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October 4, 2019

ELECTRONIC PORTAL

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

Re: Docket No. 20190172-GU – Petition of Florida City Gas for Approval of the Safety, Access, and Facility Enhancement Program True-Up and 2020 Surcharge Factors.

Dear Mr. Teitzman:

Attached for electronic filing, please find the <u>Amended Petition of Florida City Gas for Approval of the Safety, Access, and Facility Enhancement Program True-Up and 2020 Cost Recovery Factors, in the above-referenced docket.</u>

Thank you for your assistance with this filing. As always, please don't hesitate to let me know if you have any questions whatsoever.

Sincerely.

Beth Keating Greg Munson

Gunster, Yoakley & Stewart, P.A. 215 South Monroe St., Suite 601

Tallahassee, FL 32301

(850) 521-1706

MEK Enclosures

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Florida City Gas for :

Docket No. 20190172-GU

Approval of the Safety, Access, and Facility:

Enhancement Program True-Up and 2020:

Filed: October 4, 2019

Surcharge Factors

AMENDED PETITION OF FLORIDA CITY GAS FOR APPROVAL OF THE SAFETY, ACCESS, AND FACILITY ENHANCEMENT PROGRAM TRUE-UP AND 2020 COST RECOVERY FACTORS

Florida City Gas ("FCG" or "the Company") hereby submits this Amended Petition to the Florida Public Service Commission ("Commission") requesting approval of the Safety, Access, and Facility Enhancement Program ("SAFE Program") true-up and 2020 surcharge factors for the projected period of January 1, 2020 through December 31, 2020. FCG initially filed the Petition for its SAFE Program on September 3, 2019, together with Attachments A through C. Following an inquiry from Commission Staff, FCG identified an inadvertent accounting error in Attachment B to the original SAFE Program Petition, which slightly understated the 2020 net revenue requirement and the surcharge factor for some of the commercial customer classes. FCG hereby files this Amended Petition to correct Attachment B and SAFE Program 2020 surcharge factors requested for the projected period of January 1, 2020 through December 31, 2020. In support thereof, FCG states as follows:

1. The Company is a natural gas utility with its principal office located at:

Florida City Gas 4045 NW 97th Avenue Doral, Florida 33178

2. Any pleading, motion, notice, order or other document required to be served upon FCG or filed by any party to this proceeding should be served upon the following individuals:

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Beth Keating Gunster, Yoakley & Stewart, P.A. 215 South Monroe St., Suite 601 Tallahassee, FL 32301 (850) 521-1980 BKeating@gunster.com Christopher Wright
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Florida Power & Light Company
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- 3. FCG is a natural gas local distribution company ("LDC") providing natural gas sales and transportation service to customers in parts of Florida, and is a public utility subject to the Commission's regulatory jurisdiction under Chapter 366, Florida Statutes ("F.S").
- 4. The Commission is vested with jurisdiction over this matter in accordance with Sections 366.04, 366.041, 366.05, and 366.06, F.S. Specifically, the Commission is authorized to establish fair and reasonable rates and charges for Florida utilities and, in doing so, shall consider, among other things, the adequacy of the utility's facilities and its ability to improve such facilities. The Commission also is vested with authority under Section 368.05(2), F.S., to require improvements to natural gas distribution systems as may be necessary to protect the public.
- 5. On September 15, 2015, the Commission approved FCG's request to establish the SAFE Program.¹ The SAFE Program is designed to relocate on an expedited basis certain existing gas mains and associated facilities located in or associated with rear lot easements to street front locations to improve the Company's ability to inspect and maintain the facilities and reduce opportunities for damage to the facilities and theft. As the Commission recognized in its *SAFE Order*, the existing location of these mains, services and, in some cases, above-ground

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¹ See In re: Petition for approval of safety, access, and facility enhancement program and associated cost recovery methodology, by Florida City Gas, Order No. PSC-2015-0390-TRF-GU, Docket No. 20150116-GU (FPSC Sept. 15, 2015) ("SAFE Order").

Florida City Gas

facilities, presents significant operational risks and challenges for the Company and its customers. *Id.* at p. 5.

- 6. The facilities to be relocated or replaced under the SAFE Program are generally prioritized based on the risk assessment model included in the FCG's Distribution Integrity Management Program. The factors for prioritization include, but are not limited to, location of pipeline, material of pipeline, leak incident rates, rear lot pipelines with maintenance access complications, and customer encroachments. The actual and forecasted mains and service replacements from 2014 through the end of the SAFE Program are provided by year in Attachment A to this Petition.
- 7. The SAFE Program facilitates the relocation process by enabling the Company to timely recover the appropriate costs, along with a reasonable return, incurred for the relocation of the mains and associated new service lines, as well as costs associated with any aboveground facilities, such as meters and regulator sets, that may need to be replaced or relocated due to the main and service line relocations. *Id.* at pp. 3-4.
- 8. Pursuant to the *SAFE Order*, FCG is required to file an annual petition with this Commission on September 1 of each year. The purpose of the annual filing is to review and reset the SAFE Program surcharge factors to true-up any over- or under-recovery, and to update the ad valorem rates and debt and equity cost rates with the most recent earnings surveillance report rates. *Id.* at p. 5. The annual SAFE Program filing includes the following:
 - (a) Final true-up showing the actual replacement costs and actual surcharge revenues for the most recent 12-month historical period from January 1 through December 31 that ends prior to the annual petition filing, including the final over- or under-recovery for that period;
 - (b) Actual/estimated true-up showing seven months of actual and five months of projected costs and revenues; and

- (c) Projection showing 12 months of the projected revenue requirement for period beginning January 1 following the annual filing. *Id*.
- 9. On September 3, 2019, FCG submitted its annual SAFE Program filing for the period of January 1, 2020 through December 31, 2020, together with Attachments A through C. Following an inquiry from Commission Staff, FCG identified an inadvertent accounting error in Attachment B to the original SAFE Petition. Specifically, FCG determined that certain capital "Mains" costs associated with the 2019 SAFE projects were inadvertently booked as "Land Rights" expenses in 2019, as shown on Attachment B, Schedule 2, Line 1(e) of FCG's original SAFE Petition. These "Land Rights" expenses were then carried over to Attachment B, Schedule 4, Line 1(e) of FCG's original SAFE Petition as the "Beginning of Period Amount" for 2020. The costs shown as "Land Rights" on Schedules 2 and 4 of FCG's original SAFE Petition should have been booked to "Mains" costs. This an inadvertent accounting resulted in the 2020 net revenue requirement and the surcharge factor for some of the commercial customer classes being slightly understated.
- 10. FCG hereby submits this Amended SAFE Petition to update Attachment B with corrected Schedules 2 and 4. The net effect of this correction results in the following minor changes from FCG's original SAFE Petition submitted on September 3, 2019:
 - (a) The total, cumulative net true-up for 2018 and 2019 slightly decreased from an over-recovery of \$134,263 to an over-recovery of \$134,022.
 - (b) The projected total revenue requirement for the SAFE Program for the period January 1, 2020 through December 31, 2020 slightly increased from \$1,784,838 to \$1,785,425. Applying the corrected cumulative net true-up, the corrected total amount to be collected through the SAFE Program

- surcharge during 2020 results in a slight increase from \$1,650,576 to \$1,651,403 (an increase of \$827.00).
- (c) Due to rounding, the proposed 2020 SAFE Program monthly surcharge factors for rate classes GS-6k, GS-25k, GS-120k and GS-1250k slightly increased from \$2.25 to \$2.26 (an increase of \$0.01). This change in the proposed monthly surcharge factors also necessitated a change to *pro forma* Tariff Sheet No. 79, which has been included in an updated Attachment C to this Amended Petition.
- 11. The updated Attachment B, Schedules 1 through 7, which is attached to this Amended Petition and incorporated herein by reference, provides the information required by the *SAFE Order* and FCG's SAFE Tariff. The updated Attachment B fully supports FCG's calculation of the SAFE Program true-up and 2020 surcharge factors for the period of January 1, 2020 through December 31, 2020.
- On April 20, 2018, the Commission approved a settlement agreement in FCG's 2018 base rate case ("2018 Settlement") that, among other things, made adjustments to the annual SAFE Program filing that are pertinent to the 2020 surcharge factors. Under the 2018 Settlement, all revenues from the SAFE Program were rolled into base rates effective June 1, 2018, and the SAFE Program surcharge factor was reset to zero for the period June 1, 2018 through December 31, 2018. Additionally, the 2018 Settlement requires FCG to use a capital structure with a 48% equity ratio for the calculation of the revenue requirements for the capital investment recovered through the SAFE surcharge. As shown on the updated Attachment B to

² See In re: Petition for rate increase by Florida City Gas, Docket No. 20170179-GU, Order No. PSC-2018-0190-FOF-GU (FPSC Apr. 20, 2018).

this Amended Petition, these adjustments have been incorporated into FCG's calculation of the

SAFE Program true-up and 2020 cost surcharge factors.

