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July 19, 1993

Hand-Deliver

930714-GU

Mr. Steve Tribble, Director
Division of Records and Reporting
Florida Public Service Commission
101 East Gaines Street
Tallahassee, FL 32399-0850

GU 616

RE: Petition by the Florida Division of Chesapeake
Utilities Corporation for approval of a Gas
Transportation Agreement with Auburndale Power
Partners, L.P.

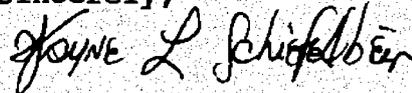
Dear Mr. Tribble:

Please establish a docket for the above petition.

An original and fifteen (15) copies of the petition are
enclosed herewith.

Please acknowledge receipt of the foregoing by stamping the
enclosed extra copy of this letter and returning same to my
attention. Thank you for your assistance.

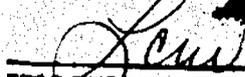
Sincerely,



Wayne L. Schiefelbein

WLS/dc
Enclosures

RECEIVED & FILED


FPSG-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

07720 JUL 19 93

FPSG-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by the Florida)
Division of Chesapeake Utilities)
Corporation for approval of a Gas)
Transportation Agreement with)
Auburndale Power Partners, L.P.)

PETITION FOR APPROVAL OF A
GAS TRANSPORTATION AGREEMENT

The Florida Division of Chesapeake Utilities Corporation (Florida Division), pursuant to Section 366.06, Florida Statutes, and Rule 25-9.034 and 25-22.036, Florida Administrative Code, petitions the Commission for approval of a Gas Transportation Agreement. In support of its Petition, the Florida Division states as follows:

1. The principal business address of the Florida Division is P. O. Box 960, Winter Haven, Florida 33882.

2. The name and address of the person authorized to receive notices and communications with respect to this Petition is:

Wayne L. Schiefelbein
Gatlin, Woods, Carlson & Cowdery
1709-D Mahan Drive
Tallahassee, Florida 32308
(904) 877-7191

3. The Florida Division is a natural gas distribution company subject to the regulatory jurisdiction of this Commission as prescribed in Chapter 366, Florida Statutes. Its substantial interests will be affected by the Commission's disposition of this Petition in that such disposition will determine whether the Florida Division will be permitted to provide large volume contract

DOCUMENT NUMBER-DATE

07720 JUL 19 82

FLORIDA PUBLIC SERVICE COMMISSION

transportation service on terms agreeable to it and to Auburndale Power Partners, L.P.

4.(a) The Florida Division has entered into a Gas Transportation Agreement (Exhibit 1), in accordance with the Large Volume Contract Transportation Service provisions of its tariff, providing for large volume transportation service to Auburndale Power Partners, L.P. (APP), or its assignee under the agreement. APP or its assignee (the customer) will be operating a gas-fired electric generation facility ("Power Generation Facility") supplying power to Florida Power Corporation beginning early 1994.

(b) The circumstances that enabled the Florida Division to enter into this Gas Transportation Agreement with APP are unique. The customer requires gas service in early 1994; however, although the customer is located in the Florida Division's territory, the Florida Division does not hold sufficient entitlement on Florida Gas Transmission Company's ("FGT") pipeline to provide transportation service to the customer. Peoples Gas System ("PGS"), on the other hand, does hold sufficient entitlement on FGT to receive the volume of gas required by the Power Generation Facility.

(c) Under the terms of this agreement, APP will receive gas supply on FGT utilizing capacity owned by PGS. In order to serve the customer at the critical time that gas supply is needed, PGS will construct the Lake Blue Gate Station on FGT's system near Auburndale, Florida. This gate station facility will be located in the Florida Division's service territory.

(d) Under the agreement, the Florida Division would receive the customer's natural gas at Peoples Gas System's Lake Blue Gate Station, transport such gas on its distribution system and redeliver such gas to the customer's Power Generation Facility. The customer will make all necessary arrangements with other parties, including PGS, for transportation of its gas prior to delivery to the Florida Division's system. In order to provide service under this agreement, the Florida Division will construct approximately 2.3 miles of main between PGS's Lake Blue Gate Station and the customer's Power Generation Facility at an approximate cost of \$603,460. This distribution main will be constructed by the Florida Division for the sole purpose of providing transportation service to the customer's Power Generation Facility, and no other customer of the Florida Division will be served by it.

(e) Implementation of this agreement will require modification of the existing Territorial Agreement between PGS and the Florida Division approved by the Florida Public Service Commission in Docket 891189-GU. A joint petition for modification of that agreement is being prepared by the Florida Division and PGS and will be submitted for approval by the Commission as soon as possible.

5. Pursuant to Article 6 of the Gas Transportation Agreement, the customer would pay the Florida Division a fixed quarterly charge of \$32,850.00 on the first day of each calendar quarter during the term of this agreement for transportation

services rendered by the Florida Division. Given the nature of this transaction, a volumetric transportation rate per therm is not necessary. The Florida Division will recover its cost to serve this customer through the fixed quarterly charge, irrespective of the volumes actually transported.

Additionally, the contract provides for the customer to reimburse the Florida Division for all pipeline construction and interest costs in the event of early termination of this agreement.

