

Writer's E-Mail Address: bkeating@gunster.com

July 31, 2015

E-PORTAL

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

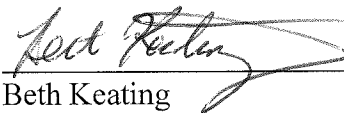
Re: Docket No. 150116-GU – Petition for approval of safety, access, and facility enhancement program and associated cost recovery methodology, by Florida City Gas

Dear Ms. Stauffer:

Attached for electronic filing, please find corrected Exhibit E to Florida City Gas's original Petition, which contains amended Sheet Nos. 71 and 72 to correct inadvertent typos regarding Rate Classes RSG and CSG. We apologize for any inconvenience this error may have caused.

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

Cc:// Sue Ollila
John Villafrate

Florida City Gas
Safety, Access, and Facility Enhancement Program

EXHIBIT E

(Tariff Pages – Clean and Legislative)

RIDER "F"

SAFETY, ACCESS, AND FACILITY ENHANCEMENT (SAFE) PROGRAM

Applicable to all Customers served under the Rate Schedules shown in the table below except for those Customers receiving a discount under the AFD Rider.

Through its SAFE Program, the Company has identified the potential replacement projects focusing initially on area of limited access/pipe overbuilds, and risk assessment for Rear Lot Mains and Services considering:

- i. The pipe material;
- ii. Leak incident rates;
- iii. Age of pipeline;
- iv. Pressure under which the pipeline is operating.

The Eligible Infrastructure Replacement includes the following:

1. Company investment in mains and service lines, as replacements for existing Rear Lot Facilities, and regulatory station and other distribution system components, the installation of which is required as a consequence of the replacement of the aforesaid facilities that:
 - i. do not increase revenues by directly connecting new customers to the plant asset;
 - ii. are in service and used and useful in providing utility service; and
 - iii. that were not included in the Company's rate base for purposes of determining the Company's base rates in its most recent general base rate proceeding.

The company is recovering its revenue requirement on the actual investment amounts. The revenue requirements are inclusive of:

1. Return on investment as calculated using the Company's weighted average cost of capital as calculated in the Company's most recent year-end surveillance report;
2. Depreciation expense (calculated using the currently approved depreciation rates);

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SAFETY AND ACCESS VERIFICATION EXPEDITED (SAFE) PROGRAM

Continued

3. Customer and general public notification expenses associated with the SAFE Program incurred for:
 - 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 customer in the class

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

<u>Rate Class</u>	<u>Rates Per Customer</u>
<u>Rate Schedule GS-1</u>	<u>\$ 0.71</u>
<u>Rate Schedule GS-100</u>	<u>\$ 0.71</u>
<u>Rate Schedule GS-220</u>	<u>\$ 0.71</u>
<u>Rate Schedule GS-600</u>	<u>\$ 0.71</u>
<u>Rate Schedule GS-1.2k</u>	<u>\$ 0.71</u>
<u>Rate Schedule GS-6k</u>	<u>\$ 1.31</u>
<u>Rate Schedule GS-25k</u>	<u>\$ 1.31</u>
<u>Rate Schedule GS-60k</u>	<u>\$ 1.31</u>
<u>Rate Schedule GS-120k</u>	<u>\$ 1.31</u>
<u>Rate Schedule GS-250k</u>	<u>\$ 1.31</u>
<u>Rate Schedule GS-1.250k</u>	<u>\$ 1.31</u>
<u>Rate Schedule GL</u>	<u>\$ 0.71</u>
<u>Rate Schedule RSG</u>	<u>\$ 0.71</u>

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SAFETY AND ACCESS VERIFICATION EXPEDITED (SAFE) PROGRAM
Continued

Rate Schedule CSG

\$ 0.71

Procedure for Establishing SAFE Revenue Requirement

The SAFE Revenue Requirements and any changes thereto shall be calculated and implemented in accordance with the provisions contained in this Rider. SAFE Revenues shall be subject to refund based upon a finding and order of the Commission to the extent provided in this Rider.

The Company shall calculate its SAFE Revenue Requirements annually in the manner prescribed by this Rider and shall file the appropriate petitions with the Commission seeking to establish or change the SAFE Revenue Requirements and Surcharge. The annual filings shall include the following:

1. An annual final true-up filing showing the actual Eligible Replacement costs and actual SAFE Revenues for the most recent 12-month historical period from January 1 through December 31 that ends prior to the annual petition filing. As part of this filing, the Company shall include a summary comparison of the actual Eligible Replacement costs and SAFE Revenues to the estimated total Eligible Replacement costs and SAFE Revenues previously reported for the same period covered by the filing in paragraph (2) of this section. The filing shall also include the final over- or under-recovery of total SAFE Revenue Requirements for the final true-up period.
2. An annual estimated/actual true-up filing showing seven months actual and five months projected Eligible Replacement costs and any SAFE Revenues collected or projected to be collected during the estimated/actual true-up period. The filing shall also include the estimated/actual over- or under-recovery of total Eligible Replacement costs for the estimated/actual true-up period.
3. An annual projection filing showing 12 months projected SAFE Revenue Requirements for the period beginning January 1 following the annual filing hearing.
4. An annual petition setting forth proposed SAFE Revenue Requirements and Surcharges to be effective for the 12-month period beginning January 1 following the annual hearing. Such proposed SAFE Revenue Requirements and Surcharges shall take into account the data filed pursuant to paragraphs (1), (2), and (3) of this section.