13. In addition, during the Agenda Conference for FCG's 2019 SAFE Program

surcharge factors, FCG committed to include interest in the calculation of the SAFE Program

true-up. See Transcript of Commission Conference Agenda Item No. 16 at p. 4, Docket No.

20180164 (Oct. 30, 2018). As shown on updated Attachment B to this Amended Petition, FCG

has included interest in the calculation of the SAFE Program true-up.

14. As part of this filing, FCG is also proposing to make an adjustment to the

Weighted Average Cost of Capital ("WACC") used to calculate the SAFE revenue requirements

in order to be consistent with the normalization rules of the Internal Revenue Code. To calculate

the projected SAFE revenue requirements, FCG currently uses the accumulated deferred income

tax ("ADIT") balance as reported on the Company's most recent year-end surveillance report.

FCG submits that by using the ADIT balance from the most recent year-end surveillance report,

the WACC used to calculate the SAFE revenue requirements may not be consistent with the

normalization rules of the Internal Revenue Code.³ FCG therefore proposes to modify the

WACC used to calculate the SAFE revenue requirements. Specifically, in the event FCG does

not meet or exceed the limitation provision set forth in the Internal Revenue Code, FCG proposes

to make an adjustment to the depreciation-related ADIT included in the year-end ADIT balance

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³ The Internal Revenue Code Treasury Regulation § 1.167(1)-1(h)(6) requires public utilities to apply the normalization method of accounting. In order to accomplish this, when a forecasted test period is utilized in setting rates, a public utility must comply with the consistency rule in Treasury Regulation § 1.168(i)(9)(B) and apply the proration formula in Treasury Regulation § 1.167(l)-1(h)(6)(ii), which prorates the projected changes in depreciation-related accumulated deferred income tax unless the limitation provision in Treasury Regulation § 1.167(l)-1(h)(6)(i) is met or exceeded. Unless exempt under the limitation provision, the normalization rule of the Internal Revenue Code requires consistency in the treatment, including the time period, of projected costs for rate base, regulated depreciation expense, tax expense and the reserve for deferred taxes.

using projected period data and the proration formula required by the normalization rules of the Internal Revenue Code. The tariff changes necessary to implement this proposed modification are provided in Attachment C to this Amended Petition.

- 15. For purposes of the 2020 SAFE Program surcharge factors, FCG has not met or exceeded the limitation provision of the Internal Revenue Code and, therefore, is unable to use the ADIT balance reported in FCG's most recent year-end surveillance report to calculate the WACC. Accordingly, FCG has modified the calculation of the WACC for purposes of the 2020 SAFE Program surcharge factors by utilizing projected depreciation-related ADIT data and the proration formula required by the normalization rules of the Internal Revenue Code. As shown on Schedules 5.1 and 5.2 of updated Attachment B to this Amended Petition, this proposed adjustment has been incorporated into FCG's calculation of the 2020 SAFE Program surcharge factors.
- 16. The SAFE Program final net true-up amount for the period January 2018 through December 2018 is an over-recovery of \$338,727. *See* Attachment B, Schedule 1, line 12.
- 17. The SAFE Program projected true-up based on actual data for seven months and projected data for five months (including interest and applicable regulatory assessment fees) for the current period January 2019 through December 2019 is an under-recovery of \$212,810. *See* Attachment B, Schedule 2, line 11.
- 18. The SAFE Program total, cumulative net true-up for 2018 and 2019 is an over-recovery of \$134,022. *See* Attachment B, Schedule 2, line 14. The interest calculation is provided in Attachment B, Schedule 3.3.
- 19. The Company's projected total revenue requirement for the SAFE Program for the period January 1, 2020 through December 31, 2020 is \$1,785,425. *See* Attachment B, Schedule

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4, line 9. Applying the total, cumulative net true up for 2018 and 2019, the total amount to be collected through the SAFE Program surcharge during 2020 is \$1,651,403. *See* Attachment B, Schedule 4, line 10.

20. When the total amount to be collected through the SAFE Program surcharge during 2020 is allocated based upon the methodology approved in the *SAFE Order*, the proposed SAFE Program surcharge factors for the period January 1, 2020 through December 31, 2020 are as follows:

Rate Class	SAFE Factor
RS-1	\$1.21
RS-100	\$1.21
RS-600	\$1.21
GS-1	\$1.21
GS-6K	\$2.26
GS-25K	\$2.26
GS-120K	\$2.26
GS-1250K	\$2.26
GS-11M	\$ -
GS-25M	\$ -
Gas Lighting	\$1.21

See Attachment B, Schedule 6.

- 21. FCG's calculation of the 2020 SAFE Program surcharge factors are consistent with the methodology and requirements of the Commission's *SAFE Order*, FCG's SAFE Tariff, and the 2018 Settlement. FCG, therefore, asks that they be approved and become effective January 1, 2020.
- 22. Upon approval of the proposed SAFE surcharge factors, FCG will provide notice to customers through a customer bill message that will be issued during a 30-day period in

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advance of the January 1, 2020 effective date. In addition, an updated rate schedule will be made

available online at: FloridaCityGas.com/rates-and-tariff.

23. Attachment C to this Amended Petition provides the Company's revised tariff

pages, including the updated pro forma Tariff Sheet No. 79 discussed above, in clean and

legislative format, reflecting its proposed SAFE Program surcharge factors for 2020. The

Company notes that this filing is not made pursuant to the "file and suspend" provisions of

Section 366.06(3). However, to the extent the Commission deems the suspension provisions

applicable, FCG hereby waives the 60-day time frame in the statute for the Commission's

disposition of the referenced tariff changes.

WHEREFORE, Florida City Gas respectfully requests that the Commission enter its order

approving the Company's proposed SAFE Program surcharge factors for the period of January 1,

2020 through December 31, 2020, as set forth herein and the updated Attachments hereto.

Respectfully submitted this 4th day of October, 2019.

