

September 4, 2018

E-PORTAL

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

Re: [NEW FILING/DOCKET]: Petition of Florida City Gas for Approval of Safety, Access, and Facility Enhancement Program True-Up and 2019 Cost Recovery Factors

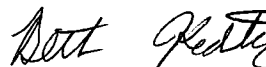
Dear Ms. Stauffer:

Attached for electronic filing, please find Florida City Gas's Petition for Approval of Safety, Access, and Facility Enhancement Program True-Up and 2019 Cost Recovery Factors. Included with this filing is the following revised tariff page:

Volume No. 10, First Revised Sheet No. 79.

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 of Florida City Gas for : Docket No.
Approval of the Safety, Access, and Facility :
Enhancement Program True-Up and 2019 : Filed: September 4, 2018
Surcharge Factors :

**PETITION OF FLORIDA CITY GAS FOR APPROVAL OF THE
SAFETY, ACCESS, AND FACILITY ENHANCEMENT PROGRAM
TRUE-UP AND 2019 COST RECOVERY FACTORS**

Florida City Gas (“FCG” or “the Company”) hereby submits this Petition to the Florida Public Service Commission (“Commission”) requesting approval of the Safety, Access, and Facility Enhancement Program (“SAFE Program”) true-up and 2019 surcharge factors for the projected period of January 1, 2019 through December 31, 2019. In support thereof, FCG states as follows:

1. The Company is a natural gas utility with its principal office located at:

Florida City Gas
4045 NW 97th Avenue
Doral, Florida 33178

2. Any pleading, motion, notice, order or other document required to be served upon FCG or filed by any party to this proceeding should be served upon the following individuals:

Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1980

Christopher Wright
Senior Attorney
Florida Power & Light Company
700 Universe Boulevard (JB/LAW)
Juno Beach, Florida 33408
(561) 691-7144

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

4. The Commission is vested with jurisdiction over this matter in accordance with Sections 366.04, 366.041, 366.05, and 366.06, F.S. Specifically, 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), F.S., to require improvements to natural gas distribution systems as may be necessary to protect the public.

5. On September 15, 2015, the Commission approved FCG's request to establish the SAFE Program.¹ The SAFE Program is designed to relocate on an expedited basis certain existing gas mains and associated facilities located in or associated with rear lot easements to street front locations to improve the Company's ability to inspect and maintain the facilities and reduce opportunities for damage to the facilities and theft. 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. *Id.* at p. 5.

6. The SAFE Program facilitates the relocation process by enabling the Company to timely recover the appropriate costs, along with a reasonable return, incurred for the relocation of the mains and associated new service lines, as well as costs associated with any aboveground facilities, such as meters and regulator sets, that may need to be replaced or relocated due to the main and service line relocations. *Id.* at pp. 3-4.

¹ See *In re: Petition for approval of safety, access, and facility enhancement program and associated cost recovery methodology, by Florida City Gas*, Order No. PSC-2015-0390-TRF-GU, Docket No. 20150116-GU (FPSC Sept. 15, 2015) ("*SAFE Order*").

7. Pursuant to the *SAFE Order*, FCG is required to file an annual petition with this Commission on September 1 of each year. The purpose of the annual filing is to review and reset the SAFE Program surcharge factors to true-up any over- or under-recovery, and to update the ad valorem rates and debt and equity cost rates with the most recent earnings surveillance report rates. *Id.* at p. 5. The annual SAFE Program filing includes the following:

- (a) Final true-up showing the actual replacement costs and actual surcharge revenues for the most recent 12-month historical period from January 1 through December 31 that ends prior to the annual petition filing, including the final over- or under-recovery for that period;
- (b) Actual/estimated true-up showing seven months of actual and five months of projected costs and revenues; and
- (c) Projection showing 12 months of the projected revenue requirement for period beginning January 1 following the annual filing. *Id.*

8. FCG herein submits its annual SAFE Program filing. Attachment A, Schedules 1 through 7, which is attached to this Petition and incorporated herein by reference, provides the information required by the *SAFE Order*. Attachment A fully supports FCG's calculation of the SAFE Program true-up and 2019 surcharge factors for the period of January 1, 2019 through December 31, 2019.

