

September 1, 2020

E-PORTAL

Mr. Adam Teitzman, 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 2021 Cost Recovery Factors

Dear Mr. Teitzman:

Attached for electronic filing, please find Florida City Gas's Petition for Approval of Safety, Access, and Facility Enhancement Program True-Up and 2021 Cost Recovery Factors. Included with this filing is the following revised tariff page:

Volume No. 10, Third Revised Sheet No. 78.

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

Volume No. 10, Third Revised Sheet No. 81.

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
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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
Approval of the Safety, Access, and Facility
Enhancement Program True-Up and 2021
Surcharge Factors

Docket No. _____

Filed: September 1, 2020

**PETITION OF FLORIDA CITY GAS FOR APPROVAL OF THE
SAFETY, ACCESS, AND FACILITY ENHANCEMENT PROGRAM
TRUE-UP AND 2021 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 2021 surcharge factors for the projected period of January 1, 2021 through December 31, 2021. 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:

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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 facilities to be relocated or replaced under the SAFE Program are generally prioritized based on the risk assessment model included in the FCG's Distribution Integrity Management Program. The factors for prioritization include, but are not limited to, location of pipeline, material of pipeline, leak incident rates, rear lot pipelines with maintenance access complications, and customer encroachments.

7. 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

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*").

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.

8. The actual and forecasted mains and service replacements from 2015 through the end of the SAFE Program are provided by year in Attachment A to this Petition. In addition, a general description of the SAFE Program projects undertaken by FCG in 2019 and 2020 and forecasted for 2021, including location and types of replacements, are provided in Attachment B.

9. 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 six months of actual and six 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.*

10. FCG herein submits its annual SAFE Program filing. Attachment C, Schedules 1 through 7, which is attached to this Petition and incorporated herein by reference, provides the information required by the *SAFE Order* and FCG's SAFE Tariff. Attachment C fully supports FCG's calculation of the SAFE Program true-up and surcharge factors for the period of January 1, 2021 through December 31, 2021.

11. On April 20, 2018, the Commission approved a settlement agreement in FCG's 2018 base rate case that, among other things, requires FCG to use a capital structure with a 48% equity ratio for the calculation of the revenue requirements for the capital investment recovered through the SAFE surcharge.² As shown on Attachment C to this Petition, FCG's calculation of the SAFE Program true-up and 2021 cost surcharge factors used a capital structure with a 48% equity ratio.

12. In addition, during the Agenda Conference for FCG's 2019 SAFE Program surcharge factors, FCG committed to include interest in the calculation of the SAFE Program true-up.³ As shown on Schedule 3.3 of Attachment C to this Petition, FCG has included interest in the SAFE Program true-up.

13. On December 30, 2019, the Commission issued a tariff order that, among other things, approved an adjustment to the Weighted Average Cost of Capital ("WACC") used to calculate the SAFE revenue requirements in order to be consistent with the normalization rules of the Internal Revenue Code.⁴ For purposes of the 2021 SAFE Program surcharge factors, FCG has not met or exceeded the limitation/exemption provision of the Internal Revenue Code and, therefore, FCG has modified the calculation of the WACC for purposes of the 2021 SAFE Program

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).

³ See Transcript of Commission Conference Agenda Item No. 16 at p. 4, Docket No. 20180164 (Oct. 30, 2018).

⁴ See *In re: Petition for approval of safety, access, and facility enhancement program true-up and 2020 cost recovery factors, by Florida City Gas*, Docket No. 20190172-GU, Order No. PSC-2019-0550-TRF-GU (FPSC Dec. 30, 2019). The Commission's tariff order provides that in the event FCG does not meet or exceed the limitation provision set forth in the Internal Revenue Code, FCG shall not use the accumulated deferred income tax ("ADIT") balance as reported on the Company's most recent year-end surveillance report FCG and shall make an adjustment to the depreciation-related ADIT included in the year-end ADIT balance using the proration formula required by the normalization rules of the Internal Revenue Code.

surcharge factors consistent with the proration formula required by the normalization rules of the Internal Revenue Code. As shown on Schedules 5.1 and 5.2 of Attachment C to this Petition, this proposed adjustment has been incorporated into FCG's calculation of the 2021 SAFE Program surcharge factors.

14. Beginning on January 1, 2019 through January 1, 2022, the state corporate income tax rate changed from 5.5% to 4.458%. However, the change in the tax rate was announced by the Florida Department of Revenue's Tax Information Publication on September 12, 2019 and, therefore, was not included in FCG's 2020 SAFE Program surcharge factors that were filed on September 3, 2019. On December 30, 2019, the Commission issued a tariff order that, among other things, directed FCG to address the change in the state corporate income tax rate in the 2019 SAFE true-up calculations provided with the Company's 2021 Safe Program surcharge factors (*i.e.*, in this filing).⁵ FCG has included the impact of the lower tax rate in the expansion factor for the true-up of the 2019 SAFE Program surcharge factors.⁶

15. The SAFE Program final true-up amount for the period January 2019 through December 2019 is an under recovery of \$48,309. *See* Attachment C, Schedule 1, line 12.

16. The SAFE Program projected true-up based on actual data for six months and projected data for six months for the current period January 2020 through December 2020 is an under recovery of \$28,779. *See* Attachment C, Schedule 2, line 11.

