

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

November 1, 2019

E-PORTAL

Mr. Adam Teitzman, Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

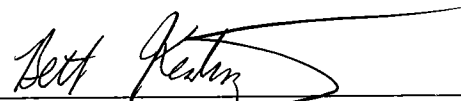
RE: Docket No. 20190172-GU: Petition of Florida City Gas for Approval of Safety, Access, and Facility Enhancement Program True-Up and 2020 Cost Recovery Factors

Dear Mr. Teitzman:

Attached for electronic filing, please find Florida City Gas's Second Amended Petition for Approval of 2020 Cost Recovery Factors for the Company's Safety, Access, and Facility Enhancement Program.

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. 20190172-GU
Approval of the Safety, Access, and Facility :
Enhancement Program True-Up and 2020 : Filed: November 1, 2019
Surcharge Factors :

**SECOND AMENDED PETITION OF FLORIDA CITY GAS FOR APPROVAL OF THE
SAFETY, ACCESS, AND FACILITY ENHANCEMENT PROGRAM
TRUE-UP AND 2020 COST RECOVERY FACTORS**

Florida City Gas (“FCG” or “the Company”) hereby submits this Second Amended Petition to the Florida Public Service Commission (“Commission”) requesting approval of the Safety, Access, and Facility Enhancement Program (“SAFE Program”) true-up and 2020 surcharge factors for the projected period of January 1, 2020 through December 31, 2020. FCG initially filed the Petition for its SAFE Program on September 3, 2019, together with Attachments A through C. On October 4, 2019, FCG filed an Amended Petition to correct an inadvertent accounting error that slightly understated the 2020 net revenue requirement and the surcharge factor for some of the commercial customer classes. Upon further review of the SAFE Program filing, FCG subsequently identified that it made an inadvertent error in calculating the Weighted Average Cost of Capital (“WACC”) to reflect the equity ratio required for the SAFE Program pursuant to the Commission approved settlement agreement in FCG’s 2018 base rate case (“2018 Settlement”).¹ FCG hereby files this Second Amended Petition to correct Attachment B and SAFE Program 2020 surcharge factors requested for the projected period of January 1, 2020 through December 31, 2020. In support thereof, FCG states as follows:

¹ 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).

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:

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3. On September 15, 2015, the Commission approved FCG's request to establish the SAFE Program.² 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.

4. On September 3, 2019, FCG submitted its annual SAFE Program filing for the period of January 1, 2020 through December 31, 2020, together with Attachments A through C. Following an inquiry from Commission Staff, FCG identified an inadvertent error in an accounting that resulted in the 2020 net revenue requirement and the surcharge factor for some of the commercial customer classes being slightly understated. Accordingly, on October 4, 2019,

² 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*").

FCG filed an Amended Petition to correct the accounting error. FCG's initial SAFE Program Petition and Amended Petition are both incorporated as modified herein.

5. Upon further review of the SAFE Program filing, FCG subsequently identified that it made an inadvertent error in calculating the WACC used for the SAFE Program True-up and 2020 surcharge factors. The 2018 Settlement requires FCG to use a capital structure with a 48% equity ratio when calculating revenue requirements for the capital investment recovered through the SAFE surcharge. In making the adjustment to the 48% equity ratio required by the 2018 Settlement, FCG inadvertently applied the adjustment to all sources of capital rather than to investor sources only, which resulted in the SAFE Program revenue requirements and 2020 surcharge factors being overstated.

6. FCG hereby submits this Second Amended SAFE Petition to update Attachment B with a WACC that reflects the correct adjustment to the required 48% equity ratio based on investor sources of capital only. The net effect of this correction results in the following changes from FCG's Amended Petition submitted on October 4, 2019:

- (a) The projected total revenue requirement for the SAFE Program for the period January 1, 2020 through December 31, 2020, cumulative of the net true-up, decreased from \$1,651,403 to \$1,433,414 (a decrease of \$217,989).
- (b) The proposed 2020 SAFE Program monthly surcharge factors for rate classes RS-1, RS-100, RS-600, GS-1, and Gas Lighting decrease from \$1.21 to \$1.05 (a decrease of \$0.16). This change in the proposed monthly surcharge factors also necessitated a change to *pro forma* Tariff Sheet No.

79, which has been included in an updated Attachment C to this Amended Petition.

- (c) The proposed 2020 SAFE Program monthly surcharge factors for rate classes GS-6k, GS-25k, GS-120k and GS-1250k decreased from \$2.26 to \$1.96 (a decrease of \$0.30). This change in the proposed monthly surcharge factors also necessitated a change to *pro forma* Tariff Sheet No. 79, which has been included in an updated Attachment C to this Amended Petition.

7. The updated Attachment B, Schedules 1 through 7, which is attached to this Second Amended Petition and incorporated herein by reference, provides the information required by the *SAFE Order*, FCG's SAFE Tariff, and the 2018 Settlement. The updated Attachment B fully supports FCG's calculation of the SAFE Program true-up and 2020 surcharge factors for the period of January 1, 2020 through December 31, 2020.

8. The SAFE Program final net true-up amount for the period January 2018 through December 2018 remains an over-recovery of \$338,727. *See* Attachment B, Schedule 1, line 12.

9. The SAFE Program projected true-up based on actual data for seven months and projected data for five months (including interest and applicable regulatory assessment fees) for the current period January 2019 through December 2019 is an under-recovery of \$164,029. *See* Attachment B, Schedule 2, line 11.

10. The SAFE Program total, cumulative net true-up for 2018 and 2019 is an over-recovery of \$182,724. *See* Attachment B, Schedule 2, line 14. The interest calculation is provided in Attachment B, Schedule 3.3.

11. The Company's projected total revenue requirement for the SAFE Program for the period January 1, 2020 through December 31, 2020 is \$1,616,541. See Attachment B, Schedule 4, line 9. Applying the total, cumulative net true up for 2018 and 2019, the total amount to be collected through the SAFE Program surcharge during 2020 is \$1,433,414. See Attachment B, Schedule 4, line 10.