9. On April 20, 2018, the Commission approved the Stipulation and Settlement Agreement (“SSA”) in FCG's 2018 base rate case that, among other things, made adjustments to the annual SAFE Program filing for the 2019 surcharge factors.² Pertinent to the SAFE Program, the Commission-approved SSA provides, in pertinent part, as follows:

SAFE Adjustment: FCG shall use a 21% federal tax rate effective January 1, 2018 through the date new rates are implemented when determining the earned revenue requirement under the SAFE program. FCG will include a reconciliation of the SAFE surcharge recoveries to the SAFE earned

² See *In re: Petition for rate increase by Florida City Gas*, Docket No. 20170179-GU, Order No. PSC-2018-0190-FOF-GU (FPSC Apr. 20, 2018) (“2018 Rate Case Order”).

revenue requirement for the period January 1, 2018 through the date new rates are implemented when FCG makes its next SAFE filing on September 1, 2018. Any over/under recoveries resulting from this reconciliation will be included in FCG's new SAFE surcharge effective January 1, 2019.

* * *

Upon the Implementation Date and effective with the date of the first meter reading for the first billing cycle of June 2018, FCG shall be authorized to increase its base rates and service charges ("New Rates") to generate an additional \$11.5 million of annual revenues, *inclusive of the transfer of the SAFE revenues to base rates*, based on the projected test year December 2018 billing determinants reflected in the Minimum Filing Requirements ("MFRs") filed with the Company's Petition in this docket.

See 2018 Rate Case Order, Attachment A, p. 4 (emphasis added).

10. Under the Commission-approved SSA, the SAFE Program true-up for the six-month period January 1, 2018 through May 31, 2018 must be calculated using a 21% federal tax rate. Additionally, all revenues from the SAFE Program have been rolled into base rates effective June 1, 2018, and the SAFE Program surcharge factor has been reset to zero for the period June 1, 2018 through December 31, 2018. As shown on Attachment A to this Petition, these adjustments have been incorporated into FCG's calculation of the SAFE Program true-up and 2019 cost surcharge factors.

11. The SAFE Program final net true-up amount (including interest and applicable regulatory assessment fees) for the period January 2017 through December 2017 is an under-recovery of \$81,978. *See Attachment A, Schedule 1, line 12.*

12. The SAFE Program projected true-up (based on actual data for seven months and projected data for five months) for the current period January 2018 through December 2018 is an over-recovery of \$420,704.³ *See Attachment A, Schedule 2, line 11.*

³ Pursuant to the *2018 Rate Case Order*, this 2018 projected true-up amount is inclusive of the reconciliation of the SAFE Program surcharge based on a 21% federal tax rate for the period

13. The SAFE Program total, cumulative net true-up for 2017 and 2018 is an over-recovery of \$338,727. *See* Attachment A, Schedule 2, line 12.

14. The Company's projected total revenue requirement for the SAFE Program for the period January 1, 2019 through December 31, 2019 is \$629,977. *See* Attachment A, Schedule 3, line 9. Applying the total, cumulative net true up for 2017 and 2018, the total amount to be collected through the SAFE Program surcharge during 2019 is \$291,250. *See* Attachment A, Schedule 3, line 10.

15. When the total amount to be collected through the SAFE Program surcharge during 2019 is allocated based upon the methodology approved in the *SAFE Order*, the proposed SAFE Program surcharge factors for the period January 1, 2019 through December 31, 2019 are as follows:

<u>Rate Class</u>	<u>SAFE Factor</u>
RS-1	\$0.21
RS-100	\$0.21
RS-600	\$0.21
GS-1	\$0.21
GS-6K	\$0.40
GS-25K	\$0.40
GS-120K	\$0.40
GS-1250K	\$0.40
GS-11M	\$0.40
GS-25M	\$0.40
Gas Lighting	\$0.21

See Attachment A, Schedule 4.

January 1, 2018 through May 31, 2018, as well as the SAFE Program surcharge being reset to zero for the period June 1, 2018 through December 31, 2018. *See* notes to Attachment A, Schedule 2.

16. FCG's calculation of the 2019 SAFE Program surcharge factors are consistent with the methodology and requirements of the Commission's *SAFE Order* and *2018 Rate Case Order* and, therefore, FCG asks that they be approved and become effective January 1, 2019.

