

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: January 22, 2026

TO: Office of Commission Clerk (Teitzman)

FROM: Office of Industry Development and Market Analysis (Wooten, Bates, Long, *CH*
Nave, Pendris)

Division of Accounting and Finance (Gatlin, Holloway, Norris, Vogel) *MC*

Division of Economics (Hampson, Ward) *EJD*

Division of Engineering (Ellis, Sanchez) *TB*

Office of the General Counsel (Marquez, Stiller) *SPS*

RE: Docket No. 20250121-GU – Joint petition for approval of actual, estimated, and projected relocation costs and approval to establish a recovery surcharge, by Florida City Gas and Florida Public Utilities Company.

AGENDA: 02/03/26 – Regular Agenda – Tariff Filing – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 06/01/2026 (8-Month Effective Date)

SPECIAL INSTRUCTIONS: None

Case Background

In 2024, the Florida Legislature passed House Bill 1645 which enacted Section 366.99, Florida Statutes (F.S.), entitled “Natural gas facilities relocation costs.” The statute permits a public utility¹ that supplies gas to seek approval from the Florida Public Service Commission (Commission) to recover natural gas facilities relocation costs. Section 366.99(3), F.S., requires the Commission to conduct an annual proceeding to determine allowable costs (reasonable projected costs and prudently incurred actual costs), which may be recovered through a charge

¹ As defined in Section 366.02(8), F.S.

separate and apart from base rates. Section 366.99(1)(d), F.S., defines “natural gas facilities relocation costs” as “the costs to relocate or reconstruct facilities as required by a mandate, a statute, a law, an ordinance, or an agreement between the utility and an authority, including, but not limited to, costs associated with reviewing plans provided by an authority. The term does not include any costs recovered through the public utility’s base rates.” Furthermore, only costs incurred on or after July 1, 2024, may be included. Section 366.99(1)(a), F.S., defines “authority” by reference to Section 337.401(1)(a), F.S., which definition includes the Florida Department of Transportation (FDOT) and local government entities that have jurisdiction and control over public roads or publicly owned rail corridors.

Section 366.99(3), F.S., limits the Commission’s review to the prudence of costs already incurred and the reasonableness of projected costs. The Commission adopted Rule 25-7.150, Florida Administrative Code (F.A.C.), which implements Section 366.99, F.S.² This rule sets forth the process and requirements for a utility to file a petition for recovery of natural gas facilities relocation costs through the annual Natural Gas Facilities Relocation Cost Recovery Clause (NGFRCRC). The rule contemplates a process similar to other cost recovery clauses, with filings addressing a final true-up and prudence review of the previous year’s actual costs, actual/estimated costs for the current year, and projected costs for the subsequent year. The rule also sets forth eligibility requirements for costs to be allowed through the NGFRCRC, namely proof that each facility relocation project was required by an authority. Also, pursuant to Section 366.99(1)(d), F.S., a utility filing cannot include costs that are being recovered through the utility’s base rates.

On October 1, 2025, Florida City Gas (FCG) and Florida Public Utilities Company (FPUC) (hereinafter collectively the Utilities) filed a joint petition for approval of actual, estimated, and projected relocation costs and approval to establish a recovery surcharge, effective January 1, 2026. The petition included revisions to FCG’s and FPUC’s natural gas tariffs reflecting proposed terms and surcharges for each company. On November 25, 2025, the Commission issued an Order suspending the proposed tariffs, allowing staff sufficient time to review the proposed modifications, and gather all pertinent information in order to inform this recommendation on the tariff proposals.³

The recurring docket for the NGFRCRC (Docket No. 20260011-GU) was opened in January 2026. Because any new tariffs resulting from the recurring docket will not take effect until 2027, the Commission found that there would be no conflict between those tariffs and any surcharges approved for 2026 in the instant docket.⁴ This recommendation addresses the Utilities’ joint request to implement an initial natural gas facilities relocation cost recovery charge for 2026. The final true-up and prudence review of the actual natural gas facilities relocation costs included in this initial charge will take place in the 2026 NGFRCRC proceeding.

