

May 22, 2013

**BY HAND DELIVERY**

Ms. Ann Cole, Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

RECEIVED - FPSC  
13 MAY 22 PM 1:51  
COMMISSION  
CLERK

130147-GU

**New Filing:** Request by Florida City Gas for approval of First Revised Tariff Sheet 46 and New Sheets 46.2, 46.3, and 46.4 to revise its Natural Gas Vehicle service provisions and include provisions for compression and dispensing facilities.

Dear Ms. Cole:


Enclosed for filing, please find the original and seven (7) copies of the Petition of Florida City Gas for Approval of Request by Florida City Gas for approval of Tariff Revisions regarding Natural Gas Vehicle service to include provisions for compression and dispensing facilities. Included with this filing are the new and revised tariff pages reflecting the proposed new programs, in both clean and legislative formats. The tariff pages included are as follows:

- Third Revised Sheet No. 2
- First Revised Sheet No. 46
- Original Sheet No. 46.1
- Original Sheet No. 46.2
- Original Sheet No. 46.3
- Original Sheet No. 46.4
- Second Revised Sheet No. 66

Thank you for your assistance with this filing. As always, please do not hesitate to contact me if you have any questions or concerns whatsoever.

COM \_\_\_\_\_  
AFD \_\_\_\_\_  
APA \_\_\_\_\_  
ECO 5  
ENG 1  
GCL 1  
IDM \_\_\_\_\_  
TEL \_\_\_\_\_  
CLK \_\_\_\_\_

Kind regards,

  
Beth Keating  
Gunster, Yoakley & Stewart, P.A.  
215 South Monroe St., Suite 601  
Tallahassee, FL 32301  
(850) 521-1706

Attorneys for Florida City Gas

cc: Mr. Jim Dean (Div. of Economics)

DOCUMENT NUMBER DATE  
02831 MAY 22 2013

FPSC-COMMISSION CLERK

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Request for Approval of Tariff Modifications )  
Applicable to Natural Gas Vehicles and Fueling ) Docket No. 130147-GU  
Facilities by Florida City Gas. )  
\_\_\_\_\_ ) Filed: May 22, 2013

**REQUEST FOR APPROVAL OF TARIFF  
MODIFICATIONS APPLICABLE TO NATURAL GAS VEHICLES AND FUELING  
FACILITIES BY FLORIDA CITY GAS**

Florida City Gas ("FCG" or "Company"), by and through its undersigned attorneys, hereby requests that the Florida Public Service Commission ("Commission") approve First Revised Tariff Sheet No. 46, and Original Sheet Nos. 46.1, 46.2, 46.3, and 46.4, as well as correlating changes to Third Revised Sheet No. 2, "Index to Rate Schedules and Riders," and Second Revised Sheet No. 66 (Rider "C"), to reflect these additions. The referenced tariff sheets are submitted with this filing in clean and legislative format. In support of this request, FCG states:

1. The name and address of the petitioner are:

Florida City Gas  
933 East 25<sup>th</sup> Street  
Hialeah, FL 33013-3498

2. The names and mailing addresses of the persons to whom notices, orders and correspondence regarding this petition are to be sent are:

Beth Keating  
Gunster Law Firm  
215 South Monroe St., Suite 601  
Tallahassee, FL 32301  
(850) 521-1706

Brian Sulmonetti  
Director, State Regulatory and  
Government Affairs  
Florida City Gas  
10 Peachtree Place  
Atlanta, GA 30309

I.

BACKGROUND

3. In response to recent favorable legislation passed by the Florida Legislature, as well as consistent with FCG's ongoing practice of updating its tariff as appropriate, FCG has determined that changes to its Natural Gas Vehicle ("NGV") service tariff are necessary in order to provide greater flexibility in rates and allow the company to respond quickly to our customers' needs. This tariff is similar to tariffs applicable to AGL's operations in other states in that it provides multiple tools to address the nascent NGV market. Under the proposed tariff changes, NGV service would be transitioned to a volume-based service, which will be billed under the GS rate schedule much as if the NGV were a mobile appliance. Customers will be billed based upon usage, thus providing customers with greater flexibility to control their own costs through their usage. Customers will also be assessed a customer charge reflective of their usage, plus all applicable taxes and riders.
4. The tariff additions and revisions proposed hereby are as follows:
- "Monthly Rate" and "Minimum Bill," provisions are modified to reflect that the rate will be the applicable, volume based rate reflected under General Service ("GS") Rate Schedule, inclusive of applicable riders and taxes, and the "minimum bill" shall likewise be established consistent with the GS Rate Schedule.
  - "Monthly Facilities" charge provision applies in situations where the Company will be providing equipment necessary for NGV service, and requires that, where such charge is applicable, the charge shall be equal 1.6% multiplied by the Company's Gross Investment in facilities. The charge is subject to adjustment in the event the Customer provides a contribution in aid of construction.
  - "Company Provided Facilities on Customer Premise" is included to address situations in which the Company will be providing the necessary compression and dispensing facilities at the customer's premise and recognizes that the Company will not be responsible for the actual compression and dispensing of CNG as a motor fuel.

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- “Limited Access Facilities Located on Company Premises” is included to address any situation in which the Company contracts with a customer or customers to locate an NGV compression and fueling station on Company property, in which case the customer(s) shall also be required to pay all costs associated with the operation of the facility, which shall be incorporated in the “Compressed Gas Dispensing Fee.” The Customer will also be responsible for paying appropriate taxes and fees.
- A provision on “Publicly Accessible Facilities Located on Company Premises” is also included, whereunder the distribution and dispensing fee will be set on a per therm basis and the commodity price will be set at the market rate. This provision also makes clear that appropriate motor fuel and other applicable taxes will be collected, that the charges will appropriately recover the PGA factor, but that no other tariff riders will apply to this service option. Sale of the gas commodity under this tariffed service will be included in calculation of any under-, or over-recovery, for purposes of the annual purchased gas adjustment. In no instance will the dispensed price of the gas be set lower than FCG’s current approved PGA factor. Thus, FCG will continue to recover purchased gas costs consistently across its customer base without discrimination between customer types and classes.

