



Gulf Power®

December 13, 2019

Mr. Andrew Maurey, Director
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. Maurey:

Attached is Gulf Power Company's Jurisdictional Rate of Return Report for the month of October, 2019.

Sincerely,

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

C. Shane Boyett
Regional Manager, Corporate External Affairs

md

Attachment

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

October 2019

Earnings Surveillance
Report
(Rate of Return)



Gulf Power®

GULF POWER COMPANY
Earnings Surveillance Report Summary
October 2019

	(1) Actual Per Books	(2) FPSC Adjustments	(3) FPSC Adjusted	(4) Pro Forma Adjustments	(5) Pro Forma Adjusted
I. Average Rate of Return (Jurisdictional)					
	(a)	(b)			
Net Operating Income	210,958,923	(57,965,154)	152,993,769	0	152,993,769
Average Rate Base	4,143,745,749	(1,370,919,802)	2,772,825,947	0	2,772,825,947
Average Rate of Return	5.09%		5.52%		5.52%
II. Year End Rate of Return (Jurisdictional)					
	(a)	(b)			
Net Operating Income	164,881,136	(57,782,474)	107,098,662	0	107,098,662
Year End Rate Base	4,357,864,102	(1,365,580,356)	2,992,283,746	0	2,992,283,746
Year End Rate of Return	3.78%		3.58%		3.58%

(a) Includes AFUDC Earnings
(b) Includes Reversal of AFUDC Earnings

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

Low	5.34%
Midpoint	5.78%
High	6.22%


IV. Financial Integrity Indicators

A. Tie With AFUDC	4.56	x (System per Books Basis)
B. Tie Without AFUDC	4.52	x (System per Books Basis)
C. AFUDC To Net Income	1.40%	(System per Books Basis)
D. Internally Generated Funds	-156.77%	(System per Books Basis)
E. LTD To Total Investor Funds	40.34%	(FPSC Adjusted Basis)
F. STD To Total Investor Funds	1.94%	(FPSC Adjusted Basis)
G. Return on Common Equity	9.66%	(FPSC Adjusted Basis)
H. Return on Common Equity	9.66%	(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
Mitchell P. Goldstein
Vice President - Finance

Signature


Date
Dec 12, 2019

GULF POWER COMPANY
 AVERAGE RATE OF RETURN
 RATE BASE
 October 2019

	PLANT IN SERVICE	ACCUMULATED DEPRECIATION & AMORTIZATION	NET PLANT SERVICE	PROPERTY HELD FOR FUTURE USE	CONSTRUCTION WORK IN PROGRESS	NUCLEAR FUEL (NET)	NET UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE
SYSTEM PER BOOKS	5,448,641,227	1,801,130,008	3,647,511,219	14,109,788	277,100,273	0	3,938,721,280	324,834,450	4,263,555,730
JURISDICTIONAL PER BOOKS	5,273,199,064	1,783,503,319	3,489,695,745	13,715,857	270,918,419	0	3,774,330,021	369,415,728	4,143,745,749
FPSC ADJUSTMENTS:									
ENVIRONMENTAL RECOVERY CLAUSE INT BEARING CWIP	(1,589,102,741)	(864,909,881)	(1,204,192,860)		(63,625,495)	(1,267,818,355)	(15,221,025)	(25,531,171)	(1,293,349,526)
ENERGY CONSERVATION CLAUSE					(15,221,025)			0	(15,221,025)
LOANS TO EMPLOYEES / RETIREES	(17,188,071)	6,286,266	(23,474,337)			(23,474,337)	(953,986)	(11,017)	(24,428,323)
INTEREST AND DIVIDENDS RECEIVABLE								(38,368)	(38,368)
FUNDED PROP RES. N. ESCAMBIA & OTHER INV.				(11,126,539)			(11,126,539)	(26,334,105)	(37,460,644)
DEPRECIATION CREDIT ADJUSTMENT								0	0
FUEL RELATED DEFERRED DEBITS								(410,899)	(410,899)
FLAME RESISTANT CLOTHING								0	0
ACCRUED PROVISION FOR REFUND								0	0
UNAMORTIZED RATE CASE EXPENSES								0	0
SALE OF RAILCARS								0	0
TOTAL FPSC ADJUSTMENTS	(1,586,290,812)	(858,623,615)	(1,227,667,197)	(11,126,539)	(78,846,520)	0	(1,317,640,256)	(53,279,546)	(1,370,919,802)
FPSC ADJUSTED	3,686,908,252	1,424,879,704	2,262,028,548	2,589,318	192,071,899	0	2,456,689,765	316,136,182	2,772,825,947
PRO FORMA REVENUE AND ANNUALIZATION ADJUSTMENTS	0	0	0	0	0	0	0	0	0
TOTAL PRO FORMA ADJUST	0	0	0	0	0	0	0	0	0
PRO FORMA ADJUSTED	3,686,908,252	1,424,879,704	2,262,028,548	2,589,318	192,071,899	0	2,456,689,765	316,136,182	2,772,825,947