⁵ *See In re: Petition for approval of safety, access, and facility enhancement program true-up and 2020 cost recovery factors, by Florida City Gas, Docket No. 20190172-GU, Order No. PSC-2019-0550-TRF-GU (FPSC Dec. 30, 2019).*

⁶ For purposes of the January 2020 through July 2020 actuals used to calculate the 2020 SAFE Program estimated/actual revenue requirements, FCG included the lower state corporate income tax when it booked the 2020 SAFE over/under entries.

17. The SAFE Program total, cumulative net true-up for 2019 and 2020 is an over recovery of \$136,029. See Attachment C, Schedule 2, line 16. The interest calculation is provided in Attachment C, Schedule 3.3.

18. The Company's projected total revenue requirement for the SAFE Program for the period January 1, 2021 through December 31, 2021 is \$2,699,930. See Attachment C, Schedule 4, line 9. Applying the total, cumulative net true up for 2019 and 2020, the total amount to be collected through the SAFE Program surcharge during 2021 is \$2,563,901. See Attachment C, Schedule 4, line 10.

19. When the total amount to be collected through the SAFE Program surcharge during 2021 is allocated based upon the methodology approved in the *SAFE Order*, the proposed SAFE Program surcharge factors for the period January 1, 2021 through December 31, 2021 are as follows:

<u>Rate Class</u>	<u>SAFE Factor</u>
RS-1	\$1.84
RS-100	\$1.84
RS-600	\$1.84
GS-1	\$1.84
GS-6K	\$3.43
GS-25K	\$3.43
GS-120K	\$3.43
GS-1250K	\$3.43
GS-11M	\$3.43
GS-25M	\$3.43
Gas Lighting	\$1.84

See Attachment C, Schedule 6.

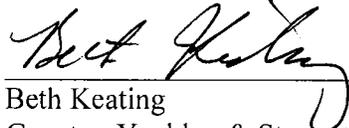
20. FCG's calculation of the 2021 SAFE Program surcharge factors are consistent with the methodology and requirements of the Commission's *SAFE Order* and FCG's SAFE Tariff. FCG, therefore, asks that they be approved and become effective January 1, 2021 until otherwise modified by Commission order.

21. 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 January 1, 2021 effective date. In addition, an updated rate schedule will be made available online at: FloridaCityGas.com/rates-and-tariff.

22. Attachment D to this Petition provides the Company's revised tariff pages in clean and legislative format, reflecting its proposed SAFE Program surcharge factors for 2021. 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 application to bills beginning the first billing cycle in January 2021 through the last billing cycle December 2021 and continuing until modified by subsequent order of this Commission, as set forth herein and the Attachments hereto.

Respectfully submitted this 1st day of September, 2020,



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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	37.8	134.3	134.3	1183	5593	5593
2020	45.3	89.0	89.0	1066	4527	4527
2021	26.1	62.9	62.9	1415	3112	3112
2022	19.2	43.7	43.7	1017	2095	2095
2023	19.0	24.7	24.7	1008	1087	1087
2024	18.7	6.0	6.0	995	92	92
2025	6.0	0.0	0.0	92	0	0

ATTACHMENT B

Description of the SAFE Program Projects undertaken by
FCG in 2020 and forecasted for 2021

ATTACHMENT B
Florida City Gas
SAFE Program
General Overview of Florida City Gas Replacement Projects for 2020 and 2021

A general overview of the actual and projected SAFE replacement projects undertaken or to be undertaken by Florida City Gas during 2020 is provided below, and includes the following projects:

1. The Miami SAFE Area 23 project is located in the City of Miami Gardens, FL. The project began in 2019 and was completed in 2020. The project included the installation of 22,859 feet of mains and 227 services in 2019. The Miami SAFE 23 project retired 26,378 feet of rear easement mains in 2020.
2. The Miami SAFE Area 28 project is located in the City of Miami Gardens, FL. This project began in 2019 and was completed in 2020. The project included the installation of 22,970 feet of mains and 216 services in 2019. The Miami SAFE 28 project retired 25,615 feet of rear easement mains in 2020.
3. The Miami SAFE Area 26 project is located in unincorporated Miami-Dade County, FL, in the Westchester neighborhood. The project began 2019 and will be completed in 2020. The project includes the installation of 36,073 feet of mains and 293 services installed in 2020. The Miami SAFE 26 project is forecasted to retire 33,136 feet of rear easement mains by year-end 2020.
4. The Miami SAFE 25 project is located in unincorporated Miami-Dade County, FL, in the Westchester neighborhood. The project began in 2019 and was completed in 2020. The project included the installation of 26,529 feet of mains and 289 services. The Miami SAFE 25 project is forecasted to retire 31,643 feet of rear easement mains by year-end 2020.
5. The Miami SAFE 31 project is located in unincorporated Miami-Dade County, FL, in the Westchester neighborhood. It is forecasted that by year-end 2020, the project will provide the installation of 36,019 feet of mains and 313 services. The Miami SAFE 31 project is forecasted to retire 35,621 feet of rear easement main by year-end 2020.
6. The Miami SAFE 27 project will be located in the City of Miami Gardens, FL. It is forecasted that by year-end 2020, the project will provide the installation of 17,271 feet of mains and 98 services. The Miami SAFE 27 project is forecasted to retire 23,206 feet of rear easement mains by year-end 2021.
7. The Miami SAFE 29 project will be located in the City of Miami Gardens, FL. It is forecasted that by year-end 2020, the project will provide the installation of 28,875 feet of mains and 100 services. The Miami SAFE 27 project is forecasted to retire 28,448 feet of rear easement mains by year-end 2021.

