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050791-GL



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October 12, 2005

VIA HAND DELIVERY

Ms. Blanca Bayo
Director
Office of Commission Clerk and Administrative Services
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

**Re: Application for Florida City Gas, A Division of Pivotal Utility Holdings, Inc.
for Authority to Issue Debt Security**

Dear Ms. Bayo:

Enclosed for filing on behalf of Florida City Gas, a division of Pivotal Utility Holdings, Inc., are the original and five copies of the above-referenced application along with a diskette containing the pleading in Microsoft Word format. This application is filed pursuant to Section 366.04, Florida Statutes, and Chapter 25-8, Florida Administrative Code.

Please stamp and return the enclosed extra copy of this filing. If you have any questions regarding this filing, please give me a call at (850) 224-9634.

Sincerely,

Bill L. Bryant Jr.

Enclosures

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FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application by Florida City Gas, a
division of Pivotal Utility Holdings, Inc.,
for Authority to Issue Debt Security Pursuant to
Florida Section 366.04, Florida Statutes, and
Chapter 25-8, Florida Administrative Code

Docket No. 050791-GU

Filed: October 12, 2005

**APPLICATION BY FLORIDA CITY GAS, A DIVISION OF
PIVOTAL UTILITY HOLDINGS, INC.
FOR AUTHORITY TO ISSUE DEBT SECURITY**

Florida City Gas, a division of Pivotal Utility Holdings, Inc. (the "Applicant"), by and through undersigned counsel, pursuant to Section 366.04, Florida Statutes, and Chapter 25-8, Florida Administrative Code, hereby files this application for authority to undertake short-term indebtedness pursuant to its participation in AGL Resources Inc.'s Utility Money Pool.

In support, Applicant states:

1. **Applicant Information:** The name and principal business address of Applicant are Pivotal Utility Holdings, Inc., One Elizabethtown Plaza, Union, New Jersey 07083. Applicant is the indirect wholly owned subsidiary of AGL Resources Inc. ("AGLR"), an energy services holding company headquartered in Atlanta, Georgia. Applicant is engaged in the business of distributing natural gas in service territories located in portions of the states of New Jersey, Florida and Maryland. Through its Florida City Gas division, Applicant supplies natural gas to customers in Miami-Dade, Broward, Palm Beach, St. Lucie, Indian River, Martin, and Brevard Counties, Florida. Accordingly, Applicant is regulated as a "public utility" by the Florida Public Service Commission ("Commission") under Chapter 366, Florida Statutes. In accordance with Rule 25-8.003(2), Florida Administrative Code, Applicant notes that the most recent audited financial statements were previously filed with the Florida Public Service Commission in Docket No. 050082-GU on February 1, 2005 (Document No. 01178-05).

SEARCHED INDEXED - DATE

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FPSC-COMMISSION CLERK

2. **Incorporation and Domestication**: Applicant was incorporated under the laws of New Jersey in 1969. As noted above, Applicant does business in the states of New Jersey, Florida and Maryland.

3. **Persons Authorized To Receive Notices and Communications**: The names and addresses of the persons authorized to receive notices and communications with respect to this application are as follows:

Bill L. Bryant, Jr.
Akerman Senterfitt
106 East College Avenue
Suite 1200
Tallahassee, FL 32301

Suzanne R. Thigpen
Senior Corporate Counsel
AGL Resources Inc.
Ten Peachtree Place, NW
15th Floor
Atlanta, GA 30309

4. **Capital Stock and Funded Debt**: The following additional information regarding the financial condition of Applicant (and its ultimate parent corporation, AGLR) is submitted for the Commission's consideration:

- a. Total authorized common stock of Applicant's ultimate corporate parent, AGLR, is 750,000,000 shares, of which 77,625,100 were issued and outstanding at September 30, 2005 and publicly traded on the New York Stock Exchange (ATG);
- b. Neither AGLR nor Applicant has any issued or outstanding preferred stock;
- c. The amount of capital stock held as reacquired securities by Applicant or AGLR: none
- d. The amount of capital stock pledged by Applicant or AGLR: none
- e. The amount of Applicant's capital stock held by affiliated corporations: 100% held by NUI Corporation, a wholly owned subsidiary of AGLR.
- f. The amount of capital stock held in any fund by Applicant or AGLR: none

The table below summarizes Applicant's outstanding loan agreements, pursuant to which Applicant has borrowed the proceeds of the offerings of industrial development revenue bonds

by each of these public financing entities. The terms and payments under Applicant's loan agreements with the public financing entities mirrors those of the revenue bonds.