GULF POWER COMPANY
AVERAGE RATE OF RETURN
INCOME STATEMENT
October 2019

	OPERATING REVENUES	O & M FUEL & NET INTERCHANGE	O & M OTHER	DEPRECIATION & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	DEFERRED INCOME TAXES (NET)	INVESTMENT TAX CREDIT (NET)	(GAIN)/LOSS ON DISPOSITION OF PROPERTY	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
SYSTEM PER BOOKS	1,505,490,569	574,429,279	325,300,876	198,395,110	115,327,591	28,950,543	(1,158,233)	(290,196)	(82)	1,241,953,938	263,476,632 (a)
JURISDICTIONAL PER BOOKS	1,318,799,095	450,616,504	325,239,786	197,850,666	114,452,233	22,931,157	(449,978)	(284,909)	(80)	1,110,355,379	208,443,716 (a)
LESS FPSC ADJUSTMENTS:											
RETAIL FUEL REVENUES & EXPENSES	(947,614,026)	(371,966,229)				9,172,066				(365,794,163)	18,180,137
PURCHASED POWER CAPACITY REVENUES & EXPENSES	(75,925,208)	(78,550,275)				766,703				(77,883,572)	2,258,364
ENERGY CONSERVATION COST REVENUES & EXPENSES	(6,630,241)		(6,200,072)	(1,359,905)	(313,172)	(445,335)				(8,318,465)	(1,311,756)
ENVIRONMENTAL COST RECOVERY CLAUSE	(189,265,534)		(30,617,906)	(57,539,972)	(8,251,581)	(23,567,321)				(119,876,760)	(69,418,754)
FRANCHISE FEE REVENUE & EXPENSE	(43,278,206)				(42,266,142)	(256,761)				(42,521,903)	(756,304)
GROSS RECEIPTS TAX REVENUE & ADJUSTMENT	(31,378,365)				(30,744,172)	(160,742)				(30,904,914)	(473,471)
MARKETING SUPPORT ACTIVITIES						21,920				(64,272)	64,272
WHOLESALE EXPENSES			(86,092)							(86,092)	
INSTITUTIONAL ADVERTISING EXPENSE			(17,583)			4,482				(13,201)	13,201
ECONOMIC DEVELOPMENT EXPENSE			(80,265)			20,343				(59,922)	59,922
MGMT FINANCIAL PLANNING SERVICES			(113,358)			28,730				(84,628)	84,628 (b)
DIRECTORS & OFFICERS' INSURANCE			(429)			109				(320)	320
INDUSTRY ASSOCIATION DUES			(6,299)			1,597				(4,702)	4,702
TALLAHASSEE LIAISON EXPENSES			(1,317)			334				(983)	983
GRT, FPSC FEES ON CLAUSES & FEES			(371,548)		(26,116)	100,788				(296,876)	296,876
(GAIN) / LOSS ON DISPOSITION OF PROPERTY					(1,418,123)	359,423			(34,218)	(1,058,700)	1,058,700
INTEREST SYNCRONIZATION						8,672				(25,546)	25,546
TOTAL FPSC ADJUSTMENTS	(686,821,600)	(450,616,504)	(37,394,959)	(98,899,877)	(65,018,306)	(11,407,779)	0	0	(34,218)	(641,371,653)	(55,449,947)
FPSC ADJUSTED	621,977,495	0	287,844,817	138,950,789	31,433,927	11,523,378	(449,978)	(284,909)	(34,298)	466,983,726	152,993,769
PRO FORMA REVENUE ANNUALIZATION ADJUSTMENTS											
TOTAL PRO FORMA ADJUSTMENTS	0	0	0	0	0	0	0	0	0	0	0
PRO FORMA ADJUSTED	621,977,495	0	287,844,817	138,950,789	31,433,927	11,523,378	(449,978)	(284,909)	(34,298)	466,983,726	152,993,769
(a) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM AND THE JURISDICTIONAL NOI BY						2,515,207					
(b) SYSTEM ECONOMIC DEVELOPMENT COSTS RELATED TO THE PERIOD ARE ON A JURISDICTIONAL BASIS						2,267,155					
CURRENT MONTH SYSTEM PER BOOKS	132,620,520	49,985,287	31,627,267	16,923,729	11,407,457	3,310,596		(23,610)	0	110,521,869	22,098,652
CURRENT MONTH JURISDICTIONAL PER BOOKS	109,791,597	34,610,812	31,185,675	16,571,405	11,321,724	19,046,288	(19,272,131)	(23,195)	0	93,441,567	16,350,010

