



February 17, 2021

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

**RE: Gulf's Revised and Updated Accumulated Provision for Property Insurance Report**

Dear Mr. Teitzman:

On February 15, 2021, Gulf Power Company ("Gulf" or "Gulf Power") e-filed its 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 Gulf's efforts to obtain reasonably priced Transmission & Distribution ("T&D") insurance coverage. The filing included as Attachment 1 to the report a summary schedule of the amounts recorded in Account 228.1 as of December 31, 2020.

Subsequent to making that filing, we discovered an error in the report that needed to be corrected. As a result, today I am e-filing this revised and updated report which includes the required correction. The revised and corrected language is included in the section entitled "Status of Other Efforts to Obtain Commercial T&D Insurance" and is related to the discussion of the 2020 update.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'Mitchell Goldstein'.

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, 2020**

**Status of Other Efforts to Obtain Commercial T&D Insurance**

Post Hurricane Andrew (1992), insurance providers no longer offered physical damage coverage for the T&D system. As a result, T&D lines are excluded from Gulf's property insurance policy. FPL on Gulf's behalf discussed the potential of T&D insurance coverage with the U.S., London, and European underwriters during the annual meetings in April 2019. Similar meetings were held by WebEx in 2020, with no change in the status of T&D insurance coverage. No incumbent underwriter on Gulf's 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 2020. Many advised via email that they continued to not purchase T&D insurance and felt meetings would not be necessary because there had not been a change in status since 2017. FPL's Risk Management department recently contacted two member companies that have Atlantic and Gulf Coast operational exposures in Florida. Both confirmed they still do not purchase T&D coverage.

Effective January 1, 2021, Gulf was merged into Florida Power & Light Company, and FPL will continue to monitor insurance market conditions for both peninsular Florida and Northwest Florida. If a viable, cost effective T&D coverage becomes available in the insurance marketplace, FPL will further explore that opportunity.

**Summary**

Gulf Power accrued \$3,500,000 to Account 228.1 during January through December 2020. The December 31, 2020 balance was a debit balance of \$345,240,925.

**Gulf Power Company**  
**Account 228.1 - Accumulated Provision for Property Insurance**  
**As of December 31, 2020**

	<b>Account 228.1 Retail Storm Reserve (1)</b>	
<b><u>Balance as of December 31, 2019</u></b>	<b>\$</b>	<b><u>207,919,984</u></b>
Property Insurance Reserve Accrual (2)	\$	( 3,500,000)
Hurricane Michael Settlement (3)		( 5,068,754)
Proceeds from Hurricane Michael Storm Charge (3)		( 67,420,950)
Interest on Unrecovered Hurricane Michael Charge (3)		1,169,024
	Subtotal (Credit) \$	<b>(74,820,679)</b>
<b><u>2020 Storm Costs Charged to the Storm Reserve:</u></b>		
Storm Barry	\$	244,060
Storm Nestor		(281,034)
April Tornados		1,688,250
Storm Cristobal		845,769
Storm Sally		197,491,525
Storm Zeta		11,993,843
Property Damage		159,208
	Subtotal 2020 Storm Costs Charged to Storm Reserve \$	<b>212,141,621</b>
	<b>Total Storm Reserve Activity for 2020 \$</b>	<b>137,320,941</b>
<b><u>Balance as of December 31, 2020</u></b>	<b>\$</b>	<b><u>345,240,925</u></b>

**Notes:**

- (1) Represents activity in storm reserve associated with retail jurisdictional customers.
- (2) Represents Gulf Power's annual storm reserve accrual in the amount of \$3.5 million. The continued use of the annual accrual was approved by the Commission in Order No. PSC-17-0178-S-EI.
- (3) Gulf Power filed for recovery of a deficit storm reserve balance of \$302 million in FPSC Docket No. 20190038-EI, due to charges for Hurricane Michael, plus replenishment of the storm reserve. The Commission approved an interim storm charge for a 60-month period beginning on April 2019. On October 8, 2020, the FPSC approved a stipulation and settlement agreement in Order No. PSC-2020-0349-S-EI, which resolved all the issues in the case.