

October 12, 1999

ORIGINAL

RECORDS AND
REPORTING

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Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

991564-6u

Dear Ms. Bayo:

Enclosed for filing please find the original and 12 copies of City Gas Company of Florida's Petition to Amend Small Commercial Transportation Service Rate Schedule.

Should you have any questions with respect to this filing, please contact me at (850) 877-5282.

Sincerely,

Michael A. Palecki

Michael A. Palecki

MAP/rt

Encl.

c: Wayne Makin

RECEIVED & FILED

mas

FPSC BUREAU OF RECORDS

NUI Companies and Affiliates:

City Gas Company of Florida
Elizabethtown Gas
Elkton Gas
North Carolina Gas

NUI Capital Corp.
NUI Energy
NUI Energy Brokers
NUI Energy Solutions
NUI Environmental Group

DOCUMENT NUMBER-DATE

12400 OCT 12 99

FPSC-RECORDS/REPORTING

TIC Enterprises, LLC
Utility Business Services
Valley Cities Gas
Waverly Gas

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of City Gas Company of)
Florida to Amend Small Commercial)
Transportation Service Rate Schedule)

DOCKET NO. 991564-60
Filed: October 12, 1999

**PETITION OF CITY GAS COMPANY OF FLORIDA TO AMEND
SMALL COMMERCIAL TRANSPORTATION RATE SCHEDULE**

City Gas Company of Florida, a division of NUI Corporation ("NUI City Gas" or the "Company"), petitions to amend its Small Commercial Transportation Service Rate Schedule (Rate Schedule SCTS) to eliminate threshold conditions designed to limit the number of Commercial customers who would qualify for service under SCTS, and to allow all customers accepting natural gas service under any of the Company's Commercial Rate Schedules to qualify for service under SCTS. In support thereof the Company says:

1. The name and the address of the Company is:

City Gas Company of Florida
A Division of NUI Corporation
955 East 25th Street
Hialeah, Florida 33013-3498

2. The names and addresses of the persons authorized to receive notices and communications with respect to this petition are:

Michael Palecki
NUI City Gas
PMB 110-M
3111-20 Mahan Dr.
Tallahassee, FL32308

Raymond A. DeMoine
NUI Corporation
One Elizabethtown Plaza
Post Office Box 3175
Union, NJ 07083-1975

DOCUMENT NUMBER-DATE

12400 OCT 12 99

FPSC-RECORDS/REPORTING

3. By its Order No. PSC-97-1536-FOF-GU, issued December 8, 1997, in Docket No. 971084-GU, the Commission approved the Company's proposed Experimental Small Commercial Transportation Service Rate Schedule on an experimental basis.

4. By its Order No. PSC-99-0484-FOF-GU, issued March 8, 1999, in Docket No. 982003-GU, the Commission approved the Company's proposed Small Commercial Transportation Service Rate Schedule on a permanent basis.

5. By the instant petition, NUI/ City Gas seeks amendment of the tariff in order to eliminate the conditions under which the Company's existing Small Commercial Customers may accept service under SCTS, and thus open the tariff to all Commercial customers. The proposed amended tariff is contained in the revised tariff sheets attached as exhibit A to this petition. The proposed revised sheets in legislative format are attached as exhibit B to this petition.

6. Rate Schedule SCTS was originally intended to allow a controlled number of the Company's small commercial customers to purchase gas directly from third party suppliers, in a manner that would not cause the Company's remaining sales customers to incur a greater share of capacity costs. In order to accomplish this purpose, service under SCTS was limited to; 1) customers with multiple meters at a single location with annual aggregate usage of 120,000 therms; 2) customers qualifying for NUI/City Gas' Load Profile Enhancement

Rider; 3) commercial customers who otherwise do not qualify, whose third party supplier adds incremental load to the Company's system equivalent to the customer's annual consumption.