12. When the total amount to be collected through the SAFE Program surcharge during 2020, as corrected herein, is allocated based upon the methodology approved in the *SAFE Order*, the proposed SAFE Program surcharge factors for the period January 1, 2020 through December 31, 2020 are as follows:

<u>Rate Class</u>	<u>SAFE Factor</u>
RS-1	\$1.05
RS-100	\$1.05
RS-600	\$1.05
GS-1	\$1.05
GS-6K	\$1.96
GS-25K	\$1.96
GS-120K	\$1.96
GS-1250K	\$1.96
GS-11M	\$ -
GS-25M	\$ -
Gas Lighting	\$1.05

See Attachment B, Schedule 6.

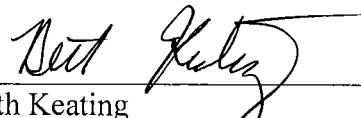
13. FCG's amended calculation of the 2020 SAFE Program surcharge factors are consistent with the methodology and requirements of the Commission's *SAFE Order*, FCG's SAFE Tariff, and the 2018 Settlement. FCG, therefore, asks that the 2020 SAFE Program surcharge factors, as amended herein, be approved and become effective January 1, 2020.

14. Upon approval of the proposed SAFE surcharge factors, FCG will provide notice to customers through a customer bill message that will be issued during a 30-day period in advance of the effective date. In addition, an updated rate schedule will be made available online at: FloridaCityGas.com/rates-and-tariff.

15. Attachment C to this Amended Petition provides the Company's revised tariff pages, including the updated *pro forma* Tariff Sheet No. 79 discussed above, in clean and legislative format, reflecting its proposed SAFE Program surcharge factors for 2020 as amended herein.

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, 2020 through December 31, 2020, as set forth herein and the updated Attachments hereto.

Respectfully submitted this 1st day of November, 2019.



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ATTACHMENT A

**SAFE PROGRAM
ACTUAL AND FORECASTED
MAINS AND SERVICE REPLACEMENTS**

ATTACHMENT A

Florida City Gas

SAFE Program

Actual and Forecasted Mains and Service Replacements

Year	Main Replacements			Service Replacements		
	Replaced main (miles)	Remaining main at Year End (miles)	Total Miles Remaining	Replaced Services (No.)	Remaining Services at year end	Total Remaining Services
2014	0.0	254.3	254.3	0	11443	11443
2015	0.0	254.3	254.3	49	11394	11394
2016	17.1	237.2	237.2	1433	9961	9961
2017	37.5	199.7	199.7	1551	8410	8410
2018	27.6	172.1	172.1	1634	6776	6776
2019	31.2	141.0	141.0	1164	5612	5612
2020	29.4	111.6	111.6	1060	4552	4552
2021	29.2	82.3	82.3	1290	3262	3262
2022	24.0	58.3	58.3	1055	2207	2207
2023	23.8	34.5	34.5	1046	1161	1161
2024	23.5	11.0	11.0	1032	128	128
2025	11.0	0.0	0.0	128	0	0

ATTACHMENT B (Second Amended)

SAFE Schedules 1 through 7

Florida City Gas
Attachment B, Schedule 1 - SAFE Program Revenue Requirement
January 2018 through December 2018

Line	Description	Beginning of	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	End of Period
		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	315,930	609,148	823,322	944,819	-	-	-	-	-	-	17,139,796
	b. Eligible Replacements - Services	7,136,141	98,132	5,581	792,325	158,605	159,117	-	-	-	-	-	-	8,293,501
	c. Eligible Replacements - House Regulators	2,204	-	-	-	-	-	-	-	-	-	-	-	2,204
	d. Other	-	-	-	-	-	-	-	-	-	-	-	-	-
		20,985,318	697,336	325,912	1,341,473	981,926	1,109,935	-	-	-	-	-	-	25,435,501
2.a	Gross Plant-in-Service/Depreciation Base - Mains	13,846,973	14,446,178	14,762,508	15,371,655	16,194,978	17,139,796	-	-	-	-	-	-	-
2.b	Gross Plant-in-Service/Depreciation Base - Services	7,136,141	7,284,279	7,248,854	7,376,180	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.	Leas - Accumulated Depreciation	(774,890)	(820,004)	(866,998)	(913,310)	(965,274)	(1,019,548)	-	-	-	-	-	-	-
4.	CWIP - Noninterest Bearing	652,290	389,049	675,931	562,695	1,020,514	985,567	-	-	-	-	-	-	-
5.	Net Book Value (Lines 2 + 3 + 4)	20,862,658	21,201,394	21,817,499	22,977,424	24,386,208	25,401,925	-	-	-	-	-	-	-
6.	Average Net Investment		21,082,026	21,509,447	22,897,462	23,681,815	24,894,066	-	-	-	-	-	-	-
7.	Return on Average Net Investment													
	a. Equity component Grossed up for taxes - reduced for tax reform (A)		96,395	98,783	102,867	103,765	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	45,094	48,913	50,964	53,269	-	-	-	-	-	-	244,653
	b. Amortization		-	-	-	-	-	-	-	-	-	-	-	-
	c. Property Taxes (D)		14,547	14,877	15,492	15,980	17,218	-	-	-	-	-	-	78,514
	d. Other		-	-	-	-	-	-	-	-	-	-	-	-
9.	Revenue Requirements (Lines 7 + 8)		190,910	194,892	203,854	216,790	225,481	-	-	-	-	-	-	1,029,877
10.	Collections		(288,371)	(290,108)	(290,328)	(290,813)	(291,008)	-	-	-	-	-	-	(1,450,631)
11.	Net under(over) collection		(97,462)	(95,216)	(86,474)	(76,023)	(65,527)	-	-	-	-	-	-	(420,704)
12.	Cumulative Net under(over) collection		(15,484)	(110,700)	(197,174)	(273,199)	(388,727)	(488,727)	(488,727)	(488,727)	(488,727)	(488,727)	(488,727)	(888,727)

