
Total	398,899,152
	<hr/>
Construction Expenditures (Excluding AFUDC Other & Debt)	244,986,734
	<hr/>
Percent Internally Generated Funds	<hr/> 162.82%

**E. Long Term Debt as Percent of Total Investor Capital**  
(See calculation in Item F. below)**F. Short Term Debt as Percent of Total Investor Capital Reconciled Average Retail Amounts**

Long Term Debt	805,744,400
Short Term Debt	9,317,335
Preference Stock	7,010,412
Common Equity	990,928,894
	<hr/>
Total	1,813,001,041
	<hr/>
% Long Term Debt To Total	44.44%
	<hr/>
% Short Term Debt To Total	0.51%

**G. FPSC Adjusted Average Jurisdictional Return On Common Equity**

	G. FPSC ADJ.	H. PROFORMA
FPSC Adjusted Average Earned Rate of Return	5.95%	5.95%
Less: Reconciled Average Retail Weighted Cost Rates For:		
Long Term Debt	(1.30)	(1.30)
Short Term Debt	(0.02)	(0.02)
Preference Stock	(0.02)	(0.02)
Customer Deposits	(0.02)	(0.02)
Tax Credits - Weighted Cost (Common Equity at Midpoint)	(0.00)	(0.00)
	<hr/>	<hr/>
Subtotal	(1.36)	(1.36)
	<hr/>	<hr/>
Total	4.60	4.60
Divided by Common Equity Ratio	<hr/> 41.07	<hr/> 41.07
	<hr/>	<hr/>
Jurisdictional Return on Common Equity	11.20%	11.20%

GULF POWER COMPANY  
Storm Accrual - Twelve Month to Date  
May, 2018

Supplemental 1

<u>Month</u>	<u>Year</u>	<u>\$</u>
June	2017	0
July	2017	0
August	2017	0
September	2017	0
October	2017	0
November	2017	0
December	2017	2,624,999
January	2018	0
February	2018	0
March	2018	0
April	2018	0
<b>May</b>	<b>2018</b>	<b>4,200,000</b>
<b>12 - M-T-D</b>		<b><u><u>6,824,999</u></u></b>