7. The Company believes that it is now possible to mitigate the potential effect of increased capacity costs to its sales customers since its FTS 1 capacity contracts are now up for renewal with Florida Gas Transmission. These FTS 1 capacity decisions will be finalized by March of the Year 2000. Because the effects of these capacity decisions are not known at this time, in an abundance of caution the Company has included a Transition Charge in the SCTS Rate Schedule. The transition charge is currently set at \$0.00000 per therm. The Company may elect to increase the transition charge above the level of \$0.00000 per therm, upon Commission approval should it become necessary to mitigate the effects of cost shifts between or among customer classes, and/or provide for recovery of stranded capacity costs after FTS 1 capacity decisions become effective. Adjustments to the transition charge shall be made at the Commission's Purchased Gas Adjustment (PGA) proceeding, or between PGA proceedings, whenever necessary to mitigate the effects of cost shifts, upon petition by the Company. The Company also reserves the right to modify this Tariff to impose capacity assignment, and/or any other mechanism allowed by the Commission to mitigate the effects of such cost shifts,

8. Under the proposed amendment, a commercial customer would not need to comply with threshold conditions in order to participate in SCTS. In other words, this amendment will not restrict marketers from signing small commercial customers who do not meet threshold requirements. The marketer will no longer be required to; 1) add incremental SCTS load to NUI/City Gas' system, or 2) add load in a class other than SCTS and accept an assignment of interstate pipeline capacity for the equivalent volume.

9. The Company is also eliminating the requirement of mandatory capacity assignment. Third party suppliers will now be required to obtain comparable firm interstate pipeline capacity for placement into the Company's distribution system. Essentially, the third party supplier will be required to obtain firm capacity on the open market.

10. NUI/City Gas has been pleased with the success of the SCTS program. Overall, the implementation of the SCTS program has proceeded smoothly, and no unexpected impediments to the implementation of the program have been encountered. The potential for sales customers to incur an increased share of capacity costs can now be mitigated through the termination of FTS 1 capacity contracts with Florida Gas Transmission.

WHEREFORE, NUI/City Gas respectfully requests that the Commission approve the proposed amendment to its SCTS Rate Schedule, as set forth in the revised tariff sheets attached as Exhibit A to this petition.

Respectfully submitted,

Michael A. Palecki

Michael A. Palecki
NUI CORPORATION
PMB 110-M
3111-20 Mahan Drive
Tallahassee, FL 32308
(850) 877-5282

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of City Gas Company of)
Florida to Amend Small Commercial)
Transportation Service Rate Schedule)

DOCKET NO.

Filed: October 12, 1999

EXHIBIT "A"

**PROPOSED REVISED SMALL COMMERCIAL
TRANSPORTATION SERVICE
TARIFF SHEETS**

THIRD PARTY SUPPLIER
Rate Schedule TPS

Deliveries of Average Daily Delivery Quantities Under Service Classification - Small Commercial Transportation Service

To the extent that Third Party Supplier wishes to provide service to SCTS Customers, Third Party Suppliers must agree to make deliveries of its SCTS Customers Average Daily Delivery Quantity ("ADDQ") as adjusted from time to time in accordance with the applicable provisions of the SCTS Rate Schedule. Company will notify Third Party Supplier of its ADDQ obligation for each day of the next succeeding month in writing to be delivered by facsimile no later than two (2) business days after the receipt of the ADDQ notice from the Company. If Third Party Supplier does not agree with Company's determination of Third Party Supplier's ADDQ, it must notify Company in writing to be delivered by facsimile no later than 5:00 p.m. Eastern Standard Time two business days later. Company and Third Party Supplier will reconcile any differences no later than 5:00 p.m. Eastern Standard Time on the twentieth (20th) of the month.