5. For its part, Florida has already taken a proactive approach to CNG and NGVs. During the 2012 Florida Legislative Session, changes to Section 334.044, F.S. were passed which call for the development of the Freight Mobility and Trade Plan, a plan currently being finalized by the Department of Transportation to assist in making freight mobility investments that contribute to the economic growth of the state. The statutory directive for the Plan specifies that natural gas motor fuels can reduce transportation costs for businesses and residents within the state.<sup>1</sup> Following on that initiative, in this most recent 2013 Legislative Session, the Legislature passed a significant natural gas motor fuel tax bill that provides incentives for end users. The bill, which is awaiting the Governor’s signature, repeals the annual decal fee program for motor

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<sup>1</sup> Section 334.044(33)(a)(4), F.S.

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vehicles powered by alternative fuels effective January 1, 2014, and establishes a fuel tax structure for natural gas used as a motor fuel similar to that for diesel fuel beginning January 1, 2019, thereby exempting natural gas fuel from fuel taxes for five years, and permanently exempts individual use/residential home fueling from fuel taxes. The bill also exempts natural gas fuel from state sales and use taxes and expands the definition of “energy efficiency improvement” to include “installation of systems for natural gas fuel” under uses authorized by the Local Government Infrastructure Surtax. In addition, the bill calls for the establishment of a natural gas fuel fleet vehicle rebate program under the Department of Agriculture and Consumer Services “. . .to help reduce transportation costs in this state and encourage freight mobility investments that contribute to the economic growth of the state.”<sup>2</sup> These actions by the Legislature clearly reflect that the policy of this State is to promote the use of natural gas as a vehicle fuel that can not only produce significant cost savings for consumers, but also provide significant environmental benefits.

6. As Commission staff recently noted at the February 19, 2013, Internal Affairs meeting, the NGV market is poised for growth. In fact, the recent shale gas development across the U.S. has uncovered voluminous reserves of recoverable domestic natural gas projected to produce for years to come. As a result, natural gas powered vehicles are increasingly discussed in policy circles as a means to reduce overall cost to businesses and residents, spur the economy, create jobs and reduce air emissions, among other benefits.

7. In addition, as the calls for emphasis on cleaner burning fuels increase, natural gas motor fuels are an obvious response as natural gas is demonstrated to produce fewer noxious emissions than traditional motor fuels and is, therefore, an environmentally beneficial addition to the transportation portfolio for the State.

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<sup>2</sup> CS/CS/HB 579 (Engrossed/Enrolled), lines 617-619.

II.

PROPOSED TARIFF PROVISIONS

8) As noted at the outset, the tariff provisions proposed here by FCG are similar to other tariffs in the AGL system, namely Georgia, Tennessee and Virginia, and reflects the Company's efforts to better meet the needs of its customers. Currently, FCG has one rate for NGVs. The proposed tariff changes would, instead, apply the appropriate usage-based rates under the current GS schedule rates applicable to NGV service. Thus, an NGV customer would be charged for his usage, plus a customer charge based on how much he uses. This revised approach squarely addresses cost while still maintaining a competitive pricing mechanism. Moreover, volume-based pricing encourages greater reliance upon natural gas as a customer's fuel of choice. It also produces cost savings for the Company by eliminating costs associated with installation of a sub-meter for existing customers as well as certain associated administrative costs. Ultimately, elimination of these costs inures to the benefit of FCG's general body of ratepayers.

9) These changes represent a change in perspective on NGVs for FCG. In essence, the Company believes that NGVs are more appropriately viewed as a mobile appliance, and thus, the rates should be consistent with those applied to other similar gas services. Consequently, all applicable riders and taxes will apply (except motor fuel taxes would be the responsibility of the end user or retailer) under FCG's proposed revisions. As for FCG's only current customer, the Company proposes to grandfather that customer under the currently applicable rate until the next rate case, but otherwise close the current NGV tariff (NGV I) reflected on Original Sheet 46.

10) In addition to a change in its approach to pricing, FCG is also proposing three options for CNG facilities and infrastructure. These proposed offerings are largely customer-driven, prompted by inquiries from FCG customers requesting that the Company provide CNG service. Customers have indicated that FCG is their preferred provider given the nature of the fuel and the expertise that FCG has in handling the fuel. Not only are these options offered in order to

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respond to customers' stated needs, but FCG also believes these service options may further encourage the market, which will ultimately benefit all ratepayers on FCG's system. The Company fully expects that the recent legislation will further accelerate the market and generate additional requests for this type of service from the Company.

11) The three facility options proposed are: A) Company provided and maintained equipment and facilities for compression and dispensing of natural gas into vehicles on the customer property, including residential fueling stations; B) Company provided Limited Access facilities located on Company premises, including provision of NGV service on Company premises to a limited set of customers (usually fleets); and C) Company provided, publicly accessible facilities located on Company premises, including the provision of NGV service to the public. Option A here is targeted at single, traditional fleet customers, while Option B is designed to address situations in which more than one fleet customer in a particular geographic area is interested in partnering with other fleet owners in order to gain access to a natural gas fueling option. Option C is distinctly different in that it is offered as a means to "seed" the market and provide an incentive for increased conversions and transitions to natural gas as a viable fuel option.