6.(a) The Florida Division performed an incremental cost of service study for the transportation service to APP. The incremental cost to serve calculation includes an estimation of only those costs incidental to serving APP. A copy of the study, together with a statement of the assumptions made, is included herewith as Exhibit 2.

(b) The following table compares the cost to serve APP's transportation agreement with the first year annualized transportation revenues expected to be collected from the customer under this agreement.

<u>Annual Cost of Service</u>	<u>First Year Revenues</u>	<u>Excess</u>
\$125,583	\$131,400	\$5,817

As indicated in the above table, the negotiated charge for this agreement exceeds the incremental cost of service by \$5,817 per year resulting in a benefit to the remaining ratepayers.

(c) Furthermore, the agreement provides that the Fixed Quarterly Charge is subject to the continuing jurisdiction of the Florida Public Service Commission to the extent such charge is

determined in a base rate proceeding to be less than the fully allocated cost of serving this customer.

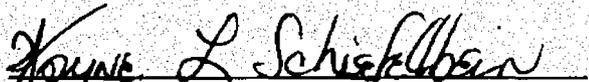
7. The Florida Division asks that the Commission approve the Gas Transportation Agreement with Auburndale Power Partners, L.P. as a special contract under Rule 25-9.034(1), Florida Administrative Code.

8. Pursuant to Chapter 366, Florida Statutes, the Florida Division is entitled to reasonable compensation for the service rendered, and the Commission has the authority to approve rates to provide such compensation.

9. The Florida Division is aware of no disputed issues of material fact.

WHEREFORE, the Florida Division of Chesapeake Utilities Corporation requests Commission approval of the Gas Transportation Agreement with Auburndale Power Partners, L.P.

Respectfully submitted,


Wayne L. Schiefelbein
Gatlin, Woods, Carlson & Cowdery
1709-D Mahan Drive
Tallahassee, Florida 32308
(904) 877-7191

Attorneys for the Florida Division
of Chesapeake Utilities Corporation

EXHIBIT 1

GAS TRANSPORTATION AGREEMENT

BETWEEN

**THE CENTRAL FLORIDA GAS COMPANY DIVISION OF
CHESAPEAKE UTILITIES CORPORATION**

AND

AUBURNDALE POWER PARTNERS, LIMITED PARTNERSHIP

JULY 8, 1993

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GAS TRANSPORTATION AGREEMENT

THIS AGREEMENT is made and entered into this 8th day of July, 1993, between the Central Florida Gas Company Division of CHESAPEAKE UTILITIES CORPORATION, a Delaware corporation, ("Transporter"), and AUBURNDALE POWER PARTNERS, LIMITED PARTNERSHIP, a Delaware limited partnership ("Shipper") (collectively, the "Parties").

RECITALS

WHEREAS, Transporter operates facilities for the distribution of natural gas in the State of Florida; and

WHEREAS, Shipper has requested that Transporter: (1) receive certain quantities of natural gas for Shipper's account from Peoples Gas System ("PGS") downstream of the Lake Blue Gate Station (as defined in Article 1 below) to be installed on the pipeline system of Florida Gas Transmission Company ("FGT") to serve PGS near Auburndale, Florida; (2) transport such natural gas on the "Pipeline Facilities" (as defined in Article 1 below); and (3) redeliver such natural gas to Shipper's Power Generation Facility (as defined in Article 1 below) to be located approximately 2.3 miles from the Lake Blue Gate Station; and

WHEREAS, Transporter is agreeable to constructing such Pipeline Facilities and to providing such transportation service in accordance with the terms hereof;

NOW, THEREFORE, in consideration of the premises and mutual covenants and agreements set forth herein, the Parties agree as follows:

ARTICLE 1

DEFINITIONS

As used herein, the following terms shall have the meanings set forth below:

"Affiliate" shall mean a corporation or other entity that directly or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control with, another corporation or entity.

"Agreement" shall mean this contract, including the exhibits attached hereto, as the same may be amended from time to time.

"Annual Period" shall mean any one of a succession of consecutive 12-month periods, the first of which shall begin on the Commercial Operations Date, provided that such date is the first day of a calendar month, or otherwise on the first day of the month immediately following the month in which the Commercial Operations Date occurs.

"Base Term" shall have the meaning set forth in Article 2.1.

"Btu" shall mean the amount of heat required to raise the temperature of one pound of water from 59.F. to 60.F. at a constant pressure of 14.73 p.s.i.a.

"Commercial Operations Date" shall mean the day (as to which there is agreement between Shipper and Florida Power Corporation) on which the Power Generation Facility achieves "Commercial In-Service Status" (as defined in the Power Purchase Agreement), notice of which shall be given promptly by Shipper to Transporter.

"Cubic Foot of Gas" shall mean, for measurement purposes, the amount of Gas which occupies one cubic foot of space when the Gas is at a pressure of 14.73 p.s.i.a. and a temperature of 60.F.

"Day" shall mean a period of twenty-four (24) consecutive hours beginning and ending at 8:00 a.m. Eastern Standard Time.