The Company shall assess the Third Party Supplier the following charges on any day in which the Third Party Supplier delivers an amount other than the ADDQ:

Imbalance	Charge
0% to 5%	\$0.02 per therm
5% to 10%	\$0.10 per therm
> 10%	\$2.50 per therm

On any day the Company reserves the right to limit a Third Party Supplier's ADDQ imbalance to 5%. On any day in which the Company limits the ADDQ to 5%, any imbalance between 0% and 5% will be charged an amount equivalent to the Commercial Service rate. Any imbalance greater than 5% will be charged at a rate of \$2.50 per therm. If a Third Party Supplier fails to deliver gas to serve its ADDQ more than three (3) times in a twelve (12) month period, the Company may suspend that Third Party Supplier from delivering gas to the Company's system for SCTS customers only. For the purpose of this provision, failure to deliver gas is defined as delivering less than 40% of the Third Party Supplier's customers' aggregate ADDQ.

For customers receiving firm service, the Third Party Supplier must accept assignment of interstate pipeline capacity in a quantity sufficient to meet the aggregate ADDQ requirements of their customers, that quantity to be equal to or greater than the minimum amount determined by the Company.

SMALL COMMERCIAL TRANSPORTATION SERVICE
Rate Schedule SCTS

Availability

Throughout the service area of the Company.

Applicability

Service under this classification is available to all non-residential customers.

The signing of a Service Agreement and possession by the customer of a fully executed contract to purchase gas from a Third Party Supplier are conditions precedent to receiving service under this Rate Schedule.

Character of Service

All Customers except for those who qualify for service under the Load Profile Enhancement Discount are required to take firm service under this service classification. Customers who qualify under the Load Profile Enhancement provision may elect either firm or interruptible service.

Gas Supply Obligation

The Company shall have no obligation to provide natural gas supplies to Customers that contract for Small Commercial Transportation Service without also contracting for Standby Service. In the event that a Small Commercial Transportation Service Customer that does not contract for Standby Service seeks to purchase natural gas from the Company, such sales may be made by the Company in its sole discretion.

Monthly Rate

Customer Charge:	\$17.00 per month.
Transportation Charge	\$0.20259 per therm.
Transition Charge	\$0.00000 per therm.

Company's cost of gas factor set forth in Sheet No. 25 shall not apply to Transportation Service under this schedule.

Minimum Bill

The minimum monthly bill shall be the customer charge.

Terms of Payment

Bills are net and due upon receipt by the customer and become delinquent if unpaid after expiration of twenty (20) days from mailing.

SMALL COMMERCIAL TRANSPORTATION SERVICE

Rate Schedule SCTS

Term of Service

One (1) year and thereafter automatic one-year renewals until terminated by ninety (90) days written notice prior to the end of the initial one (1) year term or any one (1) year renewal period by either party. In the event that a commercial Rate Schedule SCTS Customer ceases operations completely or moves its operations to a location where the Company does not provide service, Customer shall not be liable for further charges upon notification to the Company in writing.

Interstate Pipeline Capacity

Third party suppliers will be required to obtain firm interstate pipeline capacity into the Company's distribution system at points designated by the Company at a quantity equivalent to their customers' aggregate ADDQ. Third party suppliers that do not demonstrate sufficient interstate firm capacity will be required to accept assignment of such capacity from the Company. The Company will assign each of its firm Interstate pipeline capacity contracts in proportion to the Company's total capacity portfolio at the current FERC approved rates. Interruptible customers are responsible for obtaining interstate pipeline capacity in a quantity sufficient to meet their average daily delivery quantity.

Provisions Related to Third Party Suppliers

A SCTS Customer must utilize an eligible Third Party Supplier as supplier of gas into the Company's system. Prior to commencing service, Customer must provide Company a written designation of its Third Party Supplier, executed by Customer and Third Party Supplier. Customer may only change Third Party Suppliers by providing Company with a new written designation of Third Party Supplier executed by Customer and Third Party Supplier. Customer will not be charged to designate its initial Third Party Supplier. Customer will be charged a \$50.00 fee if a Third Party Supplier is changed during an annual period. Changes in the designation of a Third Party Supplier received by the fifteenth (15th) of the month will be effective in the following month.