Beth Keating

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ATTACHMENT A

SAFE PROGRAM ACTUAL AND FORECASTED MAINS AND SERVICE REPLACEMENTS

ATTACHMENT A
Florida City Gas
SAFE Program
Actual and Forecasted Mains and Service Replacements

	Ma	ain Replacem	ents	Se	rvice Replacen	nents
Year	Replaced main (miles)	Remaining main at Year End (miles)	Total Miles Remaining	Replaced Services (No.)	Remaining Services at year end	Total Remaining Services
2014	0.0	254.3	254.3	0	11443	11443
2015	0.0	254.3	254.3	49	11394	11394
2016	17.1	237.2	237.2	1433	9961	9961
2017	37.5	199.7	199.7	1551	8410	8410
2018	27.6	172.1	172.1	1634	6776	6776
2019	31.2	141.0	141.0	1164	5612	5612
2020	29.4	111.6	111.6	1060	4552	4552
2021	29.2	82.3	82.3	1290	3262	3262
2022	24.0	58.3	58.3	1055	2207	2207
2023	23.8	34.5	34.5	1046	1161	1161
2024	23.5	11.0	11.0	1032	128	128
2025	11.0	0.0	0.0	128	0	0

ATTACHMENT B (Updated)

SAFE Schedules 1 through 7

Florida City Gas Attachment B, Schedule 1 - SAFE Program Revenue Requirement January 2018 through December 2018

		Beginning of	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	End of Period
Line	Description	Period Amount	January-18	February-18	March-18	April-18	May-18	June-18	July-18	August-18	September-18	October-18	November-18	December-18	Total
1	Investments														
1.	a. Eligible Replacements - Mains	13,846,973	599,205	316,330	609,148	823,322	944,819								17,139,796
	b. Eligible Replacements - Services	7,136,141	98,132	9,581	732,326	158,605	159,117								8,293,901
	c. Eligible Replacements - House Regulators	2,204	50,152	3,301	752,520	-	133,117								2,204
	d. Other	-,													-,
		20,985,318	697,336	325,912	1,341,473	981,926	1,103,935	-	-	-	-		-	-	25,435,901
2.a	Gross Plant-in-Service/Depreciation Base - Mains	13,846,973	14,446,178	14,762,508	15,371,656	16,194,978	17,139,796	_							
2.b	Gross Plant-in-Service/Depreciation Base - Services	7,136,141	7,234,273	7,243,854	7,976,180	8,134,784	8,293,901								
2.c	Gross Plant-in-Service/Depreciation Base - House Regulators	2,204	2,204	2,204	2,204	2,204	2,204								
3.	Less: Accumulated Depreciation	(774,890)	(820,304)	(866,398)	(915,310)	(966,274)	(1,019,543)								
4.	CWIP - NonInterest Bearing	652,230	339,043	675,331	542,695	1,020,514	985,567								
5.	Net Book Value (Lines 2 + 3 + 4)	20,862,658	21,201,394	21,817,499	22,977,424	24,386,206	25,401,925		-					-	
6.	Average Net Investment		21,032,026	21,509,447	22,397,462	23,681,815	24,894,066	-		-	-			-	
7.	Return on Average Net Investment		00 500	00.700	400.007	400 755									
	a. Equity component Grossed up for taxes - reduced for tax reform (A)		96,596 34,352	98,789	102,867 36,583	108,766	114,334 40,660		-			-	-		521,352 185,408
	b. Debt component (B)		34,352	35,132	36,583	38,680	40,660	-	-	-	-	-	-	-	185,408
8.	Investment Expenses														
	a. Depreciation (C)		45,414	46,094	48,913	50,964	53,269					-			244,653
	b. Amortization		-	-		-	-					-			-
	c. Property Taxes (D)		14,547	14,877	15,492	16,380	17,218					-			78,514
	d. Other	_	-		-	-	-	-	-	-	-	-	-	-	
9.	Revenue Requirements (Lines 7 + 8)	_	190,910	194,892	203,854	214,790	225,481	-			-	-	-	-	1,029,927
10.	Collections		(288,371)	(290,108)	(290,328)	(290,815)	(291,008)		-	-	-		-	-	(1,450,631)
11.	Net under(over) collection		(97,462)	(95,216)	(86,474)	(76,025)	(65,527)	-	-	-	-	-	-	-	(420,704)
12.	Cumulative Net under(over) collection		(15,484)	(110,700)	(197,174)	(273,199)	(338,727)	(338,727)	(338,727)	(338,727)	(338,727)	(338,727)	(338,727)	(338,727)	
Notes:	_														
(A)	Line 6 x 5.5114% x 1/12. Based on ROE of 11.25%, and weighted income tax rate of 25.345%, expansion factor of 1.3642. The expansion factor has been reduced to reflect the reduction in the Federal tax rate to 21% from 35%	5.5114%													

Note: SAFE investment was included in the cost of service in the Company's base rate case effective June 1, 2018. The test year for the rate case was through December 31, 2018. Therefore, the SAFE revenue requirement related to the investment from June 1, 2018 through December 31, 2018 is recovered through base rates and no revenue requirement is calculated for that period.

1.9600% 2.50% 2.54% 3.00%

0.83%

effective January 1, 2018.
(B) Line 6 x 1.86% x 1/12

(C.1) Applicable Mains depreciation rate is 2.5%
(C.2) Applicable Services depreciation rate is 4.1%
(C.3) Applicable House Regulator depreciation rate is 4.9%
(D) Ad Valorem Tax Rate is .83%

Florida City Gas Attachment B, Schedule 2 - SAFE Program Revenue Requirement January 2019 through December 2019

			Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	
Line		Beginning of Period Amount	January-19	February-19	March-19	April-19	May-19	June-19	July-19	August-19	September-19	October-19	November-19	December-19	End of Period Total
1.	Investments														
1.	a. Eligible Replacements - Mains						2.391.656	965,942	578.185	1.236.207	1,156,712	925,536	552,410	220,894	8,027,540
	b. Eligible Replacements - Services, Plastic	-				-	264,351	22,820	68,317	308.481	365,540	441,936	596,006	175.500	2,242,951
	c. Eligible Replacements - Services, Flastic						1,472	35		300,401	303,340	441,530	350,000	1/3,300	1,507
	d. Eligible Replacements - Meters	_	_	_	_	_	5,151	539	_	_		_		_	5,690
	e. Land Rights	_	-	_	-	_	-,	24.995	_		_	(24,995)	-	_	-,
			-	-	-	-	2,662,629	1,014,331	646,502	1,544,687	1,522,251	1,342,477	1,148,416	396,395	10,277,688
2.a	Gross Plant-in-Service/Depreciation Base - Mains						2.391.656	3.357.597	3.935.782	5.171.989	6.328.701	7.254.236	7.806.646	8.027.540	8,027,540
2.b	Gross Plant-in-Service/Depreciation Base - Services, Plastic						264,351	287,171	355,488	663,968	1,029,508	1,471,444	2,067,450	2,242,951	2,242,951
2.c	Gross Plant-in-Service/Depreciation Base - Services, Steel						1.472	1.507	1,507	1.507	1,507	1,507	1,507	1.507	1,507
2.d	Gross Plant-in-Service/Depreciation Base - Meters	_	_	_	_	_	5,151	5,690	5,690	5.690	5,690	5,690	5,690	5.690	5,690
2.e	Gross Plant In-Service-Land Rights						-,	24,995	24,995	24,995	24,995	-,	-	-,	-,
3.	Less: Accumulated Depreciation		-	-		-	(5,572)	(13,207)	(22,191)	(34,404)	(49,800)	(68,060)	(88,732)	(110,236)	(110,236)
4.	CWIP - NonInterest Bearing		458,769	1,141,853	617,553	2,386,135	707,696	1,344,194	323,251	772,344	761,126	683,736	574,208	198,197	198,197
5.	Net Book Value (Lines 2 + 3 + 4)		458,769	1,141,853	617,553	2,386,135	3,364,754	5,007,947	4,624,521	6,606,089	8,101,726	9,348,553	10,366,769	10,365,649	10,365,649
6.	Average Net Investment		229,384	800,311	879,703	1,501,844	2,875,444	4,186,351	4,816,234	5,615,305	7,353,907	8,725,139	9,857,661	10,366,209	
7.	Return on Average Net Investment														
	a. Equity component Grossed up for taxes-reduced for tax reform (A)		1,044	4,411	4,849	8,278	15,848	23,073	26,545	30,949	40,532	48,089	54,331	57,134	315,083
	b. Debt component (B)		375	496	546	931	1,783	2,596	2,987	3,482	4,561	5,411	6,113	6,429	35,711
8.	Investment Expenses														
	a. Depreciation (C)		-	-	-	-	5,572	7,635	8,984	12,213	15,396	18,260	20,672	21,504	110,236
	b. Amortization		-	-	-	-	-	-	-	-	-	-	-	-	-
	c. Property Taxes (D)		159	554	608	1,039	1,989	2,896	3,331	3,884	5,086	6,035	6,818	7,170	39,569
	d. Other	-	-		-	-	-	-	-	-	-	-	-	-	
9.	Revenue Requirements (Lines 7 + 8)	_	1,578	5,461	6,003	10,248	25,192	36,200	41,847	50,528	65,575	77,795	87,935	92,237	500,599
10.	Collections		(24,239)	(22,809)	(23,613)	(23,874)	(24,653)	(22,975)	(24,271)	(24,271)	(24,271)	(24,271)	(24,271)	(24,271)	(287,788)
11.	Net under(over) collection		(22,661)	(17,348)	(17,611)	(13,626)	539	13,226	17,577	26,257	41,304	53,524	63,664	67,966	212,810
12.	a. Cumulative Net under(over) collection before interest		(361,388)	(379,453)	(397,812)	(412,224)	(412,505)	(400,112)	(383,332)	(357,819)	(317,220)	(264,338)	(201,227)	(133,703)	(133,703)
13.	Interest		(718)	(748)	(786)	(819)	(832)	(797)	(745)	(705)	(642)	(553)	(443)	(319)	
14. Notes:	Cumulative Net under(over): SAFE Clause	(338,727)	(362,105)	(380,201)	(398,598)	(413,044)	(413,337)	(400,908)	(384,077)	(358,524)	(317,862)	(264,891)	(201,669)	(134,022)	(134,022)
(A.1)	Line 6 x 6.6139% x 1/12. Based on ROE of 10.19%, and weighted income tax rate of 25.345%, expansion factor of 1.3522. See Attachment B, Schedule 3.2. (February 2019-December 2019)	6.6139%													

