

August 31, 2016

E-PORTAL

Ms. Carlotta Stauffer, Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: [NEW FILING/DOCKET]: Petition for approval of true-up of safety, access, and facility enhancement program and associated cost recovery factors, by Florida City Gas

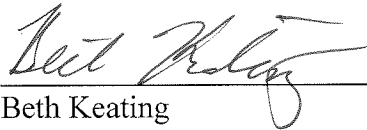
Dear Ms. Stauffer:

Attached for electronic filing, please find Florida City Gas's Petition for Approval of True-Up for the safety, access, and facility enhancement (SAFE) program and associated cost recovery factors. Included with this filing is the following revised tariff page:

Volume No. 8, Second Revised Sheet No. 71

Thank you for your assistance in connection with this filing. If you have any questions whatsoever, please do not hesitate to let me know.

Sincerely,



Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval of true-up of safety, access, and facility enhancement program and associated cost recovery factors, by Florida City Gas

Docket No.
Filed: August 31, 2016

PETITION FOR APPROVAL OF SAFETY, ACCESS, AND FACILITY ENHANCEMENT PROGRAM (“SAFE”) TRUE-UP AND ASSOCIATED COST RECOVERY FACTORS

Florida City Gas (“FCG” or “Company”), by and through its undersigned attorneys, hereby requests, in accordance with Section 366.06, Florida Statutes, and Order No. PSC-15-0390-TRF-GU¹, that the Florida Public Service Commission (“Commission”) approve its final true-up of expenses for 2015, as well as its true-up for the period January 1 through December 31, 2016, which is based upon seven months of actual data and five months of projected costs and revenues associated with the Company’s Safety, Access, and Facility Enhancement (“SAFE Program”). The Company also seeks approval of its proposed cost recovery factors for the period January 1 through December 31, 2017, which have been calculated in accordance with Order No. PSC-15-0390-TRF-GU using the referenced actual/estimated data for 2016, as well as FCG’s projected revenue requirement for the SAFE Program in 2017. In support of this request, FCG states:

1. The name and address of the petitioner are:

Florida City Gas
933 East 25th Street
Hialeah, FL 33013-3498

2. The names and mailing addresses of the persons to whom notices, orders and correspondence regarding this petition are to be sent are:

¹ Order No. PSC-15-0390-TRF-GU, issued September 15, 2015, in Docket No. 150116-GU (“SAFE Order”).

Beth Keating
Gunster Law Firm
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706

Blake O’Farrow, Director, Regulatory
Affairs
AGL Resources Inc.
10 Peachtree Place
Atlanta, GA 30309

3. FCG is a natural gas local distribution company (“LDC”) providing sales and transportation delivery of natural gas in parts of Florida, and is a public utility subject to the Commission’s regulatory jurisdiction under Chapter 366, Florida Statutes.

4. The Commission is vested with jurisdiction in this matter in accordance with Section 366.04, 366.041, 366.05, and 366.06, Florida Statutes, whereby the Commission is authorized to establish fair and reasonable rates and charges for Florida utilities and in doing so, shall consider, among other things, the adequacy of the utility’s facilities and its ability to improve such facilities. The Commission also is vested with authority under Section 368.05(2), Florida Statutes, to require improvements to natural gas distribution systems as may be necessary to protect the public.

5. By Order No. PSC-15-0390-TRF-GU, the Commission approved FCG’s request to establish the SAFE Program, a program designed to facilitate the expeditious relocation of certain existing gas facilities located in, or associated with, rear lot easements to allow for more direct access to these facilities by the Company. As the Commission recognized in its SAFE Order, the existing location of these mains, services and, in some cases, above-ground facilities, presents significant operational risks and challenges for the Company and its customers.² The SAFE Program facilitates the relocation process by enabling the Company to recover appropriate costs, along with a reasonable return, for the necessary main

² SAFE Order at p. 5.

relocations and associated new service lines, as well as costs associated with any above-ground facilities, such as meters and regulator sets, that may need to be replaced or relocated due to the main and service line relocations.

6. Consistent with the requirements of the SAFE Order, FCG has included with this filing as Attachment A, which is attached and incorporated herein by reference, Schedules 1 through 4, which support FCG's calculation of the SAFE cost recovery factors for 2017.

