

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application by City Gas Company of Florida for authority to issue and sell securities during the twelve months ending September 30, 1999.

DOCKET NO. 981378-GU
ORDER NO. PSC-98-1581-FOF-GU
ISSUED: November 25, 1998

The following Commissioners participated in the disposition of this matter:

JULIA L. JOHNSON, Chairman
J. TERRY DEASON
SUSAN F. CLARK
JOE GARCIA
E. LEON JACOBS, JR.

ORDER GRANTING CITY GAS COMPANY OF FLORIDA AUTHORITY TO ISSUE AND SELL SECURITIES DURING THE PERIOD FROM NOVEMBER 17, 1998, THROUGH SEPTEMBER 30, 1999

BY THE COMMISSION:

City Gas Company of Florida (City Gas or Company), a division of NUI Corporation (NUI), filed an application on October 21, 1998, seeking Commission approval for NUI to issue and sell securities for the twelve month period ending September 30, 1999. The Company's last authority to issue securities, approved in Order No. PSC-97-1537-FOF-GU issued December 8, 1997, in Docket No. 971389-GU, expired on September 30, 1998. The Company does not currently have authority from the Commission to issue securities. In Docket No. 971389-GU, the Company filed an application to seek approval for authority for NUI to issue securities for the twelve month period ending September 30, 1998 on October 17, 1997. This is the second year in a row that the Company has allowed its authority to issue securities to lapse.

In addition to the applications relating to Docket Nos. 981378-GU and 971389-GU not being filed in a timely manner, the Company's application in Docket No. 960547-GU had to be brought before the Commission on three occasions due to Company requested changes, modifications, and extensions. The final revision,

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approved in Order No. PSC-97-0822-FOF-GU issued July 8, 1997, required a Special Agenda Conference to allow the Company to extend its authority an additional three months to take advantage of a refinancing opportunity.

Applications for authority to issue and sell securities are generally handled once a year as consent items at regular Agenda Conferences. We are concerned that the number of revisions and the lapses in the authority for City Gas and NUI to issue securities could result in the Company missing windows of opportunity to take advantage of favorable changes in market conditions.

In its application, City Gas requested authority for NUI to issue short-term notes in an amount up to \$110,000 and issue long-term notes in an amount up to \$40,000,000. However, in a letter dated October 28, 1998, signed by Daniel D. Richardson on behalf of the Company, Mr. Richardson noted that the amount of short-term indebtedness to be issued by NUI as shown in the application was in error. Rather than \$110,000 of short-term debt, NUI seeks authority to issue \$110,000,000 of short-term debt. With his letter, Mr. Richardson provided corrected pages which were substituted for the existing pages in the Company's application.

The stated purpose for the short-term debt for which NUI seeks authority would be to finance portions of NUI's construction programs and to refinance existing securities depending upon prevailing market conditions. The stated purpose for the long-term debt for which NUI seeks authority would be to finance portions of NUI's construction programs outside the State of Florida and proceeds would not be used within the State of Florida. The Company further represents that "the purposes for which NUI seeks authority to issue the described securities are consistent with and will not impair the proper performance by City Gas as a public utility."

NUI is rated BBB by Standard & Poor's (S&P). Staff's preliminary analysis of NUI's financial condition for the twelve months ended March 31, 1998, indicates that its equity ratio of 46.2% is above the mean and median for A rated gas distribution companies (LDCs) followed by S&P but its pre-tax interest coverage ratio of 2.1x is below the mean and median for this measure for BBB rated LDCs. Based upon this preliminary analysis, the issuance and sale of the above described securities should not impair the ability of City Gas to perform the services of a public utility.

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Our approval of the proposed issuance of securities by City Gas 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. We approve the subject financing, but we retain the right to disallow any of the costs incurred for ratemaking purposes. Our approval of City Gas's application to issue and sell securities became effective November 17, 1998, upon our vote at Agenda Conference. This results in an effective period of November 17, 1998 through September 30, 1999.

It is therefore

ORDERED by the FLORIDA PUBLIC SERVICE COMMISSION that City Gas Company of Florida, a Division of NUI Corporation's application for authority to issue and sell securities for the twelve month period September 30, 1998 through September 30, 1999, with an effective period of November 17, 1998 to September 30, 1999, is approved. It is further

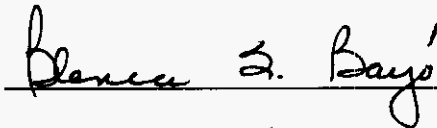
ORDERED that City Gas Company of Florida may issue and sell short-term notes in an amount up to \$110,000,000, as requested in City Gas Company of Florida's revised application pages. It is further

ORDERED that City Gas Company of Florida may issue long-term notes in an amount up to \$40,000,000. It is further

ORDERED that Pursuant to Rule 25-8.009, Florida Administrative Code, this docket should remain open until January 15, 2000.

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By ORDER of the Florida Public Service Commission this 25th
day of November, 1998.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

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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 Records and Reporting, 2540 Shumard Oak Boulevard, 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 Records and reporting 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.