(A.1)	Line 6 x 6.6139% x 1/12. Based on ROE of 10.19%, and weighted income tax rate of 25.345%, expansion factor of 1.3522. See Attachment B, Schedule 3.2. (February 2019-December 2019)	6.6139%
(A.2)	Line $6 \times 5.4629\% \times 1/12$. Based on ROE of 10.19% , and weighted income tax rate of 25.345% , expansion factor of 1.3522 . See Attachment B, Schedule 3.1 . (January 2019)	5.4629%
(B.1)	Line 6 x .74% x 1/12. See Attachment B, Schedule 3.2. (February 2019-December 2019)	0.749
(B.2)	Line 6 x 1.96% x 1/12. See Attachment B, Schedule 3.1. (January 2019)	1.96%
(C.1)	Applicable Mains depreciation rate is 2.5%	2.50%
(C.2)	Applicable Services, Plastic depreciation rate is 2.54%	2.54%
(C.3)	Applicable Services, Steel depreciation rate is 2.70%	2.70%
(C.4)	Applicable Meters depreciation rate is 6.10%	6.10%
(D)	Ad Valorem Tax Rate is .83%	0.83%

Florida City Gas
Attachment B, Schedule 3.1 - Cost of Capital and Ad Valorem Tax Rate for Jan-19
January 2019 through December 2019

		Mid	ooint	
			WEIGHTED	Revenue Expansion Cost of
AVERAGE	RATIO (%)	COST RATE (%)	COST (%)	Factor Equity
DIVISIONAL CAPITAL	35.95%	11.25%	4.04%	1.35220 5.4629%
LONG TERM DEBT	37.79%	4.59%	1.73% -	
SHORT TERM DEBT	6.22%	1.85%	0.12%	Weighted Average Cost of Debt
PREFERRED STOCK	0.00%	0.00%	0.00%	1.96%
CUSTOMER DEPOSITS	1.61%	6.73%	0.11% _	
TAX CREDITS - ZERO COST	0.00%	0.00%	0.00%	
TAX CREDITS - WEIGHTED COST	0.00%	0.00%	0.00%	
ACC DEF INC TAXES-ZERO COST	18.43%		0.00%	
TOTAL	100.00%		6.00%	

2016: 427101 Gen Tax Expense- Property Tax: \$ 1,762,500

2015 YE: Plant in Service Net of Goodwill: \$ 212,674,190

Appicable Ad Valorem Tax Rate: 0.83%

Florida City Gas

Attachment B, Schedule 3.2 - Cost of Capital and Ad Valorem Tax Rate for Feb - Dec 2019

From: Calcuation Below for Capital Structure. Cost of debt components - Dec. 2018 Surveillance Report Sch. 4 adjusted for 48% Equity Ratic January 2019 through December 2019

				Midpoint	
		•			Revenue Expansion
Line No.	AVERAGE	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	Factor Cost of Equity
1	EQUITY CAPITAL	48.00%	10.19%	4.8912%	1.35220 6.6139%
2	2				
3	B LONG TERM DEBT	24.94%	2.48%	0.62%	
4	Į.				
5	S SHORT TERM DEBT	8.70%	1.08%	0.09%	Weighted Average Cost of Debt
6	5				0.7442%
7	PREFERRED STOCK	0.00%	0.00%	0.00%	
8					
S	CUSTOMER DEPOSITS	1.12%	2.73%	0.03% _	
10)				
	L TAX CREDITS - ZERO COST	0.00%	0.00%	0.00%	
12					
13	3 TAX CREDITS - WEIGHTED COST	0.00%	0.00%	0.00%	
14					
15	ACC DEF INC TAXES-ZERO COST	17.24%	0.00%	0.00%	
16	5 TOTAL	100.00%		5.64%	

Ad Valorem Tax Rate Calculation

2017: 427101 Gen Tax Expense- Property Tax: \$ 1,762,500

2016 YE: Plant in Service Net of Goodwill: \$ 212,674,190

Appicable Ad Valorem Tax Rate: 0.83%

			48.00%		LTD	STD	
			\$	142,534,129 \$	38,223,475 \$	28,339,956 \$	9,883,519
Reallocation to get Equity Ratio at	Juris Adj Balance per	Ju	ıris Adj After Eq.				
18%	Dec.2018 ESR	Before	Ratio Adj.	After	Cost Rate		
EQUITY CAPITAL	\$ 180,757,604	60.87% \$	142,534,128.83	48.00%	10.19%	4.891200%	
ONG TERM DEBT	45,721,589	15.40%	74,061,545.25	24.94%	2.48%	0.619681%	
SHORT TERM DEBT	15,945,339	5.37%	25,828,858.16	8.70%	1.08%	0.094056%	
PREFERRED STOCK	-	0.00%	-	0.00%	0.00%	0.000000%	
CUSTOMER DEPOSITS	3,314,935	1.12%	3,314,935	1.12%	2.73%	0.030473%	
AX CREDITS - ZERO COST	-	0.00%	-	0.00%	0.00%	0.000000%	
TAX CREDITS - WEIGHTED COST	-	0.00%	-	0.00%	0.00%	0.000000%	
ACC DEF INC TAXES-ZERO COST	51,206,634	17.24%	51,206,634	17.24%	0.00%	0.000000%	
_	\$ 296,946,102	100% \$	296,946,102	100%		5.635%	

Florida City Gas Attachment B, Schedule 3.3 - Calculation of Interest Provision January 2019 through December 2019

2019 Interest Calculation	January	February	March	April	May	June	July	August	September	October	November	December	Total
1. Beginning True-up Amount	(338,727)	(362,105)	(380,201)	(398,598)	(413,044)	(413,337)	(400,908)	(384,077)	(358,524)	(317,862)	(264,891)	(201,669)	(134,022)
2. Ending True-up Amount Before Interest	(361,388)	(379,453)	(397,812)	(412,224)	(412,505)	(400,112)	(383,332)	(357,819)	(317,220)	(264,338)	(201,227)	(133,703)	(133,703)
3. Total of Beginning & Ending True-up	(700,114)	(741,559)	(778,013)	(810,822)	(825,548)	(813,449)	(784,240)	(741,896)	(675,744)	(582,200)	(466,117)	(335,373)	(267,726)
4. Average True-up Amount (50% of Line 3)	(350,057)	(370,779)	(389,006)	(405,411)	(412,774)	(406,724)	(392,120)	(370,948)	(337,872)	(291,100)	(233,059)	(167,686)	(133,863)
5. Interest Rate-First day of reporting business month	2.50%	2.42%	2.42%	2.43%	2.42%	2.42%	2.28%	2.28%	2.28%	2.28%	2.28%	2.28%	
6. Interest Rate-First day of subsequent business month	2.42%	2.42%	2.43%	2.42%	2.42%	2.28%	2.28%	2.28%	2.28%	2.28%	2.28%	2.28%	
7. Total (Line 5 & 6)	4.92%	4.84%	4.85%	4.85%	4.84%	4.70%	4.56%	4.56%	4.56%	4.56%	4.56%	4.56%	0.00%
8. Average Interest Rate (50 % of Line 7)	2.46%	2.42%	2.43%	2.43%	2.42%	2.35%	2.28%	2.28%	2.28%	2.28%	2.28%	2.28%	0.00%
9. Monthly Average Interest Rate (Line 8/12)	0.205%	0.202%	0.202%	0.202%	0.202%	0.196%	0.190%	0.190%	0.190%	0.190%	0.190%	0.190%	0.000%
10. Interest Provision for the month (Line 4 *Line 9)	(718)	(748)	(786)	(819)	(832)	(797)	(745)	(705)	(642)	(553)	(443)	(319)	