7. Likewise consistent with the Company's representations in its Petition in Docket No. 150116-GU and as acknowledged by the Commission in its SAFE Order, there is no true-up for the abbreviated period in 2015 during which activity under the SAFE Program was initiated, although, as the Commission allowed, the revenue requirement associated with the net plant in service installed under the SAFE Program for that initial period was included in the calculation of the cost recovery rates implemented for calendar year 2016.

8. Based upon seven months of actual data and five months of projected data, the SAFE program true-up amount for the period January 1, 2016 through December 31, 2016 is an over-recovery of \$195,449.

9. The Company's projected total revenue requirement for the SAFE program for the period January 1, 2017 through December 31, 2017 is \$2,204,344. Thus, when the true-up amount is included, the total amount to be collected during 2017 is \$ 2,008,895.

10. When the total amount to be collected is allocated based upon the methodology approved in Order No. PSC-15-0390-TRF-GU, the proposed surcharges for the period January 1, 2017 through December 31, 2017, are as follows:

<u>Rate Class</u>	<u>\$/month</u>
GS-1	1.53

Florida City Gas SAFE Program True-Up

<u>Rate Class</u>	<u>S/month</u>
GS-100	1.53
GS-220	1.53
GS-600	1.53
GS-1200	1.53
GS-6000	2.77
GS-25000	2.77
GS-60000	2.77
GS-120K	2.77
GS-250K	2.77
GS-1250K	2.77
Gas Lighting	1.53

11. The Company attests that its proposed factors have been calculated in accordance with the methodology approved by Order No. PSC-15-0390-TRF-GU and asks that they be approved.

12. Attached to this Petition as Attachment B are the Company's revised tariff pages, in clean and legislative format, reflecting its proposed SAFE Program factors for 2017. In this regard, the Company notes that this filing is not made pursuant to the "file and suspend" provisions of Section 366.06(3); nonetheless, to the extent deemed applicable by the Commission, FCG waives the 60-day time frame in the statute for the Commission's handling of referenced tariff changes.

Florida City Gas SAFE Program True-Up

WHEREFORE, Florida City Gas hereby respectfully requests that the Commission approve the Company's proposed SAFE Program surcharge factors as set forth herein with an effective date of the first billing cycle of January, 2017.

Respectfully submitted this 31st day of August, 2016, by:



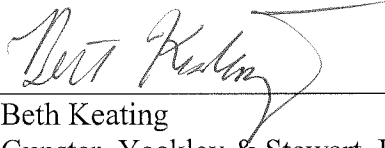
Beth Keating
Florida Bar #0022756
Gunster Law Firm
215 South Monroe Street
Suite 601
Tallahassee, FL 32301

Attorneys for Florida City Gas

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been served upon the following by Electronic Mail this 31st day of August, 2016.

Jennifer Crawford Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399-0850 jcrowfor@psc.state.fl.us	J.R. Kelly/P. Christensen Office of Public Counsel c/o The Florida Legislature 111 W. Madison Street, Room 812 Tallahassee, FL 32399-1400 <u>Kelly.JR@leg.state.fl.us</u>
--	--

By: 
Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706

**Petition for approval of true-up of safety, access, and facility enhancement program
and associated cost recovery factors, by Florida City Gas**

Attachment "A"

TRUE UP SCHEDULES

Florida City Gas
Schedule 1 - 2015 SAFE Program Revenue Requirement
January 2015 through December 2015

