



FPL

P.O. Box 029100, Miami, FL 33102-9100

ORIGINAL

January 16, 2004

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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COMMISSION
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Re: Docket No. 930405-EI

(040000)

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

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, 2003**

Update on Efforts to Obtain Traditional T&D Insurance

At the end of 2002, the T&D insurance program initiated in 1999 ended due to hardening insurance market conditions.

Given the weak insurance market conditions, it appears 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

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 \$329.3 million as of December 31, 2003. During 2003 the balance in the reserve increased by approximately \$32 million from the balance at December 31, 2002. This increase was the 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 and 2003 fund earnings reinvested in the fund.

Order No. PSC-02-1850-PAA-EI, issued December 27, 2002, established that a reasonable level for the reserve was \$416 million in 2002 dollars. At the current annual accrual of \$20.3 million, it will take FPL approximately four years to reach the target reserve level of \$416 million, assuming that FPL does not sustain any significant storm damage during that time.

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r/RAD/T&D Report

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