12) Each option will allow the Company to fully recover its costs, thus avoiding any cross-subsidization or stranded investment concerns. Specifically, the facilities charges associated with these options are designed to cover the capital and installation costs associated with the facilities. Likewise, the Company's long-standing GS tariff has already been demonstrated to fully recover the cost of service. Moreover, as noted in the proposed tariff, the Company contemplates that service under these options would typically be subject to additional terms, including minimum purchase or term commitments. With regard to Options A and B, the fact that the customer(s) has made a significant investment to either purchase or convert fleet vehicles

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to use compressed natural gas provides additional assurance that the customer will continue to be served by FCG for a period sufficient for FCG to recover its investment in the facilities. As for Option C, the Company contemplates that this option would likely be implemented in situations where there is already an assured, cornerstone customer for the facility. Thus, whether or not the facility attracts significant traffic from the public would have minimal impact on the overall investment recovery period.

13) In addition, the Company has recognized that the NGV market is quickly developing. As such, the Company's participation in this space will likely require responses to unique situations. To enable the Company to be more responsive in these limited situations, the Company also seeks Commission approval to include tariff provisions that would allow the Company to enter into special contracts for these types of situations. Moreover, any such contract would be submitted for Commission approval in accordance with Commission Rules and any difference between the contract rate and the applicable tariff rate may be subject to recovery through Rider C ("Competitive Rate Adjustment").

14) FCG also has included a provision that will allow the Company to phase in the monthly facility charge over the life of the agreement. This provision will enable a customer to ramp-up CNG fleet vehicle purchases over time. The net present value of the revenue from the phased-in Facilities charges, discounted at the Company's authorized rate of return, is set equal to the net present value of the revenue that would be generated over the term of the contract if the Monthly Facilities Charge is not phased-in, which will be specifically addressed in the agreement for service.

15) The Commission is vested with jurisdiction to approve FCG's tariff in accordance with Sections 366.04 and 366.05, Florida Statutes. In addition, while the definition of "public utility" in Section 366.02, Florida Statutes, provides that entities that own ". . . facilities beyond the outlet



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of a meter through which natural gas is supplied for compression and delivery into motor vehicle fuel tanks or other transportation containers” generally do not fall under the definition of a “public utility,” the statute further recognizes that exclusion does not apply if the entity otherwise provides natural gas service, as is the case with FCG, which is a distribution company. As for Section 366.125, Florida Statutes, which restricts the Commission’s jurisdiction over the sale of natural gas such that it does not extend “beyond the outlet of the customer’s meter set assembly when the means of delivery of natural gas is other than by pipeline,” the Options proposed by FCG in this Petition would not run afoul of this provision. In each instance, the tariffed provisions govern only the installed facilities and the pricing of the service to the Customer. The options do not contemplate a dispensed, per gallon, charge at the pump, which would be governed by the market. Finally, as noted herein, these proposals are consistent with the Legislature’s stated policy over the past two Legislative Sessions of encouraging the use of natural gas as a means to reduce transportation costs. It is also consistent with one of the stated goals of the Florida Energy Efficiency and Conservation Act, that being “. . .the conservation of expensive resources, particularly petroleum fuels.”<sup>3</sup> These service options represent a creative approach to further these policies that will encourage a developing market, reduce transportation costs, and promote a lower emission fuel, as well as bringing the benefits of additional load and revenues to FCG’s system and its general body of ratepayers.

16) FCG believes that this approach will provide options for consumers and is responsive to inquiries for service that FCG is already hearing in the market. Service under these tariff provisions will cover costs and provide benefits to FCG’s system and its general body of ratepayers. Moreover, FCG is well-situated to provide the services proposed, as other companies

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<sup>3</sup> Section 366.81, Florida Statutes.

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in the AGL Resources system are also preparing to offer similar service options in other States in which the company (AGL) operates.

**IV. CONCLUSION**

17) The Company believes that each of the proposed additions to its tariff is reasonable and appropriate, as well as consistent with the overarching State policy of encouraging natural gas as a vehicle fuel of choice. The tariff changes proposed herein recognize that this relatively untapped market calls for innovative solutions that meet the needs of a specific customer subset, while still ensuring that the Company's general body of ratepayers are appropriately protected.

WHEREFORE, Florida City Gas respectfully requests that the Commission enter an Order approving the additions and changes to First Revised Tariff Sheet No. 46, and Original Sheet Nos. 46.1, 46.2, 46.3, and 46.4, as well as correlating changes to Third Revised Sheet No. 2, "Index to Rate Schedules and Riders," and Second Revised Sheet No. 66 (Rider "C"), with the changes becoming effective the date of the Commission's vote.

Respectfully submitted this 22nd day of May, 2013, by:



Beth Keating  
Gunster Law Firm  
215 South Monroe Street  
Suite 601  
Tallahassee, FL 32301

*Attorneys for Florida City Gas*

# ATTACHMENT

## FLORIDA CITY GAS REVISED TARIFF PAGES REGARDING NGV SERVICE

THIRD REVISED SHEET NO. 2  
FIRST REVISED SHEET NO. 46  
ORIGINAL SHEET NO. 46.1  
ORIGINAL SHEET NO. 46.2  
ORIGINAL SHEET NO. 46.3  
ORIGINAL SHEET NO. 46.4  
SECOND REVISED SHEET NO. 66

Clean and Legislative Format

INDEX TO RATE SCHEDULES AND RIDERS

RATE SCHEDULES:

Sheet No.

