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Arian E. Scarborough  
Director

Mr. Arian E. Scarborough

July 25, 1996

Ms. Bianca S. Bayo, Director  
Division of Records and Reporting  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0870

Dear Ms. Bayo:

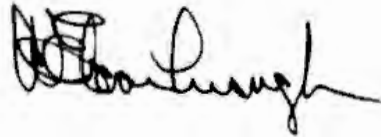
Pursuant to Order No. PSC-96-0023-FOF-EI in Docket ~~96-0023-EI~~, Gulf Power Company on June 12, 1996 submitted the requested storm study as described in paragraph 3 of page 2 of the Order. The Order stated that the accumulated provision account needed to be re-established and that increasing the annual accrual amount should facilitate growth in the account. However, the Commission found no basis for determining the reasonableness of the proposed \$3.5 million annual accrual amount. Therefore, the Commission ordered Gulf to submit a study which would address the appropriate accumulated provision account balance and the appropriate annual accrual amount. The study recommends an accrual of \$3.9 million, which supports the reasonableness of the \$3.5 million requested by the Company.

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In the Order the Commission gave the Company the flexibility to increase its annual accrual when the Company believes it is in a position from an earnings standpoint to do so. Therefore, the company requests that the annual accrual amount of \$3.5 million not be changed at this time.

*J. Brown*

Sincerely,



AES/lj

cc Beggs & Lane  
Jeffrey A. Stone, Esquire  
James Breman  
Sheila Ersting

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