² Order No. PSC-2025-0112-FOF-GU, issued April 4, 2025, in Docket No. 20250020-GU, *In re: Adoption of new Rule 25-7.150, F.A.C., Natural Gas Facilities Relocation Cost Recovery Clause*.

³ Order No. PSC-2025- 0433-PCO-GU, issued November 24, 2025, in Docket No. 20250121-GU, *Joint petition for approval of actual, estimated, and projected relocation costs and approval to establish a recovery surcharge, by Florida City Gas and Florida Public Utilities Company*.

⁴ *Ibid*, p. 1.

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During the review process of the Utilities' petition, staff issued four data requests, for which responses were received for the first data request on November 20, 2025, the second data request on January 5, 2026, and the third and fourth data requests on January 12, 2026.

The Commission has jurisdiction over this matter pursuant to Sections 366.03, 366.04, 366.05, 366.06, and 366.99, F.S.

Discussion of Issues

Issue 1: Are FCG's and FPUC's proposed relocation projects eligible for recovery through the Natural Gas Facilities Relocation Cost Recovery Clause?

Recommendation: Yes, in part. Based on the documentation provided by the Utilities, eight FCG projects, totaling an estimated \$12,459,319, and sixteen FPUC projects, totaling an estimated \$2,631,671, are eligible for recovery. (Sanchez, Gatlin, Wooten)

Staff Analysis: Per the requirements of Rule 25-7.150(2), F.A.C., a utility must seek a determination that natural gas facilities relocation costs are eligible for recovery through the NGFRCRC by providing: (1) the notification by the authority requiring the facilities relocation per Section 366.99(1), F.S.; (2) a description of the scope of the facilities relocation to be undertaken per the requirements imposed by the authority; and (3) an estimate of the costs associated with the relocation of the natural gas facilities.

On October 1, 2025, the Utilities filed a joint petition for approval of actual, estimated, and projected relocation costs and approval to establish a recovery surcharge in connection with the NGFRCRC. In their joint petition, FCG requested recovery for eight relocation projects for an approximate total investment cost of \$12.5 million. FPUC requested recovery for twenty relocation projects for an approximate total investment cost of \$3.3 million.

After reviewing the information and documentation provided by the Utilities, staff recommends that all of the proposed eight FCG projects and sixteen of the proposed twenty FPUC projects are eligible for recovery through the NGFRCRC. For these projects, the Utilities provided documentation of the governmental request, scope of facilities to be relocated, and cost estimates pursuant to Rule 25-7.150(2), F.A.C. Staff believes the Utilities adequately supported the request for recovery of these projects by the totality of documentation provided, which included FDOT Forms with formal binding agreements and informal communications and requests that represent a clear governmental request for relocation services. In addition, the Utilities expressed that they had not recovered any project costs directly from the authority or federal government pursuant to Section 337.403(1)(a), (d), (e), (i), or (j), F.S.

The documentation provided for the four remaining FPUC projects do not meet all the requirements of Rule 25-7.150(2), F.A.C. For these projects, the documentation provided is insufficient for reasons including: (1) no notice or communication involving a representative of the requesting governmental authority; (2) missing signatures from a representative of the requesting authority on the forms provided to indicate formal agreement; and/or, (3) the relocation is stated by the Utility to be no longer required. Staff allowed FPUC until January 12, 2026, to supplement its discovery responses to cure these perceived deficiencies; however, FPUC did not provide additional materials by that deadline for these four projects. Staff believes that FPUC may seek approval for these projects in a subsequent petition for cost recovery if it can provide appropriate documentation of eligibility. Otherwise, cost recovery must be sought through a base rate proceeding. In addition, two projects included 2027 costs, which are not eligible for recovery in the instant docket. The Utilities may include these 2027 costs in their projection filing during this year's NGFRCRC proceeding. Staff subtracted 2024 through 2026 costs from the total requested costs of projects to determine the 2027 costs, which are not

included in staff's recommended eligible costs listed below. Tables 1-1 and 1-2 list all the proposed relocation projects for the Utilities, and it includes total project cost, eligible support for recovery through the NGFRCRC, and the reason or reasons some projects were deemed ineligible.

