



Gulf Power®

March 15, 2021

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

RE: 2021 Forecasted Earnings Surveillance Report

Dear Mr. Maurey:

On February 19, 2021 you granted Gulf Power Company's request for an extension of time to March 15, 2021 to file its 2021 forecasted earnings surveillance report ("FESR"). Consistent with that extension, I am enclosing Gulf Power Company's 2021 FESR. Please note that the forecast results contained in the FESR reflect the Company's 2021 planning assumptions.

Sincerely,

Mitchell P. Goldstein
Vice President, Finance

md

Attachment

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

**FLORIDA PUBLIC SERVICE COMMISSION
ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT
(\$000'S)**

**SCHEDULE 1
PAGE 1 OF 1**

**Company: Gulf Power Company
YEAR: 2021**

I. AVERAGE RATE OF RETURN (JURISDICTIONAL)	(1) PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED
NET OPERATING INCOME	\$317,224 (A)	(\$135,085) (B)	\$182,139
AVERAGE RATE BASE	\$6,165,896	(\$2,790,286)	\$3,375,610
AVERAGE RATE OF RETURN	5.14%		5.40%

(A) INCLUDES AFUDC EARNINGS (B) INCLUDES REVERSAL OF AFUDC EARNINGS

**AVERAGE CAPITAL STRUCTURE
(FPSC ADJUSTED BASIS)**

LOW	5.27%
MIDPOINT	5.76%
HIGH	6.25%

IV. FINANCIAL INTEGRITY INDICATORS

A. TIMES INTEREST EARNED WITH AFUDC	7.80	(SYSTEM PER BOOK BASIS)
B. TIMES INTEREST EARNED WITHOUT AFUDC	6.61	(SYSTEM PER BOOK BASIS)
C. AFUDC AS PERCENT OF NET INCOME	20.24%	(SYSTEM PER BOOK BASIS)
D. PERCENT OF CONSTRUCTION GENERATED INTERNALLY	75.24%	(SYSTEM PER BOOK BASIS)
E. LTD TO TOTAL INVESTOR FUNDS	32.85%	(FPSC ADJUSTED BASIS)
F. STD TO TOTAL INVESTOR FUNDS	7.55%	(FPSC ADJUSTED BASIS)
G. RETURN ON COMMON EQUITY (AVERAGE)	9.50%	(FPSC ADJUSTED BASIS)
H. PROFORMA RETURN ON COMMON EQUITY	10.33%	(FPSC PROFORMA BASIS)

FLORIDA PUBLIC SERVICE COMMISSION
ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT
AVERAGE RATE OF RETURN
RATE BASE (\$000's)

SCHEDULE 2
PAGE 1 OF 2

Company: Gulf Power Company
YEAR: 2021

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	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	\$5,901,632	\$1,426,305	\$4,475,327	\$14,135	\$1,164,658	\$0	\$5,654,121	\$602,270	\$6,256,391
JURISDICTIONAL PER BOOKS	5,813,751	1,398,565	4,415,187	13,752	1,137,691	0	5,566,629	599,266	6,165,896
FPSC ADJUSTMENTS:									
ENVIRONMENTAL	(1,067,475)	128,400	(1,195,876)				(1,195,876)		(1,195,876)
LOAD CONTROL	(17,967)	4,272	(22,240)				(22,240)		(22,240)
ASSET RETIREMENT OBLIGATION	(63,303)	(25,652)	(37,651)				(37,651)		(37,651)
CAPITAL LEASES	(220,319)	(111,744)	(108,575)				(108,575)		(108,575)
STORM PROTECTION CLAUSE	(26,257)	(268)	(25,989)		(12,368)		(38,357)		(38,357)
NORTH ESCAMBIA FUTURE PLANT USE				(11,981)			(11,981)		(11,981)
CONSTRUCTION WORK IN PROGRESS					(951,083)		(951,083)		(951,083)
CWIP - ECRC PROJECTS					(105,054)		(105,054)		(105,054)
ACCOUNTS RECEIVABLE - ASSOC COS								(17,184)	(17,184)
JOBGING ACCOUNTS								(866)	(866)
NET UNDERRECOVERED FUEL, CAPACITY, ECCR, ECRC								(4,106)	(4,106)
OTH REG ASSETS & LIAB - CLAUSES								(77,916)	(77,916)
MISC. DEFERRED DEBIT - CLAUSES								(30)	(30)
POLE ATTACHMENTS RENTS RECEIVABLE								(942)	(942)
AEM INVENTORY								(1)	(1)
PREPAYMENTS - INTEREST ON COMMERCIAL PAPER								(1,971)	(1,971)
STORM DEFICIENCY RECOVERY								72,760	72,760
ACCUM DEFERRED RETIREMENT BENEFITS								10,196	10,196
ACCUM. PROV. - PROPERTY & STORM INSURANCE								(302,725)	(302,725)
ASSET RETIREMENT OBLIGATION								37,727	37,727
OPERATING LEASES								(44,218)	(44,218)
EMPLOYEE LOANS RECEIVABLE								(3)	(3)
UNREALIZED LOSS ON FWD CONTRACT								(3)	(3)
DEFERRED TRANSMISSION CREDIT								9,813	9,813
TOTAL FPSC ADJUSTMENTS	(1,395,322)	(4,991)	(1,390,330)	(11,981)	(1,068,505)	0	(2,470,817)	(319,469)	(2,790,286)
FPSC ADJUSTED	\$4,418,430	\$1,393,574	\$3,024,856	\$1,771	\$69,186	\$0	\$3,095,812	\$279,797	\$3,375,610

