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September 10, 2003

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COMMISSION  
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**BY HAND DELIVERY**

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

Re: Docket No. 030438-EI - *Petition of Florida Public Utilities Company for an increase in its rates and charges in their Consolidated Electric Division*

Dear Ms. Bayó:

Enclosed are an original and 21 copies of Exhibits MC-1 and MC-2 to be attached to Mr. Cutshaw's Direct Testimony previously filed in the captioned docket. These exhibits were inadvertently omitted from the filing made on August 14, 2003. I apologize for any inconvenience this may have caused your office.

Thank you for your help in this matter.

RECEIVED & FILED  
*Th*  
FPSC-BUREAU OF RECORDS

Sincerely,

*Norman H. Horton, Jr.*  
Norman H. Horton, Jr.

NHH/amb

cc: Parties of Record

AUS 1  
CAF \_\_\_\_\_  
CMP \_\_\_\_\_  
COM 3+1 original  
CTR \_\_\_\_\_  
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DOL 1  
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DOCUMENT NUMBER - DATE  
08552 SEP 10 03  
FPSC-COMMISSION CLERK

HURRICANE STUDY - MAXIMUM HISTORICAL EVENT  
 T & D REPLACEMENT COSTS BY COUNTY

COUNTY	TRANSMILES	VALUE(\$)	DISTRMILES	VALUE(\$)
CALHOUN				
LIBERTY				
JACKSON				
NASSAU				
<b>TOTALS</b>	21.5	4,246,250	1,047.0	125,640,000

REPLACEMENT COSTS PER MILE			
	TRANS		DISTR
CONSOLIDATED ELECTRIC OPS.	\$	197,500	\$ 120,000

MAXIMUM HISTORICAL EVENT  
 ALL COUNTIES FOR SERVICE TERRITORY  
 90% Probability of Non-Exceedance

LOCATION	PEAK GUST AT SITE (MPH)	REPORTED TRANS. VALUES	REPORTED DISTR. VALUES	PROJECTED TRANS. MEAN LOSS		PROJECTED DISTR. MEAN LOSS		PROJECTED AGGREGATE MEAN LOSS
				RATE	\$	RATE	\$	
ALL	58	4,246,250	125,640,000	0.00023	977	0.00918	1,153,375	1,154,352
ALL	69	4,246,250	125,640,000	0.00023	977	0.00918	1,153,375	1,154,352
ALL	79	4,246,250	125,640,000	0.00356	15,117	0.02779	3,491,536	3,506,653
ALL	96	4,246,250	125,640,000	0.01008	42,802	0.04132	5,191,445	5,234,247
ALL	120	4,246,250	125,640,000	0.01719	72,993	0.05558	6,983,071	7,056,064
ALL	AVERAGE	4,246,250	125,640,000	0.00626	26,582	0.02861	3,594,560	3,621,142

PROJECTED AGGREGATE MEAN LOSS ADJUSTED FOR CUSTOMER GROWTH AND INFLATION

YEAR	CUSTOMER GROWTH	CPI	COMPOSITE	PROJECTED AVERAGE MEAN LOSS
2003	2.17%	2.50%	104.72%	3,621,142
2004	2.18%	1.34%	103.65%	3,749,664
2005	2.00%	1.60%	103.83%	3,892,027
2006	2.00%	1.50%	103.83%	4,019,063
2007	2.00%	2.00%	104.04%	4,181,433
2008	2.00%	2.00%	104.04%	4,350,363
2009	2.00%	2.00%	104.04%	4,526,117
2010	2.00%	2.00%	104.04%	4,708,973
2011	2.00%	2.00%	104.04%	4,899,215
2012	2.00%	2.00%	104.04%	5,097,143
2013	2.00%	2.00%	104.04%	5,303,068
2014	2.00%	2.00%	104.04%	5,517,312

<b>PROJECTED AVERAGE MEAN LOSS EXPENSE PORTION - 80%</b>	<b>4,413,849</b>
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FLORIDA PUBLIC UTILITIES COMPANY  
 PROPERTY DAMAGE STUDY  
 YEAR 2003 - 2004

Exhibit MC-1  
 Page 2 of 2

HURRICANE STUDY - 100 YEAR STORM  
 T & D REPLACEMENTS BY COUNTY

COUNTY	TRANSMILES	VALUE(\$)	DISTRMILES	VALUE(\$)
CALHOUN				
LIBERTY				
JACKSON				
NASSAU				
<b>TOTALS</b>	<b>21.5</b>	<b>4,246,250</b>	<b>1,047.0</b>	<b>125,640,000</b>

REPLACEMENT COSTS PER MILE			
	TRANS		DISTR
CONSOLIDATED			
ELECTRIC OPS.	\$	197,500	\$ 120,000

COSTS OF 100 YEAR STORM - PROJECTED LOSS

		LOSS RATE(1)	LOSS
TRANSMISSION VALUE ABOVE	4,246,250	0.04815	204,457
DISTRIBUTION VALUE ABOVE	125,640,000	0.04815	6,049,566
<b>TOTAL</b>			<b>6,254,023</b>

PROJECTED AGGREGATE LOSS ADJUSTED FOR CUSTOMER GROWTH AND INFLATION

YEAR	CUSTOMER GROWTH	CPI	COMPOSITE	PROJECTED LOSS
2003	2.17%	2.50%	104.72%	6,254,023
2004	2.18%	1.34%	103.55%	6,475,992
2005	2.00%	1.50%	103.53%	6,704,594
2006	2.00%	1.50%	103.53%	6,941,266
2007	2.00%	2.00%	104.04%	7,221,693
2008	2.00%	2.00%	104.04%	7,513,450
2009	2.00%	2.00%	104.04%	7,816,993
2010	2.00%	2.00%	104.04%	8,132,800
2011	2.00%	2.00%	104.04%	8,461,365
2012	2.00%	2.00%	104.04%	8,803,204
2013	2.00%	2.00%	104.04%	9,158,853
2014	2.00%	2.00%	104.04%	9,528,871

<b>PROJECTED AVERAGE MEAN LOSS EXPENSE PORTION - 80%</b>	<b>7,623,097</b>
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(1) LOSS RATE TAKEN FROM GPC'S STUDY

**McGRIFF, SEIBELS & WILLIAMS, INC.**

June 3, 2003

Ms. Beth Ingraham  
Florida Public Utilities Company  
401 South Dixie Highway  
West Palm Beach, FL 33401

Re: Transmission and Distribution Line Coverage

Dear Beth:

In response to your inquiry into the availability of coverage for transmission and distribution (T&D) line insurance in the commercial marketplace we have had correspondence with several markets in the U.S. and London and have been able to obtain some indicative terms on the cost of this coverage.

We have obtained a lead indication from London for the T&D coverage, that being a \$5,000,000 aggregate limit (total limit paid throughout the year) excess of a \$1,250,000 deductible at an annual premium of \$1,000,000. Additional options indicated are:

- Limit \$10MM any one occurrence and aggregate excess of \$1.5MM deductible- premium of \$1,200,000
- Limit \$10MM any one occurrence and aggregate excess of \$10MM any one occurrence and aggregate underlying deductible- premium of \$650,000-750,000

Please let me know if FPU has interest in pursuing these indications as we will have to gain full support from the London market to place coverage.

Sincerely,

Jack A. Eans  
Vice President



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