



ORIGINAL

February 7, 2007

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 *070000*

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 _____ Bob Trapp
- ECR _____
- GCL _____
- OPC _____
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DOCUMENT NUMBER - DATE

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**FLORIDA POWER & LIGHT COMPANY
RESPONSE TO ORDER NO. PSC-93-0918-FOF-EI
Period Ending December 31, 2006**

Update on Efforts to Obtain Traditional T&D Insurance

In the five 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

A group of southeastern U.S. utilities have been meeting during the fall of 2006 to discuss the potential of a shared approach to hurricane related T&D losses. It is too early to know when or if these efforts will be successful.

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

Commission order PSC-06-0464-FOF-EI, issued May 30, 2006, approved the issuance of approximately \$708 million of bonds pursuant to the securitization provisions of Section 366.8260 of the Florida Statute for the net-of-tax recovery by FPL of the estimated reserve deficiency at July 31, 2006, of approximately \$934 million, including interest, and for a storm and property insurance reserve of \$200 million. It also included the amount needed to recover the estimated up-front bond issuance costs. The unrecovered 2004 storm restoration costs will continue to be recovered through the previously approved storm damage surcharge, and the unrecovered balance of 2004 and 2005 costs will continue to accrue interest until the bonds are issued. FPL is working with the FPSC Staff and its financial advisors to complete the issuance of the bonds. As approved by the Commission, any differences between the estimated and actual balance of unrecovered 2004 and 2005 storm-recovery costs and differences between estimated and actual financing costs, at the time the bonds are issued, will be reflected in the amount of replenishment of the Reserve.