^{*}Totals may not match Revenue Req due to rounding*

Florida City Gas Attachment B, Schedule 4 - SAFE Program Revenue Requirement January 2020 through December 2020

			Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	
Line	Description	Beginning of Period Amount	January-20	February-20	March-20	April-20	May-20	June-20	July-20	August-20	September-20	October-20	November-20	December-20	End of Period Total
1.	Investments														
	a. Eligible Replacements - Mains	8,027,540	411,352	1,194,677	1,561,164	815,735	1,173,678	877,939	398,881	803,267	386,373	236,277	136,674	42,925	16,066,482
	b. Eligible Replacements - Services, Plastic	2,242,951	49,855	104,241	95,177	280,790	276,069	423,502	377,514	250,548	246,266	152,943	18,858	-	4,518,714
	c. Eligible Replacements - Services, Steel	1,507				-	1,472	35			-	-	-	-	3,013
	d. Eligible Replacements - Meters	5,690			-	-	5,151	539	-	-	-	-	-	-	11,381
	e. Land Rights	10,277,688	461,206	1,298,918	1,656,341	1,096,526	1,456,370	1,302,015	776,395	1,053,815	632,639	389.220	155,531	42,925	20.599.589
		10,277,008	401,200	1,230,310	1,030,341	1,090,320	1,430,370	1,302,013	770,333	1,055,615	052,059	309,220	133,331	42,323	20,555,565
2.a	Gross Plant-in-Service/Depreciation Base - Mains	8,027,540	8,438,892	9,633,569	11,194,733	12,010,468	13,184,146	14,062,085	14,460,965	15,264,232	15,650,605	15,886,883	16,023,557	16,066,482	16,066,482
2.b	Gross Plant-in-Service/Depreciation Base - Services, Plastic	2,242,951	2,292,805	2,397,047	2,492,224	2,773,014	3,049,083	3,472,585	3,850,099	4,100,648	4,346,913	4,499,856	4,518,714	4,518,714	4,518,714
2.c	Gross Plant-in-Service/Depreciation Base - Services, Steel	1,507	1,507	1,507	1,507	1,507	2,978	3,013	3,013	3,013	3,013	3,013	3,013	3,013	3,013
2.d	Gross Plant-in-Service/Depreciation Base - Meters	5,690	5,690	5,690	5,690	5,690	10,841	11,381	11,381	11,381	11,381	11,381	11,381	11,381	11,381
2.e	Gross Plant In-Service-Land Rights														
3.	Less: Accumulated Depreciation	(110,236)	(132,703)	(157,879)	(186,508)	(217,432)	(251,415)	(288,126) 650.721	(326,467)	(367,012)	(408,883)	(451,570)	(494,581)	(537,682)	(537,682)
4. 5.	CWIP - NonInterest Bearing	198,197 10,365,649	230,603	649,459 12,529,393	828,170 14,335,815	548,263 15,121,510	724,873 16,720,507	17,911,659	388,197 18,387,189	526,908 19,539,170	316,319 19,919,349	194,610 20,144,173	77,766 20,139,849	21,463 20,083,369	21,463
5.	Net Book Value (Lines 2 + 3 + 4)	10,365,649	10,836,795	12,529,393	14,335,815	15,121,510	16,720,507	17,911,659	18,387,189	19,539,170	19,919,349	20,144,173	20,139,849	20,083,369	20,083,369
6.	Average Net Investment		10,601,222	11,683,094	13,432,604	14,728,662	15,921,008	17,316,083	18,149,424	18,963,180	19,729,260	20,031,761	20,142,011	20,111,609	
7.	Return on Average Net Investment														
	a. Equity component Grossed up for taxes-reduced for tax reform(A)		58,429	64,392	74,035	81,178	87,750	95,439	100,032	104,517	108,739	110,406	111,014	110,846	1,106,777
	b. Debt component (B)		6,636	7,313	8,408	9,219	9,966	10,839	11,360	11,870	12,349	12,539	12,608	12,589	125,695
8.	Investment Expenses														
	a. Depreciation (C)		22,466	25,176	28,630	30,924	33,983	36,711	38,341	40,545	41,871	42,687	43,012	43,101	427,446
	b. Amortization		-	-		-					-		-	-	-
	c. Property Taxes (D)		6,626	7,302	8,395	9,205	9,951	10,823	11,343	11,852	12,331	12,520	12,589	12,570	125,506
	d. Other	_	-	-	-		-	-	-		-		-	-	-
9.	Revenue Requirements (Lines 7 + 8)	-	94,157	104,183	119,468	130,526	141,649	153,811	161,077	168,783	175,290	178,152	179,222	179,106	1,785,425
10.	Collections		(137,617)	(137,617)	(137,617)	(137,617)	(137,617)	(137,617)	(137,617)	(137,617)	(137,617)	(137,617)	(137,617)	(137,617)	(1,651,403)
11.	Net under(over) collection		(43,460)	(33,434)	(18,149)	(7,091)	4,032	16,194	23,460	31,167	37,673	40,535	41,605	41,489	
11	a. Cumulative Net under(over) collection		(177,482)	(210,916)	(229,064)	(236,155)	(232,123)	(215,929)	(192,469)	(161,303)	(123,629)	(83,094)	(41,489)	0	0
12	Interest			-			-		-		-	-			-
13 Notes:	Cumulative Net under(over): SAFE Clause	(134,022)	(177,482)	(210,916)	(229,064)	(236,155)	(232,123)	(215,929)	(192,469)	(161,303)	(123,629)	(83,094)	(41,489)	0	0
Notes.		=.													
(A)	Line $6\times6.6139\%\times1/12$. Based on ROE of 10.19%, and weighted income tax rate of 25.345%, expansion factor of 1.3522. See Attachment B, Schedule 5.1.	6.6139%													
(B)	Line 6 x .75% x 1/12. See Attachment B, Schedule 5.1.	0.75%													
(C.1)	Applicable Mains depreciation rate is 2.5%	2.50%													
(C.2)	Applicable Services, Plastic depreciation rate is 2.54%	2.54%													
(C.3)	Applicable Services, Steel depreciation rate is 2.70%	2.70%													
(C.4)	Applicable Meters depreciation rate is 6.10%	6.10%													
(D)	Ad Valorem Tax Rate is .83%	0.75%													
	Under/(Over) Collection as of 2019	(134,022)													
	2020 Revenue Requirement	1,785,425													
	Total	1,651,403													

Florida City Gas
Attachment B, Schedule S.1 - Cost of Capital and Ad Valorem Tax Rate for 2020
January 2020 through December 2020
From: Calcuation Below for Capital Structure. Cost of debt components - Dec. 2018 Surveillance Report Sch. 4