17. Attachment B to this Petition provides the Company's revised tariff pages in clean and legislative format, reflecting its proposed SAFE Program surcharge factors for 2019. The Company notes that this filing is not made pursuant to the "file and suspend" provisions of Section 366.06(3). However, to the extent the Commission deems the suspension provisions applicable, FCG hereby waives the 60-day time frame in the statute for the Commission's disposition of the referenced tariff changes.

WHEREFORE, Florida City Gas respectfully requests that the Commission enter its order approving the Company's proposed SAFE Program surcharge factors for the period of January 1, 2019 through December 31, 2019 as set forth herein and the Attachments hereto.

Respectfully submitted this 4th day of September, 2018.



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FL Authorized House Counsel

Counsel for Florida City Gas

ATTACHMENT A

SAFE Schedules 1 through 7

Florida City Gas
Attachment A, Schedule 1 - SAFE Program Revenue Requirement
January 2017 through December 2017

Line	Description	Beginning of	ACTUALS												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	522,550	599,271	108,520	43,837	-	13,846,973
	b. Eligible Replacements - Services	3,450,261	236,901	393,596	287,782	483,748	221,449	269,628	439,978	78,153	386,809	563,722	82,775	239,340	7,136,141
	c. Eligible Replacements - House Regulators	-	-	939	-	-	-	-	-	1,163	81	20	0	-	2,204
	d. Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		<u>11,020,083</u>													<u>20,985,318</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	13,095,345	13,694,616	13,803,136	13,846,973	13,846,973	13,846,973
2.b	Gross Plant-in-Service/Depreciation Base - Services	3,450,261	3,687,162	4,080,757	4,368,539	4,852,287	5,078,796	5,343,364	5,783,342	5,861,494	6,250,304	6,814,026	6,896,801	7,136,141	7,136,141
2.c	Gross Plant-in-Service/Depreciation Base - House Regulators	-	-	939	939	939	939	939	939	2,162	2,183	2,203	2,204	2,204	2,204
3.	Less: Accumulated Depreciation	(184,604)	(217,794)	(254,256)	(294,296)	(337,614)	(384,065)	(433,585)	(485,828)	(539,693)	(596,435)	(655,383)	(714,728)	(774,890)	(774,890)
4.	CWIP - NonInterest Bearing	419,505	446,711	270,156	348,090	343,270	458,768	518,720	620,053	847,403	347,381	566,232	690,316	652,230	652,230
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>18,491,302</u>	<u>19,266,652</u>	<u>19,698,049</u>	<u>20,530,214</u>	<u>20,721,567</u>	<u>20,862,658</u>	<u>20,862,658</u>
6.	Average Net Investment		11,571,088	12,350,155	13,478,382	14,675,827	15,813,299	16,974,146	18,010,502	18,878,977	19,482,351	20,114,132	20,625,891	20,792,112	
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	108,815	114,062	117,707	121,524	124,616	125,620	1,225,063
	b. Debt component (B)		17,935	19,143	20,891	22,748	24,511	26,310	27,916	29,262	30,198	31,177	31,970	32,228	314,289
8.	Investment Expenses														
	a. Depreciation (C)		33,190	36,462	40,041	43,318	46,451	49,519	52,243	53,865	56,742	58,948	59,344	60,162	590,285
	b. Amortization		-	-	-	-	-	-	-	-	-	-	-	-	-
	c. Property Taxes (D)		8,775	9,366	10,221	11,129	11,992	12,872	13,658	14,317	14,774	15,253	15,641	15,767	153,765
	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>202,632</u>	<u>211,506</u>	<u>219,421</u>	<u>226,903</u>	<u>231,572</u>	<u>233,778</u>	<u>2,283,402</u>
10.	Collections		(166,798)	(168,359)	(169,132)	(169,141)	(169,256)	(169,178)	(169,021)	(169,242)	(166,631)	(172,198)	(160,774)	(169,048)	(2,018,776)
11.	Net under(over) collection		(36,989)	(28,773)	(16,546)	(3,279)	9,238	22,076	33,612	42,264	52,790	54,705	70,798	64,730	264,625
12.	Cumulative Net under(over) collection		(219,636)	(248,409)	(264,955)	(268,234)	(258,996)	(236,920)	(203,308)	(161,045)	(108,255)	(53,550)	17,248	81,978	

