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Commission Conference Agenda
September 10, 2024

Item 1

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: August 29, 2024

TO: Office of Commission Clerk (Teitzman)

FROM: Office of Industry Development and Market Analysis (Nave, Wooten, Long) CH
Office of the General Counsel (Farooqi, Marquez) AEH

RE: Docket No. 20240097-TP – 2025 State certification under 47 C.F.R. §54.313 and §54.314, annual reporting requirements for high-cost recipients and certification of support for eligible telecommunications carriers.

AGENDA: 09/10/24 – Regular Agenda – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Fay

CRITICAL DATES: 10/01/24 (Filing deadline with the Federal Communications Commission and the Universal Service Administrative Company)

SPECIAL INSTRUCTIONS: None

Case Background

One of the primary principles of universal service support as described in the Telecommunications Act of 1996 (Telecom Act) is for consumers in all regions to have reasonably comparable access to telecommunications and information services at reasonably comparable rates.[1] The federal universal service high-cost program is designed to help ensure that consumers in rural, insular, and high-cost areas have access to modern communications networks capable of providing voice and broadband service, both fixed and mobile, at rates that are reasonably comparable to those in urban areas.[2] The program supports the goal of universal

[1] 47 U.S.C. §254(b)(3) (2024)
[2] FCC, "Universal Service for High Cost Areas - Connect America Fund," updated August 21, 2024, https://www.fcc.gov/general/universal-service-high-cost-areas-connect-america-fund, accessed August 23, 2024.

service by allowing eligible telecommunications carriers (ETCs) to recover some of the costs of service provision in high-cost areas from the federal Universal Service Fund. Carriers can be designated as ETCs in Florida by the Florida Public Service Commission (Commission) or the Federal Communications Commission (FCC).

In order for requesting carriers to receive federal universal service high-cost support, state commissions must annually certify to the Universal Service Administrative Company (USAC) and to the FCC that each carrier complies with the requirements of Section 254(e) of the Telecom Act by using high-cost support "only for the provision, maintenance, and upgrading of facilities and services for which the support is intended."[3] Certification will be filed online by the Commission through USAC's online portal. Immediately following online certification, the USAC website will automatically generate a letter that may be submitted electronically to the FCC to satisfy the submission requirements of 47 C.F.R. §54.314(c). In order for a carrier to be eligible for high-cost universal service support for all of calendar year 2025, the Commission must submit the certification by October 1, 2024.[4]

The Commission has jurisdiction pursuant to 47 C.F.R. §54.313 and §54.314, as well as Chapter 364, F.S.

[3] 47 C.F.R §54.314(a) (2024)
[4] 47 C.F.R §54.314(d) (2024)

Discussion of Issues

Issue 1: Should the Commission certify to USAC and the FCC that Bright House Networks Information Services (Florida), LLC; CenturyLink of Florida, Inc.; Consolidated Communications of Florida Company; Frontier Florida LLC; ITS Telecommunications Systems, LLC d/b/a Blue Stream Fiber; Northeast Florida Telephone Company d/b/a NEFCOM; Quincy Telephone Company d/b/a TDS Telecom; Smart City Telecommunications LLC d/b/a Smart City Telecom; Windstream Communications, LLC; and Windstream Florida, LLC are eligible to receive federal high-cost support?

Recommendation: Yes. The Commission should certify to USAC and the FCC that Bright House Networks Information Services (Florida), LLC; CenturyLink of Florida, Inc.; Consolidated Communications of Florida Company; Frontier Florida LLC; ITS Telecommunications Systems, LLC d/b/a Blue Stream Fiber; Northeast Florida Telephone Company d/b/a NEFCOM; Quincy Telephone Company d/b/a TDS Telecom; Smart City Telecommunications LLC d/b/a Smart City Telecom; Windstream Communications, LLC; and Windstream Florida, LLC are eligible to receive federal high-cost support. (Nave, Wooten, Long)