Table 1-1
FCG Project List

Requesting Authority	Project Name (As Identified by Utility)	Requested Cost	Recommended Cost	Reason if Ineligible
FDOT	DOT RELOC SR932 W 49TH ST W 16TH AV 414167	\$72,885	\$72,885	
Miami-Dade County	DOT NW 37TH AV RELOC NW46ST TO NW62	\$115,003	\$115,003	
FDOT	RELOC SR5 LINDSEY RD BCA416035	\$209,382	\$209,382	
City of Cocoa	BCA 417545 City of Cocoa Relo Kentucky & Mitchell	\$6,831	\$6,831	
FDOT	0361-RELO-405606 SEBASTIAN	\$107,562	\$107,562	
FDOT	0361-DOT-OSLO RD RELO	\$149,957	\$149,957	
FDOT	Okeechobee Rd Relocation FDOT	\$11,740,782	\$11,740,782	
City of Melbourne	BCA417007 Nicklaus Dr. Culvert	\$56,917	\$56,917	
Total		\$12,459,319	\$12,459,319	

Source: Exhibit SM-1 CG

Table 1-2
FPUC Project List

Requesting Authority	Project Name (As Identified by Utility)	Requested Cost	Recommended Cost	Reason if Ineligible
Palm Beach County	Australian Ave (Steel GM Replaced with PE GM)	\$782,120*	\$484,629	
FDOT	MR US 98 and Western Ave (4" PE installed)	\$49,074	\$49,074	
FDOT	MR Forest Hill & Military Trl WPB (Steel GM Replaced with PE GM)	\$216,804	\$216,804	
Polk County	Cameron RD Eagle Lake, Abandon 4" PE, no install	\$193,265	\$0	(1), (2)
Delray Beach	203 SW 14th Ave (Steel GM replaced with PE GM)	\$41,920	\$41,920	
Citrus County	MR PH1 CR491 Wide Road Prjt	\$74,416	\$74,416	
Citrus County	MR PH2 CR491 Wide Road Prjt	\$143,335	\$143,335	
Citrus County	MR PH3 CR491 Wide Road Prjt (Hernando)	\$104,296	\$104,296	
Citrus County	MR PH4 CR491 Wide Road Prjt	\$111,143	\$111,143	
FDOT	Atlantic Ave from SR 7 to US 441 (PE Gas Main Relocation)	\$116,858	\$116,858	
FDOT	MR Harvest Time Dr Offset (W SR 46 and N Kennel Rd)	\$5,352	\$5,352	
FDOT	SR 434 and Winding Hollow Trl (Steel GM Repl with PE GM)	\$109,059	\$0	(2)
Lake Clarke Shores	Pine Tree Lake Clarke Shore Bridge (PE GM Reloc)	\$73,820	\$73,820	
Palm Beach County	Florida Mango Relocation 10th to Nemec (Steel GM relocation)	\$923,358	\$923,358	
FDOT	Earman River Bridget Over the C-17 Canal Bridge #930003 (PE GM Reloc)	\$200,000	\$200,000	
FDOT	SR39 James Redman Pkwy FR s of Rayburn RD to N of Golden Rule LN (Install 4" PE)	\$10,000	\$10,000	
FDOT	SR80 (Southern Blvd) @ SR7 US 441 (Install 1.25 " PE Gas Service)	\$10,000	\$0	(2), (3)
FDOT	SR806 (Atlantic AVE) Homewood Blvd and SR 704 Okeechobee Blvd/Haverhill RD (GM Reloc)	\$20,000	\$0	(2), (3)
Polk County	Spirit Lake Rd at Sheffield Rd (Install PE)	\$100,000*	\$66,667	
FDOT	Fort Fraser Trail over SR 60 (Install 4" PE)	\$10,000	\$10,000	
Total		\$3,294,820	\$2,631,671	

* FPUC projects Australian Ave (Steel GM Replaced with PE GM) and Spirit Lake Rd at Sheffield Rd (Install PE) include a combined total of \$330,825 in 2027 estimated costs. These costs are not included in the recommended costs for recovery in this docket.

