

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval of safety, access,  
and facility enhancement program  
modifications, by Florida City Gas.

DOCKET NO. 20240071-GU  
ORDER NO. PSC-2024-0438-PAA-GU  
ISSUED: October 2, 2024

The following Commissioners participated in the disposition of this matter:

MIKE LA ROSA, Chairman  
ART GRAHAM  
GARY F. CLARK  
ANDREW GILES FAY  
GABRIELLA PASSIDOMO

NOTICE OF PROPOSED AGENCY ACTION  
ORDER APPROVING MODIFICATION OF SAFETY, ACCESS, AND FACILITY  
ENHANCEMENT (SAFE) PROGRAM AND ASSOCIATED COST RECOVERY  
MECHANISM

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code (F.A.C.).

Background

On April 19, 2024, Florida City Gas (FCG or Utility) filed its petition requesting approval of modifications to its safety, access, and facility enhancement (SAFE) program and associated cost recovery mechanism. In 2015, we approved the original SAFE program and associated cost recovery mechanism.<sup>1</sup> The purpose of the original SAFE program was to relocate certain existing gas facilities located in or associated with rear lot easements to the street front through a separate surcharge on the customers' bill. In the Order approving the SAFE program, we found that the relocation of existing gas facilities was in the public interest to improve the safety of Florida's natural gas infrastructure. In Order No. PSC-2015-0390-TRF-GU, we required FCG to file an annual petition for a review and reset of the surcharge factors, true-up of any over or under recovery, and update the ad valorem rate, debt, and equity cost rates.<sup>2</sup> At the

<sup>1</sup> Order No. PSC-2015-0390-TRF-GU, issued September 15, 2015, in Docket No. 150116-GU, *In re: Petition for approval of safety, access, and facility enhancement program and associated cost recovery methodology, by Florida City Gas.*

<sup>2</sup> See page 5 of Order No. PSC-2015-0390-TRF-GU.

time of our approval, the total estimated SAFE investment from 2015 through 2025 was approximately \$105 million.<sup>3</sup>

During the Utility's 2022 rate case, we approved a stipulation for the expansion of the SAFE program in Order No. PSC-2023-0177-FOF-GU.<sup>4</sup> We further required FCG to propose a new investment/construction schedule and term for the SAFE program in its next applicable annual SAFE filing. Subsequently, the Utility proposed and we approved a 10-year investment and construction schedule through 2035 for the SAFE program projects.<sup>5</sup> As of FCG's most recent true-up filing, the estimated total investment of the SAFE program was approximately \$102 million.<sup>6</sup>

In a recent assessment using its Distribution, Integrity, and Management Program (DIMP), the Utility identified additional risks that were not contemplated in its expanded program related to problematic pipe and equipment. Natural gas distribution pipeline operators, such as natural gas distribution companies are required by Department of Transportation to develop, write, and implement a distribution integrity management program with the following elements: knowledge, identify threats, evaluate and rank risks, identify and implement measures to address risks, measure performance, monitor results, and evaluate effectiveness, periodically evaluate and improve program; and report results.

While additional risks have been identified, the Utility stated the systems are safe. However, FCG would like to expeditiously address the identified risks and reduce any unnecessary risk to the public. The proposed modification to the SAFE program includes the replacement of the following types of facilities in which FCG has identified safety risks: (i) replacing of span pipe; (ii) burying shallow and exposed pipelines; and (iii) replacing of obsolete pipe and related facilities.

During the evaluation of the petition, we issued two data requests. Responses from FCG were received on May 24 and August 1, 2024.<sup>7</sup> We have jurisdiction over this matter pursuant to Sections 366.04, 366.05, and 366.06, Florida Statutes (F.S.).

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<sup>3</sup> See page 3 of Order No. PSC-2015-0390-TRF-GU.

<sup>4</sup> Order No. PSC-2023-0177-FOF-GU, issued June 9, 2023, in Docket No. 20220069-GU, *In re: Petition for rate increase by Florida City Gas*.

<sup>5</sup> Order No. PSC-2023-0345-TRF-GU, issued November 16, 2023, in Docket No. 20230097-GU, *In re: Petition for approval of safety, access, and facility enhancement program true-up and 2024 cost recovery factors, by Florida City Gas*.

<sup>6</sup> See page 1 of Attachment A to Document No. 05041-2023.

<sup>7</sup> Responses to Staff's First Data Request (Document No. 04172-2024), Responses to Staff's Second Data Request (Document No. 08145-2024).

Decision

FCG states that during a recent risk assessment using its DIMP, it identified various types of problematic pipe and facilities that pose safety risks to its system. As such, FCG is requesting to address these risks on an expedited basis. The problematic pipe and facilities FCG intends to include for replacement under its SAFE program are previously unidentified bare steel mains, steel tubing, span pipe, shallow and exposed pipe, and other obsolete pipe and related facilities, all of which are currently included in its affiliate's, Florida Public Utilities Company's (FPUC's), Gas Utility Access and Replacement Directive (GUARD) program. FCG is requesting to more closely align its SAFE program with FPUC's GUARD program which was approved by us in Docket No. 20230029-GU.<sup>8</sup>

Span pipes are segments of pipe that are susceptible to outside force damage and corrosion, as they are installed above grade and cross creeks, rivers, ditches, or highways. Shallow and exposed pipes are segments that are no longer safely buried due to erosion and other changes in the environment, and are similarly susceptible to outside force damage and corrosion. Obsolete pipe includes Aldyl-A, a type of first generation plastic pipe installed prior to 1982, previously unidentified bare steel pipe, steel tubing and orange pipe, which was approved for replacement in FCG's SAFE program in Docket No. 20220069-GU.<sup>9</sup> Due to the evolution of piping materials, construction methods, and standards of related metering and regulating (M&R) facilities, obsolete pipe and related facilities may be at risk of third-party damage and failure.