"Delivery Point" shall mean the point at which the pipes or apparatus associated with the Pipeline Facilities are connected at the fitting on the outlet side of the PGS measuring facilities to be installed at the Lake Blue Gate Station, as more particularly described in Exhibit A hereto.

"F." shall mean degree(s) Fahrenheit.

"FERC" shall mean the Federal Energy Regulatory Commission or any successor agency or any other federal agency having like jurisdiction.

"FGT" shall mean Florida Gas Transmission Company, a Delaware corporation, and its successors and assigns.

"Financier" shall mean any person or entity lending money to Shipper for the construction, operation, maintenance, repair, or alteration of the Power Generation Facility, any person or entity providing funds for the refinancing or the taking-out of such loans, and the nominees or designees of any such persons or entities.

"Force Majeure" shall have the meaning set forth in Article 8.2.

"FPSC" shall mean the Florida Public Service Commission or any successor agency or any other governmental agency having like state jurisdiction.

"Gas" shall mean natural and/or residue gas in any mixture of hydrocarbons or of hydrocarbons and noncombustible gases, in a gaseous state, consisting essentially of methane and meeting the quality specifications which FGT requires with regard to deliveries into its system.

"Gate Station Facilities" shall mean any facilities, including the Lake Blue Gate Station, constructed and/or operated by PGS for the purpose of receiving Gas from an interstate or intrastate pipeline.

"Lake Blue Gate Station" shall mean the FGT gate station located near Auburndale, Florida, to be constructed by FGT.

"Letter of Credit" shall have the meaning set forth in Article 6.5.

"Mcf" shall mean 1,000 Cubic Feet of Gas.

"MMBtu" shall mean 1,000,000 Btu's or ten (10) Therms.

"Month" shall mean a calendar month.

"Party" or "Parties" shall mean Transporter and Shipper, as the case may be, and their successors and assigns.

"PGS" shall mean Peoples Gas System, Inc., a Florida corporation, and its successors and assigns.

"Pipeline Facilities" shall mean the pipes, fittings, regulators, cocks, valves, vents, circulating pipes, connectors, appliances and apparatus of every kind and nature installed by Transporter to transport Gas from the Delivery Point to the Redelivery Point, including all additions, replacements, improvements, substitutions, and increments thereto, and all related personal property, and all real property interests necessary for

the operation, maintenance and modification of such facilities, as more particularly described in Exhibit A hereto.

"Power Generation Facility" shall mean Shipper's Gas-fired electric generation facility with a planned net electrical generating capacity of approximately 200,000 kilowatts, including the boilers, turbines, generators and all appurtenant structures, equipment and real property interests owned or leased by Shipper, to be located on Chambers Road, Auburndale, Polk County, Florida.

"Power Purchase Agreement" shall mean that certain Negotiated Contract For The Purchase Of Firm Capacity And Energy From A Qualifying Facility entered into on March 18, 1991 by and between El Dorado Energy Company (as assigned to Shipper on March 9, 1993) and Florida Power Corporation, as amended or modified from time to time.

"p.s.i.a." shall mean pounds per square inch absolute.

"p.s.i.g." shall mean pounds per square inch gauge.

"QF" shall mean a qualifying cogeneration facility meeting the criteria for such qualification as set forth in 18 C.F.R. Part 292 (1992) promulgated by the FERC under the Public Utility Regulatory Policies Act of 1978, as the same may be amended or superseded from time to time.

"Redelivery Point" shall mean the point at which the pipes or apparatus associated with the Pipeline Facilities are connected at the fitting on the inlet side of PGS's meter to be installed at the site of the Power Generation Facility as more particularly described in Exhibit A hereto.

"Renewal Term" shall have the meaning set forth in Article 2.2.

"Tariff" shall mean Transporter's Natural Gas Tariff currently filed with the FPSC, as such tariff may be amended with approval of the FPSC from time to time.

"Therm" shall mean a unit of heat equal to 100,000 Btu's.

ARTICLE 2

TERM

2.1 Base Term. Subject to all other provisions, conditions, and limitations hereof, this Agreement shall be effective on the date first set forth above, and shall continue in full force and effect for a period of twenty (20) Annual Periods from the Commercial Operations Date (the "Base Term").

2.2 Renewal Term. This Agreement shall be renewed automatically from Annual Period to Annual Period commencing with the expiration of the Base Term (each such Annual Period constituting a "Renewal Term") unless either Party, at least eighteen (18) Months prior to the expiration of the Base Term or any Renewal Term, gives notice to the other Party of its intention to terminate this Agreement at the expiration of such Base Term or Renewal Term.

2.3 Early Termination. Notwithstanding the foregoing:

A. Should the FPSC fail to approve this Agreement on terms acceptable to both Parties, either Party shall have the right, within fifteen (15) days of the issuance of any such FPSC order, to terminate this Agreement upon thirty (30) days' prior

notice to the other Party. Any such FPSC approval shall be deemed to be acceptable if it does not materially alter the terms and conditions of this Agreement.

