

August 31, 2017

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

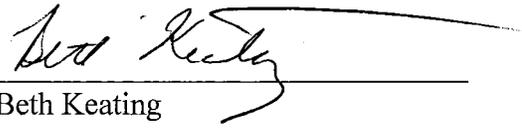
Dear Ms. Stauffer:

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, Third 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, 2017

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 for December 31, 2016, as well as its projected true up for the period January 2017 through December 31, 2017, 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, 2018, which have been calculated in accordance with Order No. PSC-15-0390-TRF-GU using the referenced actual/estimated data for 2017, as well as FCG’s projected revenue requirement for the SAFE Program in 2018. 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”).

Florida City Gas SAFE Program True-Up

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

Blake O’Farrow, Director, Regulatory
Affairs
Southern Company Gas
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.

Florida City Gas SAFE Program True-Up

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 2018.

7. Based upon seven months of actual data and five months of projected data, the SAFE program true-up amount for the period January 1, 2017 through December 31, 2017 is an under-recovery of \$233,090, which when added to the final true up amount for the period ended December 2016 of an over-recovery of \$182,647, produces a total under-recovery for the period of \$50,443.

8. The Company's projected total revenue requirement for the SAFE program for the period January 1, 2018 through December 31, 2018 is \$3,452,072. Thus, when the true-up amount is included, the total amount to be collected during 2017 is \$3,502,515.

9. 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, 2018 through December 31, 2018, are as follows:

<u>Rate Class</u>	<u>\$/month</u>
GS-1	2.60
GS-100	2.60
GS-220	2.60
GS-600	2.60
GS-1200	2.60

Florida City Gas SAFE Program True-Up

<u>Rate Class</u>	<u>\$/month</u>
GS-6000	4.76
GS-25000	4.76
GS-60000	4.76
GS-120K	4.76
GS-250K	4.76
GS-1250K	4.76
Gas Lighting	2.60

10. 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.

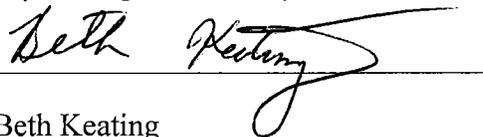
11. Attached to this Petition as Attachment B are the Company's revised tariff pages, in clean and legislative format, reflecting its proposed SAFE Program factors for 2018. In this regard, the Company notes that this filing is not made pursuant to the "file and suspend" provisions of Section 366.06(3); 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.

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

Florida City Gas SAFE Program True-Up

effective date of the first billing cycle of January, 2018.

Respectfully submitted this 31st day of August, 2017, by:

A handwritten signature in black ink, appearing to read "Beth Keating", is written over a horizontal line.

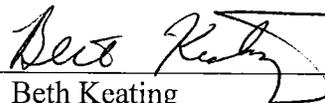
Beth Keating
Florida Bar #0022756
Gunster Law Firm
215 South Monroe Street
Suite 601
Tallahassee, FL 32301

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, 2017.

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

Florida City Gas SAFE Program True-Up

ATTACHMENT A
SAFE SCHEDULES

Florida City Gas
Exhibit B - 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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
b.	Eligible Replacements - Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 193,017	\$ 476,065
c.	Eligible Replacements - Regulator Stations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,449	\$ 96,032
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
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
b.	Debt component (B)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37	\$ 303	\$ 984
8.	Investment Expenses															
a.	Depreciation (C)															
b.	Amortization															
c.	Property Taxes (D)															
d.	Other															
9.	Revenue Requirements (Lines 7 + 8)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 183	\$ 2,008	\$ 6,947
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
- (B) Line 6 x 2.10% x 1/12
- (C.1) Applicable depreciation rate is 3.1%
- (C.2) Applicable Services depreciation rate is 4.1%
- (C.3) Applicable Regulator Stations depreciation rate is 3.3%
- (D) Ad Valorem Tax Rate is 1.04%

7.28%
2.10%
3.10%
4.10%
3.30%
1.04%

Florida City Gas
Exhibit B - SAFE Program Revenue Requirement
January 2016 through December 2016