		.=		Midpoint	
Line No.	AVERAGE	RATIO (%)	COST RATE (%)	WEIGHTED COST	Revenue Expansion Factor Cost of Equity
	EQUITY CAPITAL	48.00%	10.19%	4.8912%	1.35220 6.6139%
2					
3	LONG TERM DEBT	25.18%	2.48%	0.6256%	
4					
5	SHORT TERM DEBT	8.78%	1.08%	0.0949%	Weighted Average Cost of Debt
6					0.7511%
	PREFERRED STOCK	0.00%	0.00%	0.0000%	
8					
	CUSTOMER DEPOSITS	1.12%	2.73%	0.0306%	
10					
	TAX CREDITS - ZERO COST	0.00%	0.00%	0.0000%	
11	TAX CREDITS - ZERO COST	0.00%	0.00%	0.0000%	
12	TAX CREDITS - WEIGHTED				
12	COST WEIGHTED	0.00%	0.00%	0.0000%	
14	COSI	0.00%	0.00%	0.0000%	
14	ACC DEF INC TAXES-ZERO				
15	COST	16.92%	0.00%	0.0000%	
	TOTAL	100.00%	0.00%	5.64%	

Ad Valorem Tax Rate Calculation

2018: 427101 Gen Tax Expense- Property Tax: \$

2017 YE: Plant in Service Net of Goodwill: \$ 241,206,106

Appicable Ad Valorem Tax Rate: 0.75%

Sys Per Book Retail Per Book Pro Rata Adj Specific Adj. Adj'd Retail Cap Ratio Realication to Revised Cap Ratio Cost Ratio Cos						2020	Clause Proje	ection Filing							
Content Equity Content Provided Am Specim Rel Provided Am Specim Rel Content Con	2018 YE Surveillance	(13-month aver	rage) at ROE % n	nidpoint and adjuste	d to 48% Equity										
Contract Equity 196, 601,147 166,602,147 167,746,1									Reallocation to	Revised Can		Weighted			
Contact Cont		Sys	Per Book	Retail Per Book	Pro Rata Adj	Specific Adj.	Adj'd Retail	Cap Ratio			Cost Rate				
Short Term Debt	Common Equity		196,492,147	196,492,147	(15,734,543)	-	180,757,604	60.87%	142,534,129	48.00%	10.19%	4.89%			
Last Dep Active 3,314,935 3,314,935 3,314,935 1,12% 3,314,935 1,12% 2,73% 0,03% value be place to the control of the contro	ong Term Debt		49,701,551	49,701,551	(3,979,962)	-	45,721,589	15.40%	74,061,545	24.94%	2.48%	0.62%			
Contact Cont	Short Term Debt		17,333,345	17,333,345	(1,388,006)	-	15,945,339	5.37%	25,828,858	8.70%	1.08%	0.09%			
Provided	Cust Dep Active		3,314,935	3,314,935	-	-	3,314,935	1.12%	3,314,935	1.12%	2.73%	0.03%			
Solitable Soli	Cust Dep InActive		-	-	-	-	-	0.00%	-	0.00%	0.00%	0.00%			
Total 317,755,237 317,755,237 21,102,511 293,375 296,946,102 100,00% 296,946,102 100,00% 5,64% 5,64% 7	Invest Tax Cr		-	-	-	-	-	0.00%	-	0.00%	0.00%	0.00%			
2018 YE Surveillance with ADFT Consistency and Proration Adjustments adjusted to 48% Equity Ratio System Per	Deferred Inc Tax		50,913,259	50,913,259	-	293,375	51,206,634	17.24%	51,206,634	17.24%	0.00%	0.00%			
Properties Pro		Total	317,755,237	317,755,237	(21,102,511)	293,375	296,946,102	100.00%	296,946,102	100.00%					
System Per	2040 VE 6	'il appres			- 1 - 1 - 1 - 100						pretax WACC	7.36%			
System Per	2018 AF 20LAGIII auce		•	oration Adjustments	adjusted to 48%							Revised			
System S		Sys	item Per	Consistency &	System Per	Retail Per	Pro Rata	Specific	Adjusted	Сар			Cost		Weigh
Long Term Delt 49,701,551 181,947 49,883,498 49,883,498 (3,979,962) - 45,903,536 15.46% 74,778,813 25.18% 2.48% 0.00% 0.		Sys						Adj			Ratio		Rate		Cost
Short Tem Debt 17,333,435 63,454 17,396,799 17,396,799 (1,388,006) - 16,008,793 5.394 26,078,307 8.78% 1.08% 0.00%								-							4.8
Cust Dep InActive 3,314,935 3,314,93								-							0.6
Cust Dep InActive Invest Tax C				63,454			(1,388,006)	-			.,,				0.0
Invest Tax Cropedered Inc Tax So. 9.13,259 (964,717) 49,948,542 49,948,542 49,948,542 1994,8545			3,314,935		3,314,935	3,314,935		-	3,314,935						0.0
Proration Adjustment and Consistency Adjustment to Reflect Projected ADTT Consistent with Projection Value Provided Projected Proj			-		-	-	-	-	-						0.0
Total 317,755,237 317,755,237 21,102,511 293,375 296,946,102 100,00% 296,946,102 100,00% 5			-				-	-	-						0.0
Proration Adjustment and Consistency Adjustment to Reflect Projected A Degree-Related Degree-Related Days to Future Days Degree-Related Degre				(964,717)										0.00%	0.0
Proration Adjustment and Consistency Adjustment to Reflect Projected ADFT Consistent with Projection Year Month		Total	317,755,237	- 1	317,755,237	317,755,237	(21,102,511)	293,375	296,946,102	100.00%	296,946,102	100.00%			5.6
Month Bal ADFT Bal* ADFT Activity ADFT Activity Prorated Prorated Deprec-Related Deprec-Re			-	-	-	-	-		-				pret	ax WACC	7.37
Month Month Bal	Proration Adjustmei	nt and Consisten	cy Adjustment t	o Reflect Projected	ADFIT Consisten	t with Projection Y	ear		Prorated	Prorated					
Month Bal ADFT Bal* ADFT Bal* Projected Projected De-19 So.204,098				ADIT	Donroc Polated	Donroc Polated	Dave to	Euturo Davr							
projected Dec-19 50,204,098 50,204,098 50,204,098 projected Ian-20 50,169,766 50,169,769,769,769 50,169,769,769 50,169,769,769 50,169,769,769 50,169,769,769,769 50,169,769,769 50,169,769,769 50,169,769,769 50,169,769,769,769 50,169,769,769 50,169,769,769 50,169,769,769 50,169,769,769,769 50,169,769,769 50,169,769,769,769 50,169,769,769 50,169,769,769 50,169,769,769,769 50,169,769,769,769 50,169,769,769,769 50,169,769,769,769,769,769,769,769,769,769,7		Month													
projected Jan-20 50,169,766 50,169,766 (34,332) 31 336 (31,518) 50,172,580 projected Feb-20 50,181,932 50,131,	projected					ADITI ACTIVITY	riolate	III FEIIOG	ADITI ACTIVITY		-				
projected Feb-20 59.13.932 59.131.932 37.834 29 307 (31.735) 59.140.845 projected Mar-20 59.090.596						(34 332)	31	336	(31 518)						
projected May-20 \$0,00,596 \$0,00,966 (41,336) 31 276 (31,172) \$0,109,674 projected Apr-20 \$0,045,757 \$0,045,75															
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	Total Adjustment				(964,717)										

Florida City Gas Attachment B, Schedule 5.2 - Cost of Capital and Ad Valorem Tax Rate for 2020 January 2020 through December 2020