General Service ("GS") Rates:

	<u>Therms per Year</u>	
GS-1	0 – 99	23
GS-100	100 – 219	25
GS-220	220 – 599	27
GS-600	600 - 1,199	29
GS-1.2k	1,200 - 5,999	31
GS-6k	6,000 - 24,999	33
GS-25k	25,000 - 59,999	35
GS-60k	60,000 - 119,999	37
GS-120k	120,000 - 249,999	39
GS-250k	250,000 - 1,249,999	41
GS-1,250k	1,250,000+	43

Others:

GL	Gas Lighting Service	45
RSG	Residential Standby Generator Service	45.1
CSG	Commercial Standby Generator Service	45.2
NGV-I	Natural Gas Vehicle Service-I	46
NGV-II	Natural Gas Vehicle Service-II	46.1
FGS	Flexible Gas Service	47
KDS	Contract Demand Service	49
LES	Load Enhancement Service	51A
TPS	Third Party Supplier	52
TSS	Transportation Supply Service	60
OSS	Off-System Sales Service	62

RIDERS:

A	Purchased Gas Adjustment ("PGA")	64
B	Energy Conservation Cost Recovery Adjustment ("ECCR")	65
C	Competitive Rate Adjustment ("CRA")	66
D	Load Enhancement Discount ("LED")	67
E	Alternate Fuel Discount ("AFD")	68

NATURAL GAS VEHICLE SERVICE-I (NGV-I)

APPLICABILITY

For gas delivered to any Customer through a separate meter for the purpose of compression and delivery into motor vehicle fuel tanks or other transportation containers. NGV-I is only available to those Customers who are presently receiving this service as of June 1, 2013. Customers seeking such service after this date shall take service under the NGV-II terms of this Tariff.

\*MONTHLY RATE

	<u>Gas Supply from PGA</u>	<u>Gas Supply from TPS</u>
Customer Charge	\$15.00	\$15.00
Distribution Charge, per therm	\$0.23232	\$0.23232
Commodity Charge	Per Rider "A"	Per TPS Agreement

\*The charges set forth in this Rate Schedule will be adjusted for all other applicable Riders of this Tariff and any additional taxes, assessments or similar charges that are lawfully imposed by the Company. A Customer that receives gas supply from a TPS will be charged for commodity according to any agreement between the Customer and the TPS.

MINIMUM BILL

The minimum monthly bill shall be the Customer Charge. In addition, a minimum annual charge, if applicable, shall be assessed by applying the applicable rates and adjustments hereunder to the difference between the minimum therms, if any, established per the Customer's Agreement and the Customers annual usage.

TERMS OF PAYMENT

Bills are due upon receipt by the Customer and become delinquent if unpaid after expiration of twenty days from date of mailing or other delivery thereof by the Company.

SPECIAL CONDITIONS

Service under this Rate Schedule shall be subject to the general Rules and Regulations of the Company as they may be in effect from time to time, and as filed with the regulatory authorities.

SPECIAL CONDITIONS APPLICABLE TO CUSTOMERS RECEIVING GAS SUPPLY FROM THIRD PARTY SUPPLIERS (TPS)

1. See the Rules and Regulations for Transportation - Special Conditions for terms related to Customers taking Gas Supply from a TPS.

2. Automatic Meter Reading (AMR) equipment is required for transportation Customers served under this Rate Schedule using over 120,000 therms per year. See the Rules and Regulations for Metering for terms and conditions related to AMR's.

NATURAL GAS VEHICLE SERVICE-II (NGV-II)

APPLICABILITY

For gas delivered to any Customer for the purpose of compression and delivery into motor vehicle fuel tanks or other transportation containers after June 1, 2013.

MONTHLY RATE

Service is available under any General Service (GS) Rate Schedule (GS-1 through GS - 1250k) based on the Customer's therms per year as determined by the Company.

The charges, terms and conditions as provided under the applicable GS Rate Schedule shall apply, including all applicable Riders of this Tariff and any additional taxes, assessments or similar charges that are lawfully imposed by the Company, notwithstanding the Special Conditions sections below.

MONTHLY FACILITIES CHARGE WHEN COMPANY PROVIDES EQUIPMENT NECESSARY FOR NGV-II SERVICE

The Monthly Facilities Charge, if applicable, shall be equal to 1.6% multiplied by the Company's Gross Investment in facilities, as determined by the Company required to serve the Customer. As used here, Gross Investment means the total installed cost of the facilities as determined by the Company, which may include but are not limited to dryers, compressors, storage vessels, controls, piping, metering, dispensers, and any other related appurtenances including the necessary redundancy to provide for reliable service, before any adjustment for accumulated depreciation, a contribution in aid of construction, etc. The 1.6% factor is subject to adjustment if the Customer makes a contribution in aid of construction. The adjusted factor will be as stated in the Company's standard agreement for service provided under this Rate Schedule. If the service is provided under a standard agreement to more than one Customer, the charges applicable to each Customer shall be as stated in the agreement with the individual Customer. The standard agreement may also require a commitment to purchase service for a minimum period of time, take or pay for a minimum amount of service, a contribution in aid of construction, a guarantee, such as a bond or letter of credit, and/or other provisions as determined appropriate by the Company.

1) COMPANY PROVIDED FACILITIES ON CUSTOMER PREMISES

If Company provides and maintains the necessary facilities for compression and dispensing of such natural gas for delivery to vehicles on the Customer's property, the following additional charge shall apply:

NATURAL GAS VEHICLE SERVICE-II (NGV-II)  
(Continued)

1) COMPANY PROVIDED FACILITIES ON CUSTOMER PREMISE (Continued)

Monthly Facilities Charge

The provision and maintenance of the facilities does not include the physical dispensing of compressed natural gas into vehicles, or the provision of electricity required to operate the facility. The physical dispensing of compressed natural gas into vehicles, the collection and remittance of any federal or state or local tax imposed on compressed natural gas dispensed for use as motor fuel, and the payment for electricity used to operate the facility shall be the responsibility of the Customer. A Company-provided facility could be a residential fueling station.