Source: Exhibit SM-1 FPU

Furthermore, the eligible projects mentioned above have not been recovered through base rates, surcharges, or any other riders. The Utilities stated that all relocation projects in their joint petition began after the projected test year from the last rate case for both FCG and FPUC. Therefore, the relocation projects were not previously included in base rates. Additionally, the Utilities did not include recovery of the requested relocation projects in their Gas Utility Access and Replacement Directive (GUARD) or Safety, Access, and Facility Enhancement (SAFE) programs. FCG and FPUC explained if relocation costs were to be transferred into base rates in a future proceeding, the NGFRCRC investment would be reset to zero.

Conclusion

Based on the information and documentation provided by the Utilities, eight FCG projects, totaling an estimated \$12,459,319, and sixteen FPUC projects, totaling an estimated \$2,631,671, are eligible for recovery.

Issue 2: Should the Commission approve FCG's proposed natural gas facilities relocation surcharge and associated tariff sheets?

Recommendation: Yes, based on staff's recommendation in Issue 1, the Commission should approve FCG's natural gas facilities relocation surcharge and associated tariff sheets, included as Attachment A to the recommendation. Staff has reviewed the surcharge calculations which result in the proposed revenue requirement, using a 10-month recovery period. The proposed tariff should be effective the first billing cycle of March 2026. (Hampson)

Staff Analysis: Exhibit DW-1 to witness Williams' pre-filed direct testimony provides the revenue requirement and 2026 surcharge calculation, based on the proposed relocation costs for FCG. Specifically, the Utilities identified relocation costs incurred since July 2024; therefore, Exhibit DW-1 shows revenue requirement calculations for 2024, 2025, and 2026. The revenue requirement includes a return on investment, depreciation expense, general public and customer notification expense, and property taxes. For FCG, the proposed total revenue requirement to be recovered for 2026 is \$971,338.

FCG used a similar methodology and schedules to that of the Commission-approved GUARD program and the proposed relocation surcharge factors present similar recovery mechanisms.⁵

Staff verified that FCG used the Commission-approved depreciation rates for plastic mains and steel mains used on Schedule C of Exhibit DW-1 for each company. Additionally, the depreciation expense for these accounts as recorded by witness Williams are correct. FCG allocated the proposed NGFRCRC revenue requirement to the rate classes based on revenue allocation factors. FCG calculated the revenue allocation factors using the projected revenues by rate class from its most recent rates case as a percent of total revenue. The respective percentages were multiplied by the 2026 revenue requirement and divided by each rate class' projected therm sales to provide the surcharge for each rate class.

The proposed tariffs included in the petition include Third Revised Sheet No. 2 (index) and Original Sheet No. 83 (NGFRCRC factors). The NGFRCRC factors were based on a 12-month recovery period (January 1 through December 31, 2026). In response to staff's First Data Request No. 15, FCG provided recalculated surcharges based on a 10-month recovery period (March 1 through December 31, 2026).⁶ The Utilities stated that they would provide customer notification of the proposed surcharges with the February bills. Specifically, the bills would include a link to their respective websites and show the requested surcharges. For a residential customer on the RS-100 rate schedule, the monthly bill impact for 20 therms would be \$0.43.

Conclusion

Based on staff's recommendation in Issue 1, the Commission should approve FCG's natural gas facilities relocation surcharge and associated tariff sheets, included as Attachment A to the recommendation. Staff has reviewed the surcharge calculations which result in the proposed

⁵ Order No. PSC- 2025-0450-TRF-GU, issued December 11, 2025, in Docket No. 20250109-GU, *In re: Petition for approval of gas utility access and replacement directive cost recovery factors for January 2026 through December 2026, by Florida Public Utilities Company.*

⁶ FCG provided a revised tariff sheet to staff, included as Attachment A to the recommendation, to correct a scrivener's error on January 16, 2025.

revenue requirement, using a 10-month recovery period. The proposed tariff should be effective the first billing cycle of March 2026.