Customer agrees that as between the Company and the Customer, the Company shall be entitled to rely upon information concerning deliveries of natural gas on behalf of Customer provided by Third Party Supplier. Any Third Party Supplier that wishes to deliver gas into the Company's system prior to commencing deliveries must execute a Service Agreement with the Company demonstrating the Third Party Supplier's agreement to be bound by the applicable terms and conditions of the Company's Tariff. To the extent that a Third Party Supplier ceases operations or deliveries of gas for the Customer's account, Customer shall be ultimately responsible for payment of any charges for gas supplies consumed by Customer but not delivered by Third Party Supplier.

Average Daily Delivery Quantities

Customers Third Party Supplier must agree to make deliveries of the Customers Average Daily Delivery Quantity "ADDQ".

The Company will notify the Third Party Supplier of customers ADDQ obligation for each day of the next succeeding month in writing to be delivered by facsimile no later than the fifteenth (15th) day of the month immediately preceding the month in which Third Party Supplier will be obligated to deliver the ADDQ. If the Third Party Supplier does not agree with Company's determination of the ADDQ, it must notify Company in writing to be delivered by facsimile no later than 5:00 p.m. Eastern Standard Time two business days after receipt of the ADDQ notice from the Company. Company and the Third Party Supplier will reconcile any differences no later than 5:00 p.m. Eastern Standard Time two business days later.

SMALL COMMERCIAL TRANSPORTATION SERVICE
Rate Schedule SCTS

The ADDQ will be calculated by the Company by dividing the Customer's usage for each of the most recent twelve (12) billing months by the total number of days in each billing month. Company may adjust Customer's ADDQ at any time, due to changes in Customer's equipment or pattern usage. For new Customers, Customer's initial ADDQ will be estimated by Company, based upon the rating of Customer's gas equipment and expected utilization of the equipment. Customer's Third Party Supplier will be obligated under the terms of Rate Schedule TPS to deliver Customer's ADDQ each day for Customer's account. At the end of each billing period, Company will calculate the difference between Customer's actual usage and actual deliveries for the billing period, taking into account any adjustments from prior months, and will adjust the ADDQ for the next succeeding month by that difference divided by the total number of days in the month. Customer will be billed a commodity charge based on actual consumption each month. If the TPS fails to deliver the ADDQ, the TPS will be assessed charges for failure to deliver.

Interruption and Curtailment

Company shall have the right to reduce or completely curtail deliveries to Customer pursuant to this rate schedule if the Customer has not contracted for Standby Service, and, in Company's opinion, Customer will overrun the volume of gas to which it is entitled from its third party supplier (or overrun the volume of gas being delivered to Company for Customer's account.)

Special Conditions

1. See Section 11 of Rules and Regulations for Transportation - Special Conditions.
2. The rates set forth in this schedule shall be subject to the operation of the Company's Taxes and Other Adjustments set forth on Sheet No. 26, the Conservation Cost Recovery Adjustment, Sheet No. 26 and the Competitive Rate Adjustment Clause, Sheet Nos. 26-28.
3. Service under this schedule (unless otherwise indicated herein) shall be subject to the Rules and Regulations set forth in the tariff.

Issued by: Victor A. Fortkiewicz
Vice President

Effective: February 16, 1999

SMALL COMMERCIAL TRANSPORTATION SERVICE
Rate Schedule SCTS

4. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of gas service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the monthly rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, sales under this rate schedule shall be billed at rates stated herein.

5. This tariff contains a Transition Charge that is currently set at \$0.00000 per therm. The Company may elect to increase or modify the Transition Charge, upon Commission approval, should it become necessary to mitigate the effects of cost shifts between or among customer classes, and/or provide for recovery of stranded capacity costs. Adjustments to the Transition Charge shall be made at the Commission's Purchased Gas Adjustment (PGA) proceeding, or between PGA proceedings, whenever necessary to mitigate the effects of cost shifts, upon petition by the Company. The Company reserves the right to modify this tariff to impose any other mechanism allowed by the Commission to mitigate the effects of cost shifts between or among customer classes and/or provide for recovery of stranded capacity costs..

