



DOCKET NO. 20240107-GU

FILED 7/26/2024

DOCUMENT NO. 07856-2024

FPSC - COMMISSION CLERK

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July 26, 2024

VIA ELECTRONIC FILING

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

Re: New Docket No. _____
Petition of Peoples Gas System, Inc. Petition for Cast Iron/Bare Steel Pipe Replacement
Rider Expansion

Dear Mr. Teitzman:

Attached for filing on behalf of Peoples Gas System, Inc. is the company's Petition for its
Cast Iron/Bare Steel Pipe Replacement Rider Expansion.

Thank you for your assistance in connection with this matter.

Sincerely,

A handwritten signature in blue ink that reads 'V. Ponder'.

Virginia Ponder

VLP/ne
Attachment

cc: All Parties

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by Peoples Gas System, Inc.)
for Approval to Modify Its Cast Iron/Bare)
Steel Pipe Replacement Rider)

DOCKET NO.
FILED: July 26, 2024

PETITION

Peoples Gas System, Inc. (“Peoples” or the “company”), by and through undersigned counsel, pursuant to Section 366.06, Florida Statutes, and Rules 25-7.033 and 28-106.301, Florida Administrative Code, petitions the Florida Public Service Commission ("Commission") to approve modifications to the company’s Cast Iron/Bare Steel Pipe Replacement Rider (the “Rider”) that expand the definition of eligible replacements under the Rider.

I. INTRODUCTION

1. Peoples is a natural gas distribution public utility who provides service to over 490,000 customers in 39 of Florida’s 67 counties and is subject to the Commission’s jurisdiction under Chapter 366, Florida Statutes.

2. Peoples' address is 702 North Franklin Street, Tampa, Florida 33601. Correspondence, notices, orders, and other documents concerning this petition should be sent to:

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3. By this Petition, the company seeks Commission approval to expand the definition of eligible replacements under the Rider to include additional safety-driven activities and to rename the Rider as the Safety of Facilities and Infrastructure Replacement Rider (“SAFIR”). SAFIR would be a 10-year program with an estimated annual investment of \$61.2 million, with the annual investment being much lower in the latter half of the program upon completion of the cast iron, bare steel and problematic plastic pipe replacement. The additional safety-driven activities are summarized under these categories: (a) pipeline safety and compliance-driven pipeline work; (b) replacement of other problematic pipeline; (c) system enhancement projects to reduce the loss of natural gas service to critical customers; and (d) risk-based relocation of pipeline facilities in rear easements.

4. The Commission is vested with jurisdiction in this matter pursuant to Sections 366.04, 366.041, 366.05, and 366.06, Florida Statutes. These provisions authorize the Commission to establish rates and charges for public utilities, including the relief requested herein. Under Section 366.041, Florida Statutes, the Commission, in fixing rates, is authorized to give consideration among other things to the efficiency, sufficiency, and adequacy of the facilities provided and the services rendered, as well as the utility’s ability to improve such service.

II. BACKGROUND

5. Peoples is committed to providing safe and reliable natural gas service through thoughtful use of financial resources that benefit our customers and the general public. As part of this commitment, we have replaced hundreds of miles of cast iron, bare steel, and

plastic pipe through Rider. Beyond the Rider, Peoples is utilizing resources to enhance safety in response to the increasing threats to the pipeline system as Florida's population grows. Although much of this safety-driven work is capital intensive and does not generate new revenue, it is essential for ensuring the safety of our infrastructure. The regulatory lag on recovery of such investments contributes to rate shock as these investments are incorporated into rate base with rate cases. Peoples believes that recovery through an alternative mechanism, such as a rider, for investment in safety-driven capital activities will benefit both the company and its customers.

A. The Rider - History

6. As early as 2001, Peoples had a program to replace its cast iron and bare steel ("CI/BS") mains. In Peoples' 2008 Rate Case,¹ the Commission approved \$1 million in rate base for the 2009 projected test year for the replacement of CI/BS mains. In early 2011, pipeline failures around the country generated national attention and there was a push from the federal government for states to accelerate pipeline repair, rehabilitation, and replacement programs. In August 2011, Peoples completed an assessment of its rate of replacement and determined with only \$1 million per year targeted for replacements, it would take over 70 years to replace all CI/BS mains and service lines in its system. Peoples determined it was appropriate to accelerate the pace for replacement of this aging infrastructure and petitioned the Commission for approval of the Rider on December 13, 2011.

7. On September 18, 2012, in Order No. PSC-2012-0476-TRF-GU (the "2012 Order"), the Commission approved Peoples' Rider. The Commission found that the Rider: (a) provides for surcharges for Peoples' recovery of a return on its investment in replacement infrastructure, as defined as "Eligible Replacements," as well as depreciation and ad valorem tax

¹ Docket No. 20080318-GU.

expense on such investment; (b) includes a work plan to replace approximately 567 miles of cast iron and bare steel pipe over a specified 10-year duration; (c) contemplates such work will increase capital expenditures from \$1 million to approximately \$8 million annually (with the \$7 million of additional revenue requirement to be recovered annually through the Rider;² and (d) constitutes a safety-driven infrastructure replacement program and is in the public interest.

8. In 2017, the Commission approved a settlement agreement (“2017 Agreement”) between the Office of Public Counsel and Peoples that expanded the Rider to include replacement of Problematic Plastic Pipe (“PPP”).³ The 2017 Agreement allowed amendment to the definition of “Eligible Replacements” on Sheet No. 7.806 of PGS’ tariff for cost recovery under the Rider to include PPP replacements. The 2017 Agreement acknowledged that the replacement of CI/BS was to remain a priority until 2022 and included a work plan to replace approximately 550 miles of PPP over a specified duration – from 2017 to 2028. The 2017 Agreement contemplated that the replacement costs for PPP would be lower than the per mile replacement costs of cast iron and bare steel.⁴ Lastly, the 2017 Agreement made clear that inclusion of the PPP as an “Eligible Replacement” is safety-driven and in the public interest.⁵

9. Sheet No. 7.806 of the company’s tariff defines “Eligible Replacements” for purposes of the Rider to include:

the following Company plant investments 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) 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 proceedings:

Mains and service lines, as replacements for existing materials recognized/identified by the Pipeline Safety and Hazardous

² The \$1 million included in rate base would be excluded from recovery through Rider CI/BSR.

³ Order No. PSC-17-0066-AS-GU, issued February 28, 2017, in Docket No. 20160159-GU.

