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January 27, 2003

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

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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 in obtaining 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

cc: Mary Anne Helton

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**FLORIDA POWER & LIGHT COMPANY
RESPONSE TO ORDER NO. PSC-93-0918-FOF-EI
Period Ending December 31, 2002**

Update on Efforts to Obtain Traditional T&D Insurance

In 2002, FPL continued its T&D insurance program initiated in 1999. However, due to hardening insurance market conditions, insurance coverage has declined from \$88 million in 1999 to \$16 million in 2002. Premium costs for 2002, at 8.5% rate on line (i.e., a price of 8.5% of the amount of coverage actually purchased), were slightly higher than in 1999.

Given the sharply worsening insurance market conditions, it appears unlikely that the program will continue in 2003 without significantly improved insurance market conditions.

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

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

The balance in the storm and property insurance reserve is approximately \$297.5 million as of December 31, 2002. During 2002 the balance in the reserve increased by approximately \$62 million from the balance at December 31, 2001. This increase was the net result of the continued annual accrual to the storm reserve of \$20.3 million as approved by the Commission in Order No. PSC-95-1588-FOF-EI, a one-time additional expense accrual of \$35 million as approved by the Commission in Order No. PSC-02-1850-PAA-EI, and 2002 fund earnings reinvested in the fund, less charges against the reserve during 2002 for repair costs related to 2001 hurricane damages. None of the individual events in either 2001 or 2002 were over the \$50 million deductible amount for insurance coverage.

Order No. PSC-98-0953-FOF-EI, issued July 14, 1998, established that a reasonable level for the reserve was \$370 million in 1997 dollars (\$416 million in 2002 dollars). At the current annual accrual of \$20.3 million, it will take FPL approximately seven and a half years to reach the target reserve level of \$416 million, assuming that FPL does not sustain any significant storm damage during that time. The additional one-time expense accrual (which was made in December 2002) could shorten the time necessary to reach the target level by up to approximately one and a half years.