TOTALS MAY NOT ADD DUE TO ROUNDING.

GULF POWER COMPANY
AVERAGE RATE OF RETURN
SYSTEM ADJUSTMENTS
October 2019

SCHEDULE 2
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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	(1,614,255,028)	FUEL & IIC FUEL REVENUES AND ECONOMY PROFITS	(470,133,003)	(119,155,210)
ACCUMULATED DEPRECIATION CWIP	375,410,478	ENVIRONMENTAL COST RECOVERY CLAUSE REVENUES	(194,108,822)	(49,196,881)
ENERGY CONSERVATION COST RECOVERY INVESTMENT	(17,188,071)	PURCHASED POWER CAPACITY COST CLAUSE REVENUES	(75,661,848)	(19,178,495)
ACCUMULATED DEPRECIATION CWIP	(6,286,266)	ENERGY CONSERVATION COST RECOVERY CLAUSE REVENUES	(8,484,198)	(2,150,320)
FAS 143 NET PLANT	(80,739,728)	FUEL EXPENSE	(493,684,116)	125,124,239
INTEREST BEARING CWIP	(15,540,507)	PURCHASED POWER CAPACITY COST EXPENSE	(80,930,267)	20,511,776
PHFU - NORTH ESCAMBIA	(11,446,103)	CONSERVATION EXPENSES - DEPRECIATION AND O & M	(7,559,978)	1,916,076
		CONSERVATION EXPENSES - OTHER TAXES	(313,172)	79,374
WORKING CAPITAL:		ENVIRONMENTAL COST RECOVERY EXPENSE	(99,014,997)	25,095,351
ECRC WORKING CAPITAL	(26,265,853)	FRANCHISE FEE REVENUES	(43,278,206)	(10,968,861)
CONSERVATION/AEM INVENTORY	(969,548)	FRANCHISE FEE	(42,265,142)	10,712,100
TEMPORARY CASH INVESTMENT	(25,776,923)	GROSS RECEIPTS TAX REVENUES	(31,378,385)	(7,952,852)
LOANS TO EMPLOYEES AND RETIREES	(11,211)	GROSS RECEIPTS TAX EXPENSE	(30,744,172)	7,792,110
INTEREST & DIVIDENDS RECEIVABLE	(39,044)	MARKETING SUPPORT ACTIVITIES	(86,092)	21,820
NORTH ESCAMBIA SITE	(1,021,149)	WHOLESALE EXPENSES	(18,197)	4,612
UNAMORTIZED RATE CASE EXPENSE	0	INSTITUTIONAL ADVERTISING EXPENSE	(81,798)	20,732
FUEL RELATED DEFERRED DEBITS	(410,899)	ECONOMIC DEVELOPMENT EXPENSE	(113,358)	28,731
UNREALIZED LOSS ON FWD CONTRACT	(41,063)	MGMT FINANCIAL PLANNING SERVICES	(438)	111
ACCUM. PROV. FOR RATE REFUNDS	0	DIRECTORS' & OFFICERS' INSURANCE	(6,431)	1,630
FAS 143 WORKING CAPITAL	84,696,948	INDUSTRY ASSOCIATION DUES	(1,342)	340
FAS 158 REGULATORY ASSETS	(65,182,759)	TALLAHASSEE LIAISON EXPENSE	(405,983)	102,896
FAS 158 REGULATORY LIABILITIES	83,398,908	GRT/FPSC FEES ON CLAUSE REV ADJ & FRAN FEES	(1,418,124)	359,424
PPA REGULATORY ASSETS	(82,532,890)	COMP SALES/TRANS REV/G/L SALE GAS/PROV RT REFUN. ESC REV	(455,541)	(115,457)
PPA REGULATORY LIABILITIES	85,283,011	GAINGLOSS ON DISPOSITION OF PROPERTY	(35,200)	8,921
FAS 133 REGULATORY ASSETS	(5,508,266)	INTEREST SYNCHRONIZATION	5,343,705	5,343,705
FAS 133 REGULATORY LIABILITIES	5,508,267			