8. The PSL SAFE 2 project is located in Port Saint Lucie County, FL. It is forecasted that by year-end 2020, the project will provide the installation of 33,898 feet of mains and 238 services. The PSL SAFE 2 project is forecasted to retire 50,036 feet of rear easement mains by year-end 2021.
9. The PSL SAFE 3 Phase 1 project will be located in Port Saint Lucie County, FL. It is forecasted that by year-end 2020, the project will provide the installation of 6,309 feet of mains and 24 services. The PSL SAFE 3 Phase 1 project is forecasted to retire 5,520 feet of rear easement mains by year-end 2020.

A general overview of the projected SAFE replacement projects to be undertaken by Florida City Gas during 2021 is provided below:

1. The Miami SAFE 30 project will be located in the City of Miami Gardens, FL. It is forecasted that by year-end 2021, the project will provide the installation of 23,665 feet of mains and 187 services. The Miami SAFE 30 project is forecasted to retire 27,040 feet of rear easement mains by year-end 2021.
2. The Miami SAFE 32 project will be located in unincorporated Miami-Dade County, FL. It is forecasted that by year-end 2021, the project will provide the installation of 27,278 feet of mains and 318 services. The Miami SAFE 32 project is forecasted to retire 35,883 feet of rear easement mains by year-end 2021.
3. The Miami SAFE 33 project will be located in the City of Hialeah, FL. It is forecasted that by year-end 2021, the project will provide the installation of 17,853 feet of mains and 75 services. The Miami SAFE 33 project is forecasted to retire 13,230 feet of rear easement mains by year-end 2021.
4. The Miami SAFE 34 project will be located in the City of Miramar, FL. It is forecasted that by year-end 2021, the project will provide the installation of 24,176 feet of mains and 378 services. The Miami SAFE 34 project is forecasted to retire 24,900 feet of rear easement mains by year-end 2021.
5. The Miami SAFE 35 project will be located in the City of North Miami, FL. It is forecasted that by year-end 2021, the project will provide the installation of 18,800 feet of mains and 214 services. The Miami SAFE 35 project is forecasted to retire 19,320 feet of rear easement mains by year-end 2021.
6. The PSL SAFE 3 Phase 2 project will be located in Port Saint Lucie County, FL. It is forecasted that by year-end 2021, the project will provide the installation of 17,000 feet of mains and 214 services. The PSL SAFE 3 Phase 2 project is forecasted to retire 16,959 feet of rear easement mains by year-end 2021.

ATTACHMENT C

SAFE Schedules 1 through 7

Florida City Gas
Attachment C, Schedule 2 - SAFE Program Revenue Requirement
January 2020 through December 2020