Issue 3: Should the Commission approve FPUC's proposed natural gas facilities relocation surcharge and associated tariff sheets?

Recommendation: No, based on staff's recommendation in Issue 1, the Commission should deny FPUC's natural gas facilities relocation surcharge and associated tariff sheets. The Commission should require FPUC to file within 7 days following the date of Commission vote, revised tariff sheets and supporting documentation that result in the Commission-approved relocation projects and associated program revenue requirement. Additionally, the Commission should give staff administrative authority to approve the revised tariffs after reviewing the supporting documentation. The revised tariffs should be effective the first billing cycle of March 2026.

If the Commission denies staff's recommendation in Issue 1 and approves FPUC's requested natural gas facilities relocation projects and associated revenue requirement, the Commission should approve FPUC's facility relocation surcharge and associated tariff sheets as filed in response to staff's Fourth Data Request No. 1. The tariffs should be effective the first billing cycle of March 2026. (Hampson)

Staff Analysis: Exhibit DW-1 to witness Williams' pre-filed direct testimony provides the revenue requirement and 2026 surcharge calculation, based on the proposed relocation costs for FPUC. Specifically, FPUC identified relocation costs incurred since July 2024; therefore, Exhibit DW-1 shows revenue requirement calculations for 2024, 2025, and 2026. The revenue requirement includes a return on investment, depreciation expense, general public and customer notification expense, and property taxes. For FPUC, the proposed total revenue requirement to be recovered in 2026 is \$531,984.

FPUC used a similar methodology and schedules to that of the Commission-approved GUARD program and the proposed relocation surcharge factors present similar recovery mechanisms.⁷

Staff verified that FPUC used the Commission-approved depreciation rates for plastic mains and steel mains used on Schedule C of Exhibit DW-1 for each company. Additionally, the depreciation expense for these accounts as recorded by witness Williams are correct. FPUC allocated the proposed NGFRCRC revenue requirement to the rate classes based on revenue allocation factors. FPUC calculated the revenue allocation factors using the projected revenues by rate class from its most recent rate case as a percent of total revenue. The respective percentages were multiplied by the 2026 revenue requirement and divided by each rate class' projected therm sales to provide the surcharge for each rate class.

The proposed tariffs included in the petition include Second Revised Sheet No. 7.001 (index) and Original Sheet No. 7.413 (NGFRCRC factors). The proposed surcharges were based on a 12-month recovery period (January 1 through December 31, 2026). In response to staff's First Data Request No. 15, FPUC provided recalculated surcharges based on a 10-month recovery period (March 1 through December 31, 2026). Furthermore, in response to staff's Fourth Data Request

⁷ Order No. PSC- 2025-0450-TRF-GU, issued December 11, 2025, in Docket No. 20250109-GU, *In re: Petition for approval of gas utility access and replacement directive cost recovery factors for January 2026 through December 2026, by Florida Public Utilities Company.*

No. 1, FPUC provided a revised surcharge calculation and tariff. FPUC explained that it inadvertently used only the customer charge revenue and not the combination of the customer and volumetric charge revenues to determine the revenue allocation factor. This error was corrected as part of the revised surcharge calculation and tariff. The Utilities stated that they would provide customer notification of the proposed surcharges with the February bills. Specifically, the bills would include a link to their respective websites and show the requested surcharges.

Conclusion

Based on staff's recommendation in Issue 1, the Commission should deny FPUC's natural gas facilities relocation surcharge and associated tariff sheets. The Commission should require FPUC to file within 7 days following the date of Commission vote, revised tariff sheets and supporting documentation that result in the Commission-approved relocation projects and associated program revenue requirement. Additionally, the Commission should give staff administrative authority to approve the revised tariffs after reviewing the supporting documentation. The revised tariffs should be effective the first billing cycle of March 2026.

If the Commission denies staff's recommendation in Issue 1 and approves FPUC's requested natural gas facilities relocation projects and associated revenue requirement, the Commission should approve FPUC's facility relocation surcharge and associated tariff sheets as filed in response to staff's Fourth Data Request No. 1. The tariffs should be effective the first billing cycle of March 2026.

