

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval of
Special Gas Transportation
Service agreement with Montenay
Power Corp. by City Gas Company
of Florida.

DOCKET NO. 010099-GU
ORDER NO. PSC-01-0565-PAA-GU
ISSUED: March 12, 2001

The following Commissioners participated in the disposition of
this matter:

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

NOTICE OF PROPOSED AGENCY ACTION
ORDER APPROVING SPECIAL TRANSPORTATION SERVICE AGREEMENT

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

On January 24, 2001, City Gas Company of Florida ("City Gas") filed a petition for approval of a special gas transportation service agreement with Montenay Power Corp. ("Montenay"). Jurisdiction over this matter is vested in this Commission by several provisions of Chapter 366, Florida Statutes, including Sections 366.04, 366.05, and 366.06, Florida Statutes.

Montenay is Dade County's exclusive contractor for the operation and management of a waste recovery facility (garbage burner) owned by Dade County and located in Miami, Florida. The facility currently uses propane as a supplemental fuel. Montenay and Dade County have asked City Gas to extend its existing gas distribution system to serve the facility's full natural gas requirements.

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

City Gas and Montenay have entered into an Agreement under which City Gas would receive up to 5,480 therms per day of natural gas for Montenay's account at a point of receipt at a new gate station in Miami, Florida, and redeliver the gas to Montenay's facility. To provide service under the Agreement, City Gas will construct three miles of 8" main line to extend its distribution system to serve Montenay's facility. The estimated cost of this extension is \$810,000. Of this total, \$710,000 is attributed to providing service to Montenay, and \$100,000 is attributed to system improvement. The Agreement provides that its initial term will end at the earlier of ten years from the date City Gas is ready to place the system extension in service or when Montenay has paid for a total of 9,000,000 therms of gas under City Gas' applicable Contract Transportation Service ("CTS") rate schedule.

The Agreement contains provisions which are not specifically covered by City Gas' approved rate schedules, and, therefore, require our approval as a special contract under Rule 25-9.034, Florida Administrative Code. First, the Agreement contains provisions requiring Montenay to take-or-pay for a minimum of 900,000 therms per year, compared to the CTS rate schedule provision for a minimum of 120,000 therms a year. Second, the Agreement contains a provision requiring Montenay to secure its obligations under the Agreement by a performance bond.

Based on City Gas' CTS tariff rate of 17.847 cents per therm, the Agreement's take-or-pay provision will result in revenues to City Gas of \$160,623 per year, or over \$960,000 during the first six years of the Agreement. Since this amount exceeds the cost of the required distribution system extension, no contribution-in-aid-of-construction is required under the provisions of City Gas' tariff. Therefore, the Agreement will have no adverse effect on City Gas' general body of ratepayers.

We find that City Gas' proposed special transportation service agreement with Montenay is reasonable. Therefore, we grant City Gas' petition for approval of the Agreement. The Agreement shall become effective February 20, 2001, the date of our vote on this matter.

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Based on the foregoing, it is

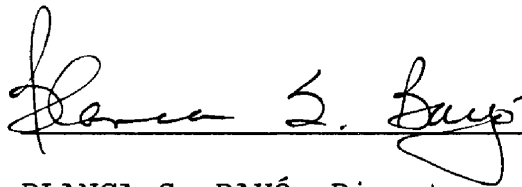
ORDERED by the Florida Public Service Commission that City Gas Company of Florida's petition for approval of a special gas transportation service agreement with Montenay Power Corp. Is granted. It is further

ORDERED that City Gas Company of Florida's special gas transportation service agreement with Montenay Power Corp. shall become effective February 20, 2001, the date of our vote on this matter.

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that in the event this Order becomes final, this docket shall be closed.

By ORDER of the Florida Public Service Commission this 12th day of March, 2001.

A handwritten signature in cursive script, reading "Blanca S. Bayó", is written over a horizontal line.

BLANCA S. BAYÓ, Director
Division of Records and Reporting

(S E A L)

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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 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 April 2, 2001.

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.