Line	Description	Beginning of Period	Actuals		Actuals		Actuals		Actuals		Actuals		Estimated	Estimated	Estimated	Estimated	Estimated	Estimated
		Amount	January-20	February-20	March-20	April-20	May-20	June-20	July-20	August-20	September-20	October-20	November-20	December-20	End of Period Total			
1.	Investments																	
a.	Eligible Replacements - Mains	3,792,886	5,083,492	613,832	1,854,565	355,179	309,473	306,904	398,881	803,267	386,373	236,277	136,674	42,925	14,320,729			
b.	Eligible Replacements - Services, Plastic	506,819	901,918	10,158	99,693	4,563	1,056	(4,278)	377,514	250,548	246,266	152,943	18,858	2,566,058				
c.	Eligible Replacements - Services, Steel	690	-	-	-	-	-	-	-	-	-	-	-	690				
d.	Eligible Replacements - Meters	73,861	245,802	941	19,850	879	203	(1,085)	-	-	-	-	-	340,451				
e.	Land Rights	-	-	-	-	-	-	-	-	-	-	-	-	-				
		4,374,256	6,231,212	624,931	1,974,109	360,621	310,731	301,542	776,395	1,053,815	632,639	389,220	155,532	42,925	17,227,927			
2.a	Gross Plant-in-Service/Depreciation Base - Mains	3,792,886	8,876,378	9,490,210	11,344,775	11,699,954	12,009,427	12,316,332	12,715,213	13,518,480	13,904,853	14,141,130	14,277,804	14,320,729	14,320,729			
2.b	Gross Plant-in-Service/Depreciation Base - Services, Plastic	506,819	1,408,736	1,418,894	1,518,587	1,523,151	1,524,206	1,519,929	1,897,443	2,147,991	2,194,257	2,547,200	2,566,058	2,566,058	2,566,058			
2.c	Gross Plant-in-Service/Depreciation Base - Services, Steel	690	690	690	690	690	690	690	690	690	690	690	690	690	690			
2.d	Gross Plant-in-Service/Depreciation Base - Meters	73,861	319,663	370,604	340,454	341,333	341,536	340,451	340,451	340,451	340,451	340,451	340,451	340,451	340,451			
2.e	Gross Plant-in-Service/Land Rights	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
3.	Less: Accumulated Depreciation	(87,307)	(103,623)	(127,376)	(153,870)	(182,828)	(212,488)	(242,784)	(274,207)	(307,548)	(342,653)	(378,829)	(415,576)	(452,530)	(452,530)			
4.	CWIP - Noninterest Bearing	5,994,044	417,890	372,824	333,983	331,540	456,363	630,555	388,197	526,908	316,319	196,610	72,766	21,463	21,463			
5.	Net Book Value (Lines 2 + 3 + 4)	10,280,903	10,919,734	11,475,846	13,384,620	13,713,840	14,119,734	14,565,172	15,067,786	16,226,972	16,613,916	16,845,251	16,847,152	16,796,860	16,796,860			
6.	Average Net Investment		10,600,319	11,197,790	12,430,233	13,549,230	13,916,787	14,342,453	14,816,479	15,647,379	16,420,444	16,729,584	16,846,221	16,822,026				
7.	Return on Average Net Investment																	
a.	Equity component Grossed up for taxes - reduced for tax reform (A)		49,094	51,861	57,569	62,751	64,454	66,425	68,620	72,469	76,049	77,481	78,021	77,909				
b.	Debt component (B)		14,401	15,213	16,887	18,407	18,907	19,485	20,129	21,258	22,308	22,728	22,886	22,854				
8.	Investment Expenses																	
a.	Depreciation (C)		16,226	23,753	26,494	28,959	29,660	30,296	31,423	33,340	35,105	36,176	36,747	36,954				
b.	Amortization		-	-	-	-	-	-	-	-	-	-	-	-				
c.	Property Taxes (D)		6,625	6,999	7,769	8,468	8,698	8,964	9,260	9,780	10,263	10,456	10,529	10,514				
d.	Other		-	-	-	-	-	-	-	-	-	-	-	-				
9.	Revenue Requirements (Lines 7 + 8)		86,346	97,826	108,718	118,585	121,718	125,170	129,433	136,846	143,725	146,841	148,183	148,230				
10.	Collections		(121,842)	(109,005)	(124,002)	(120,910)	(117,201)	(124,992)	(119,451)	(119,451)	(119,451)	(119,451)	(119,451)	(119,451)	(1,434,656)			
11.	Estimated Net under(over) collection booked		(56,549)	(17,404)	(15,863)	691	9,453	4,580	9,987	17,395	24,274	27,390	28,732	28,779				
12.	Actual Net under(over) collection (Lines 9 + 10)		(35,495)	(11,179)	(15,283)	(2,325)	4,517	178	9,982	17,395	24,274	27,390	28,732	28,779				
13.	True-Up (Lines 12 - 11)		21,054	6,225	580	(3,016)	(4,936)	(4,402)	-	-	-	-	-	-				
14.	Cumulative Net under(over) collection		(268,079)	(264,746)	(274,729)	(273,843)	(267,649)	(268,042)	(262,486)	(245,114)	(220,862)	(193,493)	(164,779)	(136,016)	(136,016)			
15.	Interest		(318)	(344)	(385)	(244)	(37)	(23)	(23)	(22)	(20)	(18)	(16)	(13)	(1,464)			
16.	Cumulative Net under(over) collection (Lines 14 + 15)		(211,530)	(268,396)	(265,091)	(275,114)	(274,087)	(267,687)	(268,066)	(262,509)	(245,136)	(220,883)	(193,511)	(164,795)	(136,029)	(136,029)		

Notes:

(A)	Line 7a x 5.5576% x 1/12. Based on RoE of 10.19%, and weighted income tax rate of 24.523%, expansion factor of 1.34930	5.5576%
(B)	Line 7b x 1.6303% x 1/12	1.6303%
(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 .75%	0.75%

Florida City Gas
Attachment C, Schedule 3.1 - Cost of Capital and Ad Valorem Tax Rate
January 2020 through December 2020

AVERAGE	RATIO (%)	Midpoint		Revenue Expansion Factor	Cost of Equity
		COST RATE (%)	WEIGHTED COST (%)		
DIVISIONAL CAPITAL	40.42%	10.19%	4.1189%	1.34930	5.5576%
LONG TERM DEBT	42.86%	3.72%	1.5958%	Weighted Average Cost of Debt 1.6303%	
SHORT TERM DEBT	0.93%	1.13%	0.0105%		
PREFERRED STOCK	0.00%	0.00%	0.0000%		
CUSTOMER DEPOSITS	0.82%	2.74%	0.0240%		
TAX CREDITS - ZERO COST	0.00%	0.00%	0.0000%		
TAX CREDITS - WEIGHTED COST	0.00%	0.00%	0.0000%		
ACC DEF INC TAXES-ZERO COST	14.92%	0.00%	0.0000%		
TOTAL	100.00%		5.75%		