Line	Description	ACTUALS												End of Period Total		
		January-15	February-15	March-15	April-15	May-15	June-15	July-15	August-15	September-15	October-15	November-15	December-15			
1.	Investments															
	a. Eligible Replacements - Mains	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 193,017	\$ 476,065	\$ 669,082
	b. Eligible Replacements - Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,449	\$ 96,032	\$ 97,482
	c. Eligible Replacements - Regulator Stations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	d. Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2.a	Gross Plant-in-Service/Depreciation Base - Mains													\$ 193,017	\$ 669,082	
2.b	Gross Plant-in-Service/Depreciation Base - Services													\$ 1,449	\$ 97,482	
2.c	Gross Plant-in-Service/Depreciation Base - Regulator Stations													\$ -	\$ -	
3.	Less: Accumulated Depreciation													(504)	(2,565)	
4.	CWIP - Noninterest Bearing												42,210	110,224	56,826	
5.	Net Book Value (Lines 2 + 3 + 4)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	42,210	304,187	820,825	
6.	Average Net Investment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	21,105	173,198	562,506	
7.	Return on Average Net Investment															
	a. Equity component Grossed up for taxes (A)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	128	1,051	3,414	4,593
	b. Debt component (B)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	37	303	984	1,324
8.	Investment Expenses															
	a. Depreciation (C)	-	-	-	-	-	-	-	-	-	-	-	-	504	2,062	2,565
	b. Amortization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	c. Property Taxes (D)	-	-	-	-	-	-	-	-	-	-	-	18	150	488	656
	d. Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.	Revenue Requirements (Lines 7 + 8)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	183	2,008	6,947	9,138
10.	Collections												\$ -	\$ -	\$ -	
11.	Net under(over) collection												\$ -	\$ -	\$ -	
12.	Cumulative Net under(over) collection												\$ -	\$ -	\$ -	

Notes:

(A)	Line 6 x 7.1194% x 1/12. Based on RoE of 11.25%, and weighted income tax rate of 37.63%, expansion factor of 1.6329	7.28%
(B)	Line 6 x 2.10% x 1/12	2.10%
(C.1)	Applicable depreciation rate is 3.1%	3.10%
(C.2)	Applicable Services depreciation rate is 4.1%	4.10%
(C.3)	Applicable Regulator Stations depreciation rate is 3.3%	3.30%
(D)	Ad Valorem Tax Rate is 1.04%	1.04%

Florida City Gas
Schedule 2 - 2016 SAFE Program Revenue Requirement
January 2016 through December 2016