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
- (B) Line 6 x 1.86% x 1/12
- (C.1) Applicable Mains depreciation rate is 3.1%
- (C.2) Applicable Services depreciation rate is 4.1%
- (C.3) Applicable House Regulator depreciation rate is 4.9%
- (D) Ad Valorem Tax Rate is .91%

7.2501%
1.86%
3.10%
4.10%
4.90%
0.91%

Florida City Gas
Attachment A, Schedule 2 - SAFE Program Revenue Requirement
January 2018 through December 2018

Line	Description	Beginning of	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Estimated	Estimated	Estimated	Estimated	Estimated	End of Period Total
		Period Amount	January-18	February-18	March-18	April-18	May-18	June-18	July-18	August-18	September-18	October-18	November-18	December-18	
1.	Investments														
	a. Eligible Replacements - Mains	13,846,973	599,205	316,330	609,148	823,322	944,819	-	-	-	-	-	-	-	17,139,796
	b. Eligible Replacements - Services	7,136,141	98,132	9,581	732,326	158,605	159,117	-	-	-	-	-	-	-	8,293,901
	c. Eligible Replacements - House Regulators	2,204	-	-	-	-	-	-	-	-	-	-	-	-	2,204
	d. Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		<u>20,985,318</u>													<u>25,435,901</u>
2.a	Gross Plant-in-Service/Depreciation Base - Mains	13,846,973	14,446,178	14,762,508	15,371,656	16,194,978	17,139,796	-	-	-	-	-	-	-	-
2.b	Gross Plant-in-Service/Depreciation Base - Services	7,136,141	7,234,273	7,243,854	7,976,180	8,134,784	8,293,901	-	-	-	-	-	-	-	-
2.c	Gross Plant-in-Service/Depreciation Base - House Regulators	2,204	2,204	2,204	2,204	2,204	2,204	-	-	-	-	-	-	-	-
3.	Less: Accumulated Depreciation	(774,890)	(820,304)	(866,398)	(915,310)	(966,274)	(1,019,543)	-	-	-	-	-	-	-	-
4.	CWIP - NonInterest Bearing	652,230	339,043	675,331	542,695	1,020,514	985,567	-	-	-	-	-	-	-	-
5.	Net Book Value (Lines 2 + 3 + 4)	<u>20,862,658</u>	<u>21,201,394</u>	<u>21,817,499</u>	<u>22,977,424</u>	<u>24,386,206</u>	<u>25,401,925</u>	-	-	-	-	-	-	-	-
6.	Average Net Investment		21,032,026	21,509,447	22,397,462	23,661,815	24,894,066	-	-	-	-	-	-	-	-
7.	Return on Average Net Investment														
	a. Equity component Grossed up for taxes - reduced for tax reform (A)		96,596	98,789	102,867	108,766	114,334	-	-	-	-	-	-	-	521,352
	b. Debt component (B)		34,352	35,132	36,583	38,680	40,660	-	-	-	-	-	-	-	185,408
8.	Investment Expenses														
	a. Depreciation (C)		45,414	46,094	48,913	50,964	53,269	-	-	-	-	-	-	-	244,653
	b. Amortization		-	-	-	-	-	-	-	-	-	-	-	-	-
	c. Property Taxes (D)		14,547	14,877	15,492	16,380	17,218	-	-	-	-	-	-	-	78,514
	d. Other		-	-	-	-	-	-	-	-	-	-	-	-	-
9.	Revenue Requirements (Lines 7 + 8)		<u>190,910</u>	<u>194,892</u>	<u>203,854</u>	<u>214,790</u>	<u>225,481</u>	-	-	-	-	-	-	-	<u>1,029,927</u>
10.	Collections		(288,371)	(290,108)	(290,328)	(290,815)	(291,008)	-	-	-	-	-	-	-	(1,450,631)
11.	Net under(over) collection		(97,462)	(95,216)	(86,474)	(76,025)	(65,527)	-	-	-	-	-	-	-	(420,704)
12.	Cumulative Net under(over) collection		(15,484)	(310,700)	(197,174)	(273,199)	(338,727)	(338,727)	(338,727)	(338,727)	(338,727)	(338,727)	(338,727)	(338,727)	