B. Shipper shall have the right to terminate this Agreement upon thirty (30) days' prior notice to Transporter, upon the occurrence of any of the following events: (i) Shipper fails to obtain construction and/or permanent financing for the Power Generation Facility on terms acceptable to Shipper; (ii) the Power Purchase Agreement is terminated; (iii) any of Shipper's agreements with FGT and/or PGS for services relating to the Power Generation Facility are terminated which results in the loss of Gas service to the Power Generation Facility; (iv) Transporter fails to obtain from the FPSC, within six (6) months from the date of execution of this Agreement by both Parties, an order approving amendment(s) to Transporter's existing territorial agreement with PGS pursuant to Article 3.6; (v) FERC denies or revokes certification of the Power Generation Facility as a QF; or (vi) Shipper permanently discontinues the development and/or operation of the Power Generation Facility.

C. Termination of this Agreement for any reason, including those set forth in this Article 2.3, shall not relieve Shipper of its payment obligations under Article 6.4 of this Agreement.

ARTICLE 3

PIPELINE FACILITIES

3.1 Construction. In order to provide service under this Agreement it will be necessary for Transporter to construct the Pipeline Facilities. The Pipeline Facilities shall be dedicated for the sole purpose of providing service under this Agreement to the Power Generation Facility. Subject to receipt by Transporter of FPSC approval of this Agreement, all necessary permits, rights-of-way and any other required authorizations, Transporter shall construct such Pipeline Facilities as are required to provide service under this Agreement. Transporter shall commence such construction in a diligent and workmanlike manner with the intent of completing the construction by December 15, 1993, and Transporter shall notify Shipper upon completion of the Pipeline Facilities. If, however, after proceeding with due diligence, Transporter is unable to complete construction of the Pipeline Facilities by December 15, 1993, Transporter shall continue to proceed with due diligence to complete construction of such Pipeline Facilities at the earliest practicable date thereafter. Transporter shall not be liable, nor shall this Agreement be subject to cancellation if, despite its exercise of due diligence, Transporter is unable to complete the construction of the Pipeline Facilities by December 15, 1993.

3.2 Capacity. The Pipeline Facilities shall be designed, constructed, operated and maintained so as not to exceed a maximum allowable operating pressure ("MAOP") of 721 p.s.i.g., and shall have the capability of transporting 45.6 MMBtu per Day.

3.3 Ownership. The Pipeline Facilities shall be designed, constructed, owned, operated and maintained by Transporter, and shall remain the property of Transporter upon termination or expiration of this Agreement.

3.4 PGS Meter at Lake Blue Gate Station. In the event that: (1) the ownership of the Lake Blue Gate Station is transferred to either Transporter or Shipper, or (2) the PGS meter at the Lake Blue Gate Station is removed, Transporter will, at Shipper's option, either accept deliveries of Gas by Shipper in lieu of PGS pursuant to Article 4 of this Agreement, or accept deliveries of Gas directly from FGT on behalf of Shipper; provided, however that, if Shipper becomes the owner of the Lake Blue Gate Station and such gate station is no longer used to deliver gas for use at the Power Generation Facility, Transporter shall have the option of purchasing the Lake Blue Gate Station from Shipper at the depreciated book value of such facilities; provided, further that, if Transporter becomes the owner of the Lake Blue Gate Station and this Agreement is otherwise in full force and effect, the Fixed Quarterly Charge in Section 6.1 of this Agreement shall be increased to reflect the additional costs of ownership and maintenance of such gate station to provide service under this Agreement.

3.5 Compliance With Applicable Law. Transporter shall operate and maintain the Pipeline Facilities in accordance with applicable federal, state and local laws, ordinances and regulations, including, without limitation, any environmental laws, rules, ordinances or regulations.

3.6 Territorial Agreement. Transporter shall use its best efforts to enter into good faith negotiations with PGS, within fifteen (15) days after execution of this Agreement by both Parties, to amend Transporter's existing territorial agreement with PGS to permit PGS to own Gate Station Facilities and provide transportation service in Transporter's franchised service territory only with respect to Gas transported to the Power Generation Facility under this Agreement. In the event that Transporter and PGS reach agreement on such an amendment, Transporter shall use its best efforts to file jointly with PGS, within fifteen (15) days after execution of such amendment, a formal petition with the FPSC requesting that the FPSC approve the amendment. Shipper shall intervene in support of such joint petition at the FPSC.

ARTICLE 4

TRANSPORTATION OF SHIPPER'S GAS

4.1 Shipper's Responsibility. Shipper shall make all necessary arrangements with other parties for transportation of Shipper's Gas prior to delivery by PGS to Transporter. Shipper shall cause PGS to deliver to Transporter the quantities of Gas to be transported by Transporter hereunder at the Delivery Point. Transporter shall have no responsibility for transportation of Shipper's Gas prior to receipt of such Gas from PGS at the Delivery Point.

4.2 Quantities of Gas. Transporter agrees to receive from PGS at the Delivery Point daily quantities of Gas, within the

MAOP specified in Section 3.2 of this Agreement, and to redeliver such quantities of Gas to Shipper at the Redelivery Point. Transporter shall be under no obligation and shall have no responsibility to redeliver quantities of Gas on any Day in excess of the quantities received from PGS at the Delivery Point on such Day. In the event of a dispute regarding the quantities of Gas received and/or redelivered under this Article 4.2, the Parties agree to use the meter installed by PGS at the Delivery Point and generally accepted natural gas utility practices to determine the quantities received and/or redelivered hereunder.