Line	Description	Beginning of Period Amount	ACTUALS	ACTUALS	ACTUALS	ACTUALS	ACTUALS	ACTUALS	ACTUALS	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	End of Period Total
			January-16	February-16	March-16	April-16	May-16	June-16	July-16	August-16	September-16	October-16	November-16	December-16	
1.	Investments														
	a. Eligible Replacements - Mains		61,555.17	-	732,952.12	442,613.12	704,140.86	506,071.80	613,588.17	1,097,472.00	1,217,271.00	721,616.00	645,606.00	650,440.00	
	b. Eligible Replacements - Services		72,467.92	314,892.92	178,148.24	31,132.17	27,571.47	392,687.29	422,418.21	209,594.00	311,808.00	258,570.00	194,455.00	155,887.00	
	c. Eligible Replacements - Regulator Stations		-	-	-	-	-	-	-	-	-	-	-	-	
	d. Other		-	-	-	-	-	-	-	-	-	-	-	-	
2.a	Gross Plant-in-Service/Depreciation Base - Mains	\$ 669,082	\$ 730,637	\$ 730,637	\$ 1,463,589	\$ 1,906,202	\$ 2,610,343	\$ 3,116,415	\$ 3,730,003	\$ 4,827,475	\$ 6,044,746	\$ 6,766,362	\$ 7,411,968	\$ 8,062,408	
2.b	Gross Plant-in-Service/Depreciation Base - Services	\$ 97,482	\$ 169,949	\$ 484,842	\$ 662,991	\$ 694,123	\$ 721,694	\$ 1,114,382	\$ 1,536,800	\$ 1,746,394	\$ 2,058,202	\$ 2,316,772	\$ 2,511,227	\$ 2,667,114	
2.c	Gross Plant-in-Service/Depreciation Base - Regulator Stations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
3.	Less: Accumulated Depreciation	(2,565)	(5,033)	(8,577)	(14,623)	(21,919)	(31,129)	(42,987)	(57,873)	(76,311)	(98,959)	(124,354)	(152,082)	(182,022)	
4.	CWIP - NonInterest Bearing	56,826	301,616.34	349,254.22	108,595.03	77,749.17	676,881.60	545,685.19	584,165.78	653,533.00	764,539.50	490,093.00	420,030.50	403,163.50	
5.	Net Book Value (Lines 2 + 3 + 4)	\$ 820,825	\$ 1,197,170	\$ 1,556,157	\$ 2,220,552	\$ 2,656,155	\$ 3,977,791	\$ 4,733,495	\$ 5,793,096	\$ 7,151,091	\$ 8,768,529	\$ 9,448,873	\$ 10,191,144	\$ 10,950,663	
6.	Average Net Investment	\$ 1,008,997	\$ 1,376,663	\$ 1,888,354	\$ 2,438,353	\$ 3,316,973	\$ 4,355,643	\$ 5,263,295	\$ 6,472,093	\$ 7,959,810	\$ 9,108,701	\$ 9,820,008	\$ 10,570,903		
7.	Return on Average Net Investment														
	a. Equity component Grossed up for taxes (A)	\$ 6,302	\$ 8,598	\$ 11,794	\$ 15,230	\$ 20,717	\$ 27,205	\$ 32,874	\$ 40,424	\$ 49,716	\$ 56,891	\$ 61,334	\$ 66,024	\$ 397,109	
	b. Debt component (B)	\$ 1,707	\$ 2,329	\$ 3,194	\$ 4,125	\$ 5,611	\$ 7,368	\$ 8,904	\$ 10,949	\$ 13,465	\$ 15,409	\$ 16,612	\$ 17,882	\$ 107,556	
8.	Investment Expenses														
	a. Depreciation (C)		2,468	3,544	6,046	7,296	9,209	11,858	14,887	18,438	22,648	25,395	27,728	29,941	179,457
	b. Amortization		-	-	-	-	-	-	-	-	-	-	-	-	-
	c. Property Taxes (D)		824	1,124	1,542	1,991	2,709	3,557	4,298	5,286	6,501	7,439	8,020	8,633	51,923
	d. Other		-	-	-	-	-	-	-	-	-	-	-	-	-
9.	Revenue Requirements (Lines 7 + 8)	\$ 11,301	\$ 15,596	\$ 22,577	\$ 28,642	\$ 38,247	\$ 49,988	\$ 60,962	\$ 75,096	\$ 92,329	\$ 105,134	\$ 113,694	\$ 122,480	\$ 736,045	
10.	Collections		(73,995.73)	(77,441.89)	(77,760.38)	(78,095.66)	(78,133.49)	(77,999.16)	(78,067.80)	(78,000)	(78,000)	(78,000)	(78,000)	(78,000)	(931,494)
11.	Net under(over) collection		(62,694.66)	(61,846.33)	(55,183.26)	(49,453.97)	(39,887)	(28,011)	(17,105)	(2,904)	14,329	27,134	35,694	44,480	
12.	Cumulative Net under(over) collection	\$ (62,695)	\$ (124,541)	\$ (179,724)	\$ (229,178)	\$ (269,065)	\$ (297,076)	\$ (314,182)	\$ (317,086)	\$ (302,757)	\$ (275,622)	\$ (239,929)	\$ (195,449)		

- Notes:**
- (A) Line 6 x 7.1194% x 1/12. Based on RoE of 11.25%, and weighted income tax rate of 37.63%, expansion factor of 1.6329 7.4950%
 - (B) Line 6 x 2.03% x 1/12 2.03%
 - (C.1) Applicable Mains depreciation rate is 3.1% 3.10%
 - (C.2) Applicable Services depreciation rate is 4.1% 4.10%
 - (C.3) Applicable Regulator Stations depreciation rate is 3.3% 3.30%
 - (D) Ad Valorem Tax Rate is 0.98% 0.98%

Florida City Gas
Schedule 3 - 2017 SAFE Program Revenue Requirement
January 2017 through December 2017