Staff Analysis: All Florida ETCs that are seeking high-cost support have filed affidavits with the Commission attesting that the high-cost funds received for the preceding calendar year were used, and funds for the upcoming calendar year will be used only for the provision, maintenance, and upgrading of facilities and services for which the support is intended. Additionally, each company has filed FCC Form 481 with USAC. Form 481 includes information such as emergency operation capability, FCC pricing standards comparability for voice and broadband service, holding company and affiliate brand details, and tribal lands service and outreach. Based on previous years' data and projected changes in support, staff estimates that approximately $18 million in high-cost support may be received by these Florida ETCs in 2025.[5]

Staff reviewed the affidavits and submissions made by each carrier to the Commission and to USAC. Each of the Florida ETCs receiving high-cost support has attested that all federal high-cost support provided to them within Florida was used in the preceding calendar year and will be used in the coming calendar year only for the provision, maintenance, and upgrading of facilities and services for which the support is intended.

Having reviewed the carriers' filings, staff recommends that the Commission certify to USAC and the FCC that Bright House Networks Information Services (Florida), LLC; CenturyLink of Florida, Inc.; Consolidated Communications of Florida Company; Frontier Florida LLC; ITS Telecommunications Systems, LLC d/b/a Blue Stream Fiber; Northeast Florida Telephone Company d/b/a NEFCOM; Quincy Telephone Company d/b/a TDS Telecom; Smart City Telecommunications LLC d/b/a Smart City Telecom; Windstream Communications, LLC; and Windstream Florida, LLC are eligible to receive federal high-cost support, that they have used the federal high-cost support received in the preceding calendar year, and that they will use the federal high-cost support they receive in the coming calendar year only for the provision, maintenance, and upgrading of facilities and services for which the support is intended.

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[5] This estimate was obtained using data from the USAC high-cost funding data disbursement search tool.

Issue 2: Should this docket be closed?

Recommendation: Yes. This docket should be closed upon issuance of a Final Order. (Farooqi, Marquez)

Staff Analysis: This docket should be closed upon issuance of a Final Order.

Item 2

State of Florida

Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

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

DATE: August 29, 2024

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (P. Kelley) EJD
Division of Engineering (Ellis, King, Thompson) TEB
Office of the General Counsel (Sparks, Farooqi) AEH

RE: Docket No. 20240071-GU – Petition for approval of safety, access, and facility enhancement program modifications, by Florida City Gas.

AGENDA: 09/10/24 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

On April 19, 2024, Florida City Gas (FCG or Utility) filed its petition requesting Commission approval of modification to its safety, access, and facility enhancement (SAFE) program and associated cost recovery mechanism. In 2015, the Commission approved the original SAFE program and associated cost recovery mechanism.[1] The purpose of the original SAFE program was to relocate certain existing gas facilities located in or associated with rear lot easements to the street front through a separate surcharge on the customers' bill. In the Order approving the SAFE program, the Commission found that the relocation of existing gas facilities was in the public interest to improve the safety of Florida's natural gas infrastructure. In Order No. PSC-

[1] Order No. PSC-2015-0390-TRF-GU, issued September 15, 2015, in Docket No. 150116-GU, *In re: Petition for approval of safety, access, and facility enhancement program and associated cost recovery methodology, by Florida City Gas.*

2015-0390-TRF-GU, the Commission required FCG to file an annual petition for a review and reset of the surcharge factors, true-up of any over or under recovery, and update the ad valorem rate, debt, and equity cost rates.[2] At the time of Commission approval, the total estimated SAFE investment from 2015 through 2025 was approximately $105 million.[3]

During the Utility's 2022 rate case, the Commission approved a stipulation for the expansion of the SAFE program in Order No. PSC-2023-0177-FOF-GU.[4] The Commission further required FCG to propose a new investment/construction schedule and term for the SAFE program in its next applicable annual SAFE filing. Subsequently, the Utility proposed and the Commission approved a 10-year investment and construction schedule through 2035 for the SAFE program projects.[5] As of FCG's most recent true-up filing, the estimated total investment of the SAFE program was approximately $102 million.[6]

In a recent assessment using its Distribution, Integrity, and Management Program (DIMP), the Utility identified additional risks that were not contemplated in its expanded program related to problematic pipe and equipment. Natural gas distribution pipeline operators, such as natural gas distribution companies are required by Department of Transportation to develop, write, and implement a distribution integrity management program with the following elements: knowledge, identify threats, evaluate and rank risks, identify and implement measures to address risks, measure performance, monitor results, and evaluate effectiveness, periodically evaluate and improve program; and report results.