The Company shall establish separate accounts or subaccounts for each Eligible Replacement for purposes of recording the costs incurred for each project. The Company shall also establish a separate account or subaccount for any revenues derived from SAFE Surcharges.

Calculation of the SAFE Revenue Requirements and SAFE Surcharges

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SAFETY AND ACCESS VERIFICATION EXPEDITED (SAVE) PROGRAM
Continued

In determining the SAFE Revenue Requirements, the Commission shall consider only (a) the net original cost of Eligible Replacements (i.e., the original cost); (b) the applicable depreciation rates as determined and approved by the Commission based on the Company's most recent depreciation study; (c) the accumulated depreciation associated with the Eligible Replacements; and (d) the current state and federal income and ad valorem taxes; and (e) the Company's weighted average cost of capital as calculated in the Company's most recent year-end surveillance report.

The SAFE Revenue Requirements shall be calculated as Follows:

<u>Line</u>	<u>Description</u>	<u>Value</u>	<u>Source</u>
<u>1</u>	<u>Revenue Expansion Factor</u>	<u>1.6280</u>	<u>As calculated in most recent base rate proceeding, using current tax rates</u>
<u>2</u>	<u>Ad Valorem Tax Rate</u>	<u>%</u>	<u>Effective Property Tax Rate for most recent 12 Months ended December 31.</u>
<u>3</u>	<u>Mains</u>	<u>\$</u>	<u>Eligible Replacements Mains</u>
<u>4</u>	<u>Services</u>	<u>\$</u>	<u>Eligible Replacement Services</u>
<u>5</u>	<u>Regulators</u>	<u>\$</u>	<u>Eligible Replacement Regulators</u>
<u>6</u>	<u>Other</u>	<u>\$</u>	<u>Eligible Replacement Other</u>
<u>7</u>	<u>Gross Plant</u>	<u>\$</u>	<u>L3+L4+L5+L6</u>
<u>8</u>	<u>Accumulated Depreciation</u>	<u>\$</u>	<u>Previous Period Balance +L13</u>
<u>9</u>	<u>Construction Work In Progress</u>	<u>\$</u>	<u>Noninterest Bearing</u>
<u>10</u>	<u>Net Book Value</u>	<u>\$</u>	<u>L7-L8+L9</u>
<u>11</u>	<u>Average Net Book Value</u>	<u>\$</u>	<u>(L10 + Balance From Previous Period)/2</u>
<u>12</u>	<u>Return on Average Net Book Value</u>	<u>\$</u>	<u>L 11 X Company's weighted average cost of capital as calculated in the Company's most recent year-end surveillance report.</u>
<u>13</u>	<u>Depreciation Expense</u>	<u>\$</u>	<u>Lines 3,4,5 & 6 X applicable approved Depreciation Rates</u>
<u>14</u>	<u>Property Tax</u>	<u>\$</u>	<u>(L7-L8) X L 2</u>
<u>15</u>	<u>Customer and general public notification and other applicable expense</u>	<u>\$</u>	<u>O&M expense incurred as a result of eligible plant replacement</u>
<u>16</u>	<u>SAFE Revenue Requirement</u>	<u>\$</u>	<u>(L12+L13+L14+L15) X L 1</u>

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SAFETY AND ACCESS VERIFICATION EXPEDITED (SAFE) PROGRAM

Continued

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4	Services	\$	Eligible Replacement Services
5	Regulators	\$	Eligible Replacement Regulators
6	Other	\$	Eligible Replacement Other
7	Gross Plant	\$	L3+L4+L5+L6
8	Accumulated Depreciation	\$	Previous Period Balance +L13
9	Construction Work In Progress	\$	Noninterest Bearing
10	Net Book Value	\$	L7-L8+L9
11	Average Net Book Value	\$	(L10 + Balance From Previous Period)/2
12	Return on Average Net Book Value	\$	L 11 X Company's weighted average cost of capital as calculated in the Company's most recent year-end surveillance report.
13	Depreciation Expense	\$	Lines 3,4,5 & 6 X applicable approved Depreciation Rates
14	Property Tax	\$	(L7-L8) X L 2
15	Customer and general public notification and other applicable expense	\$	O&M expense incurred as a result of eligible plant replacement
16	SAFE Revenue Requirement	\$	(L12+L13+L14+L15) X L 1

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