⁴ The projected capital investments for CI/BSR Projects with PPP spend was \$16,875,000. *See* Exhibit E to the 2017 Agreement.

⁵ *See* Paragraphs 15-16 of the 2017 Agreement.

Materials Administration as being obsolete and that present a potential safety threat to operations and the general public, including cast iron, wrought iron, bare steel, and specific polyethylene/plastic facilities, and regulators and other pipeline system components the installation of which is required as a consequence of the replacement of the aforesaid facilities.

10. In 2022, the Commission granted the company's petition to address changes to Florida state income tax rates and allowed Peoples to increase the 2023 surcharges to the Rider by \$253,079 to reflect the impact of the change in Florida income tax rates in 2021 and 2022.⁶

B. The Rider – Current Status and Looking Forward

11. Through the first quarter of 2024, the company has replaced approximately 452 miles of CI/BS pipe and 259 miles of PPP. The company experienced delays in the replacement of the CI/BS that prevented it from completing these projects within the projected 10-year period primarily due to construction moratoriums and lack of availability of construction resources during the Pandemic.

12. In 2024, the company projects to have approximately 8 miles of CI/BS pipe remaining, with 2 miles projected to be replaced in 2024 and the remaining 6 miles to be replaced by 2027. The delay in replacing the remaining 6 miles is a result of construction moratoriums, permitting challenges, and continually expanding restoration requirements (e.g., repaving an entire intersection after excavation of a small hole in the road). The replacement of the remaining CI/BS pipe will bring the total replacement to 460 miles.

13. At the beginning of 2024, the company identified approximately 256 miles of PPP remaining in its system. Approximately 30 miles are scheduled for replacement this year. The replacement of the remaining PPP will bring the total replacement to 511 miles.

⁶ Order No. PSC-2022-0134-PAA-GU, issued April 11, 2022 in Docket No. 20220018-GU, *In re: Petition for limited proceeding to address the impact of changes to Florida state income tax rates, by Peoples Gas System.*

14. The company estimates costs of \$126.3 million for the 5-year period ending in 2029 for the replacement of the remaining CI/BS and PPP eligible under the Rider.

III. EXPANSION OF ELIGIBLE REPLACEMENTS UNDER THE RIDER

15. Through the current CI/BSR Rider Peoples has replaced hundreds of miles of pipe made of materials considered to have a high risk of gas leaks that could result in safety incidents and methane emissions. Regarding safety specifically, replacement work under the Rider has contributed to working towards zero fatalities, injuries, ruptures, and leaks, which is a goal of the company's Pipeline Safety Management System. Along with contributing to the safety of customers and the public, the Rider has allowed the company to more swiftly invest in the infrastructure replacement through the more immediate recovery on the investment and has benefited the customer through less frequent need for traditional rate proceedings and the costs associated with such proceedings, as well as reduced rate shock with traditional base rate increases. The company believes that there are additional capital-intensive activities that if added to the Rider as eligible replacements, or activity, would provide similar benefits to its customers, the public, and the company. Based on the forecasted revenue requirement calculated for this petition, these additional activities will result in a monthly bill impact of \$0.12 to an average residential customer using 13 therms per month, with a total bill impact of \$0.30 when including investments currently eligible under the Rider.

16. The company analyzed its Distribution Integrity Management and Transmission Integrity Management Plans and conducted informal pipeline safety risk discussions with leadership across the company. Through this process, Peoples identified the following safety-driven activities not covered under the existing Rider:

- (a) pipeline safety and compliance driven pipeline work;

- (b) replacement of other problematic pipeline;
- (c) system enhancement projects to reduce the risk of loss of natural gas service to critical customers; and
- (d) risk-based relocation of pipeline facilities in rear easements.

A. Pipeline Safety and Compliance Pipeline Work

17. In recent years, the company has experienced a significant increase in costs for certain pipeline safety and compliance pipeline work requiring capital investment. These rising costs are putting a constraint on the company's available capital and create pressure for more frequent base rate increases. These capital activities include: (i) maximum allowable operating pressure ("MAOP") and material verifications of transmission pipeline; (ii) pipeline pressurization monitoring and management; (iii) retirement of inactive service lines; and (iv) pipeline damages and leaks. The company estimates costs for these capital activities over a 10-year period to be \$367.6 million.

i. Safety Concerns Regarding MAOP and Material Specifications of Transmission Pipelines

18. In August 2022, the Pipeline Hazardous and Material Safety Administration ("PHMSA") published the Safety of Gas Transmission Pipelines Rule amending the pipeline safety regulations at 49 CFR Part 192 to improve the safety of natural gas transmission pipelines. This rule became effective in May 2023. Under the rule, operators are required to substantiate MAOP, and verify material specifications (e.g., diameter, wall thickness, seam type, grade, and Charpy V-notch toughness values) for all transmission pipelines. This validation work requires pipeline integrity assessment through pressure tests and material verification digs and must be

completed by 2028. The company identified nine projects necessary to meet the requirements of this rule. The company estimates that these projects will cost \$10.1 million over a 3-year period.

ii. Safety Concerns Regarding Pipeline Pressurization Monitoring and Management

19. Per the Pipes Act of 2020 Section 206 (“Leonel Rondon Act”), PHMSA is required to mandate operators to assess and if necessary, upgrade district regulator stations to minimize risk of over-pressurization from common-mode-of-failure and to ensure regulator stations have secondary or backup pressure relief or over-pressurization protection technology. The company has already started proactively evaluating its approximately 1,700 district regulator stations to ensure (a) multiple controls exist; (b) station design is optimal for mitigating against pressure issues; (c) remote monitoring equipment is in place where appropriate; and (d) monitoring equipment and systems are up to date. The company estimates costs of \$22.3 million over a 10-year period for this activity.

iii. Safety Concerns Regarding Inactive Service Lines

20. To comply with Rule 25-12.045, Florida Administrative Code, Peoples has a program to retire gas service lines after a period of 5 years of inactivity when constructed of bare steel pipe, or after 10 years of inactivity if constructed of material other than bare steel. Additionally, inactive service lines identified as potential threats with a high-risk ranking through the company’s Distribution Integrity Management Plan’s annual risk assessment are retired. Retirement of inactive service lines removes existing or potential hazards to persons and property that may arise due to lack of awareness of pipeline facilities on a property.

