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March 31, 2005

Ms. Blanca S. Bayo, Director  
Division of Records and Reporting  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, Florida 32399-0850

Re: Docket No. 930405-EI

Dear Ms. Bayo:

Enclosed for filing please find the original and fifteen (15) copies of Florida Power & Light Company's report, as required by Order No. PSC-93-0918-FOF-EI, reflecting the Company's efforts to obtain reasonably priced T&D insurance coverage.

If you have any questions, please do not hesitate to contact me at (305) 552-4332.

Sincerely,

Anne M. Grealy  
Director, Regulatory Affairs Department

- CMP \_\_\_\_\_
- COM \_\_\_\_\_ cc: Mary Anne Helton
- CTR \_\_\_\_\_
- ECR \_\_\_\_\_
- GCL \_\_\_\_\_
- OPC \_\_\_\_\_
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**FLORIDA POWER & LIGHT COMPANY**  
**RESPONSE TO ORDER NO. PSC-93-0918-FOF-EI**  
**Period Ending December 31, 2004**

**Update on Efforts to Obtain Traditional T&D Insurance**

In the 3 years since September 11, 2001, there has been a total unwillingness in the insurance markets to write T&D coverage. Given the impact of the 2004 hurricane losses, it remains unlikely that any T&D coverage will be available in the near-term future.

**Status of an Industry-Wide T&D Insurance Program and the Feasibility and Cost-Effectiveness of a Risk Sharing Plan among Investor-Owned Electric Utilities in Florida**

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The status of this program has not changed from what was previously reported

**Update on the Evaluation of the Company's Exposure to a Hurricane and the Adequacy of the Storm Reserve**

During 2004 the storm reserve was increased by approximately \$26.8 million as the result of the continued annual accrual of \$20.3 million and fund earnings reinvested in the fund. Excluding charges to the reserve for storm damages incurred in 2004 the balance in the reserve would have been approximately \$354 million at the end of 2004. However, during the third quarter of 2004 Hurricanes Charley, Frances, and Jeanne, struck FPL's service territories, inflicting major damage, collectively resulting in restoration costs of approximately \$890 million chargeable to the storm and property insurance reserve. As a result of these charges, the funded balance in the reserve was completely depleted and the total charges exceeded the reserve balance, resulting in a debit (deficit) balance at December 31, 2004 of approximately \$536 million (system). FPL has petitioned this Commission in Docket No. 041291-EI, for separate recovery of the deficit balance and will begin rebuilding the funded reserve balance in January 2005 through the continued annual accrual of \$20.3 million as last approved by the Commission in Order No. PSC-95-1588-FOF-EI.

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