

August 20, 1997

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Hialeah  
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**Via Federal Express**

991084-60

Ms. Blanca S. Bayo, Director  
Division of Records and Reporting  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0850

**Re: Petition for Authority to Implement Tariffs Experimental Small  
Commercial Transportation Service (SCTS) and Standards for  
Third Party Suppliers by City Gas Company of Florida**

Dear Ms. Bayo:

Enclosed for filing on behalf of City Gas Company of Florida, please find the original and 15 copies of the captioned petition.

- ACK \_\_\_\_\_
- AFA \_\_\_\_\_
- APP \_\_\_\_\_
- CAF \_\_\_\_\_
- CMU \_\_\_\_\_
- CTR \_\_\_\_\_
- EAG \_\_\_\_\_
- LEC \_\_\_\_\_
- LIT \_\_\_\_\_
- OL \_\_\_\_\_
- RC \_\_\_\_\_
- SE \_\_\_\_\_
- WAS \_\_\_\_\_
- OT \_\_\_\_\_

I enclosed also a computer diskette, in WordPerfect 5.0 format, containing the enclosed petition along with the attachments.

Please acknowledge your receipt of the enclosures (together with the docket number assigned to the petition) on the duplicate copy of this letter which is enclosed.

Thank you for your assistance.

Very truly yours,

CITY GAS COMPANY OF FLORIDA

*Michael A. Palecki*

Michael A. Palecki  
Vice President of Regulatory Affairs

RECEIVED MAR 11 1997

Encl.  
EPSC BUREAU OF RECORDS

DOCUMENT NUMBER - DATE

00447 AUG 21 97

EPSC-RECORDS/REPORTING



1. City Gas is a natural gas distribution company lawfully doing business in the State of Florida. Its regulated operations are subject to the jurisdiction of the Commission pursuant to Chapter 366, Florida Statutes.

2. City Gas Company's principal place of business in Florida is:

City Gas Company of Florida  
955 East 25th Street  
Hialeah, FL 33013-3498

3. All notices, pleadings, orders and process in this matter should be served upon the undersigned and upon the following:

Raymond A. DeMoine  
NUI Corporation  
One Elizabethtown Plaza  
P. O. Box 3175  
Union, NJ 07083-1975

#### SMALL COMMERCIAL TRANSPORTATION SERVICE (RATE SCHEDULE SCTS)

4. As the Commission is aware, federal initiatives have transformed the interstate natural gas pipeline industry from what was traditionally a highly regulated enterprise to one of competition. The effects of federal regulation are now being realized downstream of the distribution company city gate and the local gas distribution business is likewise being transformed into a highly competitive enterprise. In Florida, transportation service has long been available to large industrial and commercial customers. Through this filing, City Gas seeks to further unbundle its system by making the option to purchase natural gas directly from third party suppliers available to additional qualifying customers. The purpose of the

proposed experimental SCTS Rate Schedule is to allow a limited number of customers to accept transportation service as the next step in the Company's unbundling process.

#### Average Daily Delivery Quantities

5. Under the proposed SCTS tariff there is no requirement that customers purchase expensive telemetering equipment. Instead, the customer's third party supplier is required to make deliveries of the Customer's Average Daily Delivery Quantity (ADDQ) which will be calculated by the Company by dividing the customer's weather normalized usage for each of the most recent twelve (12) billing months by the total number of days in each billing month. The Company will be permitted to adjust the ADDQ due to changes in the customer's equipment or usage, and the initial ADDQ for new customers will be estimated by the Company based on the customer's gas equipment and expected usage. The ADDQ will be adjusted monthly for the difference between receipts and deliveries and any adjustments from prior months. The Company is required to provide adequate notice of the ADDQ to the third party supplier on a monthly basis. Failure to deliver the ADDQ will result in assessment of charges to the third party supplier.

#### Rates and Charges:

6. The proposed SCTS rate schedule will have the same customer charge and transportation charge as the CS class unless a meter qualifies individually for another rate class, in which case the customer charge and transportation charge for that class shall apply. This rate will be subject to taxes and other adjustments including any applicable Conservation Cost Recovery Adjustment and Competitive Rate Adjustment. In other words, the SCTS rate will be the same as the customer's bundled rate for that particular meter, but without the gas cost component.