21. Over the past five years, the costs to retire a service line have more than tripled. In 2023, the company’s total costs of retirement were just under \$8 million, excluding bare steel

service line retirement costs recovered under the Rider. The company expects annual expenditures to continue to rise, surpassing \$15 million in 2029. The increasing costs of retirement are primarily due to higher permit costs and more stringent restoration requirements in some jurisdictions. Based on trending for historical costs per service retirement and forecasted retirements of services, the company estimates capital investment for this activity of \$143.2 million over a 10-year period.

iv. Safety Concerns Regarding Pipeline Damages and Leaks

22. Peoples puts significant effort and resources to prevent damage to underground pipelines whether by third parties performing excavation near its facilities or leaks unassociated with third party excavation. Despite these efforts, the company's pipelines are still damaged by excavation activities putting the safety of those excavating, the public, the company's team members, and other first responders at risk. Third-party damages have increased in recent years, aligning with Florida's population growth and increased construction activities associated with this growth. Often pipeline damage does not allow for a simple repair of the damaged portion but requires replacement of sections of pipeline which is much more costly.

23. Peoples' capital investment for pipeline replacement costs due to third-party damages and other leaks on the system have increased over 100 percent since 2019 and are expected to continue to rise. Based on trending for historical costs related to pipeline replacements due to third-party excavation damage and other leaks on the system, the company estimates capital investments for this activity of \$192 million over a 10-year period.

B. Replacement of Other Problematic Pipeline

24. Peoples identified several conditions under which its pipeline warrants expeditious replacement due to its increased risk to the public, customers, team members, and third-party construction crews. These conditions include pipeline spans, shallow and exposed pipe, pipelines

within casings, and undetectable facilities. The company estimates capital costs associated with these replacements to be \$48.2 million over a 10-year period.

i. Safety Concerns Regarding Pipeline Spans and Shallow & Exposed Pipe

25. “Pipeline spans” or “spans” are segments of pipe that cross over geographical features such as rivers, creeks, drainage ditches, and roadways. Because spans are not underground, these pipeline facilities are at higher risk for damage, corrosion, and degradation from environmental elements. Shallow or exposed pipe occurs for various reasons including (a) environmental factors such as erosion, (b) grade changes made during construction after installation of pipeline facilities, and (c) differing construction standards for facilities (e.g., former propane block systems) that were acquired from other entities. Shallow and exposed pipes are at higher risk for excavation damage, damage from other outside forces, and degradation from environmental elements. Peoples has approximately 198 spans with 151 of these being bridge attachments. The spans, especially when constructed as bridge attachments, often require improvements or replacements caused by changes to such facilities and exposure to the elements. The company estimates costs of \$4.7 million over a 10-year period for capital work on pipeline spans. Additionally, the company has identified at least one area with shallow pipelines needing replacement at an estimated cost of \$1 million. The company will continue to evaluate its system to identify other areas at risk due to shallow or exposed pipes.

ii. Safety Concerns Regarding Pipelines Within Casings

26. Historically, the company has inserted pipeline within casing pipe for many different reasons. The primary use of casing pipe is to (a) provide a sleeve to allow the carrier pipeline to be installed without disturbing a road or railroad (i.e., under many circumstances, a casing has been required historically by the railroad operator) and (b) provide additional structural

support and mechanical protection to the pipeline. The casing can potentially protect the carrier pipe from certain threats, such as structural damage from the weight of material and traffic above it and excavation damage. However, use of casings also comes with increased risks of corrosion, electrical isolation of the casing, and metallic contact between the casing and the carrier pipe. These threats often lead to pipeline leaks that threaten the safety of the public and require difficult and costly mitigation activities. The company identified 21 sections of distribution main within casings that need to be improved or replaced at an estimated cost of \$23.3 million dollars over a 10-year period.

iii. Safety Concerns Regarding Undetectable Facilities

27. The company currently estimates that approximately 244 miles of undetectable facilities require mitigation to support damage prevention and the safety of its customers, team members, contract business partners, and the public. Underground plastic pipelines are typically located by connecting a transmitter to a tracer wire, which is installed with the pipeline. This transmitter sends a signal across the tracer wire, which can then be read by a receiver as a team member performing a locate walk above the buried pipeline. When this tracer wire becomes damaged by excavation, tree roots, etc., the plastic pipeline becomes unlocatable or undetectable. The company averages over 4,100 locate tickets annually that result in an undetectable determination. When a pipeline is undetectable, the risk of damage to the pipeline during excavation increases significantly. Peoples is actively tracking occurrences of undetectable pipelines across its system and planning projects to mitigate these issues. The company has estimated remediation costs for currently identified undetectable facilities of \$19.2 million over a 5-year period.

C. System Enhancement Projects Reducing the Risk of Loss of Service to Critical Customers

28. Included in Peoples' commercial customer base is what the company identifies as "critical customers." Peoples considers critical customers to include (a) hospitals; (b) nursing and rehabilitation facilities; (c) law enforcement and other emergency service facilities; (d) military bases; (e) and schools (often used as shelters during storms). For these customers, natural gas is not only critical to their operation, but the continued operation of these commercial and municipal customers is essential to the safety and security of those served by these critical customers. Interruptions caused by damage to pipeline facilities from storms, excavation, etc. can hinder these customers from optimally providing much needed service to the public.

29. Two of the company's service areas, Dade-Broward and Southwest Florida, include numerous critical customers and have high populations that rely on the services of such critical customers. Both service areas are served by single distribution feeds. A recent incident with a third-party excavation damage in the Dade-Broward service area highlighted the need to expedite the enhancement as there was the potential for many customers, including numerous critical customers, to lose natural gas service for an extended period. During our response to this incident there was also increased risk to team members, contractors, first responders, and the public as we worked to maintain pressure throughout the area and make repairs, all while natural gas continued to blow at the damage site. Fortunately, interruption to these customers was avoided and no injuries occurred during the company's week-long response to this incident.

30. The Dade-Broward service area impacted by this issue is shown on Exhibit 1 to this Petition and is labeled as "Map 1: Miami Area." The Dade-Broward service area includes over 5,300 customers whose service could be impacted by damage to a single point on the system.

Included in these customers are 21 critical customers, such as Mercy Hospital, an almost 500-bed full-service facility. A system enhancement project to protect the service to this area is estimated to cost \$17 million over a 2-year period.

31. The Southwest Florida service area impacted by this issue is shown on Exhibit 1 to this Petition and is labeled as “Map 2: Southwest Florida Area.” The continuity of service to this area of 27,000 customers, including 194 critical customers, is at risk if third-party excavation or storm damage were to occur in certain parts of the system. The company was fortunate to be able to maintain continuity of service to this area during a significant incident resulting from third-party excavation a few years ago. The company estimates that system enhancements to this area will cost \$11 million over a 1-year period.