FCG retained the same contractor retained by FPUC for its GUARD program, R.J. Ruiz and Associates, Inc., to conduct a review of its natural gas facilities. At the conclusion of the review, the contractor provided a risk assessment report identifying threats to FCG's system. The Utility used this report to identify the following projects: (i) three span pipe projects, consisting of the replacement of 82 span pipe segments in FCG's service area; (ii) three exposed pipe projects; and (iii) 17 projects related to obsolete pipe and related facilities.<sup>10</sup> FCG prioritized the facilities for replacement based on the highest risk of failure identified in the contractor's risk assessment and the Utility's DIMP, as well as input from the Utility's subject matter experts. In response to our first data request, the Utility provided maps which depict the areas FCG projects facility replacements will take place.<sup>11</sup> FCG identified project areas located in Miami-Dade, Broward, and Brevard Counties.

FCG estimates that the span pipe projects will cost \$20 million, the exposed pipe projects will cost \$4.1 million, and the obsolete pipe and related facilities projects will cost \$25.7 million, for a total of \$49.8 million over the 2024 through 2035 SAFE program term. The estimated annual project expenditures range from approximately \$2.8 million to \$5 million, and are lowest in the first and last years of the program term.

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<sup>8</sup> Order No. PSC-2023-0235A-PAA-GU, issued August 18, 2023, in Docket No. 20230029-GU, *In re: Petition for approval of gas utility access and replacement directive, by Florida Public Utilities Company.*

<sup>9</sup> Order No. PSC-2023-0177-FOF-GU.

<sup>10</sup> Document No. 04172-2024.

<sup>11</sup> Attachment A to Responses to Staff's First Data Request, Document No. 04172-2024.

We find that FCG’s request to modify its SAFE program to include the expedited replacement of problematic pipe and facilities is necessary to improve the safety of FCG’s natural gas infrastructure, and to reduce risk to life and property. We find the inclusion of the proposed projects is also consistent with our approval of FPUC’s GUARD program.

I. Projected Incremental SAFE Investments

FCG estimated the incremental costs for the SAFE program modifications to be approximately \$49.8 million, as summarized in Table 1 below:

Table 0  
Projected 2025-2035 Incremental SAFE Costs

SAFE Project Type	Estimated Cost (\$ in millions)
Problematic Mains	
Obsolete pipe replacement	\$25.7
Span pipe replacement	\$20.0
Exposed pipeline burials	\$4.1
TOTAL (rounded)	\$49.8

Source: Responses to Commission Staff’s Second Data Request, Document No. 08145-2024

The Utility believes that the currently approved 10-year term for the SAFE program is adequate to complete the projects described in this filing.<sup>12</sup> In response to our second data request, FCG provided a breakdown detailing the projected timeline of the projects. According to the Utility, the modifications to the SAFE program would be approximately \$49.8 million in incremental costs.<sup>13</sup>

In its Petition, FCG states that it also proposes to continue to use the cost allocation methodology currently being utilized. Furthermore, the Utility is not proposing any modifications to the current surcharge in this petition. Instead, FCG would recalculate the SAFE surcharges for 2025 in its annual true-up filing. FCG states that if this petition is approved, it would include the revenue requirement associated with the additional project categories in its annual true up filings, starting in September 2024. FCG stated that the surcharge would increase by no more than 10 percent of the program’s current charge for 2025, based on the estimate provided by the contractor.<sup>14</sup> We find that the proposed expenses are consistent with the approved 2015 SAFE cost allocation methodology and are reasonable.

<sup>12</sup> Response No. 3 to Staff’s Second Data Request, Document No. 08145-2024.

<sup>13</sup> Attachment C to Responses to Staff’s Second Data Request, Document No. 08145-2024.

<sup>14</sup> Response No. 5B to Staff’s First Data Request, Document No. 04172-2024.

Conclusion

We hereby approve FCG's proposed modifications to the SAFE program and its associated components to include: (i) replacing of span pipe; (ii) burying shallow and exposed pipelines; and (iii) replacing of obsolete pipe and related facilities. The proposed program modification will improve the safety of FCG's natural gas infrastructure and reduce risk to life and property, and is consistent with our prior Orders.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Florida City Gas's proposed modifications to its safety, access, and facility enhancement program and associated cost recovery mechanism to include: (i) replacing of span pipe; (ii) burying shallow and exposed pipelines; and (iii) replacing of obsolete pipe and related facilities.

ORDERED that if no protest is filed by a person whose substantial interests are affected within 21 days of the issuance of the Order, this docket shall be closed upon the issuance of a Consummating Order.

By ORDER of the Florida Public Service Commission this 2nd day of October, 2024.



ADAM J. TEITZMAN  
Commission Clerk  
Florida Public Service Commission  
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Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

TPS/SF

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing that is available under Section 120.57, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The action proposed herein is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on October 23, 2024.

In the absence of such a petition, this order shall become final and effective upon the issuance of a Consummating Order.

Any objection or protest filed in this/these docket(s) before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.