

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for authority to
implement contract
transportation service by City
Gas Company of Florida.

DOCKET NO. 000717-GU
ORDER NO. PSC-00-1592-TRF-GU
ISSUED: September 5, 2000

The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON, Chairman
E. LEON JACOBS, JR.
LILA A. JABER

ORDER GRANTING AUTHORITY TO IMPLEMENT CONTRACT TRANSPORTATION
SERVICE BY CITY GAS COMPANY OF FLORIDA

BY THE COMMISSION:

On June 15, 2000, City Gas Company of Florida, a Division of NUI Corporation, (City Gas or the Company) filed its petition for approval to implement a Contract Transportation Service Rate Schedule KTS. The proposed tariff has been designated Rate Schedule KTS, since the Company already has a Rate Schedule Commercial Transportation Service (CTS). Jurisdiction over this matter is vested in the Commission by Sections 366.04, 366.05, and 366.06, Florida Statutes. The proposed tariff is designed to meet the Company's need to compete for potential customers who have viable energy options. Under the proposed KTS tariff, the negotiated rate may not be less than \$0.01 per therm and will not be set lower than the incremental cost the Company incurs to serve the customer.

The proposed KTS Rate Schedule would apply to new and existing customers who bring 250,000 therms per year of incremental load onto the Company's natural gas distribution system. The CTS Rate Schedule is for any non-residential customer using more than 120,000 therms per year, and who would otherwise qualify for the Company's Large Commercial Sales Service.

We have recognized the competitive pressures faced by electric and natural gas utilities by providing them with a degree of flexibility in entering into contracts with large customers. The Commission approved Gulf Power's Commercial Industrial Service

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Rider (CISR), Order No. PSC-96-1219-FOF-EI, Tampa Electric's CISR, Order NO. PSC-98-1081-FOF-EI, Florida Power & Light and Florida Power Corp's Economic Development Rider Rate Schedule, Order No. PSC-98-1222-FOF-EI and Order No. PSC-98-0603-FOF-EI, respectively, and Peoples Gas Contract Transportation Service tariff, Order No. 20529-A. All of these riders allow the utility to enter into negotiated contracts with customers meeting a minimum threshold of new or retained/added load.

Our basis for allowing these utilities the ability to negotiate a contract rate, is that a large volume usage customer can have a substantial impact on the financial viability of the utility.

Under the proposed contract transportation service, the Company's existing customers will not be adversely affected. The Company will not require the use of its competitive rate adjustment clause in the proposed tariff, since it is the Company's intention that projects under KTS pay for themselves without contributions from the general body of ratepayers.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that City Gas Company of Florida's Petition for Authority to Implement Contract Transportation Service is granted. It is further

ORDERED that if no protest is filed within 21 days of the issuance of this Order, this docket shall be closed upon the issuance of a Consummating Order. If a protest is filed within 21 days of the issuance of this Order, the tariff shall remain in effect pending resolution of the protest, with any charges held subject to refund pending resolution of the protest.

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By ORDER of the Florida Public Service Commission this 5th
day of September, 2000.

BLANCA S. BAYÓ, Director
Division of Records and Reporting

By: Kay Flynn
Kay Flynn, Chief
Bureau of Records

(S E A L)

MKS/JB

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 that is available under Section 120.57, 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 will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The action proposed herein is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on September 26, 2000.

In the absence of such a petition, this order shall become final and effective upon the issuance of a Consummating Order.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.