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

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Dear Ms. Bayó:

Pursuant to order No. PSC-93-1522-FOF-EI issued October 15, 1993, in Docket No. 930867-EI, Florida Power was directed to file an annual report providing updated information on four specific items related to its self-insured program for transmission and distribution line ("T&D") property damage.

An annual report was filed in October 1994, and letters serving as annual reports were filed in September 1995, 1996, 1997, and 1998. Following are the changes since our last report for the required items.

1. Update on Efforts to Obtain Traditional T&D Insurance -- We are currently researching various means of obtaining T&D coverage such as traditional insurance or insurance-linked securitization. We are in the process of re-evaluating the storm damage assessment for our service territory. This assessment will help us establish the appropriate level of risk protection.
2. Status of the Proposed Industry-Wide T&D Program - There has been no change since our last report.
3. Update on the Evaluation of Florida Power Corporation's Exposure and the Adequacy of the Storm Damage Reserve - We have requested proposals from four risk modeling companies for the performance of a storm damage assessment for our service territory. This assessment will provide an updated evaluation of the potential damage to our T&D system from major storms and will help us establish the appropriate level of risk protection. The assessment is also required as part of any insurance-linked securitization.

No major storms were charged against the storm damage reserves since our last report. Florida Power continues to accrue \$6 million annually to storm damage reserves. The balance of the reserve at August 31, 1999, was \$28.1 million.

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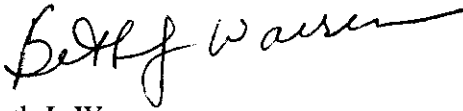
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4. Feasibility and Cost-Effectiveness of a Risk Sharing Plan Among Investor-Owned Electric Utilities in Florida - The shared T&D insurance program we were working on last year did not materialize due to lack of participation from other utilities.

Florida Power hereby requests this letter to serve as its annual report for 1999. If a significant change should occur in the Company's exposure, the adequacy of the storm damage reserves, or the cost and availability of traditional insurance, updated information will be provided to the Commission.

Please acknowledge your receipt of this letter on one of the five enclosed copies of same and return it to the undersigned. Thank you for your cooperation.

Sincerely,



Beth J. Warren
Director, Corporate Risk Management

cc: Mr. Tim Devlin - FPSC
Mr. John Scardino, Florida Power Corporation

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