2018: 427201 Gen Tax Expense-Property Tax: 5 1,803,961

2017 YE: Plant In Service Net of Goodwill: 5 241,206,106

Applicable Ad Valorem Tax Rate: 0.75%

2020 Actual / Estimated Clause/Filing

2019 YE Surveillance (13-month average) at ROE % midpoint and adjusted to 48% Equity Ratio										
	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	141,914,189	141,914,189	(9,144,034)	-	132,770,156	40.28%	133,244,131	40.42%	10.19%	4.12%
Long Term Debt	151,497,458	151,497,458	(9,761,518)	-	141,735,940	43.00%	141,272,065	42.86%	3.72%	1.60%
Short Term Debt	3,298,368	3,298,368	(212,526)	-	3,085,843	0.94%	3,075,743	0.93%	1.13%	0.01%
Cust Dep Active	3,080,323	3,080,323	(198,476)	-	2,881,847	0.87%	2,881,847	0.87%	2.74%	0.02%
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	52,519,376	52,519,376	(3,284,009)	-	49,135,367	14.91%	49,135,367	14.91%	0.00%	0.00%
Total	352,309,715	352,309,715	(22,700,562)	-	329,609,153	100.00%	329,609,153	100.00%	5.75%	7.19%

2019 YE Surveillance with ADFIT Consistency and Proration Adjustments adjusted to 48% Equity Ratio												
	System Per Sys Per Book	Consistency & Proration Adj.	System Per Books Adj'd	Retail Per Books	Pro Rata Adj	Specific Adj	Adjusted Retail	Cap Ratio	Reallocation to 48% Equity Ratio	Revised Cap Ratio	Cost Rate	Weighted Cost
Common Equity	141,914,189	(13,903)	141,900,287	141,900,286.53	(9,143,138)	-	132,757,149	40.28%	133,231,077	40.42%	10.19%	4.12%
Long Term Debt	151,497,458	(14,842)	151,482,616	151,482,616	(9,760,561)	-	141,722,055	43.00%	141,258,225	42.86%	3.72%	1.60%
Short Term Debt	3,298,368	(233)	3,298,045	3,298,045	(717,505)	-	3,085,541	0.94%	3,075,442	0.93%	1.13%	0.01%
Cust Dep Active	3,080,323	(302)	3,080,021	3,080,021	(198,457)	-	2,881,564	0.87%	2,881,564	0.87%	2.74%	0.02%
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	52,519,376	29,369	52,548,746	52,548,745.75	(3,385,902)	-	49,162,844	14.91%	49,162,844	14.92%	0.00%	0.00%
Total	352,309,715	-	352,309,715	352,309,715	(22,700,562)	-	329,609,153	100.00%	329,609,153	100.00%	5.75%	7.19%

Proration Adjustment and Consistency Adjustment to Reflect Projected ADFIT Consistent with Actual/Estimated Year									
Month	ADIT Bal	Deprec-Related ADFIT Bal	Original Projected ADFIT Bal	Actual/Projected Deprec-Related ADFIT Activity	Original Projected Deprec-Related ADFIT Activity	Variance	Revised ADFIT Balance		
Actual Dec-19	54,060,268	54,060,268	50,204,098	-	-	-	54,060,268		
Actual Jan-20	54,147,752	54,147,752	50,169,766	87,484	(34,332)	121,816	54,187,084		
Actual Feb-20	54,232,245	54,232,245	50,131,932	84,493	(37,834)	122,327	54,304,411		
Actual Mar-20	54,312,806	54,312,806	50,090,596	80,561	(41,336)	121,897	54,426,308		
Actual Apr-20	54,391,387	54,391,387	50,045,757	78,581	(44,839)	123,420	54,549,728		
Actual May-20	54,423,570	54,423,570	49,997,416	32,183	(48,341)	80,524	54,630,252		
projected Jun-20	54,428,146	54,428,146	49,945,573	4,575	(51,843)	56,419	54,686,670		
projected Jul-20	54,430,466	54,430,466	49,890,228	2,370	(55,345)	57,666	54,744,336		
projected Aug-20	54,430,310	54,430,310	49,831,380	(156)	(58,848)	58,692	54,803,028		
projected Sep-20	54,424,976	54,424,976	49,769,030	(5,333)	(62,350)	57,016	54,860,044		
projected Oct-20	54,417,437	54,417,437	49,703,178	(7,538)	(65,852)	58,313	54,918,357		
projected Nov-20	54,407,894	54,407,894	49,633,824	(9,543)	(69,354)	59,811	54,978,168		
projected Dec-20	54,393,886	54,393,886	49,536,467	(14,007)	(72,357)	63,350	55,061,518		
	54,346,242	54,346,242	49,919,173	333,618	(667,631)	1,001,249	54,631,167		
Revised 13-Month Average 2020 ADIT Balance				54,631,167					
Original Amount of 2020 Projected Prorated ADFIT				(255,556)					
Revised 2020 Actual/Estimated Allowable ADIT				54,375,611					
2020 Actual/Estimated Allowable ADIT				54,346,242					
Proration Adjustment for 2020 Actual/Estimated True-Up				29,369					

Investor Sources	equity ratio cap @48%				
Common Equity	132,770,156	47.83%	\$ 133,244,130.69	48.00%	TRUE
Long Term Debt	141,735,940	51.06%	\$ 141,272,064.82	50.89%	TRUE
Short Term Debt	3,085,843	1.11%	\$ 3,075,743.43	1.11%	TRUE
Total	277,591,939	100.00%	\$ 277,591,938.94	100%	