<u>Description</u>	<u>Date</u>	<u>Principal amount</u>	<u>Interest</u>
Loan Agreement between New Jersey Economic Development Authority and Pivotal Utility Holdings)	19-April-05	\$46.5 million	variable rate bonds
Loan Agreement between Brevard County, Florida and Pivotal Utility Holdings)	5-May-05	\$20 million	variable rate bonds
Loan Agreement between New Jersey Economic Development Authority and NUI Corporation (now Pivotal Utility Holdings)	1-Jun-96	\$39 million	variable rate bonds
Loan Agreement between New Jersey Economic Development Authority and NUI Corporation (now Pivotal Utility Holdings)	1-Jun-97	\$54.6 million	5.70%
Loan Agreement between New Jersey Economic Development Authority and NUI Corporation (now Pivotal Utility Holdings)	1-Dec-98	\$40 million	5.25%

Applicant's indebtedness pursuant to these arrangements totals approximately \$200.1 million.

Applicant also has an additional \$71,880,841 of long-term inter-company debt. As of September 30, 2005, Applicant's inter-company debt carries an interest rate of 6.28%, which rate is based on AGLR's weighted cost of capital for its outstanding long term debt as of that date. Applicant does not anticipate redeeming any of these securities in calendar year 2006.

5. Proposed Transactions:

(a) **Nature of Transactions:** Applicant requests authorization to finance its on-going cash requirements through its participation and borrowings from and investments in AGLR's Utility Money Pool. Applicant will make short-term borrowings not to exceed \$800,000,000 (aggregate for Applicant's three utilities) annually from the Utility Money Pool according to limits that are consistent,

given the seasonal nature of Applicant's business and its anticipated cash demands, with Applicant's capitalization. Applicant's requested authorization exceeds that of its prior years due to the higher-priced gas market.

(b) Maximum Principal Amount: The amount of short-term borrowings from the Utility Money Pool will not exceed \$800,000,000.

(c) Present Estimate of Interest Rate: The interest rate paid by Applicant on borrowings from the Utility Money Pool is essentially a pass-through of AGLR's cost for borrowing these funds under its commercial paper program. As of September 30, that interest rate was 4.0%.

(d) Maturity Date(s): Borrowings under the Utility Money Pool mature 364 days after the date of borrowing.

(e) Additional Provisions: none

6. **Purpose For Which the Debt Will Be Incurred:** Applicant will use funds borrowed from the Utility Money Pool for capital expenditures, ongoing working capital requirements and general corporate purposes.

7. **Lawful Object and Purpose:** Applicant is authorized to participate in the Utility Money Pool by its Articles of Incorporation and applicable law. Participation in the arrangement is consistent with the proper performance by Applicant of service as a public utility and reasonably necessary and appropriate for such purposes.

8. **Counsel Passing on Legality of the Issue:**

Brian Betancourt
LeBoeuf, Lamb, Greene & MacRae, LLP
125 West 55th Street
New York, NY 10019

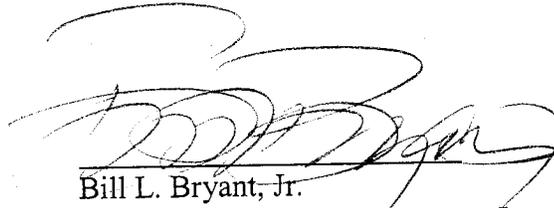
9. **Filings With Other State or Federal Regulatory Bodies:** Applicant has authority for participation in the Utility Money Pool from the New Jersey Board of Public Utilities, whose address is Two Gateway Center, Newark, New Jersey 07102. AGLR's Utility Money Pool is authorized by the Securities and Exchange Commission under the Public Utility Holding Company Act of 1935 (as amended), which will be repealed as of February 2006.

10. **Control or Ownership:** There is no measure of control or ownership exercised by or over Applicant as to any other public utility. Applicant is a wholly owned subsidiary of its parent holding company, NUI Corporation, which is a wholly owned subsidiary of AGL Resources Inc., a registered holding company under the Public Utility Holding Company Act of 1935, as amended.

WHEREFORE, Florida City Gas, a division of Pivotal Utility Holdings, Inc., doing business in Florida respectfully requests that the Commission:

- (a) publish notice of intent to grant the application pursuant to Section 366.04(1), Florida Statutes, as soon as possible;
- (b) schedule this matter for agenda as early as possible;
- (c) authorize Applicant to make short-term borrowings not to exceed \$800,000,000 annually from AGLR's Utility Money Pool for the purposes and in the manner described herein;
- (d) grant such other relief as the Commission deems appropriate.

Respectfully submitted this 12th day of October, 2005.

A handwritten signature in black ink, appearing to read "Bill L. Bryant, Jr.", written over a horizontal line.

Bill L. Bryant, Jr.
Akerman Senterfitt Attorneys at Law
106 East College Avenue
Suite 1200
Tallahassee, FL 32301
(850) 224-9634

Attorneys for PIVOTAL UTILITY HOLDINGS, INC.,
d/b/a FLORIDA CITY GAS