Notes:

(A)	Line 6 x 5.5114% x 1/12. Based on Roe of 11.25%, and weighted income tax rate of 25.345%, expansion factor of 1.3642. The expansion factor has been reduced to reflect the reduction in the Federal tax rate to 21% from 35% effective January 1, 2018. See Attachment A, Schedules 5 and 6.	5.5114%
(B)	Line 6 x 1.86% x 1/12	1.9600%
(C.1)	Applicable Mains depreciation rate is 2.5%	2.50%
(C.2)	Applicable Services depreciation rate is 4.1%	2.54%
(C.3)	Applicable House Regulator depreciation rate is 4.9%	3.00%
(D)	Ad Valorem Tax Rate is .83%	0.83%

Note: SAFE investment was included in the cost of service in the Company's base rate case effective June 1, 2018. The test year for the rate case was through December 31, 2018. Therefore, the SAFE revenue requirement related to the Investment from June 1, 2018 through December 31, 2018 is recovered through base rates and no revenue requirement is calculated for that period.

Florida City Gas
Attachment A, Schedule 4 - 2018 SAFE Program Rates
January 2019 through December 2019

Class	Percentage Allocation to Customer Class	Revenue to be collected From Rate Class	Total Annual Billing Units ¹	Monthly Customer Surcharge
RS-1	31.15%	\$90,717	423,777	\$0.21
RS-100	58.75%	\$171,096	799,264	\$0.21
RS-600	0.89%	\$2,578	12,041	\$0.21
GS-1	4.61%	\$13,429	62,734	\$0.21
GS-6K	3.83%	\$11,143	27,974	\$0.40
GS-25K	0.61%	\$1,785	4,480	\$0.40
GS-120K	0.15%	\$443	1,113	\$0.40
GS-1250K	0.01%	\$19	48	\$0.40
GS-11M ²	0.00%	\$0	0	\$0.40
GS-25M ²	0.00%	\$0	0	\$0.40
Gas Lighting	0.01%	\$41	192	\$0.21
Total	100%	\$291,250		
2019 Revenue Requirement		\$629,977		
2018 Projected Under-Recovery		(\$420,704)		
2017 Final True-Up		\$81,978		

Note:

- (1) - billing units for 12 months ending December 2019.
- (2) - FCG does not currently have any customers in this class.

Florida City Gas
Attachment A, Schedule 5 - Cost of Capital and Ad Valorem Tax Rate (Effective January-May 2018)

From: 2017 Surveillance Report Sch. 4

Line No.	AVERAGE	RATIO (%)	Midpoint		WEIGHTED COST (%)	Revenue Expansion Factor	Cost of Equity
			COST RATE (%)	COST (%)			
1	EQUITY CAPITAL	35.95%	11.25%	4.04%		1.36420	5.5114%
2							
3	LONG TERM DEBT	37.79%	4.59%	1.73%	}		Weighted Average Cost of Debt 1.96%
4							
5	SHORT TERM DEBT	6.22%	1.85%	0.12%			
6							
7	PREFERRED STOCK	0.00%	0.00%	0.00%			
8							
9	CUSTOMER DEPOSITS	1.61%	6.73%	0.11%			
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	18.43%	0.00%	0.00%			
16	TOTAL	100.00%		6.00%			

Ad Valorem Tax Rate Calculation

2016: 427101 Gen Tax Expense- Property Tax: \$ 1,762,500

2015 YE: Plant in Service Net of Goodwill: \$ 212,674,190

Applicable Ad Valorem Tax Rate: 0.83%

Florida City Gas
Attachment A, Schedule 6 - Cost of Capital and Ad Valorem Tax Rate (Effective June 2018)

From: Calculation Below for Capital Structure. Cost of debt components - Dec. 2017 Surveillance Report Sch. 4
Midpoint