2018 YE Surveillance with ADFIT Consistency and Proration Adjustments adjusted to 48% Equity Ratio

`	System Per	Consistency &	System Per	Retail Per	Pro Rata	Specific	Adjusted	Сар	Reallocation to	Revised Cap	Cost	Weighted
	Sys Per Book	Proration Adj.	Books Adj'd	Books	Adj	Adj	Retail	Ratio	48% Equity Ratio	Ratio	Rate	Cost
Common Equity	196,492,147	719,316	197,211,464	197,211,464	(15,734,543)	-	181,476,920	61.11%	142,534,129	48.00%	10.19%	4.89%
Long Term Debt	49,701,551	181,947	49,883,498	49,883,498	(3,979,962)	-	45,903,536	15.46%	74,776,813	25.18%	2.48%	0.63%
Short Term Debt	17,333,345	63,454	17,396,799	17,396,799	(1,388,006)	-	16,008,793	5.39%	26,078,307	8.78%	1.08%	0.09%
Cust Dep Active	3,314,935		3,314,935	3,314,935		-	3,314,935	1.12%	3,314,935	1.12%	2.73%	0.03%
Cust Dep InActive	-	-	-	-	-	-	-	0.00%	-	0.00%	0.00%	0.00%
Invest Tax Cr	-	-	-	-	-	-	-	0.00%	-	0.00%	0.00%	0.00%
Deferred Inc Tax	50,913,259	(964,717)	49,948,542	49,948,542		293,375	50,241,918	16.92%	50,241,918	16.92%	0.00%	0.00%
Total	317,755,237	-	317,755,237	317,755,237	(21,102,511)	293,375	296,946,102	100.00%	296,946,102	100.00%		5.64%

Florida City Gas Attachment B, Schedule 6 - 2020 SAFE Program Rates January 2020 through December 2020

				Total		
	Percentage	R	evenue to be	Annual	N	∕lonthly
	Allocation to	C	ollected From	Billing	С	ustomer
Class	Customer Class		Rate Class	Units (1)	Sı	urcharge
RS-1	32.23%	\$	532,306	441,214	\$	1.21
RS-100	57.52%	\$	949,814	787,274	\$	1.21
RS-600	0.94%	\$	15,471	12,824	\$	1.21
GS-1	4.73%	\$	78,084	64,722	\$	1.21
GS-6K	3.78%	\$	62,455	27,688	\$	2.26
GS-25K	0.63%	\$	10,368	4,597	\$	2.26
GS-120K	0.16%	\$	2,560	1,135	\$	2.26
GS-1250K	0.01%	\$	127	56	\$	2.26
GS-11M	0.00%	\$	-	0	\$	-
GS-25M	0.00%	\$	-	0	\$	-
Gas Lighting	0.01%	\$	217.39	180	\$	1.21
Total	100%	\$	1,651,403			
2020 Revenue Requirement		\$	1,785,425			
2019 Projected Under-Recover	ry	\$	(134,022)			
2018 Final True-Up		\$	-			

Note:

(1) - billing units for 12 months ending December 2020.

Florida City Gas Attachment B, Schedule 7 - Pipe Allocated to all Customers January 2020 through December 2020

All Customers

Material	Mileage	Footage	Currnet Budget Cost per Foot	Total Cost
2"	254.5	1,343,760	\$ 53.98	\$72,536,165
Grand Total	254.5	1,343,760		\$72,536,165

Larger Customers Only

Material	Mileage	Footage	Incremental Cost per Foot	Total Cost
4"	45.3	239,184	\$ 6.59	\$1,576,223
Grand Total	254.5	239,184		\$1,576,223

Billing Unit Allocation Percentages

Class	Annual Billing Units	Minimum Size 2" Pipe Cost	Incremental 4" Pipe Cost	Total	Percentage Allocation
RS-1	441,214	23,889,059.89		\$ 23,889,060	32.2%
RS-100	787,274	42,626,170.85		\$ 42,626,171	57.5%
RS-600	12,824	694,325.17		\$ 694,325	0.9%
GS-1	64,722	3,504,303.17		\$ 3,504,303	4.7%
GS-6K	27,688	1,499,163.46	\$1,303,697.02	\$ 2,802,860	3.8%
GS-25K	4,597	248,882.83	\$216,432.57	\$ 465,315	0.6%
GS-120K	1,135	61,447.94	\$53,436.13	\$ 114,884	0.2%
GS-1250K	56	3,055.18	\$2,656.83	\$ 5,712	0.0%
GS-11M	-				0.0%
GS-25M	-				0.0%
Gas Lighting	180	9,756.32		\$ 9,756	0.0%
Total	1,339,690	72,536,165	\$1,576,223	\$ 74,112,387	100.0%

ATTACHMENT C (Updated

Revised SAFE Tariff Pages (Clean and Legislative Formats)

SAFETY, ACCESS AND FACILITY ENHANCEMENT (SAFE) PROGRAM

Applicable to all Customers served under the Rate Schedules shown in the table below except for those Customers receiving a discount under the AFD Rider.

Through its SAFE Program, the Company has identified the potential replacement projects focusing initially on area of limited access/pipe overbuilds, and risk assessment for Rear Lot Mains and Services considering:

- i. The pipe material;
- ii. Leak incident rates:
- iii. Age of pipeline;
- iv. Pressure under which the pipeline is operating.

The Eligible Infrastructure Replacement includes the following:

Company investment in mains and service lines, as replacements for existing Rear Lot Facilities, and regulatory station and other distribution system components, the installation of which is required as a consequence of the replacement of the aforesaid facilities that:

- i. do not increase revenues by directly connecting new Customers to the plant asset;
- ii. are in service and used and useful in providing utility service; and
- that were not included in the Company's rate base for purposes of determining the Company's base rates in its most recent general base rate proceeding.

The Company is recovering its revenue requirement on the actual investment amounts. The revenue requirements are inclusive of:

- 1. Return on investment as calculated using the following:
 - a.) Equity components as approved in the Company's most recent base rate case:
 - b.) Debt and customer deposit components from the Company's most recent yearend surveillance report; and
 - c.) Accumulated deferred income tax balance from the Company's most recent year-end surveillance report as adjusted, if applicable, consistent with the normalization rules of the Internal Revenue Code.
- 2. Depreciation expense (calculated using the currently approved depreciation rates);
- 3. Customer and general public notification expenses associated with the SAFE Program incurred for:

Issued by: Carolyn Bermudez Vice President, Florida City Gas

Effective:

SAFETY, ACCESS AND FACILITY ENHANCEMENT (SAFE) PROGRAM (Continued)

- i. all Customers regarding the implementation of the SAFE Program and the approved surcharge factors;
- ii. the immediately affected Customers where the eligible infrastructure is being replaced; and
- iii. the general public through publications (newspapers) covering the geographic areas of the eligible infrastructure replacement activities;
- 4. Ad valorem taxes; and
- 5. Federal and state income taxes.

The Company is utilizing a surcharge mechanism in order to recover the costs associated with the SAFE Program. The Company has developed the revenue requirement for the SAFE Program using the same methodology approved in its most recent rate case. The SAFE revenue requirement will be allocated to each Customer class (Rate Schedule) using allocation factors established by the Florida Public Service Commission for the SAFE Program. The per Customer SAFE surcharge is calculated by dividing the revenue requirement allocated to each Customer class by the number of Customers in the class.

The cost recovery factors including tax multiplier for the twelve-month period from January 1, 2020 through December 31, 2020 are:

Rate Class	Rates Per Customer
Rate Schedule RS-1	64.04
	\$1.21
Rate Schedule RS-100	\$1.21
Rate Schedule RS-600	\$1.21
Rate Schedule GS-1	\$1.21
Rate Schedule GS-6K	\$2.26
Rate Schedule GS-25K	\$2.26
Rate Schedule GS-120K	\$2.26
Rate Schedule GS-1,250K	\$2.26
Rate Schedule GS-11M	\$-
Rate Schedule GS-25M	\$-
Rate Schedule GL	\$1.21
Rate Schedule RSG	N/A
Rate Schedule CSG	N/A

Issued by: Carolyn Bermudez

Vice President, Florida City Gas

Effective:

SAFETY, ACCESS AND FACILITY ENHANCEMENT (SAFE) PROGRAM (Continued)

Calculation of the SAFE Revenue Requirements and SAFE Surcharges

In determining the SAFE Revenue Requirements, the Commission shall consider only (a) the net original cost of Eligible Replacements (i.e., the original cost); (b) the applicable depreciation rates as determined and approved by the Commission based on the Company's most recent depreciation study; (c) the accumulated depreciation associated with the Eligible Replacements; (d) the current state and federal income and ad valorem taxes; and (e) the Company's weighted average cost of capital as calculated on Tariff Sheet No. 78.