2) LIMITED ACCESS FACILITIES LOCATED ON COMPANY PREMISES

The Company may, under agreement with one or more Customers, provide and maintain, on the Company's premises, the necessary facilities for compression and dispensing of natural gas into motor vehicles. The Customer may elect to receive distribution service and purchase gas under any of the GS schedules, provided that the Customer would otherwise meet the requirement to be served under the provision of the rate schedule elected.

In addition to the distribution and gas charges as provided under the rate schedule elected by the Customer, the following charges shall apply:

a) Monthly Facilities Charge

The Monthly Facilities Charge, if applicable, shall be equal to 1.6% multiplied by the Company's Gross Investment in facilities, as determined by the Company required to serve the Customer. As used here, Gross Investment means the total installed cost of the facilities as determined by the Company, which may include but are not limited to dryers, compressors, storage vessels, controls, piping, metering, dispensers, and any other related appurtenances including the necessary redundancy to provide for reliable service and land and land rights, before any adjustment for accumulated depreciation, a contribution in aid of construction, etc. The 1.6% factor is subject to adjustment if the Customer makes a contribution in aid of construction. The adjusted factor will be as stated in the Company's standard agreement for service provided under this Rate Schedule. If the service is provided under a standard agreement to more than one Customer, the charges applicable to each Customer shall be as stated in the agreement with the individual Customer. The standard agreement may also require a commitment to purchase service for a minimum period of time, take or pay for a minimum amount of service, a contribution in aid of construction, a guarantee, such as a bond or letter of credit, and/or other provisions as determined appropriate by the Company.

b) Compressed Gas Dispensing Fee

The monthly dispensing fee shall recover all costs related to dispensing and be provided in the standard agreement.

NATURAL GAS VEHICLE SERVICE-II (NGV-II)

(Continued)

2) LIMITED ACCESS FACILITIES LOCATED ON COMPANY PREMISES (Continued)

c) Tax

The Company shall collect from the Customer and remit to the applicable authority any motor fuel tax on compressed natural gas.

Any service provided from a facility located on the Company's premises shall be provided at the time and under the terms and conditions as determined by the Company and specified in the agreement(s) with the Customer(s). The standard agreement may require a commitment to purchase service for a minimum period of time, take or pay for a minimum amount of service, a contribution in aid of construction, a guarantee (such as a bond) and/or other provisions as determined appropriate by the Company.

3) PUBLICLY ACCESSIBLE FACILITIES LOCATED ON COMPANY PREMISES

If the Company offers service to Customer from facilities located on the Company's premises the following charges shall apply:

Distribution and Dispensing: \$0.50 /Therm

Gas Cost: No lower than the monthly PGA

Taxes: Applicable motor fuel or other taxes applicable to compressed natural gas dispensed for motor fuel

The total charge, consisting of the Distribution and Dispensing charge, the Gas Cost, and Taxes, shall be as determined by the Company. However, the Gas Cost component of the charge shall not be less than the Purchased Gas Adjustment (PGA) and other adjustments, charges and/or credits determined to be applicable. In addition, the gas commodity component (total charge less the Distribution and Dispensing charge and applicable taxes) will be accounted for as recovery of gas cost in the annual PGA docket. Other Riders of this Tariff will not be credited for such service.

Any service provided from a facility located on the Company's premises shall be provided at the time and under the terms and conditions as determined by the Company.

MINIMUM BILL

The minimum monthly bill shall be the minimum bill as provided for in the GS Rate Schedule applicable to the Customer plus any additional Monthly Facilities Charge.



NATURAL GAS VEHICLE SERVICE-II (NGV-II)

(Continued)

3) PUBLICLY ACCESSIBLE FACILITIES LOCATED ON COMPANY PREMISES (Continued)

TERMS OF PAYMENT

Bills are due upon receipt by the Customer and become delinquent if unpaid after expiration of twenty days from date of mailing or other delivery thereof by the Company and are subject to late payment charges.

SPECIAL CONDITIONS

1. Service under this Rate Schedule shall be subject to the general Rules and Regulations of the Company as they may be in effect from time to time, and as filed with the regulatory authorities.
2. A separate meter or sub-meter may be requested by the Customer or required by the Company; in which case the Customer will pay the cost of the meter and installation which shall remain the property of the Company.
3. The collection and remittance of any federal or state or local tax specifically imposed on compressed natural gas dispensed for motor fuel shall be the responsibility of the Customer or Retailer, unless otherwise provide for in a Customer's agreement.
4. The terms and conditions applicable to sub-metering and allocation of cost included elsewhere in this Tariff are not applicable to Compressed Natural Gas used for motor fuel.
5. NGV service is not available for resale by residential customers.
6. The Company shall not be responsible in any manner for the use, care or handling of natural gas once it is delivered to a natural gas vehicle.
7. If the Company, by itself or in partnership with another entity, responds to a competitive situation of a government agency or commercial customer and has volumes greater than 250,000 therms per year, the Company has the option to provide NGV service, equipment, facilities, and distribution at rates and charges set on an individual Customer basis via a special contract as long as the rate is above incremental cost with a reasonable return. At the Company's discretion it may recover the difference between the otherwise applicable tariff rate and the approved contract rate under this rate provision through Rider "C", Competitive Rate Adjustment ("CRA").
8. If a Customer is phasing in the use of compressed natural gas as motor fuel and is acquiring and placing into service vehicles fueled by compressed natural gas over a period of years, the Monthly Facilities Charge may be phased-in over the term of agreement. However, the net present value of the revenue from the phased-in charges, discounted at the Company's authorized rate of return, shall be set equal to the net present value of the revenue that would be generated over the term of the contract if the Monthly Facilities Charge was not phased-in. Any such phase-in shall be provided in the agreement for service.