Line No.	AVERAGE	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	Revenue Expansion Factor	Cost of Equity
1	EQUITY CAPITAL	38.38%	10.19%	(1) 3.91%	1.35220	5.2871%
2						
3	LONG TERM DEBT	35.70%	4.59%	(2) 1.64%		
4						
5	SHORT TERM DEBT	5.88%	1.85%	(2) 0.11%		
6						
7	PREFERRED STOCK	0.00%	0.00%	0.00%		
8						
9	CUSTOMER DEPOSITS	1.61%	2.73%	(3) 0.04%		
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	18.43%	0.00%	0.00%		
16	TOTAL	100.00%		5.70%		

Weighted Average Cost of Debt
1.79%

Ad Valorem Tax Rate Calculation

2017: 427101 Gen Tax Expense- Property Tax:	\$ 1,762,500
2016 YE: Plant In Service Net of Goodwill:	\$ 212,674,190
Applicable Ad Valorem Tax Rate:	0.83%

Florida City Gas
Attachment A, Schedule 7 - 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
RS-1	423,777	\$23,083,980	-	\$23,083,980	31.1%
RS-100	799,264	\$43,537,507	-	\$43,537,507	58.7%
RS-600	12,041	\$655,897	-	\$655,897	0.9%
GS-1	62,734	\$3,417,246	-	\$3,417,246	4.6%
GS-6K	27,974	\$1,523,800	\$1,311,714	\$2,835,513	3.8%
GS-25K	4,480	\$244,035	\$210,069	\$454,104	0.6%
GS-120K	1,113	\$60,627	\$52,189	\$112,816	0.2%
GS-1250K	48	\$2,615	\$2,251	\$4,865	0.0%
GS-11M	-	-	-	\$0	0.0%
GS-25M	-	-	-	\$0	0.0%
Gas Lighting	192	\$10,459	-	\$10,459	0.0%
Total	1,331,623	\$72,536,165	\$1,576,223	\$74,112,387	100.0%

ATTACHMENT B

Revised SAFE Tariff
Volume No. 10, First Revised Sheet No. 79
(Clean and Legislative Formats)

RIDER "D"

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;
2. Ad valorem taxes; and
 3. 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 June 1, 2019 through December 31, 2019 are:

<u>Rate Class</u>	<u>Rates Per Customer</u>
Rate Schedule RS-1	\$0.21
Rate Schedule RS-100	\$0.21
Rate Schedule RS-600	\$0.21
Rate Schedule GS-1	\$0.21
Rate Schedule GS-6K	\$0.40
Rate Schedule GS-25K	\$0.40
Rate Schedule GS-120K	\$0.40
Rate Schedule GS-1,250K	\$0.40
Rate Schedule GS-11M	\$0.40
Rate Schedule GS-25M	\$0.40
Rate Schedule GL	\$0.21
Rate Schedule RSG	NA
Rate Schedule CSG	NA

RIDER "D"

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;
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The cost recovery factors including tax multiplier for the twelve month period from June 1, 2018-2019 through December 31, 2018-2019 are:

<u>Rate Class</u>	<u>Rates Per Customer</u>
Rate Schedule RS-1	\$0.000.21
Rate Schedule RS-100	\$0.000.21
Rate Schedule RS-600	\$0.000.21
Rate Schedule GS-1	\$0.000.21
Rate Schedule GS-6K	\$0.000.40
Rate Schedule GS-25K	\$0.000.40
Rate Schedule GS-120K	\$0.000.40
Rate Schedule GS-1,250K	\$0.000.40
Rate Schedule GS-11M	\$0.000.40
Rate Schedule GS-25M	\$0.000.40
Rate Schedule GL	\$0.000.21
Rate Schedule RSG	\$0.00NA
Rate Schedule CSG	\$0.00NA

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of Florida City Gas's Petition for Approval of the SAFE Factor, along with Attachments A and B, has been furnished by Electronic Mail to the following parties of record this 4th day of September 2018:

Jennifer Crawford, Esquire Kurt Schrader, Esquire Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399 jcrawfo@psc.state.fl.us	Office of Public Counsel J.R. Kelly/Patricia Christensen c/o The Florida Legislature 111 West Madison Street, Room 812 Tallahassee, FL 32399-1400 Kelly.JR@leg.state.fl.us Christensen.Patty@leg.state.fl.us
Florida City Gas Carolyn Bermudez 4045 NW 97th Avenue Doral, Florida 33178 Carolyn.Bermudez@nexteraenergy.com	


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