

# Hopping Green & Sams

Attorneys and Counselors

Writer's Direct Dial No.  
(850) 425-2359

ORIGINAL

August 30, 2004

## BY HAND DELIVERY

Blanca Bayó  
Director, Division of Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0866

040975-GU

Re: Petition by City Gas Company of Florida, a Division of NUI Utilities, Inc., for Approval of Revisions to Tariff Sheets Nos. 68-70, the Alternative Fuel Discount Rider

Dear Ms. Bayó:

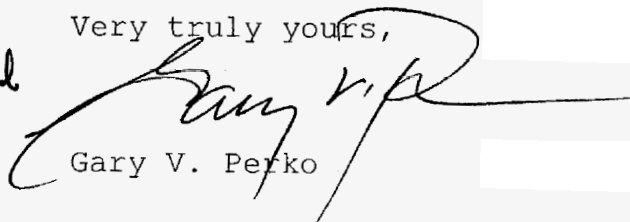
Enclosed for filing on behalf of City Gas Company of Florida, a Division of NUI Utilities, Inc., are the original and seven copies of its Petition for Approval of Revisions to Tariff Sheets Nos. 68-70, the Alternative Fuel Discount Rider, along with Exhibits A and B and a diskette containing all of the documents in Word format.

Please date-stamp and return the extra copy of this letter and the enclosed Petition for our records.

If you have any questions regarding this filing, please contact the undersigned at (850) 425-2359.

Very truly yours,

*Original Tariff forwarded to ECR.*



Gary V. Perko

GVP/mee  
Enclosures  
cc: Gloria Lopez  
Tom Kaufmann

RECEIVED & FILED

14  
FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

09444 AUG 30 04

FPSC-COMMISSION CLERK

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Petition By City Gas Company of  
Florida, a Division of NUI Utilities, Inc.,  
for Approval of Revisions to Tariff Sheets  
Nos. 68-70, the Alternate Fuel Discount Rider

Docket No. \_\_\_\_\_

Filed: August 30, 2004

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**PETITION BY CITY GAS COMPANY OF FLORIDA FOR APPROVAL  
OF REVISIONS TO TARIFF SHEETS NOS. 68-70, THE  
ALTERNATIVE FUEL DISCOUNT RIDER**

City Gas Company of Florida, a division of NUI Utilities, Inc. ("NUI City Gas" or "the Company"), by and through its undersigned counsel, hereby petitions for approval of revisions to Tariff Sheets Nos. 68-70 to effect a change in its Alternate Fuel Discount ("AFD" or "Discount") Rider. In support, City Gas states:

1. City Gas is a division of NUI Utilities, Inc., a New Jersey corporation whose principal offices are located at Route 202-206, Bedminster, New Jersey. City Gas operates natural gas distribution systems in Florida and is a "public utility" subject to the regulatory jurisdiction of the Florida Public Service Commission under Chapter 366, Florida Statutes.

2. The representatives of the Company to receive notices and other pleadings are:

Gary V. Perko  
Hopping Green & Sams  
P.O. Box 6526  
Tallahassee, FL 32314

Gloria L. Lopez  
NUI City Gas  
955 East 25<sup>th</sup> Street  
Hialeah, FL 33013

3. By this petition, City Gas seeks approval of tariff revisions to effect a change in the company's Alternate Fuel Discount ("AFD") Rider. The proposed tariff sheets (Nos. 68 and 69) are attached as Exhibit A, and a redlined version of the existing tariff sheets (Nos. 68-70) is attached as Exhibit B. As explained below, the proposed tariff modifications are designed to clarify and simplify the AFD Rider to promote the use of cleaner burning natural gas and to enhance the Company's ability to compete with alternate fuels in its service territory.

DOCUMENT NUMBER-DATE

09444 AUG 30 04

FPSC-COMMISSION CLERK

4. The purpose of the AFD is to encourage customers to utilize natural gas by providing for a discount in the customer's distribution charge when it would otherwise exceed the price of the alternative fuels and result in its selection over natural gas. By maintaining natural gas utilization, the AFD assures that some level of contribution toward firm revenues will be made and thereby reduce base rate revenue requirements to other customers.