While additional risks have been identified, the Utility stated the systems are safe. However, FCG would like to expeditiously address the identified risks and reduce any unnecessary risk to the public. The proposed modification to the SAFE program would include the replacement of the following types of facilities in which FCG has identified safety risks: (i) replacing of span pipe; (ii) burying shallow and exposed pipelines; and (iii) replacing of obsolete pipe and related facilities.

During the evaluation of the petition, staff issued two data requests. Responses from FCG were received on May 24 and August 1, 2024.[7] The Commission has jurisdiction over this matter pursuant to Sections 366.04, 366.05, and 366.06, Florida Statutes (F.S.).

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[2] See page 5 of Order No. PSC-2015-0390-TRF-GU.
[3] See page 3 of Order No. PSC-2015-0390-TRF-GU.
[4] Order No. PSC-2023-0177-FOF-GU, issued June 9, 2023, in Docket No. 20220069-GU, *In re: Petition for rate increase by Florida City Gas.*
[5] Order No. PSC-2023-0345-TRF-GU, issued November 16, 2023, in Docket No. 20230097-GU, *In re: Petition for approval of safety, access, and facility enhancement program true-up and 2024 cost recovery factors, by Florida City Gas.*
[6] See page 1 of Attachment A to Document No. 05041-2023.
[7] Responses to Staff's First Data Request (Document No. 04172-2024), Responses to Staff's Second Data Request (Document No. 08145-2024).

Discussion of Issues

Issue 1: Should the Commission approve FCG's proposed modifications to the Safety, Access, and Facility Enhancement program?

Recommendation: Yes, the Commission should approve FCG's proposed modifications to the SAFE program and its associated components to include: (i) replacing of span pipe; (ii) burying shallow and exposed pipelines; and (iii) replacing of obsolete pipe and related facilities. The proposed program modification should improve the safety of FCG's natural gas infrastructure and reduce risk to life and property, and is consistent with the Commission's prior Orders. (P. Kelley, Thompson)

Staff Analysis:

Replacement of Problematic Pipe and Facilities

As mentioned in the case background, FCG states that during a recent risk assessment using its DIMP, it identified various types of problematic pipe and facilities that pose safety risks to its system. As such, FCG is requesting to address these risks on an expedited basis. The problematic pipe and facilities FCG intends to include for replacement under its SAFE program are previously unidentified bare steel mains, steel tubing, span pipe, shallow and exposed pipe, and other obsolete pipe and related facilities, all of which are currently included in Florida Public Utilities Company's (FPUC's) Gas Utility Access and Replacement Directive (GUARD) program. FCG is requesting to more closely align its SAFE program with FPUC's GUARD program, which was approved by the Commission in Docket No. 20230029-GU.[8]

Span pipes are segments of pipe that are susceptible to outside force damage and corrosion, as they are installed above grade and cross creeks, rivers, ditches, or highways. Shallow and exposed pipes are segments that are no longer safely buried due to erosion and other changes in the environment, and are similarly susceptible to outside force damage and corrosion. Obsolete pipe includes Aldyl-A, a type of first generation plastic pipe installed prior to 1982, previously unidentified bare steel pipe, steel tubing and orange pipe, which was approved for replacement in FCG's SAFE program by the Commission in Docket No. 20220069-GU.[9] Due to the evolution of piping materials, construction methods, and standards of related metering and regulating (M&R) facilities, obsolete pipe and related facilities may be at risk of third-party damage and failure.

