

December 28, 1998

Federal Express

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

982003-GU

**Re: Petition to Amend Experimental Small Commercial
Transportation Service for Permanent Approval**

Dear Ms. Bayo:

Enclosed for filing please find the original and 15 copies of City Gas
Company of Florida's Petition for Approval of Experimental Small Commercial
Transportation.

Thank you for your assistance.

Sincerely,



Michael A. Palecki
Attorney, Legal and Regulatory Affairs
NUI Corporation

MAP/rt

Encl.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition to Amend Experimental Small)
 Commercial Transportation Service and for)
Permanent Approval of Tariff.)

DOCKET NO.

Filed: December 29, 1998

**PETITION TO AMEND EXPERIMENTAL
 SMALL COMMERCIAL TRANSPORTATION SERVICE
 AND FOR PERMANENT APPROVAL OF TARIFF**

City Gas Company of Florida, a division of NUI Corporation ("NUI/City Gas" or the "Company"), petitions to amend its Experimental Small Commercial Transportation Service Rate Schedule (Rate Schedule SCTS) to clarify the conditions under which existing Small Commercial customers who do not meet minimum threshold requirements for transportation service may accept service under SCTS. The Company also petitions for permanent approval of the SCTS Rate Schedule and elimination of experimental status. In support of this petition 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:

DOCUMENT NUMBER-DATE

14653 DEC 29 8

FPSC-RECORDS/REPORTING

Michael Palecki
NUI Corporation
955 East 25th Street
Hialeah, FL 33010-3498

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

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. The Commission's Order required NUI/City Gas to file specified information regarding the program on a quarterly basis, to enable the Commission to evaluate the experimental rate schedule. The Order also Required NUI/City Gas to file a final report within 90 days of the conclusion of the experiment. NUI/City Gas has timely filed quarterly data, and will file the final report within the time required following completion of the experiment.

4. The Commission's Order approving the SCTS rate schedule also provided:

If City Gas desires to implement Rate Schedule SCTS on a permanent basis, it must petition this Commission for approval.

5. By the instant petition, NUI/ City Gas seeks approval of Rate Schedule SCTS on a permanent basis. The Company also seeks amendment of the tariff in order to clarify the conditions under which the Company's existing Small Commercial Customers may accept service under SCTS. 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 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 a cost shift to other service classifications. 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 revised tariff language is designed to ensure that the remaining sales customers do not incur a greater share of capacity costs through permanent implementation of SCTS, as a result of incremental load being added in classes other than SCTS. Under the experimental tariff if the marketer added incremental load in any rate class, it could convert an equivalent volume of small commercial customers' load. However, classes other than SCTS do not require an assignment of capacity. This amendment will limit conversion of small commercial customers to marketers that add incremental load and accept assignment of interstate pipeline capacity. More specifically, this amendment will

avoid a cost shift by restricting marketers from signing small commercial customers who do not meet minimum threshold requirements unless; 1) the marketer adds incremental SCTS load to NUI/City Gas' system, or 2) the marketer adds load in a class other than SCTS and accepts an assignment of interstate pipeline capacity for the equivalent volume. As amended, the tariff, in pertinent part will provide:

Small commercial customers who do not meet minimum threshold requirements for transportation service or qualify for the Load Profile enhancement rider may participate in 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 a marketer add incremental load in classes other than SCTS, existing small commercial customers may participate to the extent that the marketer accepts an assignment of interstate pipeline capacity proportional to the Company's at current maximum FERC rates for the equivalent volume of that existing small commercial customer.

9. NUI/City Gas has been pleased with the success of the experimental SCTS program. As of November, 1998, 219 customers, and six marketers were

participating in the program. A total volume of 282,000 therms of natural gas has been delivered under the program through November, 1998. Overall, the implementation of the SCTS program has proceeded smoothly, and no unexpected impediments to the implementation of the program have been encountered.

WHEREFORE, NUI/City Gas respectfully requests that the Commission approve the proposed amendment to its experimental SCTS Rate Schedule, as set forth in the revised tariff sheets attached as Exhibit A to this petition, and authorize NUI/City Gas to implement the SCTS program on a permanent basis.

Respectfully submitted,


Michael A. Palecki
Attorney, Legal & Regulatory Affairs
NUI CORPORATION
955 East 25th Street
Hialeah, FL 33013-3498
(305)694-6160

EXPERIMENTAL
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.

New Customers - Customer recognizes that this is an experimental service classification. Either the Company or the FPSC may modify or discontinue this service at a future date, at which time the customer would revert to the classification for which it qualifies.

2. See Section 11 of Rules and Regulations for Transportation - Special Conditions.
3. 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.
4. Service under this schedule (unless otherwise indicated herein) shall be subject to the Rules and Regulations set forth in the tariff.

Issued by: Lytle G. Melley, Jr. Victor A. Fortkewicz
Vice President

Effective: November 18, 1997