RIDER "C"

Competitive Rate Adjustment ("CRA")

Applicable to all Customers except those taking service under Rate Schedules FGS, KDS, TSS, OSS, LES or receiving a discount under the AFD Rider or the NGV special contract rate.

The Distribution Charge for gas sold or transported after June 30, 1991, to Customers to whom this charge applies, is subject to adjustment in accordance with the following provisions, for prior shortfalls or surpluses.

A. For the purposes of this clause, the following definitions shall apply:

(1) "Actual revenue" means Company's actual Margin Revenue derived from service provided under its AFD Rider during a determination period.

(2) "Base revenue" means the Margin Revenue which Company would have derived had all gas sold under the AFD Rider, during a determination period, been sold under Rate Schedules GS-120k, GS-250k and GS-1,250k.

(3) "Surplus" means the amount, if any, by which Company's actual revenue exceeds its base revenue for a determination period.

(4) "Shortfall" means the amount, if any by which Company's base revenue exceeds its actual revenue for a determination period.

B. The existence of a shortfall or surplus shall be determined by comparing Company's actual revenue with its base revenue. This determination shall be made each year for the actual twelve months ending September 30<sup>th</sup> ("determination period").

C. A surplus refund or shortfall recovery shall be implemented during an "adjustment period" beginning January 1<sup>st</sup> by reducing or increasing the Distribution Charge per therm charge prescribed in each applicable Rate Schedule of this tariff by an adjustment factor computed as follows and multiplied by the tax factor of 1.00503 and rounded to the nearest \$0.00001 per therm.

In the event of a surplus, subtract the amount derived from dividing the Surplus Refund due to Customers by the projected therm sales for these Customers.

In the event of a shortfall, add the amount derived from dividing the Shortfall Recovery by the projected therm sales for these Customers.

Any variation between the actual surplus refund to Customers and the amount calculated pursuant to the preceding paragraph, or between the actual shortfall recovery and the amount which Company elected to recover in an adjustment period, shall be "trued-up" during the succeeding adjustment period pursuant to methodology approved by the Commission.

D. Company may defer all or any portion of a shortfall recovery to a subsequent adjustment period or portion thereof.

INDEX TO RATE SCHEDULES AND RIDERS

RATE SCHEDULES:

Sheet No.

General Service ("GS") Rates:

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GS-100	100 – 219	25
GS-220	220 – 599	27
GS-600	600 - 1,199	29
GS-1.2k	1,200 - 5,999	31
GS-6k	6,000 - 24,999	33
GS-25k	25,000 - 59,999	35
GS-60k	60,000 - 119,999	37
GS-120k	120,000 - 249,999	39
GS-250k	250,000 - 1,249,999	41
GS-1,250k	1,250,000+	43

Others:

GL	Gas Lighting Service	45
RSG	Residential Standby Generator Service	45.1
CSG	Commercial Standby Generator Service	45.2
NGV-I	Natural Gas Vehicle Service-I	46
NGV-II	<u>Natural Gas Vehicle Service-II</u>	<u>46.1</u>
FGS	Flexible Gas Service	47
KDS	Contract Demand Service	49
LES	Load Enhancement Service	51A
TPS	Third Party Supplier	52
TSS	Transportation Supply Service	60
OSS	Off-System Sales Service	62

RIDERS:

A	Purchased Gas Adjustment ("PGA")	64
B	Energy Conservation Cost Recovery Adjustment ("ECCR")	65
C	Competitive Rate Adjustment ("CRA")	66
D	Load Enhancement Discount ("LED")	67
E	Alternate Fuel Discount ("AFD")	68

NATURAL GAS VEHICLE SERVICE-I (NGV-I)

APPLICABILITY

For gas delivered to any Customer through a separate meter for the purpose of compression and delivery into motor vehicle fuel tanks or other transportation containers. NGV-I is only available to those Customers who are presently receiving this service as of June 1, 2013. Customers seeking such service after this date shall take service under the NGV-II terms of this Tariff.

\*MONTHLY RATE

	<u>Gas Supply from PGA</u>	<u>Gas Supply from TPS</u>
Customer Charge	\$15.00	\$15.00
Distribution Charge, per therm	\$0.23232	\$0.23232
Commodity Charge	Per Rider "A"	Per TPS Agreement

\*The charges set forth in this Rate Schedule will be adjusted for all other applicable Riders of this Tariff and any additional taxes, assessments or similar charges that are lawfully imposed by the Company. A Customer that receives gas supply from a TPS will be charged for commodity according to any agreement between the Customer and the TPS.

MINIMUM BILL

The minimum monthly bill shall be the Customer Charge. In addition, a minimum annual charge, if applicable, shall be assessed by applying the applicable rates and adjustments hereunder to the difference between the minimum therms, if any, established per the Customer's Agreement and the Customers annual usage.

TERMS OF PAYMENT

Bills are due upon receipt by the Customer and become delinquent if unpaid after expiration of twenty days from date of mailing or other delivery thereof by the Company.

SPECIAL CONDITIONS

Service under this Rate Schedule shall be subject to the general Rules and Regulations of the Company as they may be in effect from time to time, and as filed with the regulatory authorities.