Indemnification

As between Company and Customer, Customer warrants that it has clear title to any gas supplies delivered into the Company's system for redelivery to Customer and Customer shall be deemed to be in exclusive control and possession of gas prior to its delivery into the Company's system for redelivery to Customer. Customer agrees to indemnify, defend and hold harmless Company from any and all claims, suits or damage actions arising out of deliveries of gas into Company's system on behalf of Customer.

Issued by: Victor A. Fortkiewicz
Vice President

Effective: February 16, 1999

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of City Gas Company of)
Florida to Amend Small Commercial)
Transportation Service Rate Schedule)

DOCKET NO.

Filed: October 12, 1999

EXHIBIT "B"

**PROPOSED REVISED SMALL COMMERCIAL
TRANSPORTATION SERVICE
TARIFF SHEETS
(TYPE AND STRIKE FORMAT)**

THIRD PARTY SUPPLIER
Rate Schedule TPS

Deliveries of Average Daily Delivery Quantities Under Service Classification - Small Commercial Transportation Service

To the extent that Third Party Supplier wishes to provide service to SCTS Customers, Third Party Suppliers must agree to make deliveries of its SCTS Customers Average Daily Delivery Quantity ("ADDQ") as adjusted from time to time in accordance with the applicable provisions of the SCTS Rate Schedule. Company will notify Third Party Supplier of its ADDQ obligation for each day of the next succeeding month in writing to be delivered by facsimile no later than two (2) business days after the receipt of the ADDQ notice from the Company. If Third Party Supplier does not agree with Company's determination of Third Party Supplier's ADDQ, it must notify Company in writing to be delivered by facsimile no later than 5:00 p.m. Eastern Standard Time two business days later. Company and Third Party Supplier will reconcile any differences no later than 5:00 p.m. Eastern Standard Time on the twentieth (20th) of the month.

The Company shall assess the Third Party Supplier the following charges on any day in which the Third Party Supplier delivers an amount other than the ADDQ:

Imbalance	Charge
0% to 5%	\$0.02 per therm
5% to 10%	\$0.10 per therm
> 10%	\$2.50 per therm

On any day the Company reserves the right to limit a Third Party Supplier's ADDQ imbalance to 5%. On any day in which the Company limits the ADDQ to 5%, any imbalance between 0% and 5% will be charged an amount equivalent to the Commercial Service rate. Any imbalance greater than 5% will be charged at a rate of \$2.50 per therm. If a Third Party Supplier fails to deliver gas to serve its ADDQ more than three (3) times in a twelve (12) month period, the Company may suspend that Third Party Supplier from delivering gas to the Company's system for SCTS customers only. For the purpose of this provision, failure to deliver gas is defined as delivering less than 40% of the Third Party Supplier's customers' aggregate ADDQ.

For customers receiving firm service, the Third Party Supplier must accept assignment of interstate pipeline capacity in a quantity sufficient to meet the aggregate ADDQ requirements of their customers, that quantity to be equal to or greater than the minimum amount determined by the Company.

SMALL COMMERCIAL TRANSPORTATION SERVICE
Rate Schedule SCTS

Availability

Throughout the service area of the Company.

Applicability

Service under this classification is available to all non-residential customers, limited to:

- ~~2. Customers with multiple meters at one contiguous location with a total annual aggregate usage of 120,000 therms or more.~~
- ~~2. Customers who qualify for the Load Profile Enhancement Discount (Rider ED).~~
1. Small commercial customers which meet the criteria listed in provision (1) of the Special Conditions.

The signing of a Service Agreement and possession by the customer of a fully executed contract to purchase gas from a Third Party Supplier are conditions precedent to receiving service under this Rate Schedule.

Character of Service

All Customers except for those who qualify for service under the Load Profile Enhancement Discount are required to take firm service under this service classification. Customers who qualify under the Load Profile Enhancement provision may elect either firm or interruptible service.