GULF POWER COMPANY
 YEAR END RATE OF RETURN
 RATE BASE
 October 2019

	PLANT IN SERVICE	ACCUMULATED DEPRECIATION & AMORTIZATION	NET PLANT SERVICE	PROPERTY HELD FOR FUTURE USE	CONSTRUCTION WORK IN PROGRESS	NUCLEAR FUEL (NET)	UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE
SYSTEM PER BOOKS	5,574,573,700	1,834,344,574	3,740,229,126	14,109,788	421,783,377	0	4,176,122,291	324,834,450	4,500,956,741
JURISDICTIONAL PER BOOKS	5,389,616,603	1,827,495,026	3,562,121,577	13,715,857	412,610,940	0	3,988,448,374	369,415,728	4,357,864,102
<u>FPSC ADJUSTMENTS:</u>									
ENVIRONMENTAL RECOVERY CLAUSE	(1,581,093,039)	(394,006,534)	(1,187,086,505)		(65,048,163)		(1,252,134,668)	(25,531,171)	(1,277,665,839)
INT BEARING CWIP					(36,653,328)		(36,653,328)	0	(36,653,328)
ENERGY CONSERVATION CLAUSE	(17,586,641)	5,926,173	(23,512,814)				(23,512,814)	(953,986)	(24,466,800)
LOANS TO EMPLOYEES AND RETIREES								(11,017)	(11,017)
INTEREST AND DIVIDENDS RECEIVABLE								(38,368)	(38,368)
FUNDED PROP RES. N. ESCAMBIA SITE, & OTHER INV.								(26,334,105)	(26,334,105)
FUEL RELATED DEFERRED DEBITS								(410,899)	(410,899)
ACCRUED PROVISION FOR REFUND								0	0
UNAMORTIZED RATE CASE EXPENSES								0	0
TOTAL FPSC ADJUSTMENTS	(1,598,679,680)	(388,080,361)	(1,210,599,319)	0	(101,701,491)	0	(1,312,300,810)	(53,279,546)	(1,365,580,356)
FPSC ADJUSTED	3,790,936,923	1,439,414,665	2,351,522,258	13,715,857	310,909,449	0	2,676,147,564	316,136,182	2,992,283,746
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	3,790,936,923	1,439,414,665	2,351,522,258	13,715,857	310,909,449	0	2,676,147,564	316,136,182	2,992,283,746

