

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Application for authority to issue debt security during calendar year 2004, pursuant to Section 366.04, F.S., and Chapter 25-8, F.A.C., by City Gas Company of Florida.

DOCKET NO. 040893-GU
ORDER NO. PSC-04-0924-FOF-GU
ISSUED: September 22, 2004

The following Commissioners participated in the disposition of this matter:

BRAULIO L. BAEZ, Chairman
J. TERRY DEASON
RUDOLPH "RUDY" BRADLEY
CHARLES M. DAVIDSON

FINAL ORDER GRANTING APPROVAL FOR
AUTHORITY TO ISSUE AND SELL DEBT SECURITIES

BY THE COMMISSION:

City Gas Company of Florida (City Gas), a division of NUI Utilities, Inc. (NUI Utilities), filed an application on August 18, 2004, seeking Commission approval pursuant to Section 366.04, Florida Statutes, and Chapter 25-8, Florida Administrative Code, to issue debt securities for the twelve month period ending September 6, 2005. Notice of City Gas' application was given in the Florida Administrative Weekly on August 27, 2004.

NUI Utilities seeks authority to enter into a senior secured credit facility ("Bridge Facility") in the maximum principal amount of \$75 million. The Bridge Facility will be secured by a first priority security interest in NUI Utilities' accounts receivable. The Bridge Facility will provide additional liquidity through the expected close of the sale of NUI Utilities' parent company, NUI Corporation, to AGL Resources Inc. (AGLR), and can be utilized to purchase gas for the upcoming winter heating season and for general corporate purposes. It is assumed that the Bridge Facility will be fully drawn commencing September 30, 2004. The Bridge facility will mature on May 15, 2004.

In addition, NUI Utilities seeks the authority to extend certain short-term, unsecured financial facilities in the maximum principal amount of \$150 million and to modify certain other terms and conditions. On November 24, 2003, NUI Utilities executed agreements providing for a Term Loan of \$50 million, a \$50 million Revolver, and a \$50 million Delayed Draw Term Loan (collectively, the "Unsecured Credit Facilities"). The term of the Unsecured Credit Facilities was for a period of 364 days, with one option to renew for an additional 364 day period. Due to the pending sale of NUI Utilities' corporate parent, NUI Utilities wishes to

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exercise its renewal option, thus bringing the Unsecured Credit Facilities to a period in excess of one year.

Any exercise of the requested authority shall be for the benefit of NUI Utilities. At no time will NUI Utilities borrow funds, incur debt or assume liabilities or obligations as guarantor, endorser, or surety that are not for the benefit of NUI Utilities.

NUI Utilities shall file a consummation report with the Commission in compliance with Rule 25-8.009, Florida Administrative Code, within 90 days after the close of the 2005 calendar year to report any securities issued during that year.

It appears that NUI Utilities has complied with the requirements of Section 366.04, Florida Statutes, and Chapter 25-8, Florida Administrative Code, in applying for the authority to issue debt securities. Having reviewed the application, it is the finding of this Commission that the issuance of the aforementioned debt securities will not impair the ability of City Gas to perform the services of a public utility. Therefore, NUI Utilities' application is hereby granted as set forth in the body of this Order. Accordingly, the authority to issue and sell securities begins on the date of our decision, September 21, 2004.

Our approval of the proposed issuance of debt securities by NUI Utilities does not indicate specific approval of any rates, terms or conditions associated with the issuance. Such matters are properly reserved for review by the Commission within the context of a rate proceeding.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the application by City Gas Company of Florida, a division of NUI Utilities, Inc., to issue debt securities, is approved beginning September 21, 2004, as set forth in the body of this Order. It is further

ORDERED that City Gas Company of Florida, a division of NUI Utilities, Inc.'s request to enter into a senior secured credit facility ("Bridge Facility") in the maximum principal amount of a \$75 million is hereby approved as set forth in the body of this Order. It is further

ORDERED that City Gas Company of Florida, a division of NUI Utilities, Inc.'s request to extend certain short-term, unsecured financial facilities in the maximum principal amount of \$150 million and modify the terms and conditions is hereby approved as set forth in the body of this Order. It is further

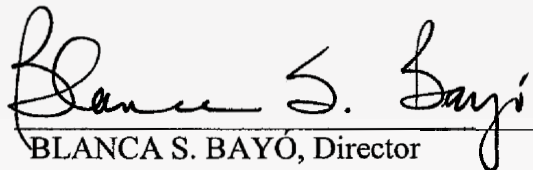
ORDERED that City Gas Company of Florida, a division of NUI Utilities, Inc., shall file a consummation report in compliance with Rule 25-8.009, Florida Administrative Code, within

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90 days of the end of the fiscal year in which it issues any securities authorized by this Order. It is further

ORDERED that this docket shall remain open to monitor the issuance of debt securities until City Gas Company of Florida, a division of NUI Utilities, Inc., submits and we have reviewed, the consummation report, at which time it shall be closed administratively.

By ORDER of the Florida Public Service Commission this 22nd day of September, 2004.



BLANCA S. BAYÓ, Director
Division of the Commission Clerk
and Administrative Services

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by the Commission's final action in this matter may request:
1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard,

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Tallahassee, Florida 32399-0850, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water and/or wastewater utility by filing a notice of appeal with the Director, Division of the Commission Clerk and Administrative Services and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.