ACTUALS

Line	Description	Beginning of													End of Period
		Period Amount	January-16	February-16	March-16	April-16	May-16	June-16	July-16	August-16	September-16	October-16	November-16	December-16	Total
1.	Investments														
	a. Eligible Replacements - Mains	\$ 669,082	61,555	-	732,952	442,613	704,141	506,072	613,588	741,393	959,849	1,425,137	12,149	701,291	\$ 7,569,822
	b. Eligible Replacements - Services	\$ 97,482	72,468	314,893	178,148	31,132	27,571	392,687	422,418	410,153	192,301	732,067	224,655	354,285	\$ 3,450,261
	c. Eligible Replacements - Regulator Stations	\$ -	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
	d. Other	\$ -	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
															\$ 11,020,083
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	\$ 4,471,396	\$ 5,431,245	\$ 6,856,382	\$ 6,868,531	\$ 7,569,822	\$ 7,569,822
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	\$ 1,946,953	\$ 2,139,254	\$ 2,871,321	\$ 3,095,976	\$ 3,450,261	\$ 3,450,261
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)	(76,077)	(97,416)	(124,939)	(153,261)	(184,604)	(184,604)
4.	CWIP - NonInterest Bearing	56,826	301,616	349,254	108,595	77,749	676,882	545,685	584,166	1,117,941	1,267,481	254,050	760,604	419,505	419,505
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	\$ 7,460,214	\$ 8,740,564	\$ 9,856,814	\$ 10,571,851	\$ 11,254,984	\$ 11,254,984
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	\$ 6,626,655	\$ 8,100,389	\$ 9,298,689	\$ 10,214,332	\$ 10,913,417	
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	\$ 41,389	\$ 50,594	\$ 58,078	\$ 63,797	\$ 68,163	\$ 404,742	
	b. Debt component (B)	\$ 1,707	\$ 2,329	\$ 3,194	\$ 4,125	\$ 5,611	\$ 7,368	\$ 8,904	\$ 11,210	\$ 13,703	\$ 15,730	\$ 17,279	\$ 18,462	\$ 109,623	
8.	Investment Expenses														
	a. Depreciation (C)		2,468	3,544	6,046	7,296	9,209	11,858	14,887	18,203	21,340	27,523	28,322	31,344	182,039
	b. Amortization		-	-	-	-	-	-	-	-	-	-	-	-	-
	c. Property Taxes (D)		824	1,124	1,542	1,991	2,709	3,557	4,298	5,412	6,615	7,594	8,342	8,913	52,921
	d. Other		-	-	-	-	-	-	-	-	-	-	-	-	-
9.	Revenue Requirements (Lines 7 + 8)	\$ 11,301	\$ 15,596	\$ 22,577	\$ 28,642	\$ 38,247	\$ 49,988	\$ 60,962	\$ 76,214	\$ 92,252	\$ 108,925	\$ 126,882	\$ 142,607	\$ 160,262	\$ 749,325
10.	Collections	(73,996)	(77,442)	(77,760)	(78,096)	(78,133)	(77,999)	(78,068)	(77,922)	(78,027)	(78,120)	(78,112)	(78,297)	(931,973)	
11.	Net under(over) collection	(62,695)	(61,846)	(55,183)	(49,454)	(39,887)	(28,011)	(17,105)	(1,708)	14,225	30,805	39,628	48,585		
12.	Cumulative Net under(over) collection	\$ (62,695)	\$ (124,541)	\$ (179,724)	\$ (229,178)	\$ (269,065)	\$ (297,076)	\$ (314,181)	\$ (315,890)	\$ (301,665)	\$ (270,860)	\$ (231,232)	\$ (182,647)		

Notes:

- (A) Line 6 x 7.495% x 1/12. Based on RoE of 11.25%, and weighted income tax rate of 37.63%, expansion factor of 1.6329
- (B) Line 6 x 2.03% x 1/12
- (C.1) Applicable Mains depreciation rate is 3.1%
- (C.2) Applicable Services depreciation rate is 4.1%
- (C.3) Applicable Regulator Stations depreciation rate is 3.3%
- (D) Ad Valorem Tax Rate is .98%