Investor Sources	equity ratio cap @48%				
Common Equity	132,757,149	47.83%	\$ 133,231,077.25	48.00%	TRUE
Long Term Debt	141,722,055	51.06%	\$ 141,258,224.90	50.89%	TRUE
Short Term Debt	3,085,541	1.11%	\$ 3,075,442.11	1.11%	TRUE
Total	277,564,744	100.00%	\$ 277,564,744.26	100.00%	

Florida City Gas
Attachment C, Schedule 3.2 - Cost of Capital and Ad Valorem Tax Rate for Jan - Dec 2020
From: Calculation Below for Capital Structure. Cost of debt components - Dec. 2019 Surveillance Report Sch. 4 - adjusted for 48% Equity Ratio
January 2020 through December 2020

	System Per Sys Per Book	Consistency & Proration Adj.	System Per Books Adj'd	Retail Per Books	Pro Rata Adj	Specific Adj	Adjusted Retail	Cap Ratio	Reallocation to 48% Equity Ratio	Revised Cap Ratio	Cost Rate	Weighted Cost
Common Equity	141,914,189	(13,903)	141,900,287	141,900,287	(9,143,138)	-	132,757,149	40.28%	133,231,077	40.42%	10.19%	4.12%
Long Term Debt	151,497,458	(14,842)	151,482,616	151,482,616	(9,760,561)	-	141,722,055	43.00%	141,258,225	42.86%	3.72%	1.60%
Short Term Debt	3,298,368	(323)	3,298,045	3,298,045	(212,505)	-	3,085,541	0.94%	3,075,442	0.93%	1.13%	0.01%
Cust Dep Active	3,080,323	(302)	3,080,021	3,080,021	(198,457)	-	2,881,564	0.87%	2,881,564	0.87%	2.74%	0.02%
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	52,519,376	29,369	52,548,746	52,548,746	(3,385,902)	-	49,162,844	14.92%	49,162,844	14.92%	0.00%	0.00%
Total	352,309,715	-	352,309,715	352,309,715	(22,700,562)	-	329,609,153	100.00%	329,609,153	100.00%		5.75%

Florida City Gas
Attachment C, Schedule 3.3 - Calculation of Interest Provision
January 2020 through December 2020

2020 Interest Calculation	January	February	March	April	May	June	July	August	September	October	November	December	Total
1. Beginning True-up Amount	(211,530)	(268,396)	(265,091)	(275,114)	(274,087)	(267,687)	(268,066)	(262,509)	(245,136)	(220,883)	(193,511)	(164,795)	(136,029)
2. Ending True-up Amount Before Interest	(268,079)	(264,746)	(274,729)	(273,843)	(267,649)	(268,042)	(262,486)	(245,114)	(220,862)	(193,493)	(164,779)	(136,016)	(136,029)
3. Total of Beginning & Ending True-up	(479,608)	(533,143)	(539,820)	(548,957)	(541,736)	(535,729)	(530,552)	(507,623)	(465,998)	(414,375)	(358,290)	(300,811)	(272,058)
4. Average True-up Amount (50% of Line 3)	(239,804)	(266,571)	(269,910)	(274,478)	(270,868)	(267,864)	(265,276)	(253,812)	(232,999)	(207,188)	(179,145)	(150,405)	(136,029)
5. Interest Rate-First day of reporting business month	1.59%	1.59%	1.51%	1.91%	0.22%	0.11%	0.11%	0.11%	0.11%	0.11%	0.11%	0.11%	0.11%
6. Interest Rate-First day of subsequent business month	1.59%	1.51%	1.91%	0.22%	0.11%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
7. Total (Line 5 & 6)	3.18%	3.10%	3.42%	2.13%	0.33%	0.21%	0.21%	0.21%	0.21%	0.21%	0.21%	0.21%	0.00%
8. Average Interest Rate (50 % of Line 7)	1.59%	1.55%	1.71%	1.07%	0.17%	0.11%	0.11%	0.11%	0.11%	0.11%	0.11%	0.11%	0.00%
9. Monthly Average Interest Rate (Line 8/12)	0.133%	0.129%	0.143%	0.089%	0.014%	0.009%	0.009%	0.009%	0.009%	0.009%	0.009%	0.009%	0.000%
10. Interest Provision for the month (Line 4 *Line 9)	(318)	(344)	(385)	(244)	(37)	(23)	(23)	(22)	(20)	(18)	(16)	(13)	

Totals may not match Revenue Req due to rounding

Plymouth City Gas
Attachment C, Schedule 4 - SAFE Program Revenue Requirement
January 2021 through December 2021