#### Multiple Meters at a Single Location

7. The first group of customers eligible for the proposed SCTS Rate Schedule are customers with multiple meters at one contiguous location, provided that in the aggregate the meters consume greater than the minimum needed (120,000 therms annually) to qualify for transportation under the Company's tariffs. These customers would be given the option to purchase natural gas directly from third party suppliers, on each of the customers' meters, despite the fact that the customer's individual meters may not qualify for transportation. Customer meters qualifying for transportation under this service classification are required to take firm service and accept an assignment of interstate pipeline capacity in a quantity sufficient to meet their ADDQ requirement.

#### Load Profile Enhancement Customer

8. The proposed SCTS tariff shall also be available to non-residential customers who install new gas equipment with a summer peak requirement. To be eligible for transportation service under the proposed tariff, the customer must first pre-qualify for the Load Profile Enhancement Discount (Rider ED). These customers may elect either firm or interruptible service. If firm service is selected, the customer is required to accept an assignment of interstate pipeline capacity in a quantity sufficient to meet their ADDQ requirement.

9. Upon qualifying for Rider ED, the proposed SCTS rate schedule will allow non-residential customers to purchase natural gas directly from third party suppliers. Each of the customers' meters at the location contiguous to the meter qualifying for Rider ED will thereafter qualify for transportation service under the proposed SCTS tariff for as long as the customer continues to qualify for Rider ED.

10. Customers accepting service under this provision of the proposed tariff will retain the same customer charge and transportation charge as the Company's CS Rate, unless the customer qualifies for another rate schedule. Those meters qualifying for the Rider ED discount will continue to qualify for the discount. Non-Rider ED qualifying meters will not be given the discount but may receive transportation service at the otherwise applicable tariff rate for the meter minus the gas cost component. In other words, the SCTS rate will be the same as the customer's bundled rate for that particular meter, but without the gas cost component.

#### Propane Conversion Customers

11. The proposed Rate Schedule SCTS is also designed to allow non-residential customers who convert from propane to natural gas, to purchase natural gas directly from third party suppliers. These customers may elect either firm or interruptible service. If firm service is selected, the customer is required to accept an assignment of capacity in a quantity sufficient to meet their ADDQ requirement.

12. While Rate Schedule SCTS represents a modest proposal, City Gas believes it is moving in the right direction by giving more customers the choice of transportation service. Taken together, the three components of Rate Schedule SCTS will allow City Gas to unbundle its system and bring the benefits of competition to a greater number of its non-residential customers in a manner that will not adversely affect the reliability of its system and that will not unfairly place additional burden on remaining sales customers.

## STANDARDS FOR THIRD PARTY SUPPLIERS (RATE SCHEDULE TPS)

13. Creditworthiness or financial standards are necessary to ensure that suppliers and marketers who may be liable for imbalance or nonperformance penalties are financially sound and able to meet their financial responsibilities. Proposed rate schedule TPS establishes such financial capability and creditworthiness standards for third party suppliers. The provisions of this schedule will apply to brokers, marketers and other third party suppliers of natural gas that wish to act as agents for transportation customers, or deliver natural gas to the Company's city gate for transportation customers.

14. Proposed rate schedule TPS will require third party suppliers wishing to sell and/or deliver gas on the company's system to sign a three-year service agreement in which they agree to be bound by the terms and conditions of the company's tariff.

15. Under proposed rate schedule TPS, the Company may require that third party suppliers supply financial information, such as financial statements, bank references, trade references and credit information. The proposed rate schedule allows the Company to suspend any third party supplier who becomes insolvent, fails to demonstrate creditworthiness, or fails to timely provide information as requested.

WHEREFORE, City Gas Company of Florida respectfully requests that the Florida Public Service Commission approve this filing and authorize the Company to implement

Experimental Small Commercial Transportation Service (Rate Schedule SCTS); and  
Standards for Third Party Suppliers (Rate Schedule TPS).