4.3 Interruption of Service. Transporter shall not be required to deliver Gas to the Redelivery Point to the extent that Transporter must curtail or interrupt service because of: (1) performance of required maintenance on the Pipeline Facilities; (2) occurrence of a Force Majeure event; (3) curtailment or interruption of deliveries by FGT at the Lake Blue Gate Station or by PGS at the Delivery Point; (4) an order of the FPSC directing curtailment of Shipper's service; or (5) Shipper's failure to pay the Fixed Quarterly Charge for a period of sixty (60) days after notice of such nonpayment. Transporter shall provide Shipper with notice of the need for curtailment or interruption of deliveries of Gas to the Power Generation Facility pursuant to this Article 4.3 as soon as practicable. Notwithstanding the provisions of this Article 4.3, Transporter shall use commercially reasonable efforts to schedule and perform all major maintenance of the Pipeline Facilities during periods when the Power Generation Facility is not in service.

Transporter hereby waives any right it may have to curtail or otherwise disrupt deliveries of Gas under this Agreement except as provided in this Article 4.3.

4.4 Delivery Pressure. Transporter shall use commercially reasonable efforts to deliver the Gas to the Redelivery Point at a pressure of no less than the pressure at which Gas is delivered to Transporter, as such pressure is measured by PGS at the Delivery Point, less any loss of pressure associated with friction. Transporter shall not be required to install any pipeline, compression or other facilities, other than the Pipeline Facilities contemplated by this Agreement, to guarantee any specific delivery pressure.

ARTICLE 5

TITLE, CONTROL AND INDEMNIFICATION

5.1 Good and Merchantable Title to Gas. Shipper warrants that it will have good and merchantable title to all Gas delivered to Transporter by PGS for Shipper's account at the Delivery Point.

A. Shipper will indemnify Transporter and save it harmless from all suits, actions, debts, accounts, damages, costs, including reasonable attorney's fees, losses, and expenses arising out of the adverse claim of any person or persons to said Gas, or title thereto, for any royalties, taxes, licenses, fees or charges which are applicable prior to the time of delivery of said Gas to Transporter or after redelivery by Transporter to Shipper.

B. Transporter will indemnify Shipper and save it harmless from all suits, actions, debts, accounts, damages, costs, including reasonable attorney's fees, losses, and expenses arising out of the adverse claim of any person or persons to said Gas, or title thereto, for any royalties, taxes, licenses, fees or charges which are applicable while said Gas is in Transporter's possession and control prior to the time of redelivery of said Gas to Shipper.

5.2 Control. Transporter shall be deemed to be in control and possession of the Gas to be transported by it upon delivery of such Gas at the Delivery Point and until it shall have been redelivered to Shipper at the Redelivery Point; and Shipper shall be deemed to be in control and possession of such Gas prior to such delivery to Transporter and after such redelivery to Shipper. Each Party, while deemed to be in control and possession of such Gas, shall be responsible for, and will indemnify and hold the other harmless from, any and all claims, actions, suits, including attorney's fees, arising out of or relating in any way to custody and control of such Gas.

ARTICLE 6

CONTRACT RATE

- 6.1 Fixed Quarterly Charge. Commencing on the earlier of:
- (a) the first day on which service is provided to the Power Generation Facility under this Agreement, or
 - (b) April 1, 1994, provided that the Pipeline Facilities are ready for service hereunder and Transporter has given Shipper written notice of such, whether or not service has commenced under this Agreement,

(such earlier date being the "Commencement Date") and on the first day of each calendar quarter thereafter during the Base Term, Shipper shall pay Transporter a fixed quarterly charge of thirty-two thousand eight hundred and fifty dollars (\$32,850.00) (the "Fixed Quarterly Charge"). In the event that service to the Power Generation Facility under this Agreement commences on a date other than the first day of a calendar quarter, the Fixed Quarterly Charge for that initial period shall be reduced proportionately. The Fixed Quarterly Charge is a negotiated rate under Transporter's Large Volume Contract Transportation Service (LVCTS) Rate Schedule, as contained in Transporter's Tariff, as such Rate Schedule may be amended from time to time, except that the Fixed Quarterly Charge includes only Transporter's charge for Gas transported and redelivered under this Agreement and does not include any charges for transportation service by FGT, PGS or any other transporter transporting Shipper's Gas prior to delivery to Transporter at the Delivery Point. The Fixed Quarterly Charge is

subject to the continuing jurisdiction of the FPSC to the extent such charge is determined in a base rate proceeding to be less than the fully allocated cost of service during the Base Term of this Agreement.

6.2 Renewal Term Charge. Unless either Party gives notice to the other Party of its intention to terminate this Agreement at the expiration of the Base Term pursuant to Article 2.2, at least sixty (60) days prior to the end of the Base Term Transporter and Shipper shall submit for FPSC approval a Renewal Term rate based on Transporter's fully allocated costs of operating and maintaining the Pipeline Facilities per Renewal Term (the "Renewal Term Charge"). The Renewal Term Charge is subject to the continuing jurisdiction of the FPSC to the extent such charge is determined in a base rate proceeding to be less than the fully allocated cost of service during any Renewal Term of this Agreement.

