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September 28, 2018

E-PORTAL

Ms. Carlotta Stauffer, Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No. 20180164-GU: Petition of Florida City Gas for Approval of Safety, Access, and Facility Enhancement Program True-Up and 2019 Cost Recovery Factors.

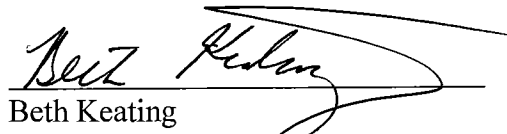
Dear Ms. Stauffer:

Attached for electronic filing, please find Florida City Gas's Responses to Commission Staff's First Data Requests. Certain referenced attachments are provided in native format only by electronic mail. Also included with this filing is the following revised (corrected) tariff page:

Volume No. 10, First Revised Sheet No. 79.

Thank you for your assistance in connection with this filing. If you have any questions whatsoever, please do not hesitate to let me know.

Sincerely,



Beth Keating
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Docket No. 20180164-GU: Petition of Florida City Gas for Approval of Safety, Access, and Facility Enhancement Program True-Up and 2019 Cost Recovery Factors.

Florida City Gas's Responses to Staff's First Data Requests

- 1. Please provide a general overview of the replacement projects undertaken by FCG in 2018 and forecasted for 2019, including location such as neighborhood or city, and provide examples of what was replaced (e.g., 100 feet of backyard mains, 15 services, etc).**

RESPONSE:

The Florida City Gas SAFE program for 2018 includes activities at the following projects:

1. The Brevard SAFE Area 4 project is currently ongoing in unincorporated Brevard County, Merritt Island, FL. It is forecasted that by year-end 2018, the project will provide the installation of 22,820 feet of mains and 366 services.
2. The Miami SAFE Area 6 project is currently completed in unincorporated Miami-Dade County, FL, near the South Miami Heights neighborhood. The project began in 2017, but had carryover activities into 2018. The project included the installation of 31,058 feet of mains and 245 services (31,058 feet of mains and 239 services, which were installed in 2017). As of January 2018, the project included the installation of 6 services.
3. The Miami SAFE Area 10 project is currently ongoing in unincorporated Miami-Dade County, FL, near the South Miami Heights neighborhood. The project began in 2017, but had carryover activities into 2018. The project included the installation of 29,616 feet of mains and 278 service (29,500 feet of mains and 96 service which were installed in 2017). As of January 2018, the project included the installation of 116 feet of mains and 182 services.
4. The Miami SAFE Area 11 project is currently ongoing in unincorporated Miami-Dade County, FL, near the South Miami Heights neighborhood. It is forecasted that by year-end 2018 the project will provide the installation of 16,754 feet of mains and 187 services.
5. The Miami SAFE Area 13 project is currently completed in the City of Hialeah, FL. The project included the installation of 1,832 feet of mains and 17 services.
6. The Miami SAFE Area 14 project is currently completed in unincorporated Miami-Dade County, FL, near the Westchester neighborhood. The project included the installation of 4,811 feet of mains and 60 services.
7. The Miami SAFE Area 15 project is currently ongoing in the City of Hialeah, FL. It is forecasted that by year-end 2018 the project will provide the installation of 20,256 feet of mains and 214 services.
8. The Miami SAFE Area 16 project is currently ongoing in the City of Hialeah, FL. It is forecasted that by year-end the project will provide the installation of 8,141 feet of mains and 109 services.

9. The Miami SAFE Area 17 project is currently ongoing in unincorporated Miami-Dade County, FL, near the South Miami Heights neighborhood. This project began in 2018 and is forecasted to have carryover activities into 2019. It is forecasted that by year-end 2018 the project will provide the installation of 35,430 feet of mains and 330 services (25 services are forecasted to be installed by year-end 2019).
10. The Miami SAFE Area 18 project is currently ongoing in the City of Miami Gardens, FL. This project began in 2018, and will have carryover activities into 2019. It is forecasted that by year-end 2018, the project will provide the installation of 24,313 feet of mains and 163 services.

The Florida City Gas SAFE program for 2019 proposes activities at the following projects:

1. The PSL SAFE 1 project will take place within an area of split ROW ownership between the City of Port Saint Lucie and Port Saint Lucie County, FL. It is forecasted that by year-end 2019, the project will provide the installation of 24,793 feet of mains and 142 services.
2. The Miami SAFE Area 19 project will take place in the City of Miami Gardens, FL. It is forecasted that by year-end 2019, the project will provide the installation of 9,820 feet of mains and 57 services.
3. The Miami SAFE Area 20 project will take place in the City of Miami Gardens, FL. It is forecasted that by year-end 2019, the project will provide the installation of 18,240 feet of mains and 120 services.
4. The Miami SAFE Area 21 project will take place in unincorporated Miami-Dade County, FL, within the Sierra neighborhood. It is forecasted that by year-end 2019, the project will provide the installation of 9,751 feet of mains and 46 services.
5. The Miami SAFE Area 22 project will take place in the City of Miami Gardens, FL. It is forecasted that by year-end 2019, the project will provide the installation of 20,000 feet of mains and 191 services.
6. The Miami SAFE Area 23 project will take place in the City of Miami Gardens, FL. It is forecasted that by year-end 2019, the project will provide the installation of 23,865 feet of mains and 226 services.
7. The Miami SAFE Area 24 project will take place in the City of Hialeah, FL. It is forecasted that by year-end 2019, the project will provide the installation of 4,238 feet of mains and 35 services.
8. The Miami SAFE Area 26 project will take place in unincorporated Miami-Dade County, FL, in the Westchester neighborhood. The project will begin in 2019 and is forecasted to have carry-over activities into 2020. It is forecasted that by year-end 2019, the project will provide the installation of 36,111 feet of mains and 254 services.
9. The Miami SAFE Area 28 project will take place in the City of Miami Gardens, FL. This project will begin in 2019 and is forecasted to have carry-over activities into 2020. It is forecasted that by year-end 2019, the project will provide the installation of 22,970 feet of mains and 216 services.

2. Does FCG continue to prioritize its replacements by using the Distribution Integrity Management (DIM) Program? Please explain.

RESPONSE:

Yes, the SAFE project areas are generally prioritized based on the risk assessment model included in the Florida City Gas DIM 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.

3. Please provide a table which displays actual and forecast mains (in miles) and service replacements from 2015 through the end of the SAFE program, by year. Please provide the table in the same format as shown on Page 2 of this request, which was provided in response to Staff's First Data Request in Docket No. 20170189-GU.

RESPONSE:

Florida City Gas' SAFE Program Progress

Year*	Main Replacements			Service Replacements		
	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	12462	12462
2015	0.0	254.3	254.3	49	12413	12413
2016	17.1	237.2	237.2	1433	10980	10980
2017	37.5	199.7	199.7	1551	9429	9429
2018	27.6	172.1	172.1	1634	7795	7795
2019	31.2	141.0	141.0	1312	6483	6483

2020	30.0	111.0	111.0	1200	5283	5283
2021	25.0	86.0	86.0	1200	4083	4083
2022	25.0	61.0	61.0	1200	2883	2883
2023	25.0	36.0	36.0	1200	1683	1683
2024	25.0	11.0	11.0	1200	483	483
2025	11.0	0.0	0.0	483	0	0

* Actuals 2014- July 2018. Projections August 2018-2025

4. Please explain how and when FCG plans to notify its customers of the revised 2019 SAFE surcharge. Please also provide a copy of the customer notice to staff.

RESPONSE:

As is standard for all changes to customer bills, Florida City Gas (FCG) will notify customers of the revised 2019 SAFE surcharge, effective on January 1, 2019, through a customer bill message. The bill message will run from November 26 through December 21, 2018, which will provide customers with 30 days notice. An updated rate schedule will be available online at: FloridaCityGas.com/rates-and-tariff.

Bill message content (DRAFT): The 2019 Safety, Access and Facility Enhancement Program (SAFE) surcharge was approved by the Florida Public Service Commission and will become effective for meter readings on or after Jan. 1, 2019. For more information on the 2019 SAFE surcharge, please visit: floridacitygas.com/rates-and-tariff.

