

MEMORANDUM

December 8, 1997

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FPSC - Records/Reporting

TO: DIVISION OF RECORDS AND REPORTING

FROM: DIVISION OF LEGAL SERVICES (CRUZ-BUSTILLO) *JCB RUE*

RE: DOCKET NO. 971389-GU - APPLICATION OF CITY GAS COMPANY OF FLORIDA FOR AUTHORITY TO ISSUE AND SELL SECURITIES DURING TWELVE MONTHS ENDING SEPTEMBER 30, 1998, PURSUANT TO CHAPTER 25-8, F.A.C., AND SECTION 366.04, F.S.

PSC-97-1537-FOF-GU

Attached is an ORDER AUTHORIZING SECURITY TRANSACTIONS, to be issued in the above referenced docket. (Number of pages in order - 4)

JCB/anr

Attachment

cc: Division of Electric & Gas (S. Jones)

Division of Auditing & Financial Analysis (E. Mills)

I: 971389.jcb

*2/10*

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of City Gas Company of Florida for authority to issue and sell securities during twelve months ending September 30, 1998, pursuant to Chapter 25-8, F.A.C., and section 366.04, F.S.

DOCKET NO. 971389-GU  
ORDER NO. PSC-97-1537-FOF-GU  
ISSUED: December 8, 1997

The following Commissioners participated in the disposition of this matter:

JULIA L. JOHNSON, Chairman  
J. TERRY DEASON  
SUSAN F. CLARK  
DIANE K. KIESLING  
JOE GARCIA

ORDER AUTHORIZING SECURITY TRANSACTIONS

BY THE COMMISSION:

City Gas Company of Florida, a division of NUI Corporation, ("Company"), filed an application, on October 17, 1997, seeking authority, to issue and sell securities, in the aggregate, of a total of \$30 million of equity and long-term debt during the 12-month period beginning November 15, 1997 (or as soon thereafter as possible) and ending September 30, 1998, pursuant to Chapter 25-8, Florida Administrative Code, and Section 366.04, Florida Statutes.

The Company anticipates that it will issue approximately 260,000 shares of common stock in connection with employee benefit plans, incentive compensation plans, and continuous investment programs offered to shareholders throughout the year. The Company also seeks authority to issue medium-term notes in an amount up to \$20,000,000 if market conditions and interest rates are favorable. The Company also seeks authority to exceed the 5% statutory threshold of Section 366.04, Florida Statutes, if a short-term financing strategy is advantageous for the Company and its ratepayers. The Company seeks authority to issue and sell short-term debt at levels not to exceed 25% of the par value of other outstanding securities during the period. The short-term indebtedness will consist of borrowings under NUI's outstanding lines of credit, or through other short-term facilities. If given the authority, the Company will not exceed the 25% threshold without obtaining additional approval.

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

If issued, the proceeds of the medium term notes would be used to finance the Company's construction program and/or for general corporate purposes relating to the provision of utility service, including, for example, improvements or additions to the Company's information management system. The issuance and sale of equity securities and medium term debt securities may be through either negotiated underwritten public offering at competitive bidding, direct public or private sale, sale through agents, or distributions to security holders of NUI or affiliated companies, including sales of equity securities through employee benefit plans, incentive compensation plans, and continuous investment programs offered to shareholders, directors, employees, customers and residents of the states in which NUI does business.

During the periods in which interest rates on short-term indebtedness are favorable relative to the cost of alternative sources of capital, the Company finances on a short-term basis in order to take advantage of the temporary opportunity to lower its cost of service for the benefit of ratepayers. Based upon the rates applicable to comparable securities in the current market, the NUI estimates that the interest rates on the short-term indebtedness will be between 6.0% and 6.5%. The actual interest and dividend rates on the securities will be determined by the market conditions at the same time the securities are issued and sold. The short-term indebtedness will consist of borrowings under NUI's outstanding lines of credit, or through other short-term facilities. If given the authority, the NUI will not exceed a 25% threshold without obtaining additional approval. The additional short-term indebtedness for which the NUI seeks authority will be used to finance portions of NUI's construction programs, pending refinancing through the issuance of equity or long-term securities at a later date depending upon prevailing market conditions.

Having reviewed the application, it is the finding of this Commission that the issuance and sale of the above discussed securities, within the limits described, will not impair the ability of NUI, or its subsidiary operating in Florida, City Gas Company of Florida, to perform the services of a public utility.

In addition, these transactions are for lawful purposes within NUI Corporation's corporate powers and, as such, the application is granted subject to the conditions stated herein.

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The Company's petition asks that the Commission's approval be effective November 15, 1997, or as soon thereafter, as possible. We find that our approval shall be effective as of the date of the Commission vote held on November 18, 1997.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the application of NUI Corporation, doing business as City Gas Company of Florida, for approval to issue and sell equity securities, long-term debt obligations, and short-term indebtedness, not to exceed \$30 million in the aggregate, during the period beginning on November 18, 1997 and ending September 30, 1998, is approved. It is further

ORDERED that NUI Corporation, doing business as City Gas Company of Florida, is, hereby, authorized to issue short-term indebtedness up to but not exceeding 25 percent of the par value of the other outstanding securities of NUI Corporation, doing business as City Gas Company of Florida. It is further

ORDERED that NUI Corporation, doing business as City Gas Company of Florida, file a consummation report in compliance with Rule 25-8.009, Florida Administrative Code, within 90 days after the end of any fiscal year in which it issues securities.

By ORDER of the Florida Public Service Commission this 8th day of December, 1997.

BLANCA S. BAYÓ, Director  
Division of Records and Reporting

By: \_\_\_\_\_

*Kay Flynn*  
Kay Flynn, Chief  
Bureau of Records

( S E A L )

JCB

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water and/or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900 (a), Florida Rules of Appellate Procedure.