6.3 Taxes. If, during the term of this Agreement, the Federal Government, or any State, municipality or subdivision of such State, should increase any present tax or levy any additional tax relating to the service provided by Transporter under this Agreement, any such additional tax directly attributable to such service and actually paid by Transporter shall be added to the Fixed Quarterly Charge, and in such event Transporter shall provide to Shipper supporting documentation with any bill or statement.

6.4 Payment Upon Early Termination. The Fixed Quarterly Charge is based in part upon Transporter's incurring estimated construction and interest costs associated with the Pipeline Facilities of seven hundred nine thousand three hundred and twenty-five dollars (\$709,325.00) (the "Pipeline Construction Costs"). In the event that this Agreement is terminated for any reason after Transporter has incurred such costs and before Shipper has paid Transporter the total Pipeline Construction Costs, Shipper shall pay Transporter, within thirty (30) days after such termination becomes effective, a sum equal to the difference between the Pipeline Construction Costs and the aggregate amount in Fixed Quarterly Charges (less applicable taxes charged to Shipper pursuant to Article 6.3 hereof), which Shipper had paid to Transporter prior to that date for service under this Agreement. In the event that this Agreement is terminated pursuant to Article 2.3 before Transporter has completed construction of the Pipeline Facilities, and Transporter has not incurred all such Pipeline Construction Costs, Shipper shall pay Transporter, within thirty (30) days after such termination becomes effective and upon receiving reasonably satisfactory evidence of Transporter's incurrence of the construction and interest costs associated with the Pipeline Facilities, a sum equal to the amount of such costs incurred by Transporter up until the date of Transporter's receipt of Shipper's termination notice pursuant to Article 2.3B, and upon receipt of such amount Transporter shall return the Letter of

Credit to the bank issuing such Letter of Credit for cancellation.

6.5 Irrevocable Letter of Credit.

A. To provide assurance of payment of the Fixed Quarterly Charges and any termination payment which may be required under Article 6.4 hereof, Shipper shall provide to Transporter, upon execution of this Agreement by both Parties, and thereafter shall cause to be maintained in effect, an Irrevocable Letter of Credit in an initial aggregate face amount of Seven Hundred Nine Thousand Three Hundred Twenty-five dollars (\$709,325.00) (the "Letter of Credit"). The Letter of Credit shall be in favor of Transporter as beneficiary, shall be substantially in the form and substance as Exhibit B hereto, shall be issued and confirmed, if applicable, by financial institutions satisfactory to Transporter in its reasonable discretion, shall be dated no later than the date of delivery and shall: (i) expire no later than seventy (70) months after the Commencement Date, or (ii) if scheduled to expire earlier than such date, be replaced before such expiration by a substitute Letter of Credit satisfying the terms of this Agreement. Shipper shall give Transporter prior notice of its intent to replace the Letter of Credit with a substitute Letter of Credit. Transporter shall be obligated to immediately notify the bank issuing any Letter of Credit being replaced hereunder of Transporter's receipt of a substitute Letter of Credit and, upon such receipt, shall return the replaced Letter of Credit to the bank issuing such Letter of Credit for cancellation. The effectiveness of any

substitute Letter of Credit may be conditioned on Transporter's release of the Letter of Credit being replaced hereunder.

B. Should Shipper not provide a letter of credit acceptable to Transporter within ten (10) business days of the notice to commence construction of the Pipeline Facilities under Section 3.1 hereof, either Party may terminate this Agreement with no further obligation to the other Party. In the event the bank issuing the then-current Letter of Credit should file for bankruptcy or become insolvent, Transporter may, at its sole discretion, suspend deliveries of Gas under this Agreement, upon thirty (30) days written notice to Shipper, until a new letter of credit is provided. All other provisions of this Agreement shall survive any suspension of deliveries by Transporter.

C. Transporter hereby agrees that Bank of America and any bank or lending institution deemed to be investment grade by Standard and Poor's Corporation or Moody's Investors Services, Inc. is an acceptable issuing financial institution for any Letter of Credit hereunder, and that no confirming bank shall be required for the negotiation of the Letter of Credit.

D. If there shall be insufficient payment to Transporter of the amounts and obligations allocated to Shipper under Section 6.1 or Section 6.4 hereof, when any such amounts or obligations are due and payable, Transporter may draw under the Letter of Credit for payment of such amounts.

E. The face amount of the Letter of Credit shall automatically reduce (i) upon receipt by the bank issuing the Letter of Credit of written notice from Shipper of payment of any

Fixed Quarterly Charge made pursuant to Section 6.1 hereof (exclusive of any applicable taxes assessed pursuant to Section 6.3 hereof), in an amount equal to the amount of such payment, and (ii) on the date any demand for payment thereunder is honored, in an amount equal to the amount of such draw. Shipper shall be under no obligation to reinstate any face amount of the Letter of Credit upon or after any reductions in such stated amount.