Line	Description	Beginning of Period Amount	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	End of Period Total
			January-21	February-21	March-21	April-21	May-21	June-21	July-21	August-21	September-21	October-21	November-21	December-21
1.	Investments													
a.	Eligible Replacements - Main	14,320,729	367,620	893,596	1,076,600	378,214	308,267	1,618,612	1,618,213	702,423	368,636	179,025	182,820	71,168
b.	Eligible Replacements - Services, Plastic	2,586,058	357,244	77,940	498,508	631,020	543,652	335,362	519,533	367,601	386,774	241,367	198,012	6,714,682
c.	Eligible Replacements - Services, Steel	690												
d.	Eligible Replacements - Meters	340,451												340,451
e.	Land Rights													
		17,227,257	524,874	1,071,536	1,575,108	1,009,235	947,688	3,254,274	3,252,725	1,270,025	697,431	476,612	378,832	71,168
2.a	Gross Plant-in-Service/Depreciation Base - Main	14,320,729	14,688,358	15,681,955	16,758,555	17,138,769	17,535,526	18,554,437	19,131,380	20,275,403	20,544,238	20,763,264	20,946,684	21,017,252
2.b	Gross Plant-in-Service/Depreciation Base - Services, Plastic	2,586,058	2,732,302	2,801,242	3,299,739	3,330,751	4,474,021	4,809,905	5,320,497	5,486,090	6,176,484	6,518,420	6,714,682	6,714,682
2.c	Gross Plant-in-Service/Depreciation Base - Services, Steel	690	690	690	690	690	690	690	690	690	690	690	690	690
2.d	Gross Plant-in-Service/Depreciation Base - Meters	340,451	340,451	340,451	340,451	340,451	340,451	340,451	340,451	340,451	340,451	340,451	340,451	340,451
3.	Accumulated Depreciation and Rights	(82,130)	(109,673)	(139,910)	(171,520)	(197,341)	(224,079)	(248,640)	(272,419)	(298,853)	(326,757)	(345,344)	(365,126)	(384,856)
4.	CVIP - Noninterest Bearing	21,483	252,437	538,748	782,554	1,044,407	1,411,411	1,844,012	2,337,032	2,881,000	3,484,213	4,147,628	4,871,318	5,658,584
5.	Net Book Value (Lines 2 + 3 + 4)	16,796,860	17,574,611	18,879,346	20,012,410	21,392,924	22,354,004	23,664,012	25,227,032	26,311,000	26,662,213	26,887,628	27,025,829	27,253,680
6.	Average Net Investment		17,180,735	18,176,878	19,770,778	20,952,667	21,723,709	22,989,263	24,445,638	25,769,019	26,487,609	26,775,937	27,036,813	27,116,800
7.	Return on Average Net Investment													
a.	Equity component (Grossed up for taxes-reduced for tax reform (A))		78,485	84,392	91,343	97,049	100,630	106,111	113,322	119,357	124,655	124,621	125,229	125,590
b.	Debt component (B)		23,316	24,697	26,794	28,468	29,516	31,116	33,214	35,012	36,588	36,380	36,734	36,640
8.	Investment Expenses													
a.	Appreciation (C)													
b.	Depreciation (D)													
c.	Property Taxes (E)													
d.	Other													
9.	Revenue Requirements (Lines 7 + 8)		166,837	176,695	191,575	202,340	210,707	222,433	232,161	240,255	246,617	250,659	252,412	263,145
10.	Collections		(213,658.45)	(213,658)	(213,658)	(213,658)	(213,658)	(213,658)	(213,658)	(213,658)	(213,658)	(213,658)	(213,658)	(213,658)
11.	Net under/(over) collection		(46,821)	(36,964)	(22,083)	(10,748)	(2,852)	8,775	23,693	36,096	42,953	46,000	48,753	49,487
11 a.	Cumulative Net under/(over) collection		(46,821)	(83,785)	(105,868)	(116,616)	(118,764)	(110,989)	(97,291)	(71,195)	(48,242)	(22,242)	(1,489)	(0)
12.	Interest													
13.	Cumulative Net under/(over) SAFE Clause		(136,029)	(182,851)	(219,814)	(241,898)	(252,616)	(255,566)	(252,616)	(241,898)	(219,814)	(182,851)	(136,029)	(0)

Jan 2021 - Dec 2021

Under/(Over) Collections of 2020
2021 Revenue Requirement
Total

1,004%
2.50%
2.70%
6.10%
1.81%

Under/(Over) Collections of 2020
2021 Revenue Requirement
Total

Notes:

(A) Line 6 is 5.5583% x 1/12, based on ROE of 10.19%, and weighted income tax rate of 24.327%, expansion factor of 1.34930. See Attachment C, Schedule 5.1.

(B) Line 6 is 1.004% x 1/12. See Attachment C, Schedule 5.1.

(C-1) Applicable Meters depreciation rate is 2.5%.

(C-2) Applicable Services, Plastic depreciation rate is 2.54%.

(C-3) Applicable Services, Steel depreciation rate is 2.70%.

(C-4) Applicable Meters depreciation rate is 6.10%.

(D) Ad Valorem Tax Rate is 1.81%.