5. The Company's existing AFD Rider requires customers to submit an alternate fuel price affidavit quarterly, or when prices change, in order to allow the Company to set the Discount. The Company proposes to revise the AFD Rider to eliminate use of these customer affidavits. Instead, the proposed AFD Rider would allow the company to set and periodically adjust the Discount based on publicly available monthly indices for alternate fuels such as oil, propane and tariff electric rates.<sup>1</sup> In rare cases when published prices for the alternative fuel are not available, the customer, when requested, will assist the Company in identifying an appropriate methodology for determining the therm BTU equivalency value and price of the Alternate Fuel to be used. Additionally, when the customer does not have installed operational Alternative Fuel equipment, the customer would be required to provide the Company cost estimates to install Alternate Fuel equipment and appurtenances suitable for their applications, along with estimates of incremental costs to operate and maintain their Alternate Fuel system. This information would be used by the Company in determining the appropriate AFD for the customer.

6. Use of published fuel price indices, when available, has several advantages. It would result in real time pricing comparisons between natural gas and the alternate fuel, as well as pricing consistency among customers utilizing the same alternate fuel. It also would enable the customer and Commission staff to independently verify the calculated AFD. In addition, the use of

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<sup>1</sup> For example, Platts Oilgram will be used to obtain oil prices and the NYMEX Henry Hub Swap Last Day Settle price will be used for the natural gas price.

Indices would assure that customers making up the AFD shortfall through the Company's Competitive Rate Adjustment Rider are doing so based on independent market prices.

7. The proposed tariff modification would have several other additional advantages. By eliminating the use of quarterly affidavits, it would reduce the administrative burden on both the Company and customer. The proposed AFD Rider also would clarify the customer's and Company's responsibilities in the evaluation and development of competitive pricing related to customer bypass opportunities and other sources of energy whose market pricing may not be readily available.

8. The proposed tariff modifications also would provide that, upon acceptance of service under the AFD Rider and for a period of one year after discontinuing service, the customer would be obligated to use natural gas exclusively unless directed by or with the prior agreement of the Company. Failure to comply with this condition would result in the customer being billed for all discounted amounts given during the preceding 12 months. The provision is appropriate given that the purpose of the AFD is to have customer utilize natural gas and thereby contribute toward firm revenues while reducing base rate revenue requirements

9. Under the Company's proposal the AFD rate will not result in a rate that is higher than the customer's non-discounted Distribution Charge. This is appropriate because pricing above the Distribution Charge could result in discontinuing natural gas usage and thereby result in non-discountable customers making up for all lost margins in a future rate case.

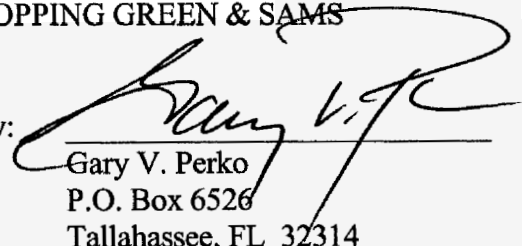
10. The proposed tariff change would not result in any additional margin for the Company or change any of the General Service rates under which customers qualify for the AFD. However, by clarifying and simplifying the AFD Rider, the proposed tariff modifications would promote the use of cleaner burning natural gas, enhance the Company's ability to compete with alternate fuels in its service territory, and retain firm revenue contributions.

WHEREFORE, for the foregoing reasons, City Gas Company of Florida, a division of NUI Utilities, Inc., respectfully requests that the Commission approve Company's proposed modifications to its Alternative Discount Rider, and grant such other relief as may be deemed appropriate.

RESPECTFULLY SUBMITTED this 30<sup>th</sup> day of August, 2004.

HOPPING GREEN & SAMS

By:

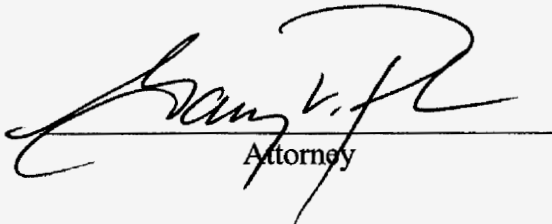


Gary V. Perko  
P.O. Box 6526  
Tallahassee, FL 32314  
(850) 425-2313  
[garyp@hgslaw.com](mailto:garyp@hgslaw.com)

Attorneys for CITY GAS COMPANY OF FLORIDA,  
A DIVISION OF NUI UTILITIES, INC.