Gas Supply Obligation

The Company shall have no obligation to provide natural gas supplies to Customers that contract for Small Commercial Transportation Service without also contracting for Standby Service. In the event that a Small Commercial Transportation Service Customer that does not contract for Standby Service seeks to purchase natural gas from the Company, such sales may be made by the Company in its sole discretion.

Monthly Rate

Customer Charge:	\$17.00 per month.
Transportation Charge	\$0.20259 per therm.
<u>Transition Charge</u>	<u>\$0.00000 per therm.</u>

Company's cost of gas factor set forth in Sheet No. 25 shall not apply to Transportation Service under this schedule.

Minimum Bill

The minimum monthly bill shall be the customer charge.

Terms of Payment

Bills are net and due upon receipt by the customer and become delinquent if unpaid after expiration of twenty (20) days from mailing.

SMALL COMMERCIAL TRANSPORTATION SERVICE

Rate Schedule SCTS

Term of Service

One (1) year and thereafter automatic one-year renewals until terminated by ninety (90) days written notice prior to the end of the initial one (1) year term or any one (1) year renewal period by either party. In the event that a commercial Rate Schedule SCTS Customer ceases operations completely or moves its operations to a location where the Company does not provide service, Customer shall not be liable for further charges upon notification to the Company in writing.

Interstate Pipeline Capacity Assignment

~~Third party suppliers will be required to obtain firm interstate pipeline capacity into the Company's distribution system at points designated by the Company at a quantity equivalent to their customers' aggregate ADDQ. Firm customers taking service under this rate schedule are required to take an assignment of interstate pipeline capacity in a quantity sufficient to meet their average daily delivery quantity (ADDQ). Third party suppliers that do not demonstrate sufficient interstate firm capacity will be required to accept assignment of such capacity from the Company. The Company will assign each of its firm Interstate pipeline capacity contracts in proportion to the Company's total capacity portfolio at the current FERC approved rates. Interruptible customers are responsible for obtaining interstate pipeline capacity in a quantity sufficient to meet their average daily delivery quantity.~~

Provisions Related to Third Party Suppliers

A SCTS Customer must utilize an eligible Third Party Supplier as supplier of gas into the Company's system. Prior to commencing service, Customer must provide Company a written designation of its Third Party Supplier, executed by Customer and Third Party Supplier. Customer may only change Third Party Suppliers by providing Company with a new written designation of Third Party Supplier executed by Customer and Third Party Supplier. Customer will not be charged to designate its initial Third Party Supplier. Customer will be charged a \$50.00 fee if a Third Party Supplier is changed during an annual period. Changes in the designation of a Third Party Supplier received by the fifteenth (15th) of the month will be effective in the following month.

Customer agrees that as between the Company and the Customer, the Company shall be entitled to rely upon information concerning deliveries of natural gas on behalf of Customer provided by Third Party Supplier. Any Third Party Supplier that wishes to deliver gas into the Company's system prior to commencing deliveries must execute a Service Agreement with the Company demonstrating the Third Party Supplier's agreement to be bound by the applicable terms and conditions of the Company's Tariff. To the extent that a Third Party Supplier ceases operations or deliveries of gas for the Customer's account, Customer shall be ultimately responsible for payment of any charges for gas supplies consumed by Customer but not delivered by Third Party Supplier.

Average Daily Delivery Quantities

Customers Third Party Supplier must agree to make deliveries of the Customers Average Daily Delivery Quantity "ADDQ".

The Company will notify the Third Party Supplier of customers ADDQ obligation for each day of the next succeeding month in writing to be delivered by facsimile no later than the fifteenth (15th) day of the month immediately preceding the month in which Third Party Supplier will be obligated to deliver the ADDQ. If the Third Party Supplier does not agree with Company's determination of the ADDQ, it must notify Company in writing to be delivered by facsimile no later than 5:00 p.m. Eastern Standard Time two business days after receipt of the ADDQ notice from the Company. Company and the Third Party Supplier will reconcile any differences no later than 5:00 p.m. Eastern Standard Time two business days later.