D. Risk-based Relocation of Pipeline Facilities in Rear Easements

32. Peoples estimates that it maintains approximately 3,000 miles of main and other pipeline assets located in rear easements within its system across the state. Access to these facilities is often challenging due to fencing, vegetation growth, and the construction of buildings, pools, and patios. These obstacles can cause delays in locating facilities, conducting compliance activities, and impede emergency response efforts. The obstructed access and resulting delays are safety risks for customers and the company’s team members. Due to the risks associated with these activities, Peoples intends to relocate these assets focusing on the highest risk areas. Peoples conducted a risk assessment within its service areas across the state and has identified areas posing the highest risk. The company used its Geographic Information System (“GIS”) to estimate the number and length of assets within these areas that would need to be relocated. The highest risk areas include approximately 161 miles of main and 4,620 service lines. The company estimates that a 10-year program to relocate these assets would cost approximately \$42.4 million.

IV. OTHER

33. The company proposes to continue the procedures and structure set forth in the 2012 Order for the expenditures associated with SAFIR should the Commission approve the modifications contained herein. Specifically, the company proposes to continue to file (a) quarterly reports with the Commission detailing the progress of its program and (b) annual petitions by September 1 to revise surcharges to be effective the following calendar year. The annual petitions will continue to include the same three components as articulated in the 2012 Order:

- (a) A final true-up showing the actual replacement costs and actual surcharge revenues for the most recent 12-month historical period from January 1st through December 31st that ends prior to the annual petition filing; including the final over- or under-recovery for the final true-up period;
- (b) An actual/estimated true-up showing seven months of actual and five months of projected costs and revenues; and
- (c) A projection showing 12 months of projected Rider revenue requirement for the period beginning January 1 following the annual filing.⁷

34. Exhibit 2 to this Petition sets forth a summary schedule of the projected annual investment by capital activity type. The annual investment amount noted in Exhibit 2 for 2025 is then used in Exhibit 3 to show the calculation of the projected revenue requirement for 2025, including the revenue requirement required for eligible investments for both 2024 and 2025 and the estimated 2024 true-up under the current Rider. The estimated 2024 true-up also includes a long-term debt true-up for January through June of 2024 as approved with Order No. PSC-2024-0170-TRF-GU on May 23, 2024. Additionally, Exhibit 4 attached hereto allocates this revenue

⁷ See Order No. PSC-12-0476-TRF-GU, at p. 8.

requirement across the applicable rate classes to determine an estimated impact on the surcharge for customers.

35. Tariff sheets reflecting the proposed new modifications to the Rider, including the surcharge factors for each of the company's rate classes, are submitted with this filing in clean and legislative format as Exhibit 5 and we ask that they be approved. To the extent that Section 366.06(3), Florida Statutes, is deemed applicable, the company waives the 60-day requirement for Commission action on the tariffs submitted with this Petition.

36. Peoples will update the projected revenue requirement for 2025, projected true-up for 2024, and tariff included in this petition with the required annual filing on September 1, 2024. The filing on September 1st will be based on the typical seven months of actual costs and five months of forecasted costs for 2024, as opposed to the five months of actual costs and seven months of forecasted costs used for the purpose of this petition. This will result in an updated estimated 2024 true-up for the CI/BS and PPP under the Rider.

37. Peoples is not aware of any disputed issues of material fact regarding the matters asserted herein.

WHEREFORE, for the reasons stated above, Peoples Gas System, Inc. respectfully requests the Commission enter an order:

- A. Approving the company's modifications to the Rider that expand the categories of eligible replacements effective January 1, 2025.
- B. Approving the renaming of the Rider to the Safety of Facilities and Infrastructure Replacement Rider, or SAFIR, effective January 1, 2025.
- C. Granting other such relief as may be reasonable and proper.

DATED this 26th day of July 2024.

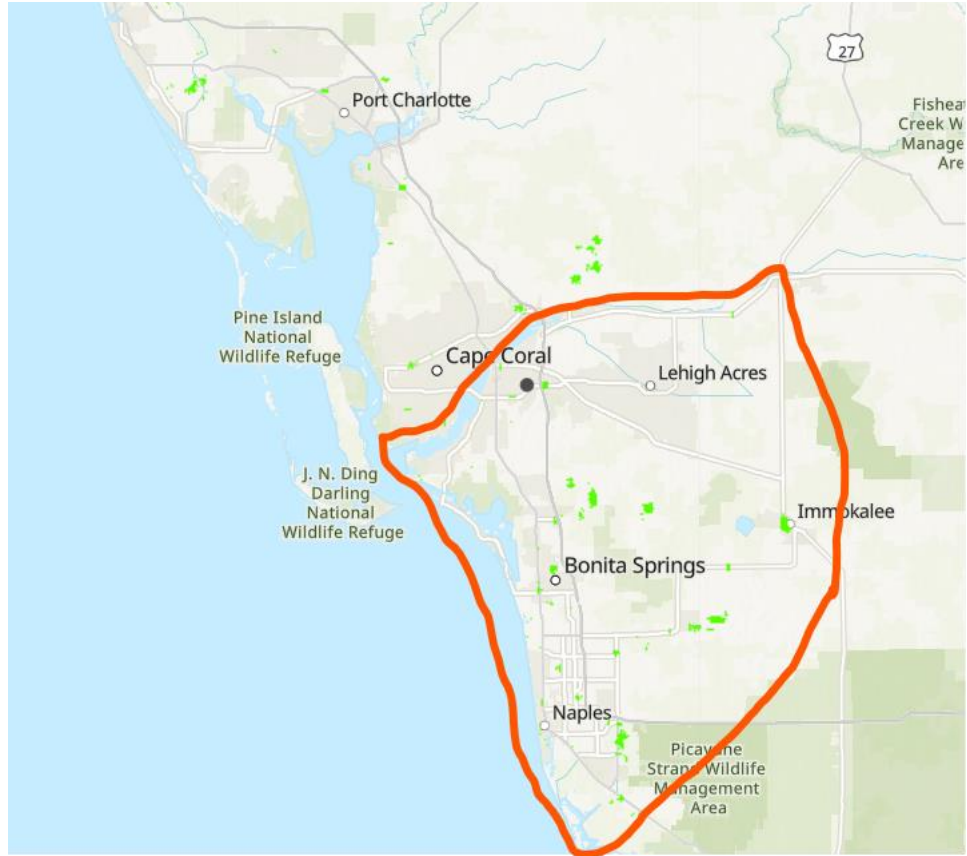
Respectfully submitted,



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Exhibit 1

Map 2: Southwest Florida Area



PEOPLES GAS SYSTEM, INC.
 Safety of Facilities and Infrastructure Replacement
 Capital Investment By Activity and Year