Respectfully submitted this 21<sup>ST</sup> day of August, 1997.

*Michael A. Palecki*

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Michael A. Palecki  
NUI CORPORATION - SOUTHERN DIVISION  
Vice President of Regulatory Affairs  
955 East 25th Street  
Hialeah, FL 33013-3498  
(305) 691-8710



SMALL COMMERCIAL TRANSPORTATION SERVICE  
Rate Schedule SCTS

Availability

Throughout the service area of the Company.

Applicability

Service under this classification is limited to:

- 1) Customers with multiple meters at one contiguous location with a total annual aggregate usage of 120,000 therms or more.
- 2) Customers who qualify for the Load Profile Enhancement Discount (Rider ED).
- 3) Propane users converting to natural gas on or after the date of this service.

The signing of a Service Agreement and possession by the Customer of a fully executed contract to purchase gas from a Third Party Supplier are conditions precedent to receiving service under this Rate Schedule.

Character of Service

Firm - Customers with multiple meters at one contiguous location with a total aggregate annual usage of 120,000 therms or more are required to take firm service under this service classification. Other customers who qualify for this service classification may elect firm service.

Interruptible - Interruptible service is available to customers who (1) qualify for the Load Enhancement Discount (Rider ED) and (2) Propane customers who convert to natural gas on or after the effective date of this service classification.

Gas Supply Obligation

The Company shall have no obligation to provide natural gas supplies to Customers that contract for Small Commercial Transportation Service without also contracting for Standby Service. In the event that a Small Commercial Transportation Customer that does not contract for Standby Service seeks to purchase natural gas from the Company, such sales may be made by the Company in its sole discretion.

Monthly Rate

Customer Charge:	\$17.00 per month.
Transportation Charge	\$0.20259 per therm.

Company's cost of gas factor set forth in Sheet No. 25 shall not apply to Transportation Service under this schedule.

Minimum Bill

The minimum monthly bill shall be the customer charge.

Terms of Payment

Bills are net and due upon receipt by the customer and become delinquent if unpaid after expiration of twenty (20) days from mailing.

SMALL COMMERCIAL TRANSPORTATION SERVICE  
Rate Schedule SCTS

Term of Service

Two (2) years and thereafter automatic two-year renewals until terminated by ninety (90) days written notice prior to the end of the initial 2 year term or any two year renewal period by either party. In the event that a commercial Rate Schedule SCTS Customer ceases operations completely or moves its operations to a location where the Company does not provide service, Customer shall not be liable for further charges upon notification to the Company in writing.

Capacity Assignment - Firm Service

Firm customers taking service under this rate schedule are required to take an assignment of interstate pipeline capacity in a quantity sufficient to meet their average daily delivery quantity (ADDQ). The Company will assign each of its firm Interstate pipeline capacity contracts in proportion to the Company's total capacity portfolio at the current FERC approved rates. Interruptible customers are responsible for obtaining interstate pipeline capacity in a quantity sufficient to meet their average daily delivery quantity.

Provisions Related to Third Party Suppliers

A SCTS Customer must utilize an eligible Third Party Supplier as supplier of gas into the Company's system. Prior to commencing service, Customer must provide Company a written designation of its Third Party Supplier, executed by Customer and Third Party Supplier. Customer may only change Third Party Suppliers by providing Company with a new written designation of Third Party Supplier executed by Customer and Third Party Supplier. Customer will not be charged to designate its initial Third Party Supplier. Customer will be charged a \$50.00 fee if a Third Party Supplier is changed during an annual period. Changes in the designation of a Third Party Supplier received by the fifteenth (15th) of the month will be effective in the following month.

Customer agrees that as between the Company and the Customer, the Company shall be entitled to rely upon information concerning deliveries of natural gas on behalf of Customer provided by Third Party Supplier. Any Third Party Supplier that wishes to deliver gas into the Company's system prior to commencing deliveries must execute a Service Agreement with the Company demonstrating the Third Party Supplier's agreement to be bound by the applicable terms and conditions of the Company's Tariff. To the extent that a Third Party Supplier ceases operations or deliveries of gas for the Customer's account, Customer shall be ultimately responsible for payment of any charges for gas supplies consumed by Customer but not delivered by Third Party Supplier.