Notes:

(A)	Line 6 x 5.5114% x 1/12. Based on ROE of 11.23%, and weighted income tax rate of 25.345%, expansion factor of 1.3042. The expansion factor has been reduced to reflect the reduction in the Federal tax rate to 21% from 35% effective January 1, 2018.	5.5114%
(B)	Line 6 x 1.85% x 1/12	1.8600%
(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 B, Schedule 2 - SAFE Program Revenue Requirement
January 2019 through December 2019

Line	Description	Beginning of Period Amount	Actuals												End of Period Total	
			January-19	February-19	March-19	April-19	May-19	June-19	July-19	August-19	September-19	October-19	November-19	December-19		
1.	Investments															
	a. Eligible Replacements - Mains	-	-	-	-	2,391,656	965,941	578,185	1,234,207	1,156,712	525,358	552,410	220,894	8,027,540		
	b. Eligible Replacements - Services, Plastic	-	-	-	-	264,351	22,820	68,917	308,481	365,540	441,996	596,006	175,500	2,242,951		
	c. Eligible Replacements - Services, Steel	-	-	-	-	1,472	35	-	-	-	-	-	-	1,507		
	d. Eligible Replacements - Meters	-	-	-	-	5,151	539	-	-	-	-	-	-	5,690		
	e. Land Rights	-	-	-	-	-	24,995	-	-	-	-	(26,995)	-	-		
						2,662,629	1,014,331	646,502	1,544,687	1,522,251	1,242,417	1,148,416	396,395	10,277,683		
2.a	Gross Plant-In-Service/Depreciation Base - Mains	-	-	-	-	2,391,656	3,357,597	3,835,782	5,171,989	6,328,701	7,254,236	7,805,646	8,077,540	8,027,540		
2.b	Gross Plant-In-Service/Depreciation Base - Services, Plastic	-	-	-	-	264,351	287,171	355,488	663,958	1,029,508	1,471,444	2,067,450	2,242,951	2,242,951		
2.c	Gross Plant-In-Service/Depreciation Base - Services, Steel	-	-	-	-	1,472	1,507	1,507	1,507	1,507	1,507	1,507	1,507	1,507		
2.d	Gross Plant-In-Service/Depreciation Base - Meters	-	-	-	-	5,151	5,690	5,690	5,690	5,690	5,690	5,690	5,690	5,690		
2.e	Gross Plant-In-Service-Land Rights	-	-	-	-	-	24,995	24,995	24,995	24,995	24,995	-	-	-		
3.	Less: Accumulated Depreciation	-	-	-	-	(5,872)	(13,207)	(22,191)	(34,404)	(49,800)	(68,060)	(88,732)	(110,236)	(110,236)		
4.	OWP - NonInterest Bearing	-	458,769	1,141,893	617,553	2,386,135	707,696	1,644,194	323,251	772,346	761,136	583,736	574,208	198,197		
5.	Net Book Value (Lines 2 + 3 + 4)	-	458,769	1,141,893	617,553	3,386,135	3,360,794	5,007,947	4,624,571	6,606,089	8,101,726	9,348,953	10,366,769	10,365,649		
6.	Average Net Investment		229,344	800,311	879,703	1,501,844	2,875,444	4,186,351	4,816,234	5,615,305	7,353,907	8,725,139	9,857,661	10,366,209		
7.	Return on Average Net Investment															
	a. Equity component Grossed up for taxes-reduced for tax reform (A)		1,044	3,601	3,958	6,758	12,938	18,837	21,671	23,267	33,050	39,260	44,356	46,644		
	b. Debt component (B)		375	621	683	1,185	2,231	3,249	3,737	4,357	5,767	6,771	7,650	8,044		
8.	Investment Expenses															
	a. Depreciation (C)		-	-	-	5,572	7,635	8,984	12,213	15,396	18,260	20,672	21,504	110,236		
	b. Amortization		-	-	-	-	-	-	-	-	-	-	-	-		
	c. Property Taxes (D)		159	554	608	1,039	1,989	2,896	3,331	3,884	5,086	6,035	6,818	39,585		
	d. Other		-	-	-	-	-	-	-	-	-	-	-	-		
9.	Revenue Requirements (Lines 7 + 8)		1,578	4,776	5,249	8,862	12,730	32,616	37,724	43,721	59,279	70,325	79,496	83,362		
10.	Collections		(24,239)	(22,809)	(28,612)	(23,874)	(24,632)	(22,975)	(24,271)	(24,271)	(24,271)	(24,271)	(24,271)	(24,271)		
11.	Net under(over) collection		(22,661)	(18,033)	(18,364)	(14,512)	(11,923)	9,642	13,453	21,450	35,008	46,054	55,225	59,091		
12.	a. Cumulative Net under(over) collection before interest		(361,388)	(382,134)	(399,251)	(414,551)	(417,698)	(408,897)	(396,254)	(375,569)	(341,295)	(255,923)	(241,304)	(182,724)		
13.	Interest		(718)	(748)	(788)	(823)	(840)	(810)	(766)	(734)	(682)	(606)	(511)	(403)		
14.	Cumulative Net under(over): SAFE Clause	(336,727)	(362,109)	(380,887)	(400,039)	(415,775)	(418,538)	(408,707)	(397,019)	(376,303)	(341,977)	(296,520)	(241,315)	(183,127)		
Notes:																
(A-1)	Line 5 x 6.6139% x 1/12. Based on ROE of 10.139%, and weighted income tax rate of 25.345%, expansion factor of 1.3522. See Attachment B, Schedule 3.2. (February 2019-December 2019)		5.3995%													
(A-2)	Line 5 x 5.4629% x 2/12. Based on ROE of 10.139%, and weighted income tax rate of 25.345%, expansion factor of 1.3522. See Attachment B, Schedule 3.1. (January 2019)		5.4629%													
(B.1)	Line 6 x .71% x 1/12. See Attachment B, Schedule 3.2. (February 2019-December 2019)		0.93%													
(B.2)	Line 6 x 1.86% x 1/12. See Attachment B, Schedule 3.1. (January 2019)		1.93%													
(C.1)	Applicable Mains depreciation rate is 2.5%		2.50%													
(C.2)	Applicable Services, Plastic depreciation rate is 2.54%		2.54%													
(C.3)	Applicable Services, Steel depreciation rate is 2.70%		2.70%													
(C.4)	Applicable Meters depreciation rate is 6.10%		6.10%													
(D)	Ad Valorem Tax Rate is .83%		0.83%													