Exhibit 2

	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>	<u>2033</u>	<u>2034</u>	<u>10-Yr Total</u>
CI/BS & PPP Replacement (Existing Rider)	\$ 34,913,611	\$ 35,384,654	\$ 33,781,804	\$ 21,200,750	\$ 1,019,732	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 126,300,551
Pipeline Safety and Compliance Pipeline Work											
MAOP and Material Verifications of Transmission Pipelines	\$ 1,301,141	\$ -	\$ 8,780,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,081,141
Pipeline Pressurization Monitoring & Management	\$ 2,549,102	\$ 2,012,031	\$ 3,070,833	\$ 2,114,594	\$ 2,730,755	\$ 1,872,862	\$ 1,915,938	\$ 1,960,005	\$ 2,005,085	\$ 2,051,202	\$ 22,282,406
Retirement of Inactive Service Lines	\$ 9,217,488	\$ 11,187,561	\$ 13,386,240	\$ 13,391,584	\$ 15,831,266	\$ 14,516,555	\$ 15,243,020	\$ 16,005,171	\$ 16,805,557	\$ 17,646,727	\$ 143,231,169
Pipeline Damages and Leaks	\$ 18,274,048	\$ 18,353,094	\$ 18,698,478	\$ 19,272,500	\$ 19,575,069	\$ 19,575,069	\$ 19,575,069	\$ 19,575,069	\$ 19,575,069	\$ 19,575,069	\$ 192,048,533
	\$ 31,341,778	\$ 31,552,686	\$ 43,935,550	\$ 34,778,679	\$ 38,137,090	\$ 35,964,486	\$ 36,734,027	\$ 37,540,245	\$ 38,385,711	\$ 39,272,998	\$ 367,643,249
Replacement of Problematic Pipeline											
Spans	\$ 400,322	\$ 414,764	\$ 428,062	\$ 441,234	\$ 455,963	\$ 471,184	\$ 486,913	\$ 503,166	\$ 519,963	\$ 537,320	\$ 4,658,890
Shallow and Exposed Pipe	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000,000
Pipelines Within Casings	\$ 2,301,610	\$ 2,373,819	\$ 2,440,312	\$ 2,506,170	\$ 2,279,815	\$ 2,279,815	\$ 2,279,815	\$ 2,279,815	\$ 2,279,815	\$ 2,279,815	\$ 23,300,802
Undetectable Facilities	\$ 4,461,061	\$ 4,664,270	\$ 4,664,271	\$ 2,702,036	\$ 2,702,034	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,193,672
	\$ 8,162,993	\$ 7,452,853	\$ 7,532,645	\$ 5,649,441	\$ 5,437,812	\$ 2,750,999	\$ 2,766,728	\$ 2,782,982	\$ 2,799,778	\$ 2,817,135	\$ 48,153,365
System Enhancement Project Reducing Risk of Loss of Service to Critical Customers											
Miami Area Project	\$ -	\$ -	\$ 8,000,000	\$ 9,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,000,000
Southwest Florida Area Project	\$ -	\$ 11,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,000,000
	\$ -	\$ 11,000,000	\$ 8,000,000	\$ 9,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,000,000
Risk-Based Relocation of Facilities Located in Rear Easements	\$ 3,369,362	\$ 3,537,830	\$ 3,714,721	\$ 3,900,457	\$ 4,095,480	\$ 4,300,254	\$ 4,515,267	\$ 4,741,030	\$ 4,978,082	\$ 5,226,986	\$ 42,379,471
TOTAL All Activities	\$ 77,787,743	\$ 88,928,022	\$ 96,964,720	\$ 74,529,327	\$ 48,690,115	\$ 43,015,740	\$ 44,016,022	\$ 45,064,257	\$ 46,163,571	\$ 47,317,119	\$ 612,476,636
Total Expanded Activities (i.e., excludes CI/BS & PPP)	\$ 42,874,133	\$ 53,543,368	\$ 63,182,917	\$ 53,328,577	\$ 47,670,383	\$ 43,015,740	\$ 44,016,022	\$ 45,064,257	\$ 46,163,571	\$ 47,317,119	\$ 486,176,085

PEOPLES GAS SYSTEM, INC.
Safety of Facilities & Infrastructure Replacement
Return on Capital Investments, Depreciation and Taxes for Eligible Replacements
January 2025 to December 2025
(in Dollars)