### CERTIFICATE OF FILING

I HEREBY CERTIFY that the original and seven copies of the foregoing petition and Exhibits presenting the proposed redline and clean tariff were filed with the Division of Commission Clerk and Administrative Services of the Florida Public Service Commission, and that a true copy was served on the following, this 30<sup>th</sup> day of August, 2004:



Attorney

City Gas Company of Florida  
Docket No. \_\_\_\_\_  
Petition for Approval of Revisions  
To Tariff Sheets Nos. 68-70, the  
Alternative Fuel Discount Rider

**EXHIBIT "A"**

Final Format  
Proposed First Revised Sheets  
Original Sheets Nos. 68 and 69

RIDER "E"  
ALTERNATE FUEL DISCOUNT ("AFD")

APPLICABILITY

To qualify for this discount the Customer must have, in the Company's opinion, a viable Alternate Fuel and qualify for service under General Service rates GS-120k, GS-250k or GS-1,250k. The Company is under no obligation to grant service under this Rider and absent a service agreement with the Company, the Customers are under no obligation to accept service under this Rider. However, upon acceptance of service under this Rider and for a period of one year upon discontinuing service under this Rider, the Customer agrees to use natural gas exclusively unless directed by or with the prior agreement of the Company. Failure to comply with this condition will result in the customer being billed for all discounted amounts given during the preceding 12 months. If such payment is not received in 60 days from the billing date the Company shall have the right to discontinue all gas service to all of the Customer's facilities in its service territory.

The above notwithstanding, Customers shall be subject to curtailment or complete interruption whenever, in the sole discretion of the Company, such curtailment or complete interruption of service is necessary for any reason. The Company shall endeavor to notify Customers two (2) hours in advance except that when due to Force Majeure the notice given shall be such advance notice as may be practicable under the circumstances. Such notices specifying curtailment and restoration of service may be verbal or written.

ALTERNATE FUEL DISCOUNT

The Customer's applicable monthly Distribution Charge may be reduced by the Company based on its calculation of the AFD for the Customer's Alternate Fuel. The calculated AFD shall not cause the Adjusted Distribution Charge to be less than \$0.00001 per therm or more than the Customers applicable non-discounted Distribution Charge per the applicable tariff. There will be no Alternate Fuel Discount on sales pursuant to the Load Profile Enhancement Discount, Rider LED.

For Customers with Installed Operational Equipment Using Fuels having a Published Price the determination of the AFD shall be based on the methodology set forth in the Company's Form No. AFD-1A, an example of which is presented below. Toward the end of each month the Company will obtain market prices for the Alternate Fuel and natural gas from third party sources in order to determine the discount for the upcoming month. For example, Platts Oilgram will be used to obtain oil prices and the NYMEX Henry Hub Swap Last Day Settle price will be used for the natural gas price. When a published price is not available the Customer, when requested, will assist the Company in identifying an appropriate methodology for determining the therm BTU equivalency value and price of the Alternate Fuel to be used. Customers without Installed Alternate Fuel Equipment must apply to the provider for cost estimates to install Alternate Fuel equipment and appurtenances suitable for their applications and provide them to the Company along with estimates of incremental costs to operate and maintain their Alternate Fuel system. Based on these estimates, which shall be subject to Company adjustment, the Company will calculate the appropriate discount, if any.

RIDER "E"

ALTERNATE FUEL DISCOUNT ("AFD"), (Continued) – CALCULATION EXAMPLE:

**Alternate Fuel Discount ("AFD")**

**CUSTOMER NAME**

**For the Month beginning >**

**Date**

<u>line</u>	<u>Alternate Fuel Pricing Information:</u>	<u>#2 Fuel Oil</u>
1	Platts Oilgram - Miami	\$1.08000
2	Delivery Cost. Per gal as estimated by the Utility	\$0.05000
3=1+2	Burner-tip Price pre tax, per gal.	\$1.13000
4	BTU Content of Alternate Fuel	139,000
5	BTU Content Natural Gas	100,000
6=3/(4/5)	Natural Gas per Therm Equivalent Burner-tip pre tax Price	<u>\$0.81295</u>
	<b><u>Natural Gas Pricing Information:</u></b>	<b><u>GS -1,250k</u></b>
7	Service Charge, annualized	\$500.00
8	Demand Charge, per therm of DCQ	\$0.289
9	Projected Annual Gas consumption, therms	2,000,000
10	Winter DCQ, therms	12,000
11	Summer DCQ, therms	10,000
12=7*12mos	Service Charge, annualized	\$6,000.00
13=8*10*5mos	Demand Charge, @5 winter months nov-mar	\$17,340.00
14=8*11*7mos	Demand Charge, @7 summer months apr-oct	\$20,230.00
15=12+13+14	Service and Demand Charge, annualized charges	<u>\$43,570.00</u>
		<u>per therm</u>
16=15/9	Service and Demand Charge, annualized and unitized	\$0.02179
17	Distribution Charge	\$0.12225
18	ECCR	\$0.00000
19	CRA	\$0.01425
20	NYMEX - Henry Hub Swap Last Day Settle	\$0.61410
21	City Gate Basis, as estimated by the Utility	\$0.06750
22=sum(16:21)	Natural Gas Projected pre tax Burner Price	<u>\$0.83989</u>
23=22-6	<b>Alternate Fuel Discount, subject to ADC limits.</b>	<u><u>\$0.02694</u></u>
24=17+18+19-23	<b>Adjusted Distribution Charge, ("ADC"), shall not be less than \$0.00001 or more than the Distribution Charge.</b>	<u><u>\$0.10956</u></u>



City Gas Company of Florida  
Docket No. \_\_\_\_\_  
Petition for Approval of Revisions  
To Tariff Sheets Nos. 68-70, the  
Alternative Fuel Discount Rider

**EXHIBIT "B"**

**Legislative Format  
Proposed First Revised Sheets  
Original Sheets Nos. 68, 69 and 70**

RIDER "E"

ALTERNATE FUEL DISCOUNT ("AFD")

APPLICABILITY

To qualify for this discount, the Customer must have, in the Company's opinion, a viable Alternate Fuel and qualify for service under General Service rates GS-120k, GS-250k or GS-1,250k. In all cases where continuous operation of the Customer's facilities is necessary, Customer shall provide and maintain stand-by facilities in operating condition during the contract period. The Company is under no obligation to grant service under this Rider and absent a service agreement with the Company, the Customers are under no obligation to accept service under this Rider. However, upon acceptance of service under this Rider and for a period of one year upon discontinuing service under this Rider, the Customer agrees to use natural gas exclusively unless directed by or with the prior agreement of the Company. Failure to comply with this condition will result in the customer being billed for all discounted amounts given during the preceding 12 months. If such payment is not received in 60 days from the billing date the Company shall have the right to discontinue all gas service to all of the Customer's facilities in its service territory.

The above notwithstanding, Customers shall be subject to curtailment or complete interruption whenever, in the sole discretion of the Company, such curtailment or complete interruption of service is necessary for any reason. The Company shall endeavor to notify Customers two (2) hours in advance except that when due to Force Majeure the notice given shall be such advance notice as may be practicable under the circumstances. Such notices specifying curtailment and restoration of service may be verbal or written.

ALTERNATE FUEL DISCOUNT

The Customers applicable monthly Distribution Charge Rate(s) may be reduced by the Company based on its calculation of the AFD per the Customers Alternate Fuel. The calculated AFD shall not cause the Adjusted Distribution Charge to be less than \$0.00001 per therm or more than the Customers applicable non-discounted Distribution Charge per the applicable tariff. There will be no Alternate Fuel Discount on sales pursuant to the Load Profile Enhancement Discount, Rider LED. if a Customer using service under their Rate Schedule can purchase an Alternative Fuel at a lower equivalent cost. The equivalent cost of the Alternate Fuel means the Customer's cost including transportation and taxes, converted to the nearest \$0.0001 per therm. The Alternate Fuel Discount per therm will be the amount by which the total natural gas rate and taxes payable under this tariff exceeds the equivalent cost of Alternate Fuel.

For Customers with Installed Operational Equipment Using Fuels having a Published Price the Determination of the Alternate Fuel Discount AFD shall be based on information the methodology set forth in the Company's Form No. AFD-1A, an example of which is presented determination of the AFD shall be based on the methodology set forth in the Company's Form No. AFD-1A, an example of which is presented below. Toward the end of each month the Company will obtain market prices for the Alternate Fuel and natural gas from third party sources in order to determine the discount for the upcoming month. For example, Platts Oilgram will be used to obtain oil prices and the NYMEX Henry Hub Swap Last Day Settle price will be used for the natural gas price. When a published price is not available the

Customer, when requested, will assist the Company in identifying an appropriate methodology for determining the therm BTU equivalency value and price of the Alternate Fuel to be used. Customers without Installed Alternate Fuel Equipment must apply to the provider for cost estimates to install Alternate Fuel equipment and appurtenances suitable for their applications and provide them to the Company along with estimates of incremental costs to operate and maintain their Alternate Fuel system. Based on these estimates, which shall be subject to Company adjustment, the Company will calculate the appropriate discount, if any.

