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April 19, 2024

**BY E-PORTAL**

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

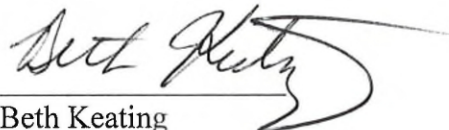
**[New Filing]- Petition of Florida City Gas for Approval of Modifications to Safety, Access, and Facility Enhancement Program (SAFE).**

Dear Mr. Teitzman:

Attached for filing, please find the Petition of Florida City Gas for Approval of Modifications to its Safety, Access, and Facility Enhancement Program (SAFE).

As always, 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

ENCL

CC:// Certificate of Service

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Florida City Gas for Approval of Modifications to Safety, Access, and Facility Enhancement Program (SAFE). DOCKET NO.

DATED: April 19, 2024

**PETITION OF FLORIDA CITY GAS FOR APPROVAL OF SAFETY, ACCESS, AND FACILITY ENHANCEMENT PROGRAM MODIFICATIONS**

Florida City Gas (“FCG” or “Company”), by and through its undersigned counsel, hereby files this Petition, pursuant to Sections 366.04, 366.041, 366.05, and 366.06, Florida Statutes, seeking approval from the Florida Public Service Commission (“FPSC” or “Commission”) to modify its Safety, Access, and Facility Enhancement program, or “SAFE” program. Florida Public Utilities Company (“FPUC”), which is now an affiliate of FCG, has a similar program, and FCG seeks to modify SAFE to more closely align SAFE with FPUC’s Gas Utility Access and Replacement Directive, or “GUARD” program, which was approved by the Commission in Docket 20230029-GU.<sup>1</sup> FCG is proposing that its SAFE program be modified to include projects related to problematic pipe and facilities consisting of Obsolete, Span, and Exposed Pipe and related facilities. Approval of the requested SAFE program modifications will enable FCG to accelerate the remediation of these issues that the Company has identified as potentially impacting the safety and reliability of service to its customers, as well as the public in general.

In support of this request, the Company hereby states:

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<sup>1</sup> Order No. PSC-2023-0235-PAA-GU, issued August 15, 2023, in Docket No. 20230029-GU, Amendatory Order No. PSC-2023-0235A-PAA-GU; and Consummating Order No. PSC-2023-0282-CO-GU, approving the 10-year GUARD program with the following components: (1) replacement of problematic pipes, and (2) relocation of mains and facilities from rear lot to front lot easements, to be implemented as an annual surcharge mechanism starting on January 1, 2024.

1) FCG is a natural gas utility subject to the Commission's jurisdiction under Chapter 366, Florida Statutes. Its principal business address is:

208 Wildlight Avenue  
Yulee, FL 32097

2) The name and mailing address of the persons authorized to receive notices are:

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215 South Monroe St., Suite 601  
Tallahassee, FL 32301  
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Miguel Bustos  
Florida City Gas  
208 Wildlight Avenue  
Yulee, FL 32097  
Mbustos@chpk.com

3) By this petition, the Company seeks the Commission's approval to modify the SAFE program and cost recovery mechanism to allow the Company to expedite the replacement of problematic pipe. The primary goals of FCG's proposal is to address known safety issues and to align its replacement program with FPUC's GUARD.

4) The Commission is vested with jurisdiction in this matter in accordance with Sections 366.04, 366.041, 366.05, and 366.06, Florida Statutes, pursuant to which the Commission is authorized to establish rates and charges for public utilities, including the relief requested herein, and to consider, among other things, the adequacy of facilities, as well as the utility's ability to improve such facilities. Likewise, in accordance with Section 368.05(2), Florida Statutes, the Commission has the authority to require improvements to natural gas distribution systems as may be necessary to promote the protection of the public.

**I. BACKGROUND**

5) By Order No. PSC-2023-0177-FOF-GU, issued June 9, 2023 (“Rate Order”), the Commission addressed FCG’s rate increase request, which included certain proposed changes to the SAFE program. The Rate Order memorialized a stipulation approved at hearing which allowed the expansion of mains and services covered by SAFE, as well as the inclusion of “Orange Pipe,” which is a type of older plastic pipe that has a higher failure rate and is more challenging for first responders to handle.<sup>2</sup> Specifically, the Rate Order approved extension of the SAFE program beyond its original 2025 expiration date and inclusion of (1) approximately 150 miles of additional mains and services and (2) approximately 160 miles and 8,059 associated services of early vintage Orange Pipe. The prioritization of the SAFE Relocation and Replacement projects was determined by the Company’s risk assessment model, the Distribution, Integrity, and Management Program (DIMP).

6) During a recent assessment of the DIMP, the Company identified additional safety risks that were not covered in the recently expanded program, which include system segments that are composed of problematic pipe and equipment and should be replaced. While the Company’s systems are currently safe, as they have always been, further expansion of the SAFE program will enable the Company to address these additional infrastructure issues on an expedited basis, thereby reducing or eliminating unnecessary risk to the public.

7) In order to help determine specifically which facilities should be included in the program, the Company is utilizing an outside contractor to facilitate a review of its natural gas facilities. To complete this review, the contractor is conducting a data analysis and risk assessment and is completing a risk ranking model of the Company’s system for the new project categories. The

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<sup>2</sup> Rate Order at p. 72.

contractor is using records provided by the Company and is working with its subject matter experts in this review. Through this evaluation, the contractor will be able to produce a recommendation and prioritization of facilities that need to be replaced based on the likelihood and consequence of failure that fall under the problematic category. The contractor's recommendations will inform the Company's evaluation of projects for completion in the SAFE program on an annual basis. The Company expects the contractor to complete the assessment before the next SAFE true up filing in September 2024. Projects that pose the highest risk are expected to be prioritized earlier in the program life.