Florida City Gas
Attachment B, Schedule 3.1 - Cost of Capital and Ad Valorem Tax Rate for Jan-19
January 2019 through December 2019

AVERAGE	RATIO (%)	COST RATE (%)	Midpoint		Revenue Expansion Factor	Cost of Equity
			WEIGHTED COST (%)			
DIVISIONAL CAPITAL	35.95%	11.25%	4.04%		1.35220	5.4629%
LONG TERM DEBT	37.79%	4.59%	1.73%	} Weighted Average Cost of Debt 1.96%		
SHORT TERM DEBT	6.22%	1.85%	0.12%			
PREFERRED STOCK	0.00%	0.00%	0.00%			
CUSTOMER DEPOSITS	1.61%	6.73%	0.11%			
TAX CREDITS - ZERO COST	0.00%	0.00%	0.00%			
TAX CREDITS - WEIGHTED COST	0.00%	0.00%	0.00%			
ACC DEF INC TAXES-ZERO COST	18.43%	0.00%	0.00%			
TOTAL	100.00%		6.00%			

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 B, Schedule 3.2 - Cost of Capital and Ad Valorem Tax Rate for Feb - Dec 2019
 From: Calculation Below for Capital Structure. Cost of debt components - Dec. 2018 Surveillance Report Sch. 4 adjusted for 48% Equity Ratio
 January 2019 through December 2019

Line No.	AVERAGE	RATIO (%)	Midpoint		WEIGHTED COST (%)	Revenue Expansion	
			COST RATE (%)			Factor	Cost of Equity
1	EQUITY CAPITAL	39.19%	10.19%		3.9931%	1.35220	5.3995%
2							
3	LONG TERM DEBT	31.48%	2.48%		0.78%	Weighted Average Cost of Debt 0.9312%	
4							
5	SHORT TERM DEBT	10.98%	1.08%		0.12%		
6							
7	PREFERRED STOCK	0.00%	0.00%		0.00%		
8							
9	CUSTOMER DEPOSITS	1.12%	2.73%		0.03%		
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	17.24%	0.00%		0.00%		
16	TOTAL	100.00%			4.924%		

Ad Valorem Tax Rate Calculation

2017: 427101 Gen Tax Expense- Property Tax:	\$	1,762,500
2016 YE: Plant in Service Net of Goodwill:	\$	212,574,190
Applicable Ad Valorem Tax Rate:		0.83%

Reallocation to get Equity Ratio at 48%	Juris Adj Balance per Dec.2018 ESR	Before	Juris Adj After Eq. Ratio Adj.	After	Cost Rate	LTD	STD
						\$	\$
				\$ 116,363,775		\$ 64,393,829	\$ 47,743,390
							\$ 16,650,439
EQUITY CAPITAL	\$ 180,757,604	60.87%	\$ 116,363,775	39.19%	10.19%		3.993%
LONG TERM DEBT	\$ 45,721,589	15.40%	\$ 93,464,979	31.48%	2.48%		0.782%
SHORT TERM DEBT	\$ 15,945,339	5.37%	\$ 32,595,778	10.98%	1.08%		0.119%
PREFERRED STOCK	-	0.00%	-	0.00%	0.00%		0.000%
CUSTOMER DEPOSITS	3,314,935	1.12%	3,314,935	1.12%	2.73%		0.030%
TAX CREDITS - ZERO COST	-	0.00%	-	0.00%	0.00%		0.000%
TAX CREDITS - WEIGHTED COST	-	0.00%	-	0.00%	0.00%		0.000%
ACC DEF INC TAXES-ZERO COST	51,206,634	17.24%	51,206,634	17.24%	0.00%		0.000%
	<u>\$ 296,946,102</u>	<u>100%</u>	<u>\$ 296,946,102</u>	<u>100%</u>			<u>4.924%</u>

Florida City Gas
Attachment B, Schedule 3.3 - Calculation of Interest Provision
January 2019 through December 2019