6.6 FERC Order No. 636 Transition Costs. Shipper shall not be liable under this Agreement for any costs directly or indirectly associated with FGT's compliance with FERC Order No. 636 (57 Fed. Reg. 13,267 (April 16, 1992), III FERC Stats. and Regs. ¶ 30,939 (1992)), which are incurred by or allocated to Transporter under Transporter's service agreements with FGT, and Transporter shall take no affirmative action seeking to impose upon Shipper under this Agreement any Order No. 636 - related charges which are incurred by or allocated to Transporter under its service agreements with FGT.

ARTICLE 7

TARIFF APPLICABILITY

Sections 8.4, 14, and 16 of the General Terms and Regulations of Transporter's Tariff, including any amendments thereto which become effective during the term of this Agreement, are hereby incorporated into this Agreement and made a part hereof for all purposes. Any and all other provisions of the General Terms and Conditions of such Tariff are specifically

waived by the Parties. In the event of any conflict between said provisions of said General Rules and Regulations and specific provisions of this Agreement, the latter shall prevail.

ARTICLE 8

FORCE MAJEURE

8.1 Suspension of Performance. In the event of either Party, Transporter or Shipper, being rendered unable wholly or in part by Force Majeure to carry out its obligations under this Agreement, other than to make payments due hereunder, it is agreed that on such Party giving notice and full particulars of such Force Majeure to the other Party as soon as possible after the occurrence of the cause relied on, then the obligations of the Party giving such notice, so far as they are affected by such Force Majeure, shall be suspended during the continuance of any inability so caused but for no longer period, and such cause shall as far as possible be remedied with all reasonable dispatch.

8.2 Definition. The term "Force Majeure", as employed herein, shall mean acts of God, strikes, lockouts, or other industrial disturbances, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of government and people, civil disturbances, explosions, breakage or freezing of or accidents to the Pipeline Facilities, and any other cause, whether of the kind herein enumerated or otherwise, not within the control of the Party

claiming suspension and which by the exercise of due diligence such Party is unable to prevent or overcome; such term shall likewise include: (a) in those instances where either Party is required to obtain servitudes, rights of way grants, permits, or licenses to enable such Party to fulfill its obligations hereunder, the inability of such Party to acquire, or the delays on the part of such Party in acquiring, at reasonable cost and after the exercise of due diligence, such servitudes, rights of way grants, permits, or licenses; and (b) in those instances where either Party is required to furnish materials and supplies for the purpose of constructing or maintaining facilities or is required to secure grants or permissions from any governmental agency to enable such Party to acquire, or the delays on the part of such Party in acquiring, at reasonable cost and after the exercise of due diligence, such materials and supplies, permits and permissions.

8.3 Settlement of Strikes. It is understood and agreed that the settlement of strikes or lockouts shall be entirely within the discretion of the Party having the difficulty, and that the above requirement that any Force Majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts when such course is inadvisable in the discretion of the Party having the difficulty.

ARTICLE 9

DISPUTE RESOLUTION

9.1 Purpose and Scope.

A. The Parties agree that any dispute arising under this Agreement which is not subject to the exclusive jurisdiction of the FPSC shall be resolved solely by application of the procedures set forth in this Article 9. The procedures set forth herein may be modified by agreement of the Parties with respect to any particular dispute which is subject to these procedures.

B. Each Party shall continue to perform its obligations under this Agreement pending final resolution of any dispute which is subject to these procedures. All applicable statutes of limitation and defenses based upon the passage of time shall be tolled while the procedures specified in this Article 9 are pending. The Parties shall take such action, if any, as may be required to effectuate such tolling.

9.2 Commencement of Dispute Resolution Proceeding. A dispute subject to the procedures provided herein shall be resolved in a dispute resolution proceeding ("DRP"). A DRP shall be commenced by either Party giving written notice to the other of the matter in dispute.

9.3 Negotiations. Within ten (10) days after delivery of such notice, authorized officers of the Parties shall meet at a mutually acceptable time and place in or near Winter Haven, Florida to exchange relevant information and to attempt to resolve the dispute through good faith negotiations. Requests for information shall be reasonable; responses shall be prompt

and complete. If the matter is not resolved within thirty (30) days after delivery of the notice to commence, the DRP shall proceed to mediation.

9.4 Mediation.

A. Within forty (40) days after delivery of the notice to commence the DRP, the Parties shall attempt to agree on the selection of a mediator with professional experience in natural gas and electric generation issues (the "Mediator"), or, failing such agreement, the Parties shall select a Mediator from the Center for Public Resources' Panel of Neutrals or other agreed upon registry of persons skilled in dispute resolution. The Parties shall bear equally the costs of the Mediator.

B. Within twenty (20) days after selection of the Mediator, the Parties shall meet at a mutually acceptable time and place to present their positions to the Mediator. At least five (5) days prior to such meeting, each Party shall submit to the Mediator and to the other Party a statement of position on the issues remaining in dispute and a summary of the evidence and arguments supporting its position.

C. The Mediator shall prescribe the order of, and appropriate time limits for, the Parties' presentations at the meeting. The Mediator may request the Parties to provide additional information or arguments in support of their positions at or following the meeting. The Mediator, with the agreement of the Parties, may schedule additional mediation meetings.