FCG retained the same contractor retained by FPUC for its GUARD program, R.J. Ruiz and Associates, Inc., to conduct a review of its natural gas facilities. At the conclusion of the review, the contractor provided a risk assessment report identifying threats to FCG's system. The Utility used this report to identify the following projects: (i) three span pipe projects, consisting of the replacement of 82 span pipe segments in FCG's service area; (ii) three exposed pipe projects; and (iii) 17 projects related to obsolete pipe and related facilities.[10] FCG prioritized the facilities for replacement based on the highest risk of failure identified in the contractor's risk assessment

[8]Order No. PSC-2023-0235A-PAA-GU, issued August 18, 2023, in Docket No. 20230029-GU, *In re: Petition for approval of gas utility access and replacement directive, by Florida Public Utilities Company.*
[9]Order No. PSC-2023-0177-FOF-GU.
[10]Document No. 04172-2024.

and the Utility's DIMP, as well as input from the Utility's subject matter experts. In response to staff's first data request, the Utility provided maps which depict the areas FCG projects facility replacements will take place.[11] FCG identified project areas located in Miami-Dade, Broward, and Brevard Counties.

FCG estimates that the span pipe projects will cost $20 million, the exposed pipe projects will cost $4.1 million, and the obsolete pipe and related facilities projects will cost $25.7 million, for a total of $49.8 million over the 2024 through 2035 SAFE program term. The estimated annual project expenditures range from approximately $2.8 million to $5 million, and are lowest in the first and last years of the program term.

Staff believes that FCG's request to modify its SAFE program to include the expedited replacement of problematic pipe and facilities is necessary to improve the safety of FCG's natural gas infrastructure, and to reduce risk to life and property. Staff believes inclusion of the proposed projects is also consistent with the Commission's approval of FPUC's GUARD program.

Projected Incremental SAFE Investments

FCG estimated the incremental costs for the SAFE program modifications to be approximately $49.8 million, as summarized in the table below:

Table 1-1
Projected 2025-2035 Incremental SAFE Costs

SAFE Project Type	Estimated Cost ($ in millions)
Problematic Mains	
Obsolete pipe replacement	$25.7
Span pipe replacement	$20.0
Exposed pipeline burials	$4.1
TOTAL (rounded)	$49.8

Source: Responses to Staff's Second Data Request, Document No. 08145-2024

The Utility believes that the currently approved 10-year term for the SAFE program is adequate to complete the projects described in this filing.[12] In response to staff's second data request, FCG provided a breakdown detailing the projected timeline of the projects. According to the Utility, the modifications to the SAFE program would be approximately $49.8 million in incremental costs.[13]

In paragraph 13 of the petition, FCG states that it also proposes to continue to use the cost allocation methodology currently being utilized. Furthermore, the Utility is not proposing any modifications to the current surcharge in this petition. Instead, FCG would recalculate the SAFE surcharges for 2025 in its annual true-up filing. FCG states that if this petition is approved, it

[11] Attachment A to Responses to Staff's First Data Request, Document No. 04172-2024
[12] Response No. 3 to Staff's Second Data Request, Document No. 08145-2024.
[13] Attachment C to Responses to Staff's Second Data Request, Document No. 08145-2024.

would include the revenue requirement associated with the additional project categories in its annual true up filings, starting in September 2024. FCG stated that the surcharge would increase by no more than 10 percent of the program's current charge for 2025, based on the estimate provided by the contractor.[14] Staff believes that the proposed expenses are consistent with the approved 2015 SAFE cost allocation methodology and are reasonable.

Conclusion

The Commission should approve FCG’s proposed modifications to the SAFE program and its associated components to include: (i) replacing of span pipe; (ii) burying shallow and exposed pipelines; and (iii) replacing of obsolete pipe and related facilities. The proposed program modification should improve the safety of FCG’s natural gas infrastructure and reduce risk to life and property, and is consistent with the Commission’s prior Orders.

[14] Response No. 5B to Staff’s First Data Request, Document No. 04172-2024

Issue 2: Should this docket be closed?

Recommendation: Yes. If no protest is filed by a person whose substantial interests are affected within 21 days of the issuance of the Order, this docket should be closed upon the issuance of a Consummating Order. (Sparks, Farooqi)

Staff Analysis: If no protest is filed by a person whose substantial interests are affected within 21 days of the issuance of the Order, this docket should be closed upon the issuance of a Consummating Order.