Issue 4: Should this docket be closed?

Recommendation: If a protest is filed within 21 days of the issuance of the Order by a person whose substantial interests are affected, the tariff should remain in effect, with any revenues held subject to refund, pending resolution of the protest. If no timely protest is filed, this docket should be closed either upon the issuance of a Consummating Order or administratively by staff. (Marquez, Stiller)

Staff Analysis: If a protest is filed within 21 days of the issuance of the Order by a person whose substantial interests are affected, the tariff should remain in effect, with any revenues held subject to refund, pending resolution of the protest. If no timely protest is filed, this docket should be closed upon the issuance of a Consummating Order or administratively by staff.

Florida City Gas		
FPSC Natural Gas Tariff		
Volume No. 11		
	<u>Third Second Revised Sheet No.2</u>	
	<u>Cancels Second First Revised Sheet No. 2</u>	
	<u>INDEX TO RATE SCHEDULES AND RIDERS</u>	
	<u>Sheet No.</u>	
<u>RATE SCHEDULES:</u>		
<u>Residential Service ("RS") Rates:</u>		
	<u>Therms per Year</u>	
RS-1	0 – 99	29
RS-100	100 – 599	30
RS-600	600+	31
<u>General Service ("GS") Rates:</u>		
	<u>Therms per Year</u>	
GS-1	0 – 5,999	32
GS-6K	6,000 – 24,999	34
GS-25K	25,000 – 119,999	36
GS-120K	120,000 – 1,249,999	38
GS-1,250K	1,250,000 – 10,999,999	40
GS-11M	11,000,000 – 24,999,999	42
GS-25M	25,000,000+	44
<u>Others:</u>		
GL	Gas Lighting Service	46
RSG	Residential Standby Generator Service	47
CSG	Commercial Standby Generator Service	48
NGV-I	Natural Gas Vehicle Service-I	49
NGV-II	Natural Gas Vehicle Service-II	50
KDS	Contract Demand Service	54
LES	Load Enhancement Service	57
TPS	Third Party Supplier	60
TSS	Transportation Supply Service	68
OSS	Off-System Sales Service	70
EDGS	Economic Development Gas Service	72
RNGS	Renewable Natural Gas Service	74.1
<u>RIDERS:</u>		
A	Purchased Gas Adjustment ("PGA")	75
B	Energy Conservation Cost Recovery Adjustment ("ECCR")	76
C	Competitive Rate Adjustment ("CRA")	77
D	Safety, Access and Facility Enhancement (SAFE) Program	78
E	Transportation Balancing Charge ("TBC")	82
	<u>Natural Gas Facilities Relocation Cost Recovery Clause (NGFCRC)</u>	<u>83</u>

Issued by: Jeffrey Sylvester, Chief Operating Officer Effective: April 04, 2023
Florida City Gas

RIDER "F"

Natural Gas Facilities Relocation Cost Recovery Clause ("NGFRCRC")

Applicable to all Customers served under the Rate Schedules shown in the table below.

The Distribution Charge for the applicable Rate Schedules shall be increased or decreased for the NGFRCRC Rider to reflect the recovery of facility relocation related expenditures by the Company. The NGFRCRC factors include a tax factor of 1.00503 and are rounded to the nearest \$0.00001 per therm. The charges were calculated in accordance with Florida Statute 366.99 (1) and Commission Rule 25-7.150.

The cost recovery factors including tax multiplier for the ten-month period from March 1, 2026 through December 31, 2026 are:

RS -1	\$0.05343 per therm
RS -100	\$0.02808 per therm
RS - 600	\$0.01611 per therm
GS - 1	\$0.01201 per therm
GS - 6K	\$0.00702 per therm
GS - 25K	\$0.00639 per therm
GS - 120K	\$0.00492 per therm
GS - 1250K	\$0.00349 per therm
GS - 11M - GS - 25M	\$0.00000 per therm
CSG, RSG	\$0.00000 per therm
Gas Lighting Customers	\$0.01191 per therm

Issued by: Jeffrey Sylvester, Chief Operating Officer
Florida City Gas

Effective: