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Writer's Direct Dial Number
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COMMISSION
CLERK

September 29, 2004

BY HAND DELIVERY

Ms. Blanca Bayó
Director, Office of the Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No. 040975-GU

Dear Ms. Bayó:

Enclosed for filing on behalf of City Gas Company of Florida are the original and seven copies of Revised Exhibits A and B to be substituted for the exhibits attached the petition filed by the Company in this docket on August 30, 2004, as well as a diskette containing the Revised Exhibits in Word format. The Revised Exhibits reflect changes to correct a typographical error and to provide clarifications suggested by Staff. The revisions are self-explanatory and do not change the substance of proposed tariff revisions or the reasons for the revisions discussed in the Company's petition.

In addition, Staff requested that the Company comment on the tariff terms concerning exclusive use of natural gas and the Company's discretion in determining certain alternate fuel prices. As to exclusive use, the Company position is that in consideration of the discount, a customer should commit to remain on gas and contribute to the fixed costs of the system and that they not be allowed to opportunistically utilize alternate fuels as well as take advantage of discounts at their discretion. As to the Company's discretion in determining alternate fuel prices, this is limited to alternatives for which a published market price is not available. This provision is needed to give the Company the ability to determine the economic and operational viability of non-standard alternate fuels which are generally unique to a customer. This provision requires the customer to assist the Company in the determination of a discount but gives the Company the final say in determining whether they qualify for the discount as well as the amount of the discount.

- CMP _____
- COM _____
- CTR _____
- ECR _____
- GCL _____
- OPC _____
- MMS _____
- RCA _____
- SCR _____
- SEC 1
- OTH _____

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FPSC-BUREAU OF RECORDS

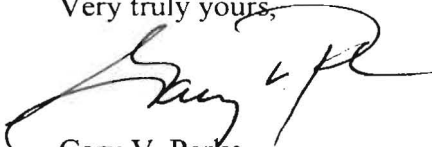
DOCUMENT NUMBER-DATE

10501 SEP 29 04

Docket No. 040975
September 29, 2004
Page 2

Please date stamp and return the enclosed extra copy of this filing. If you have any questions regarding this filing, please give me a call at 425-2359.

Very truly yours,



Gary V. Perko

GVP/mee
Enclosures

cc: Adrienne Vining
Shevie Brown
Cheryl Bulecza-Banks
Robert Casey

EXHIBIT "A"

**Final Format
Proposed First Revised Sheets
Original Sheets Nos. 68 and 69**

(REVISED – September 29, 2004)

RIDER "E"
ALTERNATE FUEL DISCOUNT ("AFD")

APPLICABILITY

To qualify for this discount the Customer must have, in the Company's opinion, a viable Alternate Fuel and qualify for service under General Service rates GS-120k, GS-250k or GS-1,250k. The Company is under no obligation to grant service under this Rider and absent a service agreement with the Company, the Customers are under no obligation to accept service under this Rider. However, upon acceptance of service under this Rider and for a period of one year upon discontinuing service under this Rider, the Customer agrees to use natural gas exclusively unless directed by or with the prior agreement of the Company. Failure to comply with this condition will result in the customer being billed for all discounted amounts given during the preceding 12 months. If such payment is not received in 60 days from the billing date the Company shall have the right to discontinue all gas service to all of the Customer's facilities in its service territory.

The above notwithstanding, Customers shall be subject to curtailment or complete interruption whenever, in the sole discretion of the Company, such curtailment or complete interruption of service is necessary for any reason, such as non delivery by the customer's TPS, supply shortages, operational constraints or Force Majeure conditions. The Company shall endeavor to notify Customers two (2) hours in advance except that when due to Force Majeure the notice given shall be such advance notice as may be practicable under the circumstances. Such notices specifying curtailment and restoration of service may be verbal or written.

ALTERNATE FUEL DISCOUNT

The Customer's applicable monthly Distribution Charge may be reduced by the Company based on its calculation of the AFD for the Customer's Alternate Fuel. The calculated AFD shall not cause the Adjusted Distribution Charge to be less than \$0.00001 per therm or more than the Customers applicable non-discounted Distribution Charge per the applicable tariff. There will be no Alternate Fuel Discount on sales pursuant to the Load Profile Enhancement Discount, Rider LED.

For Customers with Installed Operational Equipment Using Fuels having a Published Price the determination of the AFD shall be based on the methodology set forth in the Company's Form No. AFD-1A, an example of which is presented below. Toward the end of each month the Company will obtain market prices for the Alternate Fuel and natural gas from third party sources in order to determine the discount for the upcoming month. For example, Platts Oilgram will be used to obtain oil prices and the NYMEX Henry Hub Swap Last Day Settle price will be used for the natural gas price. When a published price is not available the Customer, when requested, will assist the Company in identifying an appropriate methodology for determining the therm BTU equivalency value and price of the Alternate Fuel to be used. Customers without Installed Alternate Fuel Equipment must apply to the provider for cost estimates to install Alternate Fuel equipment and appurtenances suitable for their applications and provide them to the Company along with estimates of incremental costs to operate and maintain their Alternate Fuel system. Based on these estimates, which shall be subject to Company adjustment, the Company will calculate the appropriate discount, if any.

RIDER "E"

ALTERNATE FUEL DISCOUNT ("AFD"), (Continued) – CALCULATION EXAMPLE:

Alternate Fuel Discount ("AFD")		
CUSTOMER NAME		
For the Month beginning >		Date
<u>line</u>	<u>Alternate Fuel Pricing Information:</u>	<u>#2 Fuel Oil</u>
1	Platts Oilgram - Miami	\$1.08000
2	Delivery Cost. Per gal as estimated by the Utility	\$0.05000
3=1+2	Burner-tip Price pre tax, per gal.	\$1.13000
4	BTU Content of Alternate Fuel	139,000
5	BTU Content Natural Gas	100,000
6=3/(4/5)	Natural Gas per Therm Equivalent Burner-tip pre tax Price	<u>\$0.81295</u>
	<u>Natural Gas Pricing Information:</u>	<u>GS -1,250k</u>
7	Service Charge, annualized	\$500.00
8	Demand Charge, per therm of DCQ	\$0.289
9	Projected Annual Gas consumption, therms	2,000,000
10	Winter DCQ, therms	12,000
11	Summer DCQ, therms	10,000
12=7*12mos	Service Charge, annualized	\$6,000.00
13=8*10*5mos	Demand Charge, @5 winter months nov-mar	\$17,340.00
14=8*11*7mos	Demand Charge, @7 summer months apr-oct	<u>\$20,230.00</u>
15=12+13+14	Service and Demand Charge, annualized charges	<u>\$43,570.00</u>
		<u>per therm</u>
16=15/9	Service and Demand Charge, annualized and unitized	\$0.02179
17	Distribution Charge	\$0.12225
18	ECCR	\$0.00000
19	CRA	\$0.01425
20	NYMEX - Henry Hub Swap Last Day Settle	\$0.61410
21	City Gate Basis, as estimated by the Utility	<u>\$0.06750</u>
22=sum(16:21)	Natural Gas Projected pre tax Burner Price	<u>\$0.83989</u>
23=22-6	Alternate Fuel Discount, subject to ADC limits.	<u>\$0.02694</u>
24=17+18+19-23	Adjusted Distribution Charge, ("ADC"), shall not be less than \$0.00001 or more than the Distribution Charge.	<u>\$0.10956</u>

EXHIBIT "B"

**Legislative Format
Proposed First Revised Sheets
Original Sheets Nos. 68, 69 and 70**

(REVISED – September 29, 2004)

RIDER "E"

ALTERNATE FUEL DISCOUNT ("AFD")

APPLICABILITY

To qualify for this discount, the Customer must have, in the Company's opinion, a viable Alternate Fuel and qualify for service under General Service rates GS-120k, GS-250k or GS-1,250k. In all cases where continuous operation of the Customer's facilities is necessary, Customer shall provide and maintain stand-by facilities in operating condition during the contract period. The Company is under no obligation to grant service under this Rider and absent a service agreement with the Company, the Customers are under no obligation to accept service under this Rider. However, upon acceptance of service under this Rider and for a period of one year upon discontinuing service under this Rider, the Customer agrees to use natural gas exclusively unless directed by or with the prior agreement of the Company. Failure to comply with this condition will result in the customer being billed for all discounted amounts given during the preceding 12 months. If such payment is not received in 60 days from the billing date the Company shall have the right to discontinue all gas service to all of the Customer's facilities in its service territory.

The above notwithstanding, Customers shall be subject to curtailment or complete interruption whenever, in the sole discretion of the Company, such curtailment or complete interruption of service is necessary for any reason, such as, non-delivery by the customer's TPS, supply shortages, operational constraints or Force Majeure conditions. The Company shall endeavor to notify Customers two (2) hours in advance except that when due to Force Majeure the notice given shall be such advance notice as may be practicable under the circumstances. Such notices specifying curtailment and restoration of service may be verbal or written.

ALTERNATE FUEL DISCOUNT

The Customers applicable mMonthly Distribution Charge Rate(s) may be reduced by the Company based on its calculation of the AFD per the Customers Alternate Fuel. The calculated AFD shall not cause the Adjusted Distribution Charge to be less than \$0.00001 per therm or more than the Customers applicable non-discounted Distribution Charge per the applicable tariff. There will be no Alternate Fuel Discount on sales pursuant to the Load Profile Enhancement Discount, Rider LED, if a Customer using service under their Rate Schedule can purchase an Alternative Fuel at a lower equivalent cost. The equivalent cost of the Alternate Fuel means the Customer's cost including transportation and taxes, converted to the nearest \$0.0001 per therm. The Alternate Fuel Discount per therm will be the amount by which the total natural gas rate and taxes payable under this tariff exceeds the equivalent cost of Alternate Fuel.

For Customers with Installed Operational Equipment Using Fuels having a Published Price the Determination determination of the Alternate Fuel Discount AFD shall be based on information the methodology set forth in the Company's Form No. AFD-1A, an example of which is presented below. Toward the end of each month the Company will obtain market prices for the Alternate Fuel and natural gas from third party sources in order to determine the discount for the upcoming month. For example, Platts Oilgram will be used to obtain oil prices and the NYMEX Henry Hub Swap Last Day Settle price will be used for the natural gas price. When a published price is not available the Customer, when requested, will assist the Company in

identifying an appropriate methodology for determining the therm BTU equivalency value and price of the Alternate Fuel to be used. Customers without Installed Alternate Fuel Equipment must apply to the provider for cost estimates to install Alternate Fuel equipment and appurtenances suitable for their applications and provide them to the Company along with estimates of incremental costs to operate and maintain their Alternate Fuel system. Based on these estimates, which shall be subject to Company adjustment, the Company will calculate the appropriate discount, if any.

~~Once a Customer has submitted such form and the same has been accepted by the Company, the Customer must resubmit such form, with then current information, on the first day of each quarter thereafter; and at any time there is any change in any information contained in a form previously submitted.~~

~~There will be no Alternate Fuel Discount to any Customer who fails to submit Form No. AFD-1A in the time required to Company, or who fails to submit such form properly completed as required hereunder, or whose completed form is not accepted by Company per Form No. AFD-2A.~~

~~There will be no Alternate Fuel Discount on sales pursuant to the Load Profile Enhancement Discount, Rider LED.~~

Issued by: Victor A. Fortkiewicz
President

Effective: February 23, 2004XXX

RIDER "E"

ALTERNATE FUEL DISCOUNT ("AFD"),
 (Continued) – CALCULATION EXAMPLE:

Alternate Fuel Discount ("AFD")

	<u>CUSTOMER NAME</u>	<u>Date</u>
	<u>For the Month beginning ></u>	
	<u>Alternate Fuel Pricing Information:</u>	<u>#2 Fuel Oil</u>
<u>1</u>	<u>Platts Oilgram - Miami</u>	<u>\$1.08000</u>
<u>2</u>	<u>Delivery Cost. Per gal as estimated by the Utility</u>	<u>\$0.05000</u>
<u>3=1+2</u>	<u>Burner-tip Price pre tax, per gal.</u>	<u>\$1.13000</u>
<u>4</u>	<u>BTU Content of Alternate Fuel</u>	<u>139,000</u>
<u>5</u>	<u>BTU Content Natural Gas</u>	<u>100,000</u>
<u>6=3/(4/5)</u>	<u>Natural Gas per Therm Equivalent Burner-tip pre tax Price</u>	<u>\$0.81295</u>
	<u>Natural Gas Pricing Information:</u>	<u>GS -1,250k</u>
<u>7</u>	<u>Service Charge, annualized</u>	<u>\$500.00</u>
<u>8</u>	<u>Demand Charge, per therm of DCQ</u>	<u>\$0.289</u>
<u>9</u>	<u>Projected Annual Gas consumption, therms</u>	<u>2,000,000</u>
<u>10</u>	<u>Winter DCQ, therms</u>	<u>12,000</u>
<u>11</u>	<u>Summer DCQ, therms</u>	<u>10,000</u>
<u>12=7*12mos</u>	<u>Service Charge, annualized</u>	<u>\$6,000.00</u>
<u>13=8*10*5mos</u>	<u>Demand Charge, @5 winter months nov-mar</u>	<u>\$17,340.00</u>
<u>14=8*11*7mos</u>	<u>Demand Charge, @7 summer months apr-oct</u>	<u>\$20,230.00</u>
<u>15=12+13+14</u>	<u>Service and Demand Charge, annualized charges</u>	<u>\$43,570.00</u>
		<u>per therm</u>
<u>16=15/9</u>	<u>Service and Demand Charge, annualized and unitized</u>	<u>\$0.02179</u>
<u>17</u>	<u>Distribution Charge</u>	<u>\$0.12225</u>
	<u>ECCR</u>	<u>\$0.00000</u>
<u>19</u>	<u>CRA</u>	<u>\$0.01425</u>
<u>20</u>	<u>NYMEX – Henry Hub Swap Last Day Settle</u>	<u>\$0.61410</u>
<u>21</u>	<u>City Gate Basis, as estimated by the Utility</u>	<u>\$0.06750</u>
<u>22=sum(16:21)</u>	<u>Natural Gas Projected pre tax Burner Price</u>	<u>\$0.83989</u>
<u>23=22-6</u>	<u>Alternate Fuel Discount, subject to ADC limits.</u>	<u>\$0.02694</u>
<u>24=17+18+19-23</u>	<u>Adjusted Distribution Charge, ("ADC"), shall not be less than \$0.00001 or more than the Distribution Charge.</u>	<u>\$0.10956</u>

AFFIDAVIT OF ALTERNATE FUEL PRICE

To: CITY GAS COMPANY OF FLORIDA
955 East 25th Street
Hialeah, Florida 33013

Attention:

We, _____ have received a firm offer from _____ for our purchase of up to (#) _____ (identify units) _____ for use by us at our facility located at _____, Florida, delivery to commence on _____, at a price of \$ _____ per (identify units). Copy of the offer, which will expire _____, is attached hereto.

Taxes payable by us should we purchase the referenced fuel pursuant to the attached offer, would be \$ _____ per (identify units).

Transportation costs for delivery of the fuel to our facility at _____ would be \$ _____.

I hereby certify that the foregoing information is true, complete and correct, and that we have the ability to utilize the energy specified above in the amount specified above at its facility noted above. I hereby further certify that we will notify CITY GAS COMPANY OF FLORIDA (City Gas) on the first day of each quarter hereafter of the price at which we are able to purchase the alternate fuel referred to above, and will further notify City Gas at any time there is a change in the information contained herein.

I hereby certify that we will cease taking gas from City Gas, on _____ unless such gas is priced at less than \$ _____ per therm as provided in City Gas' GS _____ rate, including all applicable billing adjustments.

(Customer Name)

(Signature of Corporate Officer)

(Title)

STATE OF _____
COUNTY OF _____

SWORN TO AND SUBSCRIBED before me this _____ day of _____ 20 _____ who is personally known to me, or who has produced _____ as identification

My Commission Expires:

Notary Public

See Acceptance on reverse side

Form No. AFD-1A (rev. 5/04)

Issued by: Victor A. Fortkiewicz
President Effective: February 23, 2004XXX

RIDER "E"

ALTERNATE FUEL DISCOUNT ("AFD")

(Continued)

ACCEPTANCE

Based upon the foregoing information, and in accordance with the Customer's Rate Schedule, with the non-gas energy charge for gas taken by _____ on and after _____ shall be reduced by \$ _____ to \$ _____ per therm, computed as follows:

Alternate fuel type:

- 1. Alternate fuel price _____
- 2. per _____ (unit) _____
- 3. Transportation _____
- 4. Taxes _____
- 5. Total laid-in cost _____
- 6. Conversion factor _____
- 7. = equivalent cost _____

Alternate fuel discount:

- 8. GS charge _____
- 9. Purchased gas adjustment _____
- 10. Other billing adjustments _____
- 11. Taxable amount _____
- 12. Taxes and fees % _____
- 13. Total rate per therm _____
- 14. Less equivalent cost of alternate fuel (from line 7) per therm _____
- 15. Difference (L13-L14) _____
- 16. Line 15 divided by (1 + tax rate in line 12) _____
- 17. Maximum discount _____
- 18. Alternate fuel discount per therm (lesser of line 16 or 17) _____
- 19. Adjusted charge _____

This acceptance may be revoked or modified by City Gas in its sole discretion, at any time.

CITY GAS COMPANY OF FLORIDA

By _____

(Title)

Issued by: Victor A. Fortkiewicz
President

Effective: February 23, 2004