7.4950%
2.03%
3.10%
4.10%
3.30%
0.98%

Florida City Gas
Exhibit B - SAFE Program Revenue Requirement
January 2017 through December 2017

Line	Description	Beginning of	ACTUALS	Estimated	Estimated	Estimated	Estimated	Estimated	End of Period						
		Period Amount	January-17	February-17	March-17	April-17	May-17	June-17	July-17	August-17	September-17	October-17	November-17	December-17	Total
1.	Investments														
	a. Eligible Replacements - Mains	7,569,822	401,292	744,408	1,004,852	628,754	920,084	831,052	472,533	426,980	479,410	259,029	401,565	130,689	14,270,467
	b. Eligible Replacements - Services	3,450,261	236,901	393,596	287,782	483,748	221,449	269,628	439,978	228,063	248,744	116,226	101,140	90,349	6,567,865
	c. Eligible Replacements - House Regulators	-	-	939	-	-	-	-	-	-	-	-	-	-	939
	d. Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		<u>11,020,083</u>													<u>20,839,272</u>
2.a	Gross Plant-in-Service/Depreciation Base - Mains	7,569,822	7,971,114	8,715,522	9,720,373	10,349,127	11,269,211	12,100,263	12,572,795	12,999,775	13,479,185	13,738,214	14,139,779	14,270,467	14,270,467
2.b	Gross Plant-In-Service/Depreciation Base - Services	3,450,261	3,687,162	4,080,757	4,368,539	4,852,287	5,073,736	5,343,364	5,783,342	6,011,405	6,260,149	6,376,376	6,477,516	6,567,865	6,567,865
2.c	Gross Plant-In-Service/Depreciation Base - House Regulators	-	-	939	939	939	939	939	939	939	939	939	939	939	939
3.	Less: Accumulated Depreciation	(184,604)	(217,794)	(254,256)	(294,296)	(337,614)	(384,065)	(433,585)	(485,828)	(539,954)	(596,167)	(653,448)	(712,111)	(771,420)	(771,420)
4.	CWIP - Noninterest Bearing	419,505	446,711	270,156	348,090	343,270	458,768	518,720	566,099	327,521	364,077	187,628	251,353	110,519	110,519
5.	Net Book Value (Lines 2 + 3 + 4)	<u>11,254,984</u>	<u>11,887,192</u>	<u>12,813,118</u>	<u>14,143,646</u>	<u>15,208,009</u>	<u>16,418,589</u>	<u>17,529,702</u>	<u>18,437,288</u>	<u>18,799,687</u>	<u>19,508,183</u>	<u>19,649,708</u>	<u>20,157,476</u>	<u>20,178,370</u>	<u>20,178,370</u>
6.	Average Net Investment		11,571,088	12,350,155	13,478,382	14,675,827	15,813,289	16,974,146	17,983,495	18,618,487	19,153,935	19,578,946	19,903,592	20,167,923	
7.	Return on Average Net Investment														
	a. Equity component Grossed up for taxes (A)		69,909	74,616	81,433	88,667	95,540	102,553	108,651	112,488	115,723	118,291	120,252	121,849	1,209,973
	b. Debt component (B)		17,935	19,143	20,891	22,748	24,511	26,310	27,874	28,859	29,689	30,347	30,851	31,260	310,417
8.	Investment Expenses														
	a. Depreciation (C)		33,190	36,462	40,041	43,318	46,451	49,519	52,243	54,126	56,214	57,280	58,663	59,309	586,816
	b. Amortization		-	-	-	-	-	-	-	-	-	-	-	-	-
	c. Property Taxes (D)		8,775	9,366	10,221	11,129	11,992	12,872	13,637	14,119	14,525	14,847	15,094	15,294	151,871
	d. Other		-	-	-	-	-	-	-	-	-	-	-	-	-
9.	Revenue Requirements (Lines 7 + 8)		<u>129,809</u>	<u>139,586</u>	<u>152,586</u>	<u>165,862</u>	<u>178,493</u>	<u>191,255</u>	<u>202,407</u>	<u>209,591</u>	<u>216,150</u>	<u>220,766</u>	<u>224,859</u>	<u>227,713</u>	<u>2,259,077</u>
10.	Collections		(166,798)	(169,339)	(169,132)	(169,141)	(169,258)	(169,178)	(169,021)	(169,021)	(169,021)	(169,021)	(169,021)	(169,021)	(2,025,987)
11.	Net under(over) collection		(36,989)	(28,773)	(16,546)	(3,279)	9,238	22,076	33,386	40,571	47,130	51,745	55,839	58,692	233,090
12.	Cumulative Net under(over) collection		(219,636)	(248,409)	(264,955)	(268,234)	(258,996)	(236,920)	(203,534)	(162,963)	(115,833)	(64,088)	(8,249)	50,443	