Line	Description	Beginning of Period Amount	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	End of Period Total
			January-17	February-17	March-17	April-17	May-17	June-17	July-17	August-17	September-17	October-17	November-17	
1.	Investments													
	a. Eligible Replacements - Mains	\$ 237,718	\$ 413,238	\$ 503,838	\$ 766,671	\$ 514,600	\$ 903,135	\$ 761,090	\$ 815,966	\$ 839,290	\$ 400,765	\$ 140,405	\$ 149,242	
	b. Eligible Replacements - Services	\$ 182,708	\$ 282,406	\$ 365,813	\$ 373,656	\$ 344,973	\$ 308,920	\$ 275,565	\$ 259,420	\$ 209,804	\$ 195,922	\$ 169,101	\$ 169,177	
	c. Eligible Replacements - Regulator Stations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	d. Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
2.a	Gross Plant-in-Service/Depreciation Base - Mains	\$ 8,062,408	\$ 8,300,126	\$ 8,713,364	\$ 9,217,202	\$ 9,983,873	\$ 10,498,473	\$ 11,401,608	\$ 12,162,698	\$ 12,978,664	\$ 13,817,954	\$ 14,218,720	\$ 14,359,125	\$ 14,508,366
2.b	Gross Plant-in-Service/Depreciation Base - Services	\$ 2,667,114	\$ 2,849,821	\$ 3,132,227	\$ 3,498,040	\$ 3,871,696	\$ 4,216,669	\$ 4,525,589	\$ 4,801,155	\$ 5,060,574	\$ 5,270,378	\$ 5,466,300	\$ 5,635,402	\$ 5,804,579
2.c	Gross Plant-in-Service/Depreciation Base - Regulator St	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3.	Less: Accumulated Depreciation	(182,022)	(213,201)	(246,413)	(282,175)	(321,195)	(362,723)	(407,640)	(455,464)	(506,283)	(559,986)	(615,394)	(671,743)	(729,055)
4.	CWIP - NonInterest Bearing	403,164	210,213	347,822	434,825	570,164	429,787	606,028	518,328	537,693	524,547	298,344	154,753	159,210
5.	Net Book Value (Lines 2 + 3 + 4)	\$ 10,950,663	\$ 11,146,959	\$ 11,947,000	\$ 12,867,891	\$ 14,104,538	\$ 14,782,205	\$ 16,125,585	\$ 17,026,716	\$ 18,070,649	\$ 19,052,893	\$ 19,367,970	\$ 19,477,536	\$ 19,743,099
6.	Average Net Investment	\$ 11,048,811	\$ 11,546,980	\$ 12,407,446	\$ 13,486,215	\$ 14,443,371	\$ 15,453,895	\$ 16,576,150	\$ 17,548,682	\$ 18,561,771	\$ 19,210,431	\$ 19,422,753	\$ 19,610,318	
7.	Return on Average Net Investment													
	a. Equity component Grossed up for taxes (A)	\$ 69,009	\$ 72,121	\$ 77,495	\$ 84,233	\$ 90,211	\$ 96,522	\$ 103,532	\$ 109,606	\$ 115,934	\$ 119,985	\$ 121,311	\$ 122,483	\$ 1,182,441
	b. Debt component (B)	\$ 18,691	\$ 19,534	\$ 20,989	\$ 22,814	\$ 24,433	\$ 26,143	\$ 28,041	\$ 29,687	\$ 31,400	\$ 32,498	\$ 32,857	\$ 33,174	\$ 320,261
8.	Investment Expenses													
	a. Depreciation (C)	31,179	33,211	35,763	39,020	41,528	44,917	47,824	50,819	53,704	55,408	56,349	57,312	547,033
	b. Amortization	-	-	-	-	-	-	-	-	-	-	-	-	-
	c. Property Taxes (D)	9,023	9,430	10,133	11,014	11,795	12,621	13,537	14,331	15,159	15,689	15,862	16,015	154,609
	d. Other	-	-	-	-	-	-	-	-	-	-	-	-	-
9.	Revenue Requirements (Lines 7 + 8)	\$ 127,902	\$ 134,295	\$ 144,380	\$ 157,081	\$ 167,968	\$ 180,203	\$ 192,935	\$ 204,443	\$ 216,196	\$ 223,580	\$ 226,379	\$ 228,984	\$ 2,204,344

Notes:

(A)	Line 6 x 7.1194% x 1/12. Based on Roe of 11.25%, and weighted income tax rate of 37.63%, expansion factor of 1.6329	7.4950%
(B)	Line 6 x 1.96% x 1/12	2.03%
(C.1)	Applicable Mains depreciation rate is 3.1%	3.10%
(C.2)	Applicable Services depreciation rate is 4.1%	4.10%
(C.3)	Applicable Regulator Stations depreciation rate is 3.3%	3.30%
(D)	Ad Valorem Tax Rate is 0.98%	0.98%

Florida City Gas
Schedule 4 - 2017 SAFE Program Rates
January 2017 through December 2017

Class	Percentage Allocation to Customer Class	Revenue to be collected From Rate Class	Total Annual Billing Units (1)	Monthly Customer Surcharge
GS-1	24.99%	\$ 502,120.72	328,974	\$ 1.53
GS-100	45.79%	\$ 919,973.12	602,738	\$ 1.53
GS-220	20.40%	\$ 409,885.00	268,544	\$ 1.53
GS-600	1.19%	\$ 23,970.91	15,705	\$ 1.53
GS-1200	2.70%	\$ 54,340.17	35,602	\$ 1.53
GS-6000	3.93%	\$ 78,935.65	28,450	\$ 2.77
GS-25000	0.53%	\$ 10,634.81	3,833	\$ 2.77
GS-60000	0.12%	\$ 2,408.30	868	\$ 2.77
GS-120K	0.07%	\$ 1,351.20	487	\$ 2.77
GS-250K	0.07%	\$ 1,453.86	524	\$ 2.77
GS-1250K	0.01%	\$ 185.89	67	\$ 2.77
GAS LIGHTING	0.18%	\$ 3,635.70	2,382	\$ 1.53
Total	100%	\$ 2,008,895.33		
2017 Revenue Requirement		\$ 2,204,343.95		
2016 Projected Under-Recovery		\$ (195,449)		

Note:

(1) - billing units for 12 months ending July 2016

**Petition for approval of true-up of safety, access, and facility enhancement program
and associated cost recovery factors, by Florida City Gas**

Attachment "B"

**REVISED TARIFF PAGES
(Clean and legislative format)**

Florida City Gas	
FPSC Natural Gas Tariff	
Volume No. 8	First-Second Revised Sheet No. 71

Formatted Table

RIDER "F"

SAFETY, ACCESS AND FACILITY ENHANCEMENT (SAFE) PROGRAM
(Continued)

- i. all customers regarding the implementation of the SAFE Program and the approved surcharge factors;
 - ii. the immediately affected customers where the eligible infrastructure is being replaced; and
 - iii. the general public through publications (newspapers) covering the geographic areas of the eligible infrastructure replacement activities;
4. Ad valorem taxes; and
5. Federal and state income taxes.

The Company is utilizing a surcharge mechanism in order to recover the costs associated with the SAFE Program. The Company has developed the revenue requirement for the SAFE Program using the same methodology approved in its most recent rate case. The SAFE revenue requirement will be allocated to each customer class (Rate Schedule) using allocation factors established by the Florida Public Service Commission for the SAFE Program. The per customer SAFE surcharge is calculated by dividing the revenue requirement allocated to each customer class by the number of customers in the class.

The cost recovery factors including tax multiplier for the twelve month period from January 1, ~~2016~~ 2017 through December 31, ~~2016~~ 2017 are:

<u>Rate Class</u>	<u>Rates Per Customer</u>
Rate Schedule GS-1	\$ 0.741.53
Rate Schedule GS-100	\$ 0.741.53
Rate Schedule GS-220	\$ 0.741.53
Rate Schedule GS-600	\$ 0.741.53
Rate Schedule GS-1.2k	\$ 0.741.53
Rate Schedule GS-6k	\$ 4.342.77
Rate Schedule GS-25k	\$ 4.342.77
Rate Schedule GS-60k	\$ 4.342.77
Rate Schedule GS-120k	\$ 4.342.77
Rate Schedule GS-250k	\$ 4.342.77
Rate Schedule GS-1.250k	\$ 4.342.77
Rate Schedule GL	\$ 0.741.53
Rate Schedule RSG	\$ 0.741.53
Rate Schedule CSG	\$ 0.741.53

Issued by: Carolyn Bermudez Vice President, Southern Operations	Effective: January 1, 2017 6
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