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

April 27, 2006

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  
CLERK

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 \_\_\_\_\_
- CTR \_\_\_\_\_ cc: Mary Anne Helton
- ECR \_\_\_\_\_ Bob Trapp
- GCL \_\_\_\_\_
- OPC \_\_\_\_\_
- RCA \_\_\_\_\_
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**FLORIDA POWER & LIGHT COMPANY  
RESPONSE TO ORDER NO. PSC-93-0918-FOF-EI  
Period Ending December 31, 2005**

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

In the 4 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 and 2005 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**

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**

Entering 2005, the storm reserve had a zero balance as a result of Hurricanes Charley, Frances, and Jeanne which struck FPL's service territory during the third quarter of 2004, inflicting major damage, collectively resulting in restoration costs of approximately \$890 million which were charged 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 petitioned the Commission in Docket No. 041291-EI, for separate recovery of the deficit balance and began re-building the funded reserve 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. The Commission in Order No. PSC-05-0937-FOF-EI approved recovery of \$442.0 million of the 2004 storm damage reserve deficiency by FPL from its retail customers and ordered FPL to capitalize approximately \$70.2 million. An adjustment of \$21.7 was left as a deficit in the Reserve. In 2005, FPL accrued \$20.3 million to the funded reserve and had earnings of \$0.1 million. After netting the adjustment authorized in Commission Order No. PSC-05-0937-FOF-EI, the net amount remaining in the reserve was \$1.4 million. In August 2005, FPL signed a Settlement Agreement in Docket No. 050045-EI which, among other things, (a) suspended the then-current base rate accrual of \$20.3 million effective January 1, 2006; (b) provided that FPL would be entitled to recover prudently incurred storm restoration costs and replenish the Reserve balance to a level to be approved by the Commission; and (c) allowed recovery of prudently incurred storm restoration costs and replenishment of the Reserve through charges incremental to base rates, either through a charge established through Section 366.8260, Florida Statutes (2005), and/or another form of surcharge. During 2005, FPL's service territory was impacted by Hurricanes Dennis, Rita, Katrina and Wilma. Total estimated storm damages for 2005 charged to the reserve increased the reserve deficiency by approximately \$816 million resulting in a deficit balance at 12/31/05, including remaining 2004 storm costs subject to surcharge recovery, in excess of \$1.1 billion.

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