~~Once a Customer has submitted such form and the same has been accepted by the Company, the Customer must resubmit such form, with then current information, on the first day of each quarter thereafter; and at any time there is any change in any information contained in a form previously submitted.~~

~~There will be no Alternate Fuel Discount to any Customer who fails to submit Form No. AFD-1A in the time required to Company, or who fails to submit such form properly completed as required hereunder, or whose completed form is not accepted by Company per Form No. AFD-2A.~~

~~There will be no Alternate Fuel Discount on sales pursuant to the Load Profile Enhancement Discount, Rider LED.~~

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Issued by: Victor A. Fortkiewicz  
President

Effective: February 23, 2004XXX

RIDER "E"

ALTERNATE FUEL DISCOUNT ("AFD"),  
(Continued) – CALCULATION EXAMPLE:

**Alternate Fuel Discount ("AFD")**

**CUSTOMER NAME**

**For the Month beginning >**

**Date**

<u>line</u>	<b><u>Alternate Fuel Pricing Information:</u></b>	<u>#2 Fuel Oil</u>
<u>1</u>	<u>Platts Oilgram - Miami</u>	<u>\$1.08000</u>
<u>2</u>	<u>Delivery Cost. Per gal as estimated by the Utility</u>	<u>\$0.05000</u>
<u>3=1+2</u>	<u>Burner-tip Price pre tax, per gal.</u>	<u>\$1.13000</u>
<u>4</u>	<u>BTU Content of Alternate Fuel</u>	<u>139,000</u>
<u>5</u>	<u>BTU Content Natural Gas</u>	<u>100,000</u>
<u>6=3/(4/5)</u>	<u>Natural Gas per Therm Equivalent Burner-tip pre tax Price</u>	<u><b>\$0.81295</b></u>
	<b><u>Natural Gas Pricing Information:</u></b>	<u>GS -1,250k</u>
<u>7</u>	<u>Service Charge, annualized</u>	<u>\$500.00</u>
<u>8</u>	<u>Demand Charge, per therm of DCQ</u>	<u>\$0.289</u>
<u>9</u>	<u>Projected Annual Gas consumption, therms</u>	<u>2,000,000</u>
<u>10</u>	<u>Winter DCQ, therms</u>	<u>12,000</u>
<u>11</u>	<u>Summer DCQ, therms</u>	<u>10,000</u>
<u>12=7*12mos</u>	<u>Service Charge, annualized</u>	<u>\$6,000.00</u>
<u>13=8*10*5mos</u>	<u>Demand Charge, @5 winter months nov-mar</u>	<u>\$17,340.00</u>
<u>14=8*11*7mos</u>	<u>Demand Charge, @7 summer months apr-oct</u>	<u>\$20,230.00</u>
<u>15=12+13+14</u>	<u>Service and Demand Charge, annualized charges</u>	<u>\$43,570.00</u>
		<u>per therm</u>
<u>16=15/9</u>	<u>Service and Demand Charge, annualized and unitized</u>	<u>\$0.02179</u>
<u>17</u>	<u>Distribution Charge</u>	<u>\$0.12225</u>
<u>18</u>	<u>ECCR</u>	<u>\$0.00000</u>
<u>19</u>	<u>CRA</u>	<u>\$0.01425</u>
<u>20</u>	<u>NYMEX – Henry Hub Swap Last Day Settle</u>	<u>\$0.61410</u>
<u>21</u>	<u>City Gate Basis, as estimated by the Utility</u>	<u>\$0.06750</u>
<u>22=sum(16:21)</u>	<u>Natural Gas Projected pre tax Burner Price</u>	<u><b>\$0.83989</b></u>
<u>23=22-6</u>	<b><u>Alternate Fuel Discount, subject to ADC limits.</u></b>	<u><b>\$0.02694</b></u>
<u>24=17+18+19-23</u>	<b><u>Adjusted Distribution Charge, ("ADC"), shall not be less than \$0.00001 or more than the Distribution Charge.</u></b>	<u><b>\$0.10956</b></u>