5. **Attachment B (clean and legislative versions of tariff Sheet No. 79) refers to a “twelve month period from June 1, 2019 through December 31, 2019.” Please correct the Tariff Sheet No. 79 to reflect the period starting from January. On the same Sheet, please also revise item numbers 2 and 3 to reflect numbers 4 and 5 (as 2 and 3 are already on tariff Sheet No. 78).**

RESPONSE:

Please see Attachments 1 and 2 to this Data Request.

6. **Please provide the calculations used to determine the expansion factor of 1.6329 on Attachment A, Schedule 1.**

RESPONSE:

Please see Attachment No. 1 to this Data Request.

7. **Please provide the calculations used to determine the expansion factor of 1.3642 on Attachment A, Schedule 2.**

RESPONSE:

Please see Attachment No. 1 provided in FCG’s response to Staff’s Data Request No. 6.

8. **Please provide the calculations used to determine the expansion factor of 1.3522 on Attachment A, Schedule 3.**

RESPONSE:

Please see Attachment No. 1 provided in FCG’s response to Staff’s Data Request No. 6.

- 9. Please provide Attachment A to the petition, the SAFE Schedules 1 through 7 in Excel format with formulas intact.**

RESPONSE:

Please see Attachment No. 1 to this Data Request.

Docket No. 20180164-GU: Petition of Florida City Gas for Approval of Safety, Access, and Facility Enhancement Program True-Up and 2019 Cost Recovery Factors.

Request No. 5, Attachment 1

First Revised Tariff Sheet No. 79

(Clean and Legislative)

RIDER "D"

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, 2019 through December 31, 2019 are:

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

RIDER "D"

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 June January 1, 2018-2019 through December 31, 2018-2019 are:

<u>Rate Class</u>	<u>Rates Per Customer</u>
Rate Schedule RS-1	<u>\$0.000.21</u>
Rate Schedule RS-100	<u>\$0.000.21</u>
Rate Schedule RS-600	<u>\$0.000.21</u>
Rate Schedule GS-1	<u>\$0.000.21</u>
Rate Schedule GS-6K	<u>\$0.000.40</u>
Rate Schedule GS-25K	<u>\$0.000.40</u>
Rate Schedule GS-120K	<u>\$0.000.40</u>
Rate Schedule GS-1,250K	<u>\$0.000.40</u>
Rate Schedule GS-11M	<u>\$0.000.40</u>
Rate Schedule GS-25M	<u>\$0.000.40</u>
Rate Schedule GL	<u>\$0.000.21</u>
Rate Schedule RSG	<u>\$0.00NA</u>
Rate Schedule CSG	<u>\$0.00NA</u>

Florida City Gas
Docket No. 20180164-GU
Staff's First Data Request
Request No. 6, Attachment 1

	COMMISSION APPROVED 9/30/04 DOCKET NO. 030560-GU	COMMISSION APPROVED 9/30/04 DOCKET NO. 030560-GU	COMMISSION APPROVED 9/30/04 DOCKET NO. 030560-GU - Updated for Reduced Tax Rate	COMMISSION APPROVED 4/20/18 DOCKET NO. 20170179-GU
2	REVENUE REQUIREMENT	100.00	100.00	100.00
3	REGULATORY ASSESSMENT RATE	0.5000	0.5000	0.5000
4	BAD DEBT RATE	1.3103	1.3103	0.4382
5	NET BEFORE INCOME TAXES (2)-(3)-(4)	98.1897	98.1897	99.0618
6	STATE INCOME TAX RATE	5.5	5.5	5.5
7	STATE INCOME TAX (5 X 6)	5.4004	5.4004	5.4484
8	NET BEFORE FEDERAL INCOME TAX (5)-(7)	92.7893	92.7893	93.6134
9	FEDERAL INCOME TAX RATE	0.34	0.21	0.21
10	FEDERAL INCOME TAX (9 X 8)	31.5484	19.4858	19.6588
11	REVENUE EXPANSION FACTOR (8)-(10)	61.2409	73.3035	73.9546
12	NET OPERATING INCOME MULTIPLIER (100% / LINE 11)	1.6329	1.3642	1.3522