D. The Mediator shall not have any ex parte communication with either of the Parties.

9.5 Mediator's Recommended Decision.

A. If the Parties fail to resolve all disputed issues through the mediation process described above, the Mediator shall submit to them, within thirty (30) days after the final mediation meeting, a draft recommended decision. The Parties may submit to the Mediator their comments on the draft recommended decision within fifteen (15) days after its issuance, and each Party shall submit a copy of such comments to the other Party. The Mediator shall submit to the Parties a final decision on all remaining issues within fifteen (15) days after receipt of any comments by the Parties.

B. The Parties agree to be bound by the Mediator's final decision, except that either Party may, within fifteen (15) days after the issuance of the Mediator's final decision, file a petition with the FPSC seeking review of the decision solely on the grounds that such decision: (i) was procured by corruption, fraud or undue means; (ii) was the result of evident partiality or misconduct by the Mediator; or (iii) would, if given effect, be unlawful under the laws of the State of Florida. If the FPSC makes any such finding, the Mediator's decision shall be given no effect, and the FPSC shall issue its own decision on the issues remaining in dispute.

9.6. Confidentiality. All communications by the Parties or their representatives with respect to a dispute which is the subject of a DRP shall be privileged and confidential and shall not be disclosed or admissible in evidence, unless: (i) they bear directly on allegations that the Mediator's decision should

be rejected for reasons of fraud, corruption, misconduct or evident partiality; or (ii) the FPSC or a court of competent jurisdiction determines that such disclosure is necessary.

ARTICLE 10

MISCELLANEOUS

10.1 Notice and Service. All notices, consents or approvals required or permitted to be given hereunder shall be in writing and shall be deemed given to a Party at its address set forth below, or to such other address as any Party may designate from time to time by notice to the other Party given in accordance herewith: (i) upon delivery in person; (ii) on the third (3rd) business day after mailing by registered or certified mail, postage prepaid; (iii) on the next business day after timely delivery to an overnight common carrier service, service fee payable by the sending Party, for next-day delivery; or (iv) on the date of facsimile transmission by telephone line provided such transmission is followed by delivery of a copy of such notice within twenty-four (24) hours pursuant to clauses (i) or (iii):

Shipper: ✓ Auburndale Power Partners,
Limited Partnership
12500 Fair Lakes Circle
Suite 420
Fairfax, Virginia 22033-3808
Attention: Executive Director

Transporter: Central Florida Gas Company
Post Office Box 960
Winter Haven, Florida 33882
Attention: Division Manager

or such other address as such Party may hereafter specify for the purposes by notice to the other Party.

10.2 Captions. The captions in this Agreement are for the convenience of the Parties in identification of the provisions hereof and are not intended to be inclusive, definitive or to affect the meaning, content or scope of this Agreement.

10.3 Assignment. This Agreement shall be binding upon and inure to the benefit of the respective successors and permitted assigns of the Parties. The respective rights and obligations of either Party hereto shall not be assignable without the consent of the other Party, and such consent shall not be unreasonably withheld. Notwithstanding the foregoing, Shipper is expressly permitted to assign this Agreement to any Financier, any Affiliate of Shipper, to any limited or general partnership in which Shipper is a partner, and to a person to which the Power Purchase Agreement is assigned in compliance with the provisions of the Power Purchase Agreement.

10.4 Cooperation with Financier.

A. Transporter agrees that in connection with the collateral assignment by Shipper to Financier, it will execute an appropriate consent to such assignment as reasonably requested by such Financier acknowledging, in effect, that this Agreement has been duly authorized and is valid and enforceable against Transporter and does not conflict with any law binding upon Transporter or its articles of incorporation or by-laws, that this Agreement is in full force and effect, that Transporter will not agree to any amendment to this Agreement without Financier's

approval in writing, that it will deliver to Financier a copy of each notice of default and will give Financier a reasonable opportunity (in any event not less than thirty (30) days) to cure, that it will not terminate this Agreement without giving Financier prior notice, and that in the event Financier succeeds to the interest of Shipper under this Agreement by reason of the exercise of its rights under its loan documentation with Shipper, Transporter will accept performance by Financier or its successors or assigns notwithstanding any restriction under or in accordance with this Agreement. Transporter also agrees, upon request of Shipper, to furnish to Financier a reasonable opinion of counsel to Transporter with respect to the enforceability of the Agreement against Transporter.

B. The Parties recognize that this Agreement is subject to approval by Financier and if any such Financier requires any reasonable modifications to the provisions of this Agreement, Shipper shall request that Transporter consent to such modifications. Transporter may withhold its consent if the requested modification is: (i) made after Shipper and Financier have entered into a credit facility and the Financier has authorized the release of funds under such credit facility; (ii) inconsistent with the regulatory requirements of the FPSC or any other body having jurisdiction over the Parties; or (iii) will have a material adverse effect on Transporter.

10.5 Consents and Approvals. Consents and approvals contemplated by this Agreement shall not be unreasonably delayed or withheld.

10.6 Governing Law. The interpretation and performance of this Agreement shall be in accordance with the laws of the State of Florida.

10.7 Applicable Law.

A. This Agreement shall be subject to all of the rules, regulations, and orders of any duly constituted federal