Exhibit 3

Line	Description	Beginning of													End of	
		Period Amount (E)	January	February	March	April	May	June	July	August	September	October	November	December	Period Total	
1.	Investments															
CIBS a.	Eligible Replacements - Mains	\$ 154,564	\$ 195,372	\$ 185,614	\$ 177,109	\$ 187,070	\$ 215,040	\$ 181,941	\$ 210,920	\$ 249,366	\$ 274,710	\$ 258,255	\$ 288,673	\$ 2,578,633		
CIBS b.	Eligible Replacements - Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
CIBS c.	Eligible Replacements - Regulators	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
PPP d.	Eligible Replacements - Mains	\$ 1,938,167	\$ 2,449,888	\$ 2,327,515	\$ 2,220,874	\$ 2,345,779	\$ 2,696,508	\$ 2,281,469	\$ 2,644,842	\$ 3,126,941	\$ 3,444,746	\$ 3,238,406	\$ 3,619,840	\$ 32,334,976		
PPP e.	Eligible Replacements - Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
PPP f.	Eligible Replacements - Regulators	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
EXPD g.	MAOP/Material Verification - Mains (Steel)	\$ 108,428	\$ 108,428	\$ 108,428	\$ 108,428	\$ 108,428	\$ 108,428	\$ 108,428	\$ 108,428	\$ 108,428	\$ 108,428	\$ 108,428	\$ 108,428	\$ 1,301,141		
EXPD h.	Pressurization Monitoring/Mgmt - Meas & Reg Station Eqp City	\$ 212,425	\$ 212,425	\$ 212,425	\$ 212,425	\$ 212,425	\$ 212,425	\$ 212,425	\$ 212,425	\$ 212,425	\$ 212,425	\$ 212,425	\$ 212,425	\$ 2,549,102		
EXPD i.	Inactive Service Line Retirement - Services (Steel)	\$ 768,124	\$ 768,124	\$ 768,124	\$ 768,124	\$ 768,124	\$ 768,124	\$ 768,124	\$ 768,124	\$ 768,124	\$ 768,124	\$ 768,124	\$ 768,124	\$ 9,217,488		
EXPD j.	Inactive Service Line Retirement - Services (Plastic)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
EXPD k.	Damages/Leaks - Mains (Steel)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
EXPD l.	Damages/Leaks - Mains (Plastic)	\$ 834,004	\$ 834,004	\$ 834,004	\$ 834,004	\$ 834,004	\$ 834,004	\$ 834,004	\$ 834,004	\$ 834,004	\$ 834,004	\$ 834,004	\$ 834,004	\$ 10,008,048		
EXPD m.	Damages/Leaks - Services (Steel)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
EXPD n.	Damages/Leaks - Services (Plastic)	\$ 688,833	\$ 688,833	\$ 688,833	\$ 688,833	\$ 688,833	\$ 688,833	\$ 688,833	\$ 688,833	\$ 688,833	\$ 688,833	\$ 688,833	\$ 688,833	\$ 8,266,000		
EXPD o.	Spans - Mains (Plastic)	\$ 33,360	\$ 33,360	\$ 33,360	\$ 33,360	\$ 33,360	\$ 33,360	\$ 33,360	\$ 33,360	\$ 33,360	\$ 33,360	\$ 33,360	\$ 33,360	\$ 400,322		
EXPD p.	Spans - Mains (Steel)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
EXPD q.	Shallow & Exposed Pipe - Mains (Steel)	\$ 83,333	\$ 83,333	\$ 83,333	\$ 83,333	\$ 83,333	\$ 83,333	\$ 83,333	\$ 83,333	\$ 83,333	\$ 83,333	\$ 83,333	\$ 83,333	\$ 1,000,000		
EXPD r.	Shallow & Exposed Pipe - Mains (Plastic)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
EXPD s.	Casings - Mains (Steel)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
EXPD t.	Casings - Mains (Plastic)	\$ 191,801	\$ 191,801	\$ 191,801	\$ 191,801	\$ 191,801	\$ 191,801	\$ 191,801	\$ 191,801	\$ 191,801	\$ 191,801	\$ 191,801	\$ 191,801	\$ 2,301,610		
EXPD u.	Undetectable Facilities - Mains (Plastic)	\$ 371,755	\$ 371,755	\$ 371,755	\$ 371,755	\$ 371,755	\$ 371,755	\$ 371,755	\$ 371,755	\$ 371,755	\$ 371,755	\$ 371,755	\$ 371,755	\$ 4,461,061		
EXPD v.	Rear Easements - Mains (Plastic)	\$ 184,572	\$ 184,572	\$ 184,572	\$ 184,572	\$ 184,572	\$ 184,572	\$ 184,572	\$ 184,572	\$ 184,572	\$ 184,572	\$ 184,572	\$ 184,572	\$ 2,214,862		
EXPD w.	Rear Easements - Mains (Steel)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
EXPD x.	Rear Easements - Services (Plastic)	\$ 96,208	\$ 96,208	\$ 96,208	\$ 96,208	\$ 96,208	\$ 96,208	\$ 96,208	\$ 96,208	\$ 96,208	\$ 96,208	\$ 96,208	\$ 96,208	\$ 1,154,500		
EXPD y.	Rear Easements - Services (Steel)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
CIBS	First \$1,000,000 Adjustment to Rate Base	\$ (154,564)	\$ (195,372)	\$ (185,614)	\$ (177,109)	\$ (187,070)	\$ (215,040)	\$ (181,941)	\$ (210,920)	\$ (249,366)	\$ (274,710)	\$ (258,255)	\$ (288,673)	\$ (1,000,000)		
CIBS	Clearings to Plant	\$ 251,315	\$ 188,486	\$ 141,364	\$ 106,023	\$ 79,518	\$ 145,715	\$ 188,358	\$ 208,487	\$ 237,930	\$ 259,797	\$ 251,184	\$ 275,765	\$ 2,333,942		
PPP	Clearings to Plant	\$ 1,888,099	\$ 2,284,407	\$ 2,233,998	\$ 2,177,396	\$ 2,281,944	\$ 2,560,950	\$ 2,283,560	\$ 2,555,567	\$ 2,939,460	\$ 3,224,684	\$ 3,124,944	\$ 3,439,386	\$ 30,994,395		
EXPD	Clearings to Plant	\$ 3,252,374	\$ 3,332,491	\$ 3,392,580	\$ 3,437,646	\$ 3,471,445	\$ 3,496,795	\$ 3,515,807	\$ 3,530,067	\$ 3,540,761	\$ 3,548,782	\$ 3,554,798	\$ 3,559,309	\$ 41,632,855		
2.	Gross Plant-in-Service/Depreciation Base	\$ 16,154,705.32	\$ 21,546,492	\$ 27,351,876	\$ 33,119,818	\$ 38,840,883	\$ 44,673,790	\$ 50,877,250	\$ 56,864,975	\$ 63,159,096	\$ 69,877,248	\$ 76,910,511	\$ 83,841,437	\$ 91,115,897		
3.	Less: Accumulated Depreciation	\$ 97,409.95	\$ 75,944	\$ 44,176	\$ 1,455	\$ (52,183)	\$ (116,686)	\$ (192,233)	\$ (279,389)	\$ (377,838)	\$ (488,045)	\$ (610,648)	\$ (746,125)	\$ (894,324)		
4.	CWIP - NonInterest Bearing	\$ 2,743,152.84	\$ 2,862,377	\$ 3,079,726	\$ 3,212,144	\$ 3,284,797	\$ 3,370,513	\$ 3,551,175	\$ 3,599,705	\$ 3,734,190	\$ 3,965,190	\$ 4,224,227	\$ 4,362,806	\$ 13,745,912		
5.	Net Book Value (Lines 2 + 3 + 4)	\$ 18,995,268.11	\$ 24,484,813	\$ 30,475,778	\$ 36,333,417	\$ 42,073,497	\$ 47,927,617	\$ 54,236,191	\$ 60,185,291	\$ 66,515,448	\$ 73,354,393	\$ 80,524,090	\$ 87,458,118	\$ 103,967,485		
6.	Average Net Book Value	\$ 21,740,040	\$ 27,480,295	\$ 33,404,597	\$ 39,203,457	\$ 45,000,557	\$ 51,081,905	\$ 57,210,741	\$ 63,350,369	\$ 69,934,921	\$ 76,939,242	\$ 83,991,103	\$ 91,115,897	\$ 95,712,801		
7.	Return on Average Net Book Value															
a.	Equity component Grossed up for taxes (A)	\$ 116,075	\$ 146,725	\$ 178,356	\$ 209,317	\$ 240,269	\$ 272,739	\$ 305,463	\$ 338,244	\$ 373,400	\$ 410,798	\$ 448,449	\$ 511,034	\$ 3,550,869		
b.	Debt component (B)	\$ 33,382	\$ 42,196	\$ 51,292	\$ 60,197	\$ 69,098	\$ 78,435	\$ 87,848	\$ 97,274	\$ 107,386	\$ 118,140	\$ 128,968	\$ 146,967	\$ 1,021,183		
		\$ 149,457	\$ 188,921	\$ 229,648	\$ 269,514	\$ 309,367	\$ 351,174	\$ 393,311	\$ 435,518	\$ 480,786	\$ 528,938	\$ 577,417	\$ 658,001	\$ 4,572,052		
8.	Investment Expenses															
a.	Depreciation (C)	\$ 24,505	\$ 34,807	\$ 45,759	\$ 56,677	\$ 67,542	\$ 78,586	\$ 90,195	\$ 101,488	\$ 113,245	\$ 125,643	\$ 138,516	\$ 151,237	\$ 1,028,201		
b.	Amortization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
c.	Property Taxes (D)	\$ 21,006	\$ 21,006	\$ 21,006	\$ 21,006	\$ 21,006	\$ 21,006	\$ 21,006	\$ 21,006	\$ 21,006	\$ 21,006	\$ 21,006	\$ 21,006	\$ 252,071		
d.	Depreciation Savings	\$ (3,039)	\$ (3,039)	\$ (3,039)	\$ (3,039)	\$ (3,039)	\$ (3,039)	\$ (3,039)	\$ (3,039)	\$ (3,039)	\$ (3,039)	\$ (3,039)	\$ (3,039)	\$ (36,467)		
9.	Revenue Requirements (Lines 7 + 8)	\$ 191,929	\$ 241,695	\$ 293,375	\$ 344,159	\$ 394,876	\$ 447,727	\$ 501,473	\$ 554,973	\$ 611,998	\$ 672,548	\$ 733,900	\$ 827,205	\$ 5,815,857		
a.	CIBS/PPP excluding True-up (Existing CIBS Rider)	\$ 179,648	\$ 197,782	\$ 217,730	\$ 236,720	\$ 255,612	\$ 276,625	\$ 298,536	\$ 320,219	\$ 345,453	\$ 374,243	\$ 403,873	\$ 433,955	\$ 3,540,395		
b.	Expansion Items for SAFIR	\$ 12,281	\$ 43,913	\$ 75,644	\$ 107,438	\$ 139,264	\$ 171,102	\$ 202,938	\$ 234,754	\$ 266,546	\$ 298,305	\$ 330,026	\$ 393,250	\$ 2,275,462		
10.	Est projected 2024 true-up over/(under)	\$ (305,728)														
a.	Est. 2024 True-up (CIBS/PPP Only)	\$ 170,306														
b.	Long-term Debt True-up (Jan - Jun 2024)	\$ (476,034)														
11.	Revenue Requirements Net of Est Projected Recovery	\$ 497,657	\$ 739,352	\$ 1,032,727	\$ 1,376,885	\$ 1,771,761	\$ 2,219,488	\$ 2,720,961	\$ 3,275,934	\$ 3,887,933	\$ 4,560,480	\$ 5,294,380	\$ 6,121,585			

