

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Petition for Approval to Create )  
Regulatory Sub-Account to Capitalize )  
Encoder Receiver Transmitters ("ERTs"), by )  
Florida City Gas )

Docket No. 080163-6

Filed:

RECEIVED-FPSC  
MAR 18 4:09 PM  
COMMISSION CLERK

**PETITION FOR APPROVAL TO CREATE REGULATORY SUB-ACCOUNT TO CAPITALIZE ENCODER RECEIVER TRANSMITTERS ("ERTs")**

Florida City Gas ("Petitioner," "FCG," or "the Company") hereby petitions the Commission for authorization to create a new sub-account of meter installation to capitalize all incurred and future costs associated with FCG's installation of Encoder Receiver Transmitters ("ERTs") under the provisions of Statement of Financial Accounting Standard No. 71, *Accounting for the Effects of Certain Types of Regulation* ("SFAS 71"). As such, FCG therefore also seeks permission to depreciate the installation costs of the ERTs over a 15-year period beginning January 1, 2008. FCG is not requesting any rate adjustment at this time.

Florida City Gas is a division of Pivotal Utility Holdings, Inc. ("PUHI"), which became a wholly owned subsidiary of AGL Resources ("AGLR") when AGLR merged with NUI Corporation on November 30, 2004.

As the basis for the request, Petitioner would show:

- CMP \_\_\_\_\_
- COM \_\_\_\_\_
- CTR \_\_\_\_\_
- ECR \_\_\_\_\_
- GCL 2 \_\_\_\_\_
- OPC 1 \_\_\_\_\_
- RCA \_\_\_\_\_
- SCR \_\_\_\_\_
- SGA \_\_\_\_\_
- SEC \_\_\_\_\_
- OTH \_\_\_\_\_

1. The exact name and address of the principal business office of the Petitioner is:

Florida City Gas  
955 East 25<sup>th</sup> Street  
Hialeah, Florida 33013-3498

2. Notices and communications with respect to this Petition and docket should be

directed and addressed to:

Beth Keating  
Akerman Senterfitt  
106 East College Avenue, Suite 1200  
Tallahassee, FL 32301

Elizabeth Wade  
Ten Peachtree Place  
Atlanta, Georgia 30309

DOCUMENT NUMBER-DATE

02020 MAR 18 8

FPSC-COMMISSION CLERK

Melvin Williams  
Florida City Gas  
4180 U.S. Highway 1  
Rockledge, Florida 32955

3. FCG started its ERT installations project in January 2006. ERT meters allow meter readers to electronically record customer usage from their vehicle, rather than having to walk the route and read the meters manually. This project represents a four-year, \$8.4 million dollar investment to improve the meter reading process and provide timely, accurate monthly bills to FCG's customers. The investment amount includes the costs of the ERTs themselves as well as the costs of installation. Installation costs include contractor costs, internal labor costs and material costs.

4. FCG is not requesting any rate adjustment at this time.

5. In accordance with current guidelines, the costs to install all ERTs on existing meters have been expensed. The Company is requesting that a new sub-account of ERT installation costs be created to capture these expenses as capitalized costs. The expected life of each ERT device is 15 years, thus FCG is asking that the installation costs be depreciated over a 15-year period to be consistent with the life of the ERT device.

6. There are challenges associated with the current method of manual reads, challenges associated with accuracy, safety, and customer convenience. The Company is currently faced with significant challenges with the current manual meter reading process as the result of numerous factors that limit our access to meters to include high fences and dogs in the meter area. The installation of ERT devices will improve the efficiency and accuracy of customer meter readings as well as improve the safety of the Company's employees by reducing the number of personal injuries and dog bites for meter readers.

7. Additionally, installation of the ERT devices will allow meter readers to read 10,000 meters per day with 100 percent accuracy, which will result in significant improvement

to the Company's customer billing process. Compared to current productivity levels of 300 manual reads per day with 15 percent of total meters not read due to high fences and bad dogs, the installation of ERTs will improve the Company's level of service to both residential and commercial customers.

8. Finally, the current method inconveniences some customers, who may have to change schedules or make special arrangements to allow for meter access.

9. Therefore, the ERT devices being added to FCG's operating system represent new technology that will improve FCG's billing process, increase operating efficiency, and further improve customer service.

10. When addressing similar technology, the Commission has previously recognized the efficiencies and benefits associated with the added speed, accuracy, and reliability of the new technology. See, e.g., Order No. PSC-03-1474-TRF-WU, issued December 31, 2003, in Docket No. 030956-WU, In re: Application for Approval of revised service availability charges to increase meter installation fees in Osceola County by O&S Water Company, Inc.

11. FCG began the installation of ERT devices in its Port St. Lucie (PSL) service area in January 2006. Since that time, the Company has installed 7,811 ERT devices in the PSL service area. In 2007, ERT installations began in the Miami area, with 39,669 ERT devices installed as of February 2008. Additionally, all new meters installed in any area are fitted with an ERT device before installation. The goal of the Company is to fully install ERT devices on all Florida City Gas meters by the end of 2009. As of February 29, 2008, there are 23,211 meters in Miami and 42,902 meters in Brevard that still require an ERT device.

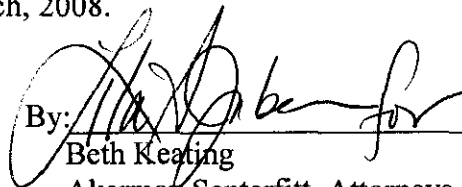
12. The total installation costs to date are approximately \$600,000, which consists of contractor expenses, company labor and material costs. FCG estimates the total installation

costs to add an ERT device to all compatible meters and replace all non-compatible meters in FCG's service areas will be approximately \$2.3 million.

13. The ability to capitalize and depreciate these costs and expenses over the course of the life of the ERTs is consistent with regulatory accounting practice. Moreover, from a technology and efficiency standpoint, the ERT devices being added to FCG's operating system will improve FCG's billing process, increase operating efficiency, and further improve customer service. Finally, FCG is not requesting any rate adjustment at this time.

14. WHEREFORE, for the reasons cited, FCG requests that the Commission grant the requested relief.

Dated this 18th day of March, 2008.

By: 

Beth Keating  
Akerman Senterfitt, Attorneys at Law  
106 East College Avenue, Suite 1200  
Tallahassee, FL 32301  
(850) 521-8002  
(850) 222-0103  
beth.keating@akerman.com

*Attorneys for Florida City Gas*