SPECIAL CONDITIONS APPLICABLE TO CUSTOMERS RECEIVING GAS SUPPLY FROM THIRD PARTY SUPPLIERS (TPS)

1. See the Rules and Regulations for Transportation - Special Conditions for terms related to Customers taking Gas Supply from a TPS.
2. Automatic Meter Reading (AMR) equipment is required for transportation Customers served under this Rate Schedule using over 120,000 therms per year. See the Rules and Regulations for Metering for terms and conditions related to AMR's.

Issued by: Jesse Killings Suzanne Sitherwood  
Sr. Vice President, Southern Operations

Effective: December 7, 2004

NATURAL GAS VEHICLE SERVICE-II (NGV-II)

APPLICABILITY

For gas delivered to any Customer for the purpose of compression and delivery into motor vehicle fuel tanks or other transportation containers after June 1, 2013.

MONTHLY RATE

Service is available under any General Service (GS) Rate Schedule (GS-1 through GS-1250k) based on the Customer's terms per year as determined by the Company.

The charges, terms and conditions as provided under the applicable GS Rate Schedule shall apply, including all applicable Riders of this Tariff and any additional taxes, assessments or similar charges that are lawfully imposed by the Company, notwithstanding the Special Conditions sections below.

MONTHLY FACILITIES CHARGE WHEN COMPANY PROVIDES EQUIPMENT NECESSARY FOR NGV-II SERVICE

The Monthly Facilities Charge, if applicable, shall be equal to 1.6% multiplied by the Company's Gross Investment in facilities, as determined by the Company required to serve the Customer. As used here, Gross Investment means the total installed cost of the facilities as determined by the Company, which may include but are not limited to dryers, compressors, storage vessels, controls, piping, metering, dispensers, and any other related appurtenances including the necessary redundancy to provide for reliable service, before any adjustment for accumulated depreciation, a contribution in aid of construction, etc. The 1.6% factor is subject to adjustment if the Customer makes a contribution in aid of construction. The adjusted factor will be as stated in the Company's standard agreement for service provided under this Rate Schedule. If the service is provided under a standard agreement to more than one Customer, the charges applicable to each Customer shall be as stated in the agreement with the individual Customer. The standard agreement may also require a commitment to purchase service for a minimum period of time, take or pay for a minimum amount of service, a contribution in aid of construction, a guarantee, such as a bond or letter of credit, and/or other provisions as determined appropriate by the Company.

1) COMPANY PROVIDED FACILITIES ON CUSTOMER PREMISES

If Company provides and maintains the necessary facilities for compression and dispensing of such natural gas for delivery to vehicles on the Customer's property, the following additional charge shall apply.

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Vice President, Southern Operations

Effective:

NATURAL GAS VEHICLE SERVICE-II (NGV-II)  
(Continued)

1) COMPANY PROVIDED FACILITIES ON CUSTOMER PREMISE (Continued)

Monthly Facilities Charge

The provision and maintenance of the facilities does not include the physical dispensing of compressed natural gas into vehicles, or the provision of electricity required to operate the facility. The physical dispensing of compressed natural gas into vehicles, the collection and remittance of any federal or state or local tax imposed on compressed natural gas dispensed for use as motor fuel, and the payment for electricity used to operate the facility shall be the responsibility of the Customer. A Company-provided facility could be a residential fueling station.

2) LIMITED ACCESS FACILITIES LOCATED ON COMPANY PREMISES

The Company may, under agreement with one or more Customers, provide and maintain, on the Company's premises, the necessary facilities for compression and dispensing of natural gas into motor vehicles. The Customer may elect to receive distribution service and purchase gas under any of the GS schedules, provided that the Customer would otherwise meet the requirement to be served under the provision of the rate schedule elected.

In addition to the distribution and gas charges as provided under the rate schedule elected by the Customer, the following charges shall apply:

a) Monthly Facilities Charge

The Monthly Facilities Charge, if applicable, shall be equal to 1.6% multiplied by the Company's Gross Investment in facilities, as determined by the Company required to serve the Customer. As used here, Gross Investment means the total installed cost of the facilities as determined by the Company, which may include but are not limited to dryers, compressors, storage vessels, controls, piping, metering, dispensers, and any other related appurtenances including the necessary redundancy to provide for reliable service and land and land rights, before any adjustment for accumulated depreciation, a contribution in aid of construction, etc. The 1.6% factor is subject to adjustment if the Customer makes a contribution in aid of construction. The adjusted factor will be as stated in the Company's standard agreement for service provided under this Rate Schedule. If the service is provided under a standard agreement to more than one Customer, the charges applicable to each Customer shall be as stated in the agreement with the individual Customer. The standard agreement may also require a commitment to purchase service for a minimum period of time, take or pay for a minimum amount of service, a contribution in aid of construction, a guarantee, such as a bond or letter of credit, and/or other provisions as determined appropriate by the Company.

b) Compressed Gas Dispensing Fee

The monthly dispensing fee shall recover all costs related to dispensing and be provided in the standard agreement.

Issued by: Jesse Killings  
Vice President, Southern Operations

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**NATURAL GAS VEHICLE SERVICE-II (NGV-II)**  
(Continued)

**2) LIMITED ACCESS FACILITIES LOCATED ON COMPANY PREMISES (Continued)**

**c) Tax**

The Company shall collect from the Customer and remit to the applicable authority any motor fuel tax on compressed natural gas.

Any service provided from a facility located on the Company's premises shall be provided at the time and under the terms and conditions as determined by the Company and specified in the agreement(s) with the Customer(s). The standard agreement may require a commitment to purchase service for a minimum period of time, take or pay for a minimum amount of service, a contribution in aid of construction, a guarantee (such as a bond) and/or other provisions as determined appropriate by the Company.

