



Gulf Power®

February 14, 2020

Adam Teitzman, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

RE: Accumulated Provision for Property Insurance

Dear Mr. Teitzman:

Attached for filing please find Gulf Power Company's report, as required by Rule 25-6.0143(1)(m), Florida Administrative Code, Use of Accumulated Provision Accounts 228.1, 228.2, and 228.4, reflecting the Company's efforts to obtain reasonably priced Transmission & Distribution insurance coverage. Also enclosed for filing as Attachment 1 to the report is a summary schedule of the amounts recorded in Account 228.1 as of December 31, 2019.

Please contact me if you have any questions regarding this filing.

Sincerely,

Mitchell Goldstein
Vice President Finance

Attachments

cc: Andrew L. Maurey, Director, Division of Accounting and Finance
Bart Fletcher, Chief, Bureau of Surveillance & Rate Filings
Curt Mouring – Public Utilities Supervisor

GULF POWER COMPANY
Period Ending December 31, 2019

Status of Other Efforts to Obtain Commercial T&D Insurance

Post Hurricane Andrew (1992), insurance providers no longer offer physical damage coverage for the T&D system. As a result, Transmission and Distribution lines are excluded from Gulf's property insurance policy. Gulf discussed the potential of T&D insurance coverage with the its U.S., London, and European underwriters during the annual meetings in April 2019. No incumbent underwriter on Gulf's operational all risk property insurance program expressed interest in affording T&D coverage for Gulf's Florida transmission and distribution assets, nor did any potential new underwriters. The southeast coastal utilities did not convene to discuss the current status of T&D insurance in 2018 or 2019. Many had advised via email, they continued to not purchase T&D insurance and felt meetings would not be necessary since there had not been a change in status since 2017. Gulf's Risk Management department recently contacted two member companies that have both Atlantic and Gulf Coast operational exposures in Florida. Both confirmed they still do not purchase T&D coverage. Gulf will continue to monitor insurance market conditions. If a viable, cost effective T&D coverage becomes available in the insurance marketplace, we will further explore that opportunity.

Summary

Gulf Power accrued \$3,500,000 to Account 228.1 during January through December 2019. The December 31, 2019, balance was a debit balance of \$207,919,984.

ATTACHMENT 1

Gulf Power Company
Summary of amounts recorded in account 228.1 in 2019

	<u>Debits</u>	<u>Credits</u>
Property Insurance Reserve Accrual		\$ (3,500,000)
Hurricane Michael	\$ 274,649,416	
Hurricane Gordon	45,937	
Tropical Storm Barry	200,759	
Tropical Storm Nestor	1,601,156	
Property Damage Claims	1,275,648	
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Total for 2019	\$ 277,772,916	\$ (3,500,000)