AFFIDAVIT OF ALTERNATE FUEL PRICE

To: CITY GAS COMPANY OF FLORIDA  
955 East 25th Street  
Hialeah, Florida 33013

Attention:

We, \_\_\_\_\_ have received a firm offer from \_\_\_\_\_ for our purchase of up to (#) \_\_\_\_\_ (identify units) \_\_\_\_\_ for use by us at our facility located at \_\_\_\_\_, Florida, delivery to commence on \_\_\_\_\_, at a price of \$ \_\_\_\_\_ per (identify units). Copy of the offer, which will expire \_\_\_\_\_, is attached hereto.

Taxes payable by us should we purchase the referenced fuel pursuant to the attached offer, would be \$ \_\_\_\_\_ per (identify units):

Transportation costs for delivery of the fuel to our facility at \_\_\_\_\_ from \_\_\_\_\_ would be \$ \_\_\_\_\_.

I hereby certify that the foregoing information is true, complete and correct, and that we have the ability to utilize the energy specified above in the amount specified above at its facility noted above. I hereby further certify that we will notify CITY GAS COMPANY OF FLORIDA (City Gas) on the first day of each quarter hereafter of the price at which we are able to purchase the alternate fuel referred to above, and will further notify City Gas at any time there is a change in the information contained herein.

I hereby certify that we will cease taking gas from City Gas, on \_\_\_\_\_ unless such gas is priced at less than \$ \_\_\_\_\_ per therm as provided in City Gas' GS \_\_\_\_\_ rate, including all applicable billing adjustments.

\_\_\_\_\_  
(Customer Name)

\_\_\_\_\_  
(Signature of Corporate Officer)

\_\_\_\_\_  
(Title)

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

SWORN TO AND SUBSCRIBED before me this \_\_\_\_\_ day of \_\_\_\_\_ 20 \_\_\_\_\_ who is personally known to me, or who has produced \_\_\_\_\_ as identification

My Commission Expires:  
\_\_\_\_\_  
\_\_\_\_\_

Notary Public

See Acceptance on reverse side

Form No. AFD-1A (rev. 5/04)

Issued by: Victor A. Fortkiewicz  
President

Effective: February 23, 2004XXX

RIDER "E"

ALTERNATE FUEL DISCOUNT ("AFD")

(Continued)

ACCEPTANCE

Based upon the foregoing information, and in accordance with the Customer's Rate Schedule, with the non-gas energy charge for gas taken by \_\_\_\_\_ on and after \_\_\_\_\_ shall be reduced by \$ \_\_\_\_\_ to \$ \_\_\_\_\_ per therm, computed as follows:

Alternate fuel type:

- 1. Alternate fuel price \_\_\_\_\_
- 2. per \_\_\_\_\_ (unit) \_\_\_\_\_
- 3. Transportation \_\_\_\_\_
- 4. Taxes \_\_\_\_\_
- 5. Total laid-in cost \_\_\_\_\_
- 6. Conversion factor \_\_\_\_\_
- 7. = equivalent cost \_\_\_\_\_

Alternate fuel discount:

- 8. GS charge \_\_\_\_\_
- 9. Purchased gas adjustment \_\_\_\_\_
- 10. Other billing adjustments \_\_\_\_\_
- 11. Taxable amount \_\_\_\_\_
- 12. Taxes and fees % \_\_\_\_\_
- 13. Total rate per therm \_\_\_\_\_
- 14. Less equivalent cost of alternate fuel (from line 7) per therm \_\_\_\_\_
- 15. Difference (L13-L14) \_\_\_\_\_
- 16. Line 15 divided by (1 + tax rate in line 12) \_\_\_\_\_
- 17. Maximum discount \_\_\_\_\_
- 18. Alternate fuel discount per therm (lesser of line 16 or 17) \_\_\_\_\_
- 19. Adjusted charge \_\_\_\_\_

This acceptance may be revoked or modified by City Gas in its sole discretion, at any time.

CITY GAS COMPANY OF FLORIDA

By \_\_\_\_\_

\_\_\_\_\_  
 (Title)

\_\_\_\_\_ 20 \_\_\_\_\_

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Issued by: Victor A. Fortkiewicz  
President

Effective: February 23, 2004