FLORIDA PUBLIC SERVICE COMMISSION
ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT
AVERAGE RATE OF RETURN
INCOME STATEMENT (\$000's)

SCHEDULE 2
PAGE 2 OF 2

Company: Gulf Power Company
YEAR: 2021

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	OPERATING REVENUES	OPERATION & MAINTENANCE		DEPRECIATION AND AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES AND INVESTMENT TAX CREDIT	GAIN LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
		FUEL & NET INTERCHANGE	OTHER O&M						
SYSTEM PER BOOKS	\$1,558,429	\$582,062	\$231,745	\$295,962	\$124,072	\$67,849	\$6	\$1,301,696	\$256,732
JURISDICTIONAL PER BOOKS	1,543,666	567,399	227,657	292,828	123,292	69,969	6	1,281,151	262,515
<u>FPSC ADJUSTMENTS:</u>									
CAPACITY COST RECOVERY	(82,973)	(72,018)	(10,947)			(13)		(82,978)	5
CONSERVATION COST RECOVERY	(9,817)		(7,047)	(1,419)	(103)	(309)		(8,879)	(938)
ENVIRONMENTAL COST RECOVERY	(166,752)		(28,261)	(38,609)	(6,195)	(23,090)	(0)	(96,155)	(70,597)
FUEL COST REC RETAIL	(498,954)	(490,484)	(236)			(1,996)		(492,716)	(6,238)
STORM PROTECTION COST RECOVERY	(3,386)			(864)		(569)		(1,433)	(1,953)
STORM DEFICIENCY RECOVERY	(87,594)			(87,594)				(87,594)	
FRANCHISE REVENUE & EXPENSE	(53,119)		(38)		(51,754)	(325)		(52,118)	(1,001)
GROSS RECEIPTS TAX	(29,586)				(30,912)	325		(30,587)	1,001
ECONOMIC DEVELOPMENT 5% AND FINANCIAL INTEREST SYNCHRONIZATION			(30)			7		(23)	23
TOTAL FPSC ADJUSTMENTS	(932,180)	(562,502)	(46,560)	(128,485)	(88,965)	(25,291)	(0)	(851,804)	(80,376)
FPSC ADJUSTED	\$611,486	\$4,897	\$181,097	\$164,343	\$34,326	\$44,678	\$6	\$429,348	\$182,139

FLORIDA PUBLIC SERVICE COMMISSION
 ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT
 CAPITAL STRUCTURE (\$000'S)
 FPSC ADJUSTED BASIS

SCHEDULE 3
 PAGE 1 OF 1

Company: Gulf Power Company
 YEAR: 2021

AVERAGE	SYSTEM PER BOOKS	RETAIL PER BOOKS	ADJUSTMENTS		ADJUSTED RETAIL	RATIO	LOWPOINT		MIDPOINT		HIGHPOINT	
			PRORATA	SPECIFIC			COST RATE	WEIGHTED COST	COST RATE	WEIGHTED COST	COST RATE	WEIGHTED COST
LONG TERM DEBT	\$1,790,545	\$1,764,695	(\$708,990)	(\$18,759)	\$1,036,945	30.72%	2.64%	0.81%	2.64%	0.81%	2.64%	0.81%
SHORT TERM DEBT	375,640	370,169	(163,017)	\$31,271	238,423	7.06%	0.63%	0.04%	0.63%	0.04%	0.63%	0.04%
PREFERRED STOCK	0	0	0	\$0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	40,535	40,656	(17,904)	\$0	22,752	0.67%	2.64%	0.02%	2.64%	0.02%	2.64%	0.02%
COMMON EQUITY	2,954,370	2,911,192	(1,286,369)	(\$157,464)	1,467,359	43.47%	9.25%	4.02%	10.25%	4.46%	11.25%	4.89%
DEFERRED INCOME TAXES	744,463	733,457	(327,886)	\$11,085	416,656	12.34%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
FAS 109 DEFERRED INCOME TAX	322,471	317,773	(139,943)	\$0	177,831	5.27%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS WEIGHTED COST	28,367	27,954	(12,311)	\$0	15,643	0.46%	6.51%	0.03%	7.10%	0.03%	7.68%	0.04%
TOTAL	<u>\$6,256,391</u>	<u>\$6,165,896</u>	<u>(\$2,656,419)</u>	<u>(\$133,867)</u>	<u>\$3,375,610</u>	<u>100.00%</u>		<u>4.92%</u>		<u>5.36%</u>		<u>5.80%</u>

**FLORIDA PUBLIC SERVICE COMMISSION
ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT
FINANCIAL INTEGRITY INDICATORS
(\$000's)**