2019 Interest Calculation	January	February	March	April	May	June	July	August	September	October	November	December	Total
1. Beginning True-up Amount	(338,727)	(362,105)	(380,887)	(400,039)	(415,775)	(418,538)	(409,707)	(397,019)	(376,303)	(341,977)	(296,529)	(241,815)	(183,127)
2. Ending True-up Amount Before Interest	(361,388)	(380,138)	(399,251)	(414,951)	(417,698)	(408,897)	(396,254)	(375,569)	(341,295)	(295,923)	(241,304)	(182,724)	(182,724)
3. Total of Beginning & Ending True-up	(700,114)	(742,244)	(780,138)	(814,990)	(833,473)	(827,435)	(805,961)	(772,589)	(717,599)	(637,900)	(537,833)	(424,539)	(365,851)
4. Average True-up Amount (50% of Line 3)	(350,057)	(371,122)	(390,069)	(407,495)	(416,736)	(413,717)	(402,980)	(386,294)	(358,799)	(318,950)	(268,916)	(212,269)	(182,926)
5. Interest Rate-First day of reporting business month	2.50%	2.42%	2.42%	2.43%	2.42%	2.42%	2.28%	2.28%	2.28%	2.28%	2.28%	2.28%	2.28%
6. Interest Rate-First day of subsequent business month	2.42%	2.42%	2.43%	2.42%	2.42%	2.28%	2.28%	2.28%	2.28%	2.28%	2.28%	2.28%	2.28%
7. Total (Line 5 & 6)	4.92%	4.84%	4.85%	4.85%	4.84%	4.70%	4.56%	4.56%	4.56%	4.56%	4.56%	4.56%	0.00%
8. Average Interest Rate (50 % of Line 7)	2.46%	2.42%	2.43%	2.43%	2.42%	2.35%	2.28%	2.28%	2.28%	2.28%	2.28%	2.28%	0.00%
9. Monthly Average Interest Rate (Line 8/12)	0.205%	0.202%	0.202%	0.202%	0.202%	0.196%	0.190%	0.190%	0.190%	0.190%	0.190%	0.190%	0.000%
10. Interest Provision for the month (Line 4 *Line 9)	(718)	(748)	(788)	(823)	(840)	(810)	(766)	(734)	(682)	(606)	(511)	(403)	

Totals may not match Revenue Req due to rounding

Florida City Gas
Attachment B, Schedule 4 - SAFE Program Revenue Requirement
January 2020 through December 2020

Line	Description	Beginning of Period Amount	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	End of Period Total	
			January-20	February-20	March-20	April-20	May-20	June-20	July-20	August-20	September-20	October-20	November-20		December-20
1.	Investments														
	a. Eligible Replacements - Mains	8,027,540	411,552	1,194,677	1,561,164	815,735	1,173,578	877,939	398,881	803,267	386,378	236,277	136,674	42,925	16,066,482
	b. Eligible Replacements - Services, Plastic	2,242,951	49,855	104,241	95,177	280,790	276,069	423,502	377,514	250,548	246,266	152,943	18,858	-	4,518,714
	c. Eligible Replacements - Services, Steel	1,507	-	-	-	-	1,472	35	-	-	-	-	-	-	3,033
	d. Eligible Replacements - Meters	5,690	-	-	-	-	5,151	539	-	-	-	-	-	-	11,381
	e. Land Rights	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		10,277,688	461,206	1,298,918	1,656,341	1,096,526	1,456,370	1,302,015	776,395	1,053,815	632,639	389,220	155,531	42,925	20,599,589
2.a	Gross Plant-In-Service/Depreciation Base - Mains	8,027,540	8,438,802	9,633,569	11,194,733	12,010,488	13,184,146	14,062,085	14,460,985	15,264,232	15,650,605	15,886,883	16,023,557	16,056,482	16,066,482
2.b	Gross Plant-In-Service/Depreciation Base - Services, Plastic	2,242,951	2,292,805	2,397,047	2,492,224	2,773,014	3,049,083	3,472,585	3,850,099	4,100,648	4,346,913	4,499,856	4,518,714	4,518,714	4,518,714
2.c	Gross Plant-In-Service/Depreciation Base - Services, Steel	1,507	1,507	1,507	1,507	1,507	2,978	3,013	3,013	3,013	3,013	3,013	3,013	3,013	3,033
2.d	Gross Plant-In-Service/Depreciation Base - Meters	5,690	5,690	5,690	5,690	5,690	10,841	11,381	11,381	11,381	11,381	11,381	11,381	11,381	11,381
2.e	Gross Plant-In-Service-Land Rights	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.	Less: Accumulated Depreciation	(110,236)	(132,703)	(157,879)	(186,508)	(217,432)	(251,415)	(288,126)	(326,467)	(367,012)	(408,883)	(451,570)	(494,581)	(537,682)	(537,682)
4.	CWIP - Non-Interest Bearing	198,157	230,603	645,459	828,170	548,263	724,873	650,721	388,197	526,508	316,319	194,610	77,766	21,463	21,463
5.	Net Book Value (Lines 2 + 3 + 4)	10,365,549	10,836,795	12,525,393	14,335,815	15,121,510	15,726,507	17,911,659	18,387,189	19,539,170	19,919,349	20,144,173	20,139,849	20,083,369	20,288,369
6.	Average Net Investment		10,601,222	11,683,094	13,432,604	14,728,562	15,921,008	17,816,083	18,149,424	18,969,180	19,729,260	20,031,761	20,142,011	20,111,609	
7.	Return on Average Net Investment														
	a. Equity component: Grossed up for taxes-reduced for tax reform(A)		58,662	64,648	74,329	81,501	84,099	95,819	100,430	104,933	109,172	110,866	111,456	111,288	1,111,182
	b. Debt component (B)		9,786	10,784	12,399	13,596	14,696	15,984	16,753	17,505	18,212	18,491	18,593	18,565	185,343
8.	Investment Expenses														
	a. Depreciation (C)		22,466	25,176	26,630	30,924	31,983	36,711	38,341	40,545	41,871	42,687	43,012	43,101	427,446
	b. Amortization		-	-	-	-	-	-	-	-	-	-	-	-	-
	c. Property Taxes (D)		5,626	7,302	8,395	9,205	9,951	10,823	11,343	11,852	12,331	12,520	12,589	12,570	125,506
	d. Other		-	-	-	-	-	-	-	-	-	-	-	-	-
9.	Revenue Requirements (Lines 7 + 8)		97,540	107,911	123,754	135,226	146,729	159,336	166,868	174,834	181,983	184,544	185,649	185,223	1,849,498
10.	Collections		(138,864)	(138,864)	(138,864)	(138,864)	(138,864)	(138,864)	(138,864)	(138,864)	(138,864)	(138,864)	(138,864)	(138,864)	(1,646,370)
11.	Net under(over) collection		(41,324)	(30,953)	(15,110)	(3,638)	7,864	20,472	28,003	35,970	42,721	45,679	46,785	46,659	
11	a. Cumulative Net under(over) collection		(24,452)	(255,405)	(270,515)	(274,154)	(266,289)	(245,817)	(217,814)	(181,844)	(139,123)	(93,444)	(46,659)	(0)	(0)
12	Interest		-	-	-	-	-	-	-	-	-	-	-	-	-
13	Cumulative Net under(over): SAFE Clause		(183,127)	(224,452)	(255,405)	(270,515)	(274,154)	(266,289)	(245,817)	(217,814)	(181,844)	(139,123)	(93,444)	(46,659)	(0)
Notes:															
(A)	Line 6 x 6.6139% x 1/12. Based on ROE of 10.19%, and weighted income tax rate of 25.345%, expansion factor of 1.3522. See Attachment B, Schedule 5.1.		6.6402%												
(B)	Line 6 x .75% x 1/12. See Attachment B, Schedule 5.1.		1.11%												
(C.1)	Applicable Mains depreciation rate is 2.5%		2.50%												
(C.2)	Applicable Services, Plastic depreciation rate is 2.54%		2.54%												
(C.3)	Applicable Services, Steel depreciation rate is 2.70%		2.70%												
(C.4)	Applicable Meters depreciation rate is 6.10%		6.10%												
(D)	Ad Valorem Tax Rate is .83%		0.75%												

