

**Eric Fryson**

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**From:** Milstead, Natalie [NB MILSTE@SOUTHERNCO.COM]  
**Sent:** Wednesday, February 15, 2012 4:14 PM  
**To:** Marshall Willis  
**Cc:** Filings@psc.state.fl.us  
**Subject:** Gulf Power Company's report for Commercial Insurance for transmission and distribution facilities  
**Attachments:** Gulf T&D Insurance Transmittal letter.2.15.12.pdf

- A. s/Terry A. Davis  
Gulf Power Company  
One Energy Place  
Pensacola FL 32520  
850.444.6664  
[tadavis@southernco.com](mailto:tadavis@southernco.com)
- B. Docket No. Undocketed
- C. Gulf Power Company
- D. Document consists of 2 pages
- E. The attached document is Gulf Power Company's report for Commercial Insurance for transmission and distribution facilities

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2/15/2012

00887

DOCUMENT NUMBER - DATE

00887 FEB 15 2012

FPSC-COMMISSION CLERK

Terry A. Davis  
Assistant Secretary and  
Assistant Treasurer

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February 15, 2012

Mr. Marshall Willis, Director  
Division of Economic Regulation  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

Dear Mr. Willis:

Pursuant to Rule 25-6.0143 (1) (m) F.A.C., Gulf Power Company files this report providing information concerning efforts to obtain commercial insurance for transmission and distribution (T&D) facilities and a summary of amounts recorded in Account 228.1.

1. **Status of Other Efforts to Obtain Commercial T&D Insurance** – The property insurance markets remain very restrictive, especially for Gulf of Mexico and Atlantic coastal locations. Based on discussions with property insurance brokers and underwriters, and an exploratory offering from one of the insurance brokers in November 2011, property insurance coverage for Gulf Power's T&D facilities is not available at reasonable cost and deductible levels.
2. **Summary** – Gulf Power accrued \$3,500,000 to Account 228.1 during January through December 2011. In addition, earnings on the fund reserve of \$35,686 were booked to the account. The December 31, 2011 balance was \$30,473,207.

**Summary of amounts recorded in account 228.1 in 2011**

	<u>Debits</u>	<u>Credits</u>
Property Insurance Reserve Accrual		\$ 3,500,000
Revenues Collected through Storm Costs Recovery Surcharge		
Earnings on the fund reserve		35,686
Tropical Storm Lee	\$ 655,593	
Total for 2011	<u>\$ 655,593</u>	<u>\$ 3,535,686</u>

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Please let me know if there are questions regarding the above information.

Sincerely,

*Jerry A. Davis*

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cc.: Ms. Ann Cole, Commission Clerk  
Florida Public Service Commission