8) Approval of the requested modifications to the SAFE program will enable FCG to expedite the replacement of these facilities and recover the costs in a manner that is not unduly burdensome to customers. The Company therefore asks that the Commission approve the SAFE program modifications as further described herein.

## **II.**

### **SAFE PROGRAM MODIFICATIONS**

9) As a result of the passage of time, changes in the natural environment, and updated industry standards, certain previously unidentified bare steel mains, steel tubing, span pipe, shallow and exposed pipe, and other obsolete pipe and facilities have become suspect and potentially problematic. As reflected in Order No. PSC-2023-0235-PAA-GU, at page 4, these types of facilities are included in FPUC's GUARD program. FCG asks that these types of facilities likewise be included for recovery within its SAFE program. Pending the referenced analysis by the contractor retained by FCG, the Company does not have a well-defined estimate of the cost associated with these proposed additions to the SAFE program; however, current, albeit unconfirmed estimates suggest the impact to the overall surcharge calculation should be no more

than a 10% increase to the surcharge, all other things being equal. The Company has included photos of examples the types of facilities to be added to the program in Attachment A.

10) Specifically, span pipe or “spans” are segments of pipe that were intentionally installed above grade and that cross a known obstacle, which can include creeks, rivers, ditches, or highways. These pipes can be supported or unsupported. Supported spans can be attached to a bridge or similar structure. Unsupported spans are generally shorter segments of pipe that are not supported by any structures and are also known as “freestanding.” Spans are susceptible to outside force damage as well as corrosion threats.

11) Shallow and exposed pipelines are those segments that are no longer safely buried due to erosion and other changes to the natural environment and may now be susceptible to outside force damage as well as corrosion threats. Subaqueous portions of the system pose a particular risk of being struck if they are not properly relocated or buried at an acceptable level of cover. The risk of damage to shallow and exposed pipelines is significant because they are not visible or known until there is imminent danger of damage. Natural gas pipelines installed today are generally below grade with a minimum cover of three feet. Depending on the conditions, subaqueous pipe installed today may be buried twenty-five feet or more under the floor of the waterway. Burying pipelines reduces the overall risk of the pipeline from outside forces and other threats.

12) Lastly, the Company also requests “Obsolete Pipe and Related Facilities” be added to the program. Due to the evolution of piping materials, new construction methods, and standards of related facilities (including M&R equipment), there may be pipelines and facilities that are safe to operate but nonetheless are at risk of third-party damage and failure because of the materials and standards used at the time. Orange Pipe is just one example of obsolete pipe and has already been approved for replacement by the Commission, as noted above. Other examples include Aldyl-A,

which is a type of first-generation plastic pipe installed prior to 1982, and any newly discovered bare steel pipe that was not identified and replaced as a part of the Company's SAFE program. First-generation plastic (i.e., plastic pipe installed before pre-1982), typically installed between 1970 and 1981 in most distribution systems, is more brittle than today's material composition of plastic pipe and can be prone to stress propagation cracking under some circumstances due to the different composition of the base plastic material. As this pre-1982 pipe continues to age, the risk of it developing leaks continues to grow and it will need to be replaced.

13) Since the Company already has an approved 2024 surcharge for SAFE, which recovers investments related to infrastructure replacement, the Company proposes to use the SAFE surcharge to recover the additional projects identified in this petition to the extent undertaken in 2024. The Company is not proposing any change to the current approved surcharge, or to the related processes to the surcharge, at this time. The Company also proposes to continue to use the cost allocation methodology currently being utilized.

14) If this petition is approved, FCG would include in its annual SAFE True Up filing, projects consistent with the additional categories identified herein in its projections for 2025 for purposes of calculating the 2025 SAFE surcharge. Any qualified projects completed by the end of this year would be reflected in the final true up for 2024.

**WHEREFORE,** Florida City Gas respectfully requests that the Commission approve the Company's proposal to modify its SAFE program to include the additional problematic natural

gas distribution facilities described herein.

RESPECTFULLY SUBMITTED this 19th day of April 2024.



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(850) 521-1706

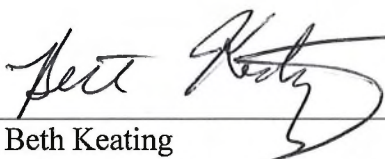
*Attorney for Florida City Gas*



**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of the foregoing has been served upon the following by Electronic Mail this 19<sup>th</sup> day of April, 2024.

Walter Trierweiler Office of Public Counsel c/o The Florida Legislature 111 W. Madison Street, Room 812 Tallahassee, FL 32399-1400 <a href="mailto:Trierweiler.walt@leg.state.fl.us">Trierweiler.walt@leg.state.fl.us</a>	Keith Hetrick General Counsel Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399-0850 <a href="mailto:khetrick@psc.state.fl.us">khetrick@psc.state.fl.us</a>
Mike Cassel 208 Wildlight Avenue Yulee, FL 32097 <a href="mailto:Mcassel@fpuc.com">Mcassel@fpuc.com</a>	

By:   
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# ATTACHMENT A

## DEMONSTRATIVE PHOTOS

## CORRODED AND OBSOLETE STATION EQUIPMENT







**BENT AND DENTED SPAN PIPE FROM OUTSIDE FORCE DAMAGES**



## IMPROPER RESTRAINTS ON SPAN SEGMENTS







## EXPOSED MAIN FEEDER LINE