Notes:

- (A) Line 7a = Line 6 x 6.4071% x 1/12. Based on ROE of 10.15%, and weighted income tax rate of 25.345%, Net Operating Income Multiplier of 1.34623.
- (B) Line 7b = Line 6 x 1.8426% x 1/12
- (C) Depreciation rates: 1.8% Mains Plastic, 2.4% Mains Steel, 3.1% Services Plastic, 4.3% Services Steel, 3.0% Regulator Stations
- (D) Ad Valorem Tax Rate is 1.551%

PEOPLES GAS SYSTEM, INC.
Safety of Facilities & Infrastructure Replacement
SAFIR Surcharge Calculation
January 2025 Through December 2025

Exhibit 4

<u>RATE SCHEDULE</u>	<u>MAINS NET PLANT*</u>	<u>SERVICES NET PLANT*</u>	<u>TOTAL NET PLANT*</u>	<u>% OF TOTAL PLANT</u>	<u>SAFIR REVENUES</u>	<u>PROJECTED THERM SALES</u>	<u>SAFIR SURCHARGE PER THERM</u>	<u>AVG. THERMS PER BILL</u> RS1 = 5 RS2 = 13 RS3 = 35	<u>AVG. SAFIR CHARGE PER BILL</u> RS1 = \$0.12 RS2 = \$0.30 RS3 = \$0.80
RS, RS-SG & RS-HP	\$ 243,510,379	\$ 378,346,643	\$ 621,857,022	34.72%	\$ 2,125,149	91,766,151	\$0.02316		
SGS	\$ 25,400,386	\$ 15,745,257	\$ 41,145,643	2.30%	\$ 140,612	10,332,885	\$0.01361	63	\$ 0.86
GS-1, CS-SG, & CS-HP	\$ 220,747,691	\$ 34,610,695	\$ 255,358,386	14.26%	\$ 872,668	101,545,895	\$0.00859	408 (GS1)	\$ 3.50
GS-2	\$ 320,669,194	\$ 12,978,605	\$ 333,647,799	18.63%	\$ 1,140,216	143,576,246	\$0.00794	1,517	\$ 12.05
GS-3	\$ 181,708,434	\$ 1,883,068	\$ 183,591,501	10.25%	\$ 627,410	80,534,023	\$0.00779	7,865	\$ 61.27
GS-4	\$ 109,694,165	\$ 423,136	\$ 110,117,301	6.15%	\$ 376,317	67,937,002	\$0.00554	33,699	\$ 186.67
GS-5	\$ 187,853,902	\$ 747,199	\$ 188,601,101	10.53%	\$ 644,530	170,087,415	\$0.00379	83,499	\$ 316.41
CSLS	\$ 956,317	\$ -	\$ 956,317	0.05%	\$ 3,268	539,245	\$0.00606	1,498	\$ 9.08
WHS	\$ 6,372,784	\$ 44,698	\$ 6,417,482	0.36%	\$ 21,931	4,896,295	\$0.00448	24,001	\$ 107.50
SIS	\$ 27,183,515	\$ 610,012	\$ 27,793,527	1.55%	\$ 94,982	44,928,911	\$0.00211	138,669	\$ 293.15
IS	\$ 21,502,743	\$ 297,849	\$ 21,800,592	1.22%	\$ 74,502	147,733,131	\$0.00050	947,007	\$ 477.58
ISLV	\$ -	\$ -	\$ -	0.00%	\$ -	0	\$0.00000	\$0.00000	\$ -
TOTAL	\$1,345,599,510	\$445,687,161	\$1,791,286,672	100%	\$ 6,121,585	863,877,199			

* Source: Data in these columns are from Schedule H-2 of the Cost of Service Study approved in Peoples' most recent rate case.