The SAFE Revenue Requirements shall be calculated as follows:

Line	Description	Value	Source
1	Revenue Expansion Factor	1.3522	As calculated in most recent base rate
			proceeding, using current tax rates
2	Ad Valorem Tax Rate	%	Effective Property Tax Rate for most recent
			12 Months ended December 31
3	Mains	\$	Eligible Replacement Mains
4	Services	\$	Eligible Replacement Services
5	Regulators	\$	Eligible Replacement Regulators
6	Other	\$	Eligible Replacement Other
7	Gross Plant	\$	L3+L4+L5+L6
8	Accumulated Depreciation	\$	Previous Period Balance +L13
9	Construction Work In Progress	\$	Non-interest Bearing
10	Net Book Value	\$	L7-L8+L9
11	Average Net Book Value	\$	(L10 + Balance From Previous Period)/2
12	Return on Average Net Book	\$	L 11 X Company's calculated weighted
	Value		average cost of capital
13	Depreciation Expense	\$	Lines 3,4,5 & 6 X applicable approved
			Depreciation Rates
14	Property Tax	\$	(L7-L8) X L 2
15	Customer and general public	\$	O&M expense incurred as a result of eligible
	notification and other applicable		plant replacement
	expense		
16	SAFE Revenue Requirement	\$	(L12+L13+L14+L15) X L 1

Issued by: Carolyn Bermudez Vice President, Florida City Gas

Effective:

SAFETY, ACCESS AND FACILITY ENHANCEMENT (SAFE) PROGRAM

Applicable to all Customers served under the Rate Schedules shown in the table below except for those Customers receiving a discount under the AFD Rider.

Through its SAFE Program, the Company has identified the potential replacement projects focusing initially on area of limited access/pipe overbuilds, and risk assessment for Rear Lot Mains and Services considering:

- i. The pipe material;
- ii. Leak incident rates;
- iii. Age of pipeline;
- iv. Pressure under which the pipeline is operating.

The Eligible Infrastructure Replacement includes the following:

Company investment in mains and service lines, as replacements for existing Rear Lot Facilities, and regulatory station and other distribution system components, the installation of which is required as a consequence of the replacement of the aforesaid facilities that:

- i. do not increase revenues by directly connecting new Customers to the plant asset;
- ii. are in service and used and useful in providing utility service; and
- iii. that were not included in the Company's rate base for purposes of determining the Company's base rates in its most recent general base rate proceeding.

The Company is recovering its revenue requirement on the actual investment amounts. The revenue requirements are inclusive of:

- 1. Return on investment as calculated using the equityfollowing:
 - a.) Equity components as approved in the Company's most recent base rate case;
 - <u>b.) Debt</u> and the debt<u>customer deposit</u> components from the Company's most recent year-end surveillance report; <u>and</u>
 - c.) Accumulated deferred income tax balance from the Company's most recent year-end surveillance report as adjusted, if applicable, consistent with the normalization rules of the Internal Revenue Code.
- 2. Depreciation expense (calculated using the currently approved depreciation rates);
- 3. Customer and general public notification expenses associated with the SAFE Program incurred for:

Effective: January 1, 2019

SAFETY, ACCESS AND FACILITY ENHANCEMENT (SAFE) PROGRAM (Continued)

- all Customers regarding the implementation of the SAFE Program and the approved surcharge factors;
- ii. the immediately affected Customers where the eligible infrastructure is being replaced; and
- iii. the general public through publications (newspapers) covering the geographic areas of the eligible infrastructure replacement activities;
- 4. Ad valorem taxes; and
- 5. Federal and state income taxes.

The Company is utilizing a surcharge mechanism in order to recover the costs associated with the SAFE Program. The Company has developed the revenue requirement for the SAFE Program using the same methodology approved in its most recent rate case. The SAFE revenue requirement will be allocated to each Customer class (Rate Schedule) using allocation factors established by the Florida Public Service Commission for the SAFE Program. The per Customer SAFE surcharge is calculated by dividing the revenue requirement allocated to each Customer class by the number of Customers in the class.

The cost recovery factors including tax multiplier for the twelve <u>_</u>month period from January 1, <u>20192020</u> through December 31, <u>20192020</u> are:

Rate Class	Rates Per Customer
Rate Schedule RS-1	\$ 0.21 <u>1.21</u>
Rate Schedule RS-100	\$ 0.21 <u>1.21</u>
Rate Schedule RS-600	\$ 0.21 <u>1.21</u>
Rate Schedule GS-1	\$ 0.21 1.21
Rate Schedule GS-6K	\$ 0.40 2.26
Rate Schedule GS-25K	\$ 0.40 2.26
Rate Schedule GS-120K	\$ 0.40 2.26
Rate Schedule GS-1,250K	\$ 0.40 2.26
Rate Schedule GS-11M	\$ 0.40_
Rate Schedule GS-25M	\$ 0.40 _
Rate Schedule GL	\$ 0.21 1.21
Rate Schedule RSG	N/A
Rate Schedule CSG	N/A
	IN/A

Issued by: Carolyn Bermudez
Vice President, Florida City Gas

Carolyn Bermudez Effective: January 1, 2019

SAFETY, ACCESS AND FACILITY ENHANCEMENT (SAFE) PROGRAM (Continued)

Calculation of the SAFE Revenue Requirements and SAFE Surcharges

In determining the SAFE Revenue Requirements, the Commission shall consider only (a) the net original cost of Eligible Replacements (i.e., the original cost); (b) the applicable depreciation rates as determined and approved by the Commission based on the Company's most recent depreciation study; (c) the accumulated depreciation associated with the Eligible Replacements; (d) the current state and federal income and ad valorem taxes; and (e) the Company's weighted average cost of capital as calculated in the Company's most recent year-end surveillance report.on Tariff Sheet No. 78.

The SAFE Revenue Requirements shall be calculated as follows:

Line	Description	Value	Source
1	Revenue Expansion Factor	1.3522	As calculated in most recent base rate proceeding, using current tax rates
2	Ad Valorem Tax Rate	%	Effective Property Tax Rate for most recent 12 Months ended December 31
3	Mains	\$	Eligible Replacement Mains
4	Services	\$	Eligible Replacement Services
5	Regulators	\$	Eligible Replacement Regulators
6	Other	\$	Eligible Replacement Other
7	Gross Plant	\$	L3+L4+L5+L6
8	Accumulated Depreciation	\$	Previous Period Balance +L13
9	Construction Work In Progress	\$	Non-interest Bearing
10	Net Book Value	\$	L7-L8+L9
11	Average Net Book Value	\$	(L10 + Balance From Previous Period)/2
12	Return on Average Net Book	\$	L 11 X Company's <u>calculated</u> weighted
	Value		average cost of capital
13	Depreciation Expense	\$	Lines 3,4,5 & 6 X applicable approved
			Depreciation Rates
14	Property Tax	\$	(L7-L8) X L 2
15	Customer and general public	\$	O&M expense incurred as a result of eligible
	notification and other applicable		plant replacement
	expense		
16	SAFE Revenue Requirement	\$	(L12+L13+L14+L15) X L 1

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of Florida City Gas's Petition for Approval of the SAFE Program True-Up and 2020 Surcharge Factors, along with Attachments A through C, has been furnished by Electronic Mail to the following this 4th day of October 2019:

Kurt Schrader, Esquire Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399 kschrade@psc.state.fl.us	Office of Public Counsel J.R. Kelly/Patricia Christensen c/o The Florida Legislature 111 West Madison Street, Room 812 Tallahassee, FL 32399-1400 Kelly.JR@leg.state.fl.us
Florida City Gas Carolyn Bermudez 4045 NW 97th Avenue Doral, Florida 33178 Carolyn.Bermudez@nexteraenergy.com	

Beth Keating Greg Munson

Gunster, Yoakley & Stewart, P.A. 215 South Monroe St.,

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