SMALL COMMERCIAL TRANSPORTATION SERVICE
Rate Schedule SCTS

The ADDQ will be calculated by the Company by dividing the Customer's usage for each of the most recent twelve (12) billing months by the total number of days in each billing month. Company may adjust Customer's ADDQ at any time, due to changes in Customer's equipment or pattern usage. For new Customers, Customer's initial ADDQ will be estimated by Company, based upon the rating of Customer's gas equipment and expected utilization of the equipment. Customer's Third Party Supplier will be obligated under the terms of Rate Schedule TPS to deliver Customer's ADDQ each day for Customer's account. At the end of each billing period, Company will calculate the difference between Customer's actual usage and actual deliveries for the billing period, taking into account any adjustments from prior months, and will adjust the ADDQ for the next succeeding month by that difference divided by the total number of days in the month. Customer will be billed a commodity charge based on actual consumption each month. If the TPS fails to deliver the ADDQ, the TPS will be assessed charges for failure to deliver.

Interruption and Curtailment

Company shall have the right to reduce or completely curtail deliveries to Customer pursuant to this rate schedule if the Customer has not contracted for Standby Service, and, in Company's opinion, Customer will overrun the volume of gas to which it is entitled from its third party supplier (or overrun the volume of gas being delivered to Company for Customer's account.)

Special Conditions

~~1. Existing Customers - Small Commercial customers who do not meet minimum threshold requirements for transportation service or qualify for the Load Profile Enhancement Rider may participate in the Experimental Small Commercial Transportation Service provided that their third party supplier adds incremental SCTS load to City Gas Company's system in an equivalent volumetric amount to the customer's annual consumption. If the third party supplier adds incremental load to City Gas Company's system in classes other than SCTS, existing small commercial customers may still participate, but only if the third party supplier accepts assignment of interstate pipeline capacity, proportional to the Company's portfolio at current maximum FERC rates for the incremental load, in an equivalent volumetric amount to the existing small commercial customer's annual consumption.~~

2.1. See Section 11 of Rules and Regulations for Transportation - Special Conditions.

3.2. The rates set forth in this schedule shall be subject to the operation of the Company's Taxes and Other Adjustments set forth on Sheet No. 26, the Conservation Cost Recovery Adjustment, Sheet No. 26 and the aCompetitive Rate Adjustment Clause, Sheet Nos. 26-28.

4.3. Service under this schedule (unless otherwise indicated herein) shall be subject to the Rules and Regulations set forth in the tariff.

SMALL COMMERCIAL TRANSPORTATION SERVICE
Rate Schedule SCTS

5.4. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of gas service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the monthly rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, sales under this rate schedule shall be billed at rates stated herein.

5. This tariff contains a Transition Charge that is currently set at \$0.00000 per therm. The Company may elect to increase or modify the Transition Charge, upon Commission approval, should it become necessary to mitigate the effects of cost shifts between or among customer classes, and/or provide for recovery of stranded capacity costs. Adjustments to the Transition Charge shall be made at the Commission's Purchased Gas Adjustment (PGA) proceeding, or between PGA proceedings, whenever necessary to mitigate the effects of cost shifts, upon petition by the Company. The Company reserves the right to modify this tariff to impose any other mechanism allowed by the Commission to mitigate the effects of cost shifts between or among customer classes and/or provide for recovery of stranded capacity costs..

Indemnification

As between Company and Customer, Customer warrants that it has clear title to any gas supplies delivered into the Company's system for redelivery to Customer and Customer shall be deemed to be in exclusive control and possession of gas prior to its delivery into the Company's system for redelivery to Customer. Customer agrees to indemnify, defend and hold harmless Company from any and all claims, suits or damage actions arising out of deliveries of gas into Company's system on behalf of Customer.