**3) PUBLICLY ACCESSIBLE FACILITIES LOCATED ON COMPANY PREMISES**

If the Company offers service to Customer from facilities located on the Company's premises the following charges shall apply:

Distribution and Dispensing: \$0.50 /Therm

Gas Cost: No lower than the monthly PGA

Taxes: Applicable motor fuel or other taxes applicable to compressed natural gas dispensed for motor fuel

The total charge, consisting of the Distribution and Dispensing charge, the Gas Cost, and Taxes, shall be as determined by the Company. However, the Gas Cost component of the charge shall not be less than the Purchased Gas Adjustment (PGA) and other adjustments, charges and/or credits determined to be applicable. In addition, the gas commodity component (total charge less the Distribution and Dispensing charge and applicable taxes) will be accounted for as recovery of gas cost in the annual PGA docket. Other Riders of this Tariff will not be credited for such service.

Any service provided from a facility located on the Company's premises shall be provided at the time and under the terms and conditions as determined by the Company.

**MINIMUM BILL**

The minimum monthly bill shall be the minimum bill as provided for in the GS Rate Schedule applicable to the Customer plus any additional Monthly Facilities Charge.

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Vice President, Southern Operations

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**NATURAL GAS VEHICLE SERVICE-II (NGV-II)**  
(Continued)

**3) PUBLICLY ACCESSIBLE FACILITIES LOCATED ON COMPANY PREMISES (Continued)**

**TERMS OF PAYMENT**

Bills are due upon receipt by the Customer and become delinquent if unpaid after expiration of twenty days from date of mailing or other delivery thereof by the Company and are subject to late payment charges.

**SPECIAL CONDITIONS**

1. Service under this Rate Schedule shall be subject to the general Rules and Regulations of the Company as they may be in effect from time to time, and as filed with the regulatory authorities.

2. A separate meter or sub-meter may be requested by the Customer or required by the Company; in which case the Customer will pay the cost of the meter and installation which shall remain the property of the Company.

3. The collection and remittance of any federal or state or local tax specifically imposed on compressed natural gas dispensed for motor fuel shall be the responsibility of the Customer or Retailer, unless otherwise provide for in a Customer's agreement.

4. The terms and conditions applicable to sub-metering and allocation of cost included elsewhere in this Tariff are not applicable to Compressed Natural Gas used for motor fuel.

5. NGV service is not available for resale by residential customers.

6. The Company shall not be responsible in any manner for the use, care or handling of natural gas once it is delivered to a natural gas vehicle.

7. If the Company, by itself or in partnership with another entity, responds to a competitive situation of a government agency or commercial customer and has volumes greater than 250,000 therms per year, the Company has the option to provide NGV service, equipment, facilities, and distribution at rates and charges set on an individual Customer basis via a special contract as long as the rate is above incremental cost with a reasonable return. At the Company's discretion it may recover the difference between the otherwise applicable tariff rate and the approved contract rate under this rate provision through Rider "C", Competitive Rate Adjustment ("CRA").

8. If a Customer is phasing in the use of compressed natural gas as motor fuel and is acquiring and placing into service vehicles fueled by compressed natural gas over a period of years, the Monthly Facilities Charge may be phased-in over the term of agreement. However, the net present value of the revenue from the phased-in charges, discounted at the Company's authorized rate of return, shall be set equal to the net present value of the revenue that would be generated over the term of the contract if the Monthly Facilities Charge was not phased-in. Any such phase-in shall be provided in the agreement for service.

Issued by: Jesse Killings  
Vice President, Southern Operations

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RIDER "C"

Competitive Rate Adjustment ("CRA")

Applicable to all Customers except those taking service under Rate Schedules FGS, KDS, TSS, OSS, LES or receiving a discount under the AFD Rider or the NGV special contract rate.

The Distribution Charge for gas sold or transported after June 30, 1991, to Customers to whom this charge applies, is subject to adjustment in accordance with the following provisions, for prior shortfalls or surpluses.

A. For the purposes of this clause, the following definitions shall apply:

(1) "Actual revenue" means Company's actual Margin Revenue derived from service provided under its AFD Rider during a determination period.

(2) "Base revenue" means the Margin Revenue which Company would have derived had all gas sold under the AFD Rider, during a determination period, been sold under Rate Schedules GS-120k, GS-250k and GS-1,250k.

(3) "Surplus" means the amount, if any, by which Company's actual revenue exceeds its base revenue for a determination period.

(4) "Shortfall" means the amount, if any by which Company's base revenue exceeds its actual revenue for a determination period.

B. The existence of a shortfall or surplus shall be determined by comparing Company's actual revenue with its base revenue. This determination shall be made each year for the actual twelve months ending September 30<sup>th</sup> ("determination period").

C. A surplus refund or shortfall recovery shall be implemented during an "adjustment period" beginning January 1<sup>st</sup> by reducing or increasing the Distribution Charge per therm charge prescribed in each applicable Rate Schedule of this tariff by an adjustment factor computed as follows and multiplied by the tax factor of 1.00503 and rounded to the nearest \$0.00001 per therm.

In the event of a surplus, subtract the amount derived from dividing the Surplus Refund due to Customers by the projected therm sales for these Customers.

In the event of a shortfall, add the amount derived from dividing the Shortfall Recovery by the projected therm sales for these Customers.

Any variation between the actual surplus refund to Customers and the amount calculated pursuant to the preceding paragraph, or between the actual shortfall recovery and the amount which Company elected to recover in an adjustment period, shall be "trued-up" during the succeeding adjustment period pursuant to methodology approved by the Commission.

D. Company may defer all or any portion of a shortfall recovery to a subsequent adjustment period or portion thereof.