**CAST IRON/BARE STEEL REPLACEMENT RIDERSAFETY OF FACILITIES &
INFRASTRUCTURE REPLACEMENT RIDER
RIDER CI/BSR(SAFIR)**

The monthly bill for Gas Service in any Billing Period shall be increased by the CI/BSR Surcharge determined in accordance with this Rider. CI/BSR Surcharges approved by the Commission for bills rendered for meter readings taken on or after January 1, 2024, are as follows with respect to Customers receiving Gas Service under the following rate schedules:

<u>Rate Schedule</u>	<u>CI/BSR Surcharge</u>
Residential/Residential Standby Generator / Residential Gas Heat Pump Service	\$ 0.003220.02316 per therm
Small General Service	\$ 0.001740.01361 per therm
General Service – 1/ Commercial Standby Generator Service / Commercial Gas Heat Pump Service	\$ 0.001140.00859 per therm
General Service – 2	\$ 0.001180.00794 per therm
General Service – 3	\$ 0.001190.00779 per therm
General Service – 4	\$ 0.001290.00554 per therm
General Service – 5	\$ 0.000500.00379 per therm
Commercial Street Lighting	\$ 0.001040.00606 per therm
Wholesale	\$ 0.000840.00448 per therm
Small Interruptible Service	\$ 0.000590.00211 per therm
Interruptible Service	\$ 0.000130.00050 per therm
Interruptible Service – Large Volume	\$ 0.00000 per therm

The ~~CI/BSR SAFIR~~ Surcharges set forth above shall remain in effect until changed pursuant to an order of the Commission.

~~CI/BSR SAFIR~~ Surcharges shall be determined in accordance with the provisions of this Rider set forth below.

Definitions

For purposes of this Rider:

“Eligible Replacements” means the following Company plant investments 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) 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:

Mains and service lines, as replacements for existing materials recognized/identified by the Pipeline Safety and Hazardous Materials Administration (“PHMSA”) as being obsolete and that present a potential safety threat to operations and the general public, including cast iron, wrought iron, bare steel, and specific polyethylene/plastic facilities, and regulators and other pipeline system components the installation of which is required as a consequence of the replacement of the aforesaid facilities.

Additionally, mains and service lines, as replacements for existing facilities locating in rear easements with limited access, improvements to facilities aboveground and spanning over areas such as waterways, replacement of pipeline inserted within casing pipe that has been identified as a potential safety threat, improvements to plastic pipeline that is undetectable to ensure that it is locatable for the purpose of preventing pipeline damage, verification of maximum allowable operating pressure and pipeline material as required by PHMSA, improvements to pressure monitoring equipment as required by PHMSA, retirement of inactive service lines as required by Florida Administrative Code, replacement of mains and service lines as a result of excavation damage or leaks, and improvements to pipeline systems providing gas service to critical customers (e.g., hospitals, nursing facilities, law enforcement facilities, fire rescue facilities, and schools).

“~~C/BSRS~~AFIR Revenues” means the revenues produced through ~~C/BSRS~~AFIR Surcharges, exclusive of revenues from all other rates and charges.

SAFETY OF FACILITIES & INFRASTRUCTURE REPLACEMENT RIDER RIDER (SAFIR)

The monthly bill for Gas Service in any Billing Period shall be increased by the CI/BSR Surcharge determined in accordance with this Rider. CI/BSR Surcharges approved by the Commission for bills rendered for meter readings taken on or after January 1, 2024, are as follows with respect to Customers receiving Gas Service under the following rate schedules:

<u>Rate Schedule</u>	<u>CI/BSR Surcharge</u>
Residential/Residential Standby Generator / Residential Gas Heat Pump Service	\$ 0.02316 per therm
Small General Service	\$ 0.01361 per therm
General Service – 1/ Commercial Standby Generator Service / Commercial Gas Heat Pump Service	\$ 0.00859 per therm
General Service – 2	\$ 0.00794 per therm
General Service – 3	\$ 0.00779 per therm
General Service – 4	\$ 0.00554 per therm
General Service – 5	\$ 0.00379 per therm
Commercial Street Lighting	\$ 0.00606 per therm
Wholesale	\$ 0.00448 per therm
Small Interruptible Service	\$ 0.00211 per therm
Interruptible Service	\$ 0.00050 per therm
Interruptible Service – Large Volume	\$ 0.00000 per therm

The SAFIR Surcharges set forth above shall remain in effect until changed pursuant to an order of the Commission.

SAFIR Surcharges shall be determined in accordance with the provisions of this Rider set forth below.

Definitions

For purposes of this Rider:

“Eligible Replacements” means the following Company plant investments 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) 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:

Mains and service lines, as replacements for existing materials recognized/identified by the Pipeline Safety and Hazardous Materials Administration (“PHMSA”) as being obsolete and that present a potential safety threat to operations and the general public, including cast iron, wrought iron, bare steel, and specific polyethylene/plastic facilities, and regulators and other pipeline system components the installation of which is required as a consequence of the replacement of the aforesaid facilities.

Additionally, mains and service lines, as replacements for existing facilities locating in rear easements with limited access, improvements to facilities aboveground and spanning over areas such as waterways, replacement of pipeline inserted within casing pipe that has been identified as a potential safety threat, improvements to plastic pipeline that is undetectable to ensure that it is locatable for the purpose of preventing pipeline damage, verification of maximum allowable operating pressure and pipeline material as required by PHMSA, improvements to pressure monitoring equipment as required by PHMSA, retirement of inactive service lines as required by Florida Administrative Code, replacement of mains and service lines as a result of excavation damage or leaks, and improvements to pipeline systems providing gas service to critical customers (e.g., hospitals, nursing facilities, law enforcement facilities, fire rescue facilities, and schools).

“SAFIR Revenues” means the revenues produced through SAFIR Surcharges, exclusive of revenues from all other rates and charges.