- Notes:
- (A) Line 6 x 7.2501% x 1/12. Based on RoE of 11.25%, and weighted income tax rate of 37.63%, expansion factor of 1.6329 7.2501%
 - (B) Line 6 x 1.86% x 1/12 1.86%
 - (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 House Regulator depreciation rate is 4.9% 4.90%
 - (D) Ad Valorem Tax Rate is .98% 0.91%

Florida City Gas
Schedule 4 - 2017 SAFE Program Rates
January 2018 through December 2018

Class	Percentage Allocation to Customer Class	Revenue to be collected From Rate Class	Total Annual Billing Units (1)	Monthly Customer Surcharge
GS-1	27.46%	\$ 961,815	369,978	\$ 2.60
GS-100	46.30%	\$ 1,621,544	623,754	\$ 2.60
GS-220	17.20%	\$ 602,571	231,789	\$ 2.60
GS-600	1.23%	\$ 42,936	16,516	\$ 2.60
GS-1200	2.79%	\$ 97,557	37,527	\$ 2.60
GS-6000	3.88%	\$ 135,754	28,526	\$ 4.76
GS-25000	0.52%	\$ 18,289	3,843	\$ 4.76
GS-60000	0.12%	\$ 4,145	871	\$ 4.76
GS-120K	0.08%	\$ 2,855	600	\$ 4.76
GS-250K	0.08%	\$ 2,855	600	\$ 4.76
GS-1250K	0.01%	\$ 276	58	\$ 4.76
GAS LIGHTING	0.34%	11,917	4,584	\$ 2.60
Total	100%	\$ 3,502,515		
2018 Revenue Requirement		\$ 3,452,072		
2017 Projected Under-Recovery		\$ 233,090		
2016 Final True-Up		\$ (182,647)		

Note:

(1) - billing units for 12 months ending December 2018

From: 2016 Survelence Report Sch. 4

Midpoint

Line No.	AVERAGE	RATIO (%)	COST RATE (%)	WEIGHTE D COST (%)	Revenue Expansion Factor	Cost of Equity
1	DIVISIONAL CAPITAL	39.44%	11.25%	4.44%	1.63290	7.2501%
2						
3	LONG TERM DEBT	36.01%	4.52%	1.63%	}	Weighted Average Cost of Debt 1.86%
4						
5	SHORT TERM DEBT	5.16%	1.92%	0.10%		
6						
7	PREFERRED STOCK	0.00%	0.00%	0.00%		
8						
9	CUSTOMER DEPOSITS	1.86%	6.73%	0.13%		
10						
11	TAX CREDITS - ZERO COST	0.00%	0.00%	0.00%		
12						
13	TAX CREDITS - WEIGHTED COST	0.00%	0.00%	0.00%		
14						
15	ACC DEF INC TAXES-ZERO COST	17.53%	0.00%	0.00%		
16	TOTAL	100.00%		6.30%		