GULF POWER COMPANY
YEAR END RATE OF RETURN
SYSTEM ADJUSTMENTS
October 2019

SCHEDULE 3
PAGE 3 OF 3

<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	(1,626,722,840)	FUEL & IIC FUEL REVENUES AND ECONOMY PROFITS	(470,133,003)	(119,155,210)
ACCUMULATED DEPRECIATION	405,377,427	ENVIRONMENTAL COST RECOVERY CLAUSE REVENUES	(194,108,822)	(49,186,881)
CWIP	(66,925,431)	PURCHASED POWER CAPACITY COST CLAUSE REVENUES	(75,661,848)	(19,176,495)
ENERGY CONSERVATION COST RECOVERY INVESTMENT	(17,586,641)	ENERGY CONSERVATION COST RECOVERY CLAUSE REVENUES	(8,484,198)	(2,150,320)
ACCUMULATED DEPRECIATION	(5,926,173)	FUEL EXPENSE	(493,684,116)	125,124,239
CWIP	0	PURCHASED POWER CAPACITY COST EXPENSE	(80,930,267)	20,511,776
FAS 143 NET PLANT	(99,765,293)	CONSERVATION EXPENSES - DEPRECIATION AND O & M	(7,559,978)	1,916,076
INTEREST BEARING CWIP	(37,422,663)	CONSERVATION EXPENSES - OTHER TAXES	(313,172)	79,374
PHFU - NORTH ESCAMBIA	0	ENVIRONMENTAL COST RECOVERY EXPENSE	(99,014,997)	25,095,351
		FRANCHISE FEE REVENUES	(43,278,208)	(10,988,861)
		FRANCHISE FEE	(42,265,142)	10,712,100
		GROSS RECEIPTS TAX REVENUES	(31,378,385)	(7,952,052)
		GROSS RECEIPTS TAX EXPENSE	(30,744,172)	7,792,110
WORKING CAPITAL:		MARKETING SUPPORT ACTIVITIES	(86,092)	21,820
ECRC WORKING CAPITAL	(26,265,853)	WHOLESALE EXPENSES	(18,197)	4,612
CONSERVATION/AEM INVENTORY	(969,548)	INSTITUTIONAL ADVERTISING EXPENSE	(81,798)	20,732
TEMPORARY CASH INVESTMENT	(25,776,923)	ECONOMIC DEVELOPMENT EXPENSE	(113,358)	28,731
LOANS TO EMPLOYEES AND RETIREES	(11,211)	MGMT FINANCIAL PLANNING SERVICES	(438)	111
INTEREST & DIVIDENDS RECEIVABLE	(39,044)	DIRECTORS' & OFFICERS' INSURANCE	(6,431)	1,630
NORTH ESCAMBIA SITE	(1,021,149)	INDUSTRY ASSOCIATION DUES	(1,342)	340
UNAMORTIZED RATE CASE EXPENSE	0	TALLAHASSEE LIAISON EXPENSE	(405,983)	102,896
FUEL RELATED DEFERRED DEBITS	(410,899)	GRT/FPSC FEES ON CLAUSE REV ADJ & FRAN FEES	(1,418,124)	359,424
UNREALIZED LOSS ON FWD CONTRACT	(41,063)	COMP SALES/TRANS REV/G/L SALE GAS/PROV RT REF/W. ESC RC'	(455,541)	(115,457)
ACCUM. PROV. FOR RATE REFUNDS	0	GAIN/LOSS ON DISPOSITION OF PROPERTY	(35,200)	8,921
FAS 143 WORKING CAPITAL	84,696,948	INTEREST SYNCHRONIZATION	5,325,943	5,325,943
FAS 158 REGULATORY ASSETS	(65,182,759)			
FAS 158 REGULATORY LIABILITIES	63,398,908			
PPA REGULATORY ASSETS	(82,532,890)			
PPA REGULATORY LIABILITIES	85,283,011			
FAS 133 REGULATORY ASSETS	(5,508,266)			
FAS 133 REGULATORY LIABILITIES	5,508,267			