**SCHEDULE 4
PAGE 1 OF 1**

**Company: Gulf Power Company
YEAR: 2021**

A. TIMES INTEREST EARNED WITH AFUDC

EARNINGS BEFORE INTEREST	\$283,818
AFUDC - DEBT	17,198
INCOME TAXES	64,283
TOTAL	<u>\$365,298</u>
INTEREST CHARGES (BEFORE DEBT AFUDC)	46,815
TIE WITH AFUDC	<u>7.80</u>

B. TIMES INTEREST EARNED WITHOUT AFUDC

EARNINGS BEFORE INTEREST	\$283,818
AFUDC - EQUITY	(38,476)
INCOME TAXES	64,283
TOTAL	<u>\$309,625</u>
INTEREST CHARGES (BEFORE DEBT AFUDC)	\$46,815
TIE WITHOUT AFUDC	<u>6.61</u>

C. PERCENT OF AFUDC TO NET INCOME AVAILABLE TO COMMON

AFUDC - DEBT	\$17,198
X (1-INCOME TAX RATE)	0.7548
SUBTOTAL	<u>\$12,980</u>
AFUDC - EQUITY	<u>38,476</u>
TOTAL	<u>\$51,456</u>
NET INCOME AVAILABLE TO COMMON	<u>\$254,200</u>
PERCENT AFUDC TO AVAILABLE NET INCOME	<u>20.24%</u>

D. PERCENT INTERNALLY GENERATED FUNDS

NET INCOME	\$254,200
PREFERRED DIVIDENDS	0
COMMON DIVIDENDS	0
AFUDC (DEBT & OTHER)	(55,673)
DEPRECIATION & AMORTIZATION	295,962
DEFERRED INC TAXES & INVESTMENT CREDITS	52,889
CLAUSE OVER/UNDER RECOVERY	(12,732)
OTHER SOURCES/USES OF FUNDS	6
TOTAL	<u>\$534,651</u>
CONSTRUCTION EXPENDITURES (EXCLUDING AFUDC DEBT & EQUITY)	\$710,616
PERCENT INTERNALLY GENERATED FUNDS	75.24%

E. & F. LONG TERM AND SHORT TERM DEBT AS A PERCENT OF INVESTOR CAPITAL

RECONCILED AVERAGE RETAIL AMOUNTS:

LONG TERM DEBT	\$900,940
SHORT TERM DEBT	207,152
PREFERRED STOCK	0
COMMON EQUITY	1,634,636
TOTAL	<u>\$2,742,728</u>
% LONG TERM DEBT TO TOTAL	32.85%
% SHORT TERM DEBT TO TOTAL	7.55%

G. AVERAGE JURISDICTIONAL RETURN ON COMMON EQUITY

	<u>FPSC ADJUSTED</u>	<u>PROFORMA</u>
AVERAGE JURISDICTIONAL EARNED RATE OF RETURN	5.40%	5.40%
LESS: RECONCILED AVERAGE RETAIL WEIGHTED COST RATES:		
LONG TERM DEBT	0.70%	0.81%
SHORT TERM DEBT	0.04%	0.04%
PREFERRED STOCK	0.00%	0.00%
CUSTOMER DEPOSITS	0.02%	0.02%
TAX CREDITS - WEIGHTED COST (MIDPOINT)	0.03%	0.03%
SUBTOTAL	<u>0.80%</u>	<u>0.91%</u>
TOTAL	<u>4.60%</u>	<u>4.49%</u>
DIVIDED BY COMMON EQUITY RATIO	<u>48.42%</u>	<u>43.47%</u>
JURISDICTIONAL RETURN ON COMMON EQUITY	<u>9.50%</u>	<u>10.33%</u>

FLORIDA PUBLIC SERVICE COMMISSION
 ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT
 FORECAST ASSUMPTIONS
 GULF POWER COMPANY
 YEAR: 2021

SCHEDULE 5

FORECAST ASSUMPTIONS

Customers (Avg.)	2021 Forecast	2020 Actual
Residential	416,314	412,526
Commercial	57,549	57,274
Industrial	245	245
Other	633	635
Total	474,741	470,680

KWH Sales		
Residential	5,434,716,777	5,500,768,344
Commercial	3,686,319,899	3,541,800,298
Industrial	1,702,506,350	1,647,776,605
Other	22,600,918	27,587,363
Inter Departmental	0	0
Total	10,846,143,944	10,717,932,610

See Attached For Additional Information

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

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

 Mitchell P. Goldstein
 Name

 Vice President - Finance
 Title



 Signature

March 12, 2021

 Date

FLORIDA PUBLIC SERVICE COMMISSION
ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT
FORECAST ASSUMPTIONS
GULF POWER COMPANY
YEAR: 2021

Supplemental Schedule

Schedule of Individual projects that commence during 2021 and exceed a gross cost of 0.5% of the sum of the total balance in FERC accounts 101 & 106:

<u>Project Description</u>	<u>Estimated Total Cost (\$ 000s)</u>	<u>Construction Start Date</u>	<u>Estimated In - Service Date</u>
Argyle- Santa Rosa	96,911	January 2021	June 2023
Deaton Project	109,387	January 2021	December 2022