Under/(Over) Collection as of 2019	(183,127)
2020 Revenue Requirement	1,849,498
Total	1,666,370

Florida City Gas
Attachment B, Schedule 5.1 - Cost of Capital and Ad Valorem Tax Rate for 2020
January 2020 through December 2020
From: Calculation Below for Capital Structure, Cost of Debt Components - Dec. 2018 Surveillance Report Sch. 4

Line No.	AVERAGE	RATID (%)	COST RATE (%)	WEIGHTED COST (%)	Revenue Expansion Factor	Cost of Equity
1	EQUITY CAPITAL	39.34%	10.19%	4.0290%	1.35220	5.4210%
2						
3	LONG TERM DEBT	31.60%	1.48%	0.7831%	} Weighted Average Cost of Debt 0.9346%	
4						
5	SHORT TERM DEBT	11.07%	1.08%	0.1192%		
6						
7	PREFERRED STOCK	0.00%	0.00%	0.0000%		
8						
9	CUSTOMER DEPOSITS	1.12%	2.73%	0.0305%		
10						
11	TAX CREDITS - ZERO COST	0.00%	0.00%	0.0000%		
12						
13	TAX CREDITS - WEIGHTED	0.00%	0.00%	0.0000%		
14						
15	ACC DEF INC TAXES-ZERO	16.82%	0.00%	0.0000%		
16	TOTAL	100.00%		4.94%		

Ad Valorem Tax Rate Calculation

2018: 427101 Gen Tax Expense-Property Tax: \$	1,803,961
2017 YE: Plant In Service Net of Goodwill: \$	241,206,106
Applicable Ad Valorem Tax Rate:	0.73%

2020 Clause Projection Filing												
	Sys Per Book	Retail Per Book	Pro Rata Adj	Specific Adj.	Adj'd Retail	Cap Ratio	Reallocation to 48% Equity Ratio	Revised Cap Ratio	Cost Rate	Weighted Cost		
Common Equity	156,492,147	186,492,147	(15,754,543)	-	180,757,604	74.56%	116,363,775	35.19%	10.19%	3.99%		
Long Term Debt	49,701,551	49,701,551	(3,975,962)	-	45,725,589	15.40%	91,454,979	31.49%	2.48%	0.76%		
Short Term Debt	17,333,345	17,333,345	(1,388,008)	-	15,945,339	5.37%	32,595,778	10.89%	1.08%	0.12%		
Cust Dep Active	3,314,935	3,314,935	-	-	3,314,935	1.12%	3,314,935	1.12%	2.73%	0.03%		
Cust Dep InActive	-	-	-	-	-	0.00%	-	0.00%	0.00%	0.00%		
Invest Tax Cr	-	-	-	-	-	0.00%	-	0.00%	0.00%	0.00%		
Deferred Inc Tax	50,913,259	50,913,259	-	293,375	51,206,634	17.24%	51,206,634	17.24%	0.00%	0.00%		
Total	317,795,237	317,795,237	(21,102,511)	293,375	296,946,102	100.00%	296,946,102	100.00%		4.92%	pretax WACC	
											6.33%	
2018 YE Surveillance with ADFT Consistency and Proration Adjustments adjusted to 48% Equity Ratio												
	System Per	Consistency & Proration Adj.	System Per	Retail Per	Pro Rata Adj	Specific	Adjusted	Cap	Reallocation to 48% Equity Ratio	Revised Cap	Cost	Weighted
	Sys Per Book	Proration Adj.	Books Adj'd	Books	Adj	Adj	Retail	Ratio	Ratio	Ratio	Rate	Cost
Common Equity	156,492,147	719,816	197,211,464	197,211,464	(15,754,543)	-	181,476,920	74.56%	116,826,819	39.34%	10.19%	4.01%
Long Term Debt	49,701,551	181,947	49,883,498	49,883,498	(3,975,962)	-	45,907,536	18.86%	93,836,918	31.60%	2.48%	0.79%
Short Term Debt	17,333,345	63,454	17,396,799	17,396,799	(1,388,008)	-	16,008,793	6.38%	32,725,491	11.02%	1.08%	0.12%
Cust Dep Active	3,314,935	-	3,314,935	3,314,935	-	-	3,314,935	1.12%	3,314,935	1.12%	2.73%	0.03%
Cust Dep InActive	-	-	-	-	-	-	-	0.00%	-	0.00%	0.00%	0.00%
Invest Tax Cr	-	-	-	-	-	-	-	0.00%	-	0.00%	0.00%	0.00%
Deferred Inc Tax	50,913,259	(964,717)	49,948,542	49,948,542	293,375	-	50,241,918	16.92%	50,241,918	16.92%	0.00%	0.00%
Total	317,795,237	-	317,795,237	317,795,237	(21,102,511)	293,375	296,946,102	100.00%	296,946,102	100.00%		4.94%
												8.30%
Proration Adjustment and Consistency Adjustment to Reflect Projected ADFT Consistent with Projection Year												
	Month	ADFT Bal	Deprec-Related ADFT Bal *	Deprec-Related ADFT Activity	Days in Prorate	Future Days In Period	Prorated Deprec-Related ADFT Activity	Prorated Deprec-Related ADFT Bal				
projected	Dec-19	50,204,098	50,204,098	-	-	-	-	50,204,098				
projected	Jan-20	50,169,766	50,168,766	(34,332)	31	336	(31,518)	50,172,580				
projected	Feb-20	50,131,832	50,131,932	(37,834)	29	307	(31,735)	50,140,845				
projected	Mar-20	50,090,299	50,090,599	(41,336)	31	276	(31,172)	50,109,674				
projected	Apr-20	50,045,757	50,045,757	(44,839)	30	244	(30,377)	50,079,336				
projected	May-20	49,997,416	49,997,416	(48,343)	31	215	(29,871)	50,051,139				
projected	Jun-20	49,945,573	49,945,573	(51,843)	30	185	(29,205)	50,024,934				
projected	Jul-20	49,890,228	49,890,228	(55,345)	31	154	(28,787)	50,001,647				
projected	Aug-20	49,831,380	49,831,380	(58,848)	31	123	(28,777)	49,981,870				
projected	Sep-20	49,769,030	49,769,030	(62,350)	30	93	(28,843)	49,966,027				
projected	Oct-20	49,703,178	49,703,178	(65,852)	32	62	(31,155)	49,954,872				
projected	Nov-20	49,633,824	49,633,824	(69,354)	30	32	(32,664)	49,948,808				
projected	Dec-20	49,558,487	49,558,487	(72,857)	31	1	(35,854)	49,948,542				
		49,919,173	49,919,173	(667,631)	366	-	(281,556)	49,948,542				
2018 YE Surv Bal.		50,913,259	50,913,259	-	-	-	-	50,913,259				
Consistency Adjustment		(994,086)	(994,086)	-	-	-	-	-				
Proration Adjustment		-	-	293,375	-	-	-	-				
Total Adjustment		-	-	293,375	-	-	-	-				