GULF POWER COMPANY
Financial Integrity Indicators
October 2019

A. Times Interest Earned with AFUDC

Earnings Before Interest	228,090,754
AFUDC - Debt	793,255
Income Taxes	<u>24,604,960</u>
Total	253,488,969
Interest Charges (Before Deducting AFUDC - Debt)	<u>55,572,780</u>
T.I.E. With AFUDC	<u>4.56 x</u>

B. Times Interest Earned without AFUDC

Earnings Before Interest	228,090,754
AFUDC - Other	(1,774,745)
Income Taxes	<u>24,604,960</u>
Total	250,920,969
Interest Charges (Before Deducting AFUDC - Debt)	<u>55,572,780</u>
T.I.E. Without AFUDC	<u>4.52 x</u>

C. Percent AFUDC To Net Income Available
for Common Stockholders

AFUDC - Debt	793,255
X (1 - Income Tax Rate)	0.74655
Subtotal	592,204
AFUDC - Other	<u>1,774,745</u>
Total	<u>2,366,949</u>
Net Income Available for Common Stockholders	<u>168,889,392</u>
Percent AFUDC to Available Net Income	<u>1.40%</u>

D. Percent Internally Generated Funds

Net Income	168,889,392
Preference Dividends	0
Common Dividends	(420,000,000)
AFUDC (Debt & Other)	(2,567,999)
Depreciation & Amortization	201,985,303
Deferred Income Taxes	(1,187,126)
Investment Tax Credits	0
Other	<u>(544,722,697)</u>
Total	(597,603,126)
Construction Expenditures (Excluding AFUDC Other & Debt)	<u>381,208,743</u>
Percent Internally Generated Funds	<u>-156.77%</u>

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	860,601,574
Short Term Debt	41,451,125
Preference Stock	0
Common Equity	<u>1,231,088,591</u>
Total	<u>2,133,141,290</u>
% Long Term Debt To Total	<u>40.34%</u>
% Short Term Debt To Total	<u>1.94%</u>

G. FPSC Adjusted Average Jurisdictional Return
On Common Equity

	G. FPSC ADJ.	H. PROFORMA
FPSC Adjusted Average Earned Rate of Return	5.52%	5.52%
Less: Reconciled Average Retail Weighted Cost Rates For:		
Long Term Debt	(1.17)	(1.17)
Short Term Debt	(0.04)	(0.04)
Preference Stock	0.00	0.00
Customer Deposits	(0.02)	(0.02)
Tax Credits - Weighted Cost (Common Equity at Midpoint)	<u>(0.00)</u>	<u>(0.00)</u>
Subtotal	<u>(1.23)</u>	<u>(1.23)</u>
Total	4.29	4.29
Divided by Common Equity Ratio	<u>44.40</u>	<u>44.40</u>
Jurisdictional Return on Common Equity	<u>9.66%</u>	<u>9.66%</u>

GULF POWER COMPANY
Storm Accrual - Twelve Month to Date
October 2019

Supplemental 1

<u>Month</u>	<u>Year</u>	<u>\$</u>
November	2018	10,900,000
December	2018	7,444,428
January	2019	0
February	2019	0
March	2019	291,663
April	2019	291,667
May	2019	291,667
June	2019	291,667
July	2019	291,667
August	2019	291,667
September	2019	291,667
October	2019	875,001
12 - M-T-D		<u>21,261,094</u>