Average Daily Delivery Quantities

Customers Third Party Supplier must agree to make deliveries of the Customers Average Daily Delivery Quantity "ADDQ".

The Company will notify the Third Party Supplier of customers ADDQ obligation for each day of the next succeeding month in writing to be delivered by facsimile no later than the fifteenth (15th) day of the month immediately preceding the month in which Third Party Supplier will be obligated to deliver the ADDQ. If the Third Party Supplier does not agree with Company's determination of the ADDQ, it must notify Company in writing to be delivered by facsimile no later than 5:00 p.m. Eastern Standard Time two business days after receipt of the ADDQ notice from the Company. Company and the Third Party Supplier will reconcile any differences no later than 5:00 p.m. Eastern Standard Time two business days later.

SMALL COMMERCIAL TRANSPORTATION SERVICE  
Rate Schedule SCTS

The ADDQ will be calculated by the Company by dividing the Customer's weather normalized usage for each of the most recent twelve (12) billing months by the total number of days in each billing month. Company may adjust Customer's ADDQ at any time, due to changes in Customer's equipment or pattern usage. For new Customers, Customer's initial ADDQ will be estimated by Company, based upon the rating of Customer's gas equipment and expected utilization of the equipment. Customer's Third Party Supplier will be obligated under the terms of Rate Schedule TPS to deliver Customer's ADDQ each day for Customer's account. At the end of each billing period, Company will calculate the difference between Customer's actual usage and actual deliveries for the billing period, taking into account any adjustments from prior months, and will adjust the ADDQ for the next succeeding month by that difference divided by the total number of days in the month. Customer will be billed a commodity charge based on actual consumption each month. If the TPS fails to deliver the ADDQ, the TPS will be assessed charges for failure to deliver.

Interruption and Curtailment

Company shall have the right to reduce or completely curtail deliveries to Customer pursuant to this rate schedule if the Customer has not contracted for Standby Service, and, in Company's opinion, Customer will overrun the volume of gas to which it is entitled from its third party supplier (or overrun the volume of gas being delivered to Company for Customer's account.)

Special Conditions

1. See Section 11 of Rules and Regulations for Transportation - Special Conditions.
2. The rates set forth in this schedule shall be subject to the operation of the Company's Taxes and Other Adjustments set forth on Sheet No. 26, the Conservation Cost Recovery Adjustment, Sheet No. 26, and the Competitive Rate Adjustment Clause, Sheet Nos. 26-28.
3. Service under this schedule (unless otherwise indicated herein) shall be subject to the Rules and Regulations set forth in the tariff.
4. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of gas service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the monthly rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, sales under this rate schedule shall be billed at rates stated herein.

Indemnification

As between Company and Customer, Customer warrants that it has clear title to any gas supplies delivered into the Company's system for redelivery to Customer and Customer shall be deemed to be in exclusive control and possession of gas prior to its delivery into the Company's

SMALL COMMERCIAL TRANSPORTATION SERVICE  
Rate Schedule SCTS

system for redelivery to Customer. Customer agrees to indemnify, defend and hold harmless Company from any and all claims, suits or damage actions arising out of deliveries of gas into Company's system on behalf of Customer.

**THIRD PARTY SUPPLIER**  
**Rate Schedule TPS**

**Applicability**

The provisions of this Rate Schedule shall apply to brokers, marketers and other third party suppliers (collectively "Third Party Suppliers") of natural gas that wish to either act as agents for Transportation Customers or deliver natural gas supplies to Company's City Gate for Transportation Customers. Third Party Suppliers wishing to sell and/or deliver gas on the Company's system will be required to sign a Service Agreement in which they will agree to be bound by the terms and conditions of the Company's Tariff.

**Term of Contract**

The term of the contract shall be at least three (3) years and from month to month thereafter unless terminated on thirty (30) days written notice.