Florida City Gas
Attachment B, Schedule 5.2 - Cost of Capital and Ad Valorem Tax Rate for 2020
January 2020 through December 2020

2018 YE Surveillance with ADFIT Consistency and Proration Adjustments adjusted to 48% Equity Ratio

	System Per	Consistency &	System Per	Retail Per	Pro Rata	Specific	Adjusted	Cap	Reallocation to	Revised Cap	Cost	Weighted
	Sys Per Book	Proration Adj.	Books Adj'd	Books	Adj	Adj	Retail	Ratio	48% Equity Ratio	Ratio	Rate	Cost
Common Equity	196,492,147	719,316	197,211,464	197,211,464	(15,734,543)	-	181,476,920	61.11%	116,826,839	39.34%	10.19%	4.01%
Long Term Debt	49,701,551	181,947	49,883,498	49,883,498	(3,979,962)	-	45,903,536	15.46%	93,836,918	31.60%	2.48%	0.79%
Short Term Debt	17,333,345	63,454	17,396,799	17,396,799	(1,388,006)	-	16,008,793	5.39%	32,725,491	11.02%	1.08%	0.12%
Cust Dep Active	3,314,935		3,314,935	3,314,935		-	3,314,935	1.12%	3,314,935	1.12%	2.73%	0.03%
Cust Dep InActive	-	-	-	-	-	-	-	0.00%	-	0.00%	0.00%	0.00%
Invest Tax Cr	-	-	-	-	-	-	-	0.00%	-	0.00%	0.00%	0.00%
Deferred Inc Tax	50,913,259	(964,717)	49,948,542	49,948,542		293,375	50,241,918	16.92%	50,241,918	16.92%	0.00%	0.00%
Total	317,755,237	-	317,755,237	317,755,237	(21,102,511)	293,375	296,946,102	100.00%	296,946,102	100.00%		4.94%

Florida City Gas
Attachment B, Schedule 6 - 2020 SAFE Program Rates
January 2020 through December 2020

Class	Percentage Allocation to Customer Class	Revenue to be collected From Rate Class	Total Annual Billing Units (1)	Monthly Customer Surcharge
RS-1	32.23%	\$ 462,040	441,214	\$ 1.05
RS-100	57.52%	\$ 824,436	787,274	\$ 1.05
RS-600	0.94%	\$ 13,429	12,824	\$ 1.05
GS-1	4.73%	\$ 67,777	64,722	\$ 1.05
GS-6K	3.78%	\$ 54,210	27,688	\$ 1.96
GS-25K	0.63%	\$ 9,000	4,597	\$ 1.96
GS-120K	0.16%	\$ 2,222	1,135	\$ 1.96
GS-1250K	0.01%	\$ 110	56	\$ 1.96
GS-11M	0.00%	\$ -	0	\$ -
GS-25M	0.00%	\$ -	0	\$ -
Gas Lighting	0.01%	\$ 188.70	180	\$ 1.05
Total	100%	\$ 1,433,414		
2020 Revenue Requirement		\$ 1,616,541		
2019 Projected Under-Recovery		\$ (183,127)		
2018 Final True-Up		\$ -		

Note:

(1) - billing units for 12 months ending December 2020.