Ad Valorem Tax Rate Calculation

2016: 427101 Gen Tax Expense- Property Tax: \$ 1,762,510

2015 YE: Plant in Service Net of Goodwill: \$ 193,473,432

Applicable Ad Valorem Tax Rate: 0.91%

Pipe Allocated to All Customers

All Customers

Material	Mileage	Footage	Current Budget Cost per Foot	Total Cost
2"	254.5	1,343,760	\$ 53.98	\$72,536,165
Grand Total	254.5	1,343,760		\$72,536,165

Larger Customers Only

Material	Mileage	Footage	Incremental Cost per Foot	Total Cost
4"	45.3	239,184	\$ 6.59	\$1,576,223
Grand Total	254.5	239,184		\$1,576,223

Billing Unit Allocation Percentages

Class	Annual Billing Units	Minimum Size 2" Pipe Cost	Incremental 4" Pipe Cost	Total	Percentage Allocation
GS-1	369,978	\$ 20,351,774		\$ 20,351,774	27.5%
GS-100	623,754	\$ 34,311,501		\$ 34,311,501	46.3%
GS-220	231,789	\$ 12,750,264		\$ 12,750,264	17.2%
GS-600	16,516	\$ 908,513		\$ 908,513	1.2%
GS-1200	37,527	\$ 2,064,288		\$ 2,064,288	2.8%
GS-6000	28,526	\$ 1,569,160	\$ 1,303,360.33	\$ 2,872,520	3.9%
GS-25000	3,843	\$ 211,396	\$ 175,587.67	\$ 386,984	0.5%
GS-60000	871	\$ 47,912	\$ 39,796.22	\$ 87,708	0.1%
GS-120K	600	\$ 33,005	\$ 27,414.16	\$ 60,419	0.1%
GS-250K	600	\$ 33,005	\$ 27,414.16	\$ 60,419	0.1%
GS-1250K	58	\$ 3,190	\$ 2,650.04	\$ 5,841	0.0%
GAS LIGHTING	4,584	\$ 252,157		\$ 252,157	0.3%
Total	1,318,646	\$72,536,165	\$1,576,223	\$ 74,112,387	100%

Florida City Gas SAFE Program True-Up

ATTACHMENT B

Volume No. 8, Third Revised Sheet No. 71
(Clean and legislative)

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, 2018 through December 31, 2018 are:

<u>Rate Class</u>	<u>Rates Per Customer</u>
Rate Schedule GS-1	\$ 2.60
Rate Schedule GS-100	\$ 2.60
Rate Schedule GS-220	\$ 2.60
Rate Schedule GS-600	\$ 2.60
Rate Schedule GS-1.2k	\$ 2.60
Rate Schedule GS-6k	\$ 4.76
Rate Schedule GS-25k	\$ 4.76
Rate Schedule GS-60k	\$ 4.76
Rate Schedule GS-120k	\$ 4.76
Rate Schedule GS-250k	\$ 4.76
Rate Schedule GS-1.250k	\$ 4.76
Rate Schedule GL	\$ 2.60
Rate Schedule RSG	\$ 2.60
Rate Schedule CSG	\$ 2.60

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
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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, ~~2017-2018~~ through December 31, ~~2017-2018~~ are:

<u>Rate Class</u>	<u>Rates Per Customer</u>
Rate Schedule GS-1	\$ 2.604.53
Rate Schedule GS-100	\$ 2.604.53
Rate Schedule GS-220	\$ 2.604.53
Rate Schedule GS-600	\$ 2.604.53
Rate Schedule GS-1.2k	\$ 2.604.53
Rate Schedule GS-6k	\$ 4.762.77
Rate Schedule GS-25k	\$ 4.762.77
Rate Schedule GS-60k	\$ 4.762.77
Rate Schedule GS-120k	\$ 4.762.77
Rate Schedule GS-250k	\$ 4.762.77
Rate Schedule GS-1.250k	\$ 4.762.77
Rate Schedule GL	\$ 2.604.53
Rate Schedule RSG	\$ 2.604.53
Rate Schedule CSG	\$ 2.604.53