**Creditworthiness**

Company shall not be required to permit any Third Party Supplier who fails to meet Company's standards for creditworthiness to sell or deliver gas on its system. Company may require that Third Party Supplier provide the following information:

(a) Current financial statements (to include a balance sheet, income statement, and statement of cash flow), annual reports, 10-K reports or other filings with regulatory agencies, a list of all corporate affiliates, parent companies and subsidiaries and any reports from credit agencies which are available. If audited financial statements are not available, then Third Party Supplier also should provide an attestation by its chief financial officer that the information shown in the unaudited statements submitted is true, correct and a fair representation of Third Party Supplier's financial condition.

(b) A bank reference and at least three trade references.

(c) A written attestation from Third Party Supplier that is not operating under any chapter of the bankruptcy laws and is not subject to liquidation or debt reduction procedures under state laws, such as an assignment for the benefit of creditors, or any informal creditor's committee agreement. An exception can be made for a Third Party Supplier who is a debtor in possession operating under Chapter XI of the Federal Bankruptcy Act but only with adequate assurances that any charges from the Company will be paid promptly as a cost of administration.

(d) A written attestation from Third Party Supplier that is not subject to the uncertainty of pending litigation or regulatory proceedings in state or federal courts which could cause a substantial deterioration in its financial condition or a condition of insolvency.

(e) A written attestation from Third Party Supplier that no significant collection lawsuits or judgments are outstanding which would seriously reflect upon the Third Party Suppliers' ability to remain solvent.

If Third Party Supplier has an ongoing business relationship with Company no uncontested delinquent balances should be outstanding for natural gas sales, storage, transportation services, or imbalances previously billed by Company, and Third Party Supplier must have paid its account during the past according to the established terms, and not made deductions or withheld payment for claims not authorized by contract.



THIRD PARTY SUPPLIER  
Rate Schedule TPS

Third Party Supplier shall furnish Company at least annually, and at such other time as is requested by Company, updated credit information for the purpose of enabling Company to perform an updated credit appraisal. In addition, Company reserves the right to request such information at any time if Company is not reasonably satisfied with Third Party Supplier's creditworthiness or ability to pay based on information available to Company at that time.

Company shall not be required to permit and shall have the ability to suspend any Third Party Supplier who is or has become insolvent, fails to demonstrate creditworthiness, fails to timely provide information to Company as requested, or fails to demonstrate ongoing creditworthiness as a result of credit information obtained; provided, however, Third Party Supplier may continue to sell/deliver gas on the Company's system if Third Party Supplier elects one of the following options:

- (i) Payment in advance for up to three (3) months service.
- (ii) A standby irrevocable letter of credit in form and substance satisfactory to Company in a face amount up to three (3) months service. The letter of credit must be drawn upon a bank acceptable to Company.
- (iii) A guaranty in form and substance satisfactory to Company, executed by a person that Company deems creditworthy, of Third Party Supplier's performance of its obligations to Company.
- (iv) Such other form of security as Third Party Supplier may agree to provide and as may be acceptable to Company.

In the event Third Party Supplier fails to immediately prepay the required three (3) months of revenue or furnish security, Company may, without waiving any rights or remedies it may have, and subject to any necessary authorizations, suspend Third Party Supplier until security is received.

The insolvency of a Third Party Supplier shall be evidenced by the filing by Third Party Supplier, or any parent entity thereof, of a voluntary petition in bankruptcy or the entry of a decree or order by a court having jurisdiction adjudging the Third Party Supplier, or any parent entity thereof, bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of the Third Party Supplier, or any parent entity thereof, under the Federal Bankruptcy Act or any other applicable federal or state law, or appointing a receiver, liquidator, assignee, trustee, sequestrator, (or similar official) of the Third Party Supplier or any parent entity thereof or of any substantial part of its property, or the ordering of the winding-up or liquidation of its affairs.