Florida City Gas
Attachment B, Schedule 7 - Pipe Allocated to all Customers
January 2020 through December 2020

All Customers

Material	Mileage	Footage	Currnet 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	441,214	23,889,059.89		\$ 23,889,060	32.2%
RS-100	787,274	42,626,170.85		\$ 42,626,171	57.5%
RS-600	12,824	694,325.17		\$ 694,325	0.9%
GS-1	64,722	3,504,303.17		\$ 3,504,303	4.7%
GS-6K	27,688	1,499,163.46	\$1,303,697.02	\$ 2,802,860	3.8%
GS-25K	4,597	248,882.83	\$216,432.57	\$ 465,315	0.6%
GS-120K	1,135	61,447.94	\$53,436.13	\$ 114,884	0.2%
GS-1250K	56	3,055.18	\$2,656.83	\$ 5,712	0.0%
GS-11M	-				0.0%
GS-25M	-				0.0%
Gas Lighting	180	9,756.32		\$ 9,756	0.0%
Total	1,339,690	72,536,165	\$1,576,223	\$ 74,112,387	100.0%

ATTACHMENT C (Second Amended)

Revised SAFE Tariff Pages
(Clean and Legislative Formats)

RIDER "D"

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:

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 following:
 - a.) Equity components as approved in the Company's most recent base rate case;
 - b.) Debt and customer deposit components from the Company's most recent year-end surveillance report; and
 - c.) Accumulated deferred income tax balance from the Company's most recent year-end surveillance report as adjusted, if applicable, consistent with the normalization rules of the Internal Revenue Code.
2. Depreciation expense (calculated using the currently approved depreciation rates);
3. Customer and general public notification expenses associated with the SAFE Program incurred for:

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;
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, 2020 through December 31, 2020 are:

<u>Rate Class</u>	<u>Rates Per Customer</u>
Rate Schedule RS-1	\$1.05
Rate Schedule RS-100	\$1.05
Rate Schedule RS-600	\$1.05
Rate Schedule GS-1	\$1.05
Rate Schedule GS-6K	\$1.96
Rate Schedule GS-25K	\$1.96
Rate Schedule GS-120K	\$1.96
Rate Schedule GS-1,250K	\$1.96
Rate Schedule GS-11M	\$-
Rate Schedule GS-25M	\$-
Rate Schedule GL	\$1.05
Rate Schedule RSG	N/A
Rate Schedule CSG	N/A

Issued by: Carolyn Bermudez
Vice President, Florida City Gas

Effective:

RIDER "D"

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

Calculation of the SAFE Revenue Requirements and SAFE Surcharges

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; (d) the current state and federal income and ad valorem taxes; and (e) the Company's weighted average cost of capital as calculated on Tariff Sheet No. 78.

The SAFE Revenue Requirements shall be calculated as follows:

Line	Description	Value	Source
1	Revenue Expansion Factor	1.3522	As calculated in most recent base rate proceeding, using current tax rates
2	Ad Valorem Tax Rate	%	Effective Property Tax Rate for most recent 12 Months ended December 31
3	Mains	\$	Eligible Replacement Mains
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	\$	Non-interest 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 calculated weighted average cost of capital
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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Effective:

RIDER "D"

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:

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 equity following:
 - a.) Equity components as approved in the Company's most recent base rate case;
 - b.) Debt and the debtcustomer deposit components from the Company's most recent year-end surveillance report; and
 - c.) Accumulated deferred income tax balance from the Company's most recent year-end surveillance report as adjusted, if applicable, consistent with the normalization rules of the Internal Revenue Code.
2. Depreciation expense (calculated using the currently approved depreciation rates);
3. Customer and general public notification expenses associated with the SAFE Program incurred for:

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;
- 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, ~~2019~~2020 through December 31, ~~2019~~2020 are:

<u>Rate Class</u>	<u>Rates Per Customer</u>
Rate Schedule RS-1	\$ <u>0.211.05</u>
Rate Schedule RS-100	\$ <u>0.211.05</u>
Rate Schedule RS-600	\$ <u>0.211.05</u>
Rate Schedule GS-1	\$ <u>0.211.05</u>
Rate Schedule GS-6K	\$ <u>0.401.96</u>
Rate Schedule GS-25K	\$ <u>0.401.96</u>
Rate Schedule GS-120K	\$ <u>0.401.96</u>
Rate Schedule GS-1,250K	\$ <u>0.401.96</u>
Rate Schedule GS-11M	\$ <u>0.40</u>
Rate Schedule GS-25M	\$ <u>0.40</u>
Rate Schedule GL	\$ <u>0.211.05</u>
Rate Schedule RSG	N/A
Rate Schedule CSG	N/A

RIDER "D"

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

Calculation of the SAFE Revenue Requirements and SAFE Surcharges

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; (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 on Tariff Sheet No. 78.

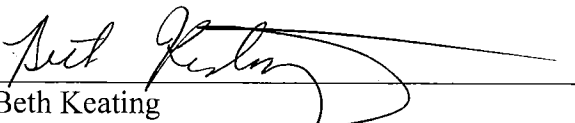
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Line	Description	Value	Source
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14	Property Tax	\$	(L7-L8) X L 2
15	Customer and general public notification and other applicable expense	\$	O&M expense incurred as a result of eligible plant replacement
16	SAFE Revenue Requirement	\$	(L12+L13+L14+L15) X L 1

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of Florida City Gas's Petition for Approval of the SAFE Program True-Up and 2020 Surcharge Factors, along with Attachments A through C, has been furnished by Electronic Mail to the following this 1st day of November 2019:

Jennifer Crawford, Esquire Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399 jcrawfor@psc.state.fl.us	Office of Public Counsel J.R. Kelly/Thomas A. "Tad" David c/o The Florida Legislature 111 West Madison Street, Room 812 Tallahassee, FL 32399-1400 Kelly.JR@leg.state.fl.us David.tad@leg.state.fl.us
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