Florida City Gas
Attachment C, Schedule 5.2 - Cost of Capital and Ad Valorem Tax Rate for 2021
January 2021 through December 2021
2019 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	141,914,189	-	141,914,189	141,914,189	(9,144,034)	-	132,770,156	40.28%	133,244,131	40.42%	10.19%	4.12%
Long Term Debt	151,497,458	-	151,497,458	151,497,458	(9,761,518)	-	141,735,940	43.00%	141,272,065	42.86%	3.72%	1.60%
Short Term Debt	3,298,368	-	3,298,368	3,298,368	(212,526)	-	3,085,843	0.94%	3,075,743	0.93%	1.13%	0.01%
Cust Dep Active	3,080,323	-	3,080,323	3,080,323	(198,476)	-	2,881,847	0.87%	2,881,847	0.87%	2.74%	0.02%
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	52,519,376	-	52,519,376	52,519,376	(3,384,009)	-	49,135,367	14.91%	49,135,367	14.91%	0.00%	0.00%
Total	352,309,715	-	352,309,715	352,309,715	(22,700,562)	-	329,609,153	100.00%	329,609,153	100.00%		5.75%

Florida City Gas
Attachment C, Schedule 6 - 2021 SAFE Program Rates
January 2021 through December 2021

Class	Percentage Allocation to Customer Class	Revenue to be collected From Rate Class	Total Annual Billing Units (1)	Monthly Customer Surcharge
RS-1	34.29%	\$ 879,112	477,680	\$ 1.84
RS-100	55.43%	\$ 1,421,227	772,247	\$ 1.84
RS-600	1.00%	\$ 25,746	13,989	\$ 1.84
GS-1	4.68%	\$ 119,958	65,181	\$ 1.84
GS-6K	3.78%	\$ 96,946	28,237	\$ 3.43
GS-25K	0.63%	\$ 16,233	4,728	\$ 3.43
GS-120K	0.16%	\$ 4,019	1,171	\$ 3.43
GS-1250K	0.01%	\$ 247	72	\$ 3.43
GS-11M	0.00%	\$ 41	12	\$ 3.43
GS-25M	0.00%	\$ 41	12	\$ 3.43
Gas Lighting	0.01%	\$ 331.27	180	\$ 1.84
Total	100%	\$ 2,563,901		
2021 Revenue Requirement		\$ 2,699,930		
2020 Projected Over-Recovery		\$ (136,029)		

Note:

(1) - billing units for 12 months ending December 2021

Florida City Gas
Attachment C, Schedule 7 - Pipe Allocated to all Customers
January 2021 through December 2021

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	477,680	25,411,693.12		\$ 25,411,693	34.3%
RS-100	772,247	41,082,123.90		\$ 41,082,124	55.4%
RS-600	13,989	744,213.06		\$ 744,213	1.0%
GS-1	65,181	3,467,514.97		\$ 3,467,515	4.7%
GS-6K	28,237	1,502,143.46	\$1,300,195.00	\$ 2,802,338	3.8%
GS-25K	4,728	251,521.06	\$217,706.52	\$ 469,228	0.6%
GS-120K	1,171	62,272.53	\$53,900.60	\$ 116,173	0.2%
GS-1250K	72	3,830.27	\$3,315.33	\$ 7,146	0.0%
GS-11M	12	638.38	\$552.55	\$ 1,191	0.00161%
GS-25M	12	638.38	\$552.55	\$ 1,191	0.00161%
Gas Lighting	180	9,575.67		\$ 9,576	0.0%
Total	1,363,508	72,536,165	\$1,576,223	\$ 74,112,387	100.0%

ATTACHMENT D

Revised SAFE Tariff
Volume No. 10, Third Revised Sheets Nos.
78 and 79 (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 balance from the most recent year-end surveillance report and the ROE and equity ratio cap from the most recent 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, 2021 through December 31, 2021 are:

<u>Rate Class</u>	<u>Rates Per Customer</u>
Rate Schedule RS-1	\$1.84
Rate Schedule RS-100	\$1.84
Rate Schedule RS-600	\$1.84
Rate Schedule GS-1	\$1.84
Rate Schedule GS-6K	\$3.43
Rate Schedule GS-25K	\$3.43
Rate Schedule GS-120K	\$3.43
Rate Schedule GS-1,250K	\$3.43
Rate Schedule GS-11M	\$3.43
Rate Schedule GS-25M	\$3.43
Rate Schedule GL	\$1.84
Rate Schedule RSG	N/A
Rate Schedule CSG	N/A

Issued by: Kurt Howard
General Manager, Florida City Gas

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 following:
 - a.) Equity balance from the most recent year-end surveillance report and the ROE and equity ratio cap from the most recent rate case~~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, ~~2020-2021~~ through December 31, ~~2020-2021~~ are:

<u>Rate Class</u>	<u>Rates Per Customer</u>
Rate Schedule RS-1	\$1.0584
Rate Schedule RS-100	\$1.0584
Rate Schedule RS-600	\$1.0584
Rate Schedule GS-1	\$1.0584
Rate Schedule GS-6K	\$1.963.43
Rate Schedule GS-25K	\$1.963.43
Rate Schedule GS-120K	\$1.963.43
Rate Schedule GS-1,250K	\$1.963.43
Rate Schedule GS-11M	\$-3.43
Rate Schedule GS-25M	\$-3.43
Rate Schedule GL	\$1.0584
Rate Schedule RSG	N/A
Rate Schedule CSG	N/A

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 2021 Surcharge Factors, along with Attachments A through D, has been furnished by Electronic Mail to the following this 1st day of September 2020:

Kurt Schrader, Esquire Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399 kschrade@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
Kurt Howard Sr. Director and General Manager Florida City Gas 700 Universe Boulevard Juno Beach, FL 33408 KURT.HOWARD@nexteraenergy.com	



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