Nominations for Service

A Third Party Supplier shall provide in writing to the Company at least 10 working days prior to the beginning of the calendar month an estimate of its deliveries into the Company's system for the month. These nominations must, in the aggregate, match the nominations of all Customers to whom the Third Party Supplier will be delivering during the month. Failure to provide nominations may result in suspension of service to Customers of offending Third Party Suppliers. In addition, Customer must identify interstate pipeline, contract number(s) on which deliveries will be made at least twenty-four (24) hours prior to the flow of gas. Failure to comply

THIRD PARTY SUPPLIER  
Rate Schedule TPS

with the Company's nominating procedures may result in curtailment of third party gas deliveries or additional monthly cash-outs.

Pipeline Imbalances

Company and Third Party Supplier recognize that Company may be subjected to imbalance charges from its interstate pipeline suppliers as a result of Third Party Supplier's failure to deliver confirmed quantities of gas. However, in the event that Company is assessed penalties as a result of Third Party Supplier's actions or omissions, Third Party Supplier shall reimburse Company for such penalties as may be attributable to Third Party Suppliers' actions or omissions.

Indemnification

As between the Company and Third Party Supplier, Third Party Supplier warrants that it has clear title to any gas delivered into the Company's system, and Third Party Supplier shall be deemed to be in exclusive control and possession of gas prior to its delivery into the Company's system for redelivery to Customer. Third Party Supplier agrees to indemnify, defend and hold harmless Company from any and all claims, suits or damage actions arising out of deliveries on behalf of a transporting customer.

Allocation of Supplies

If a Third Party Supplier is delivering gas to Customers under Rate Schedules SCTS, CTS, ITS, ILT, and/or NGVTS: Third Party Supplier will provide the Company with individual supply allocations no later than one (1) business day following the date the Third Party Supplier receives final month end measurement data from the Company. If Third Party Supplier fails to provide the supply allocations, then gas received by the Company in that month from the Third Party Supplier shall be allocated first to Small Commercial Transportation Service; second to Commercial Transportation Service; third to Interruptible Transportation Service, fourth to Interruptible Large Volume Transportation Service; and last to Natural Gas Vehicle Transportation Service Customers.

Deliveries of Average Daily Delivery Quantities Under Service Classification - Small Commercial Transportation Service

To the extent that Third Party Supplier wishes to provide service to SCTS Customers, Third Party Suppliers must agree to make deliveries of its SCTS Customers Average Daily Delivery Quantity ("ADDQ") as adjusted from time to time in accordance with the applicable provisions of the SCTS Rate Schedule. Company will notify Third Party Supplier of its ADDQ obligation for each day of the next succeeding month in writing to be delivered by facsimile no later than two business days after the receipt of the ADDQ notice from the Company. If Third Party Supplier does not agree with Company's determination of Third Party Supplier's ADDQ, it must notify Company in writing to be delivered by facsimile no later than 5:00 p.m. Eastern Standard Time two business days later. Company and Third Party Supplier will reconcile any differences no later than 5:00 p.m. Eastern Standard Time on the twentieth (20th) of the month.

The Company shall assess the Third Party Supplier the following charges on any day in which the Third Party Supplier delivers an amount other than the ADDQ:

THIRD PARTY SUPPLIER  
Rate Schedule TPS

Imbalance	Charge
0% to 5%	\$0.02 per therm
5% to 10%	\$0.10 per therm
> 10%	\$2.50 per therm

On any day the Company reserves the right to limit a Third Party Supplier's ADDQ imbalance to 5%. On any day in which the Company limits the ADDQ to 5%, any imbalance between 0% and 5% will be charged an amount equivalent to the Commercial Service rate. Any imbalance greater than 5% will be charged at a rate of \$2.50 per therm. If a Third Party Supplier fails to deliver gas to serve its ADDQ more than three (3) times in a twelve (12) month period, the Company may suspend that Third Party Supplier from delivering gas to the Company's system for SCTS customers only. For the purpose of this provision, failure to deliver gas is defined as delivering less than 40% of the Third Party Supplier's customers' aggregate ADDQ.

For customers receiving firm service, the Third Party Supplier must accept assignment of interstate pipeline capacity in a quantity sufficient to meet the aggregate ADDQ requirements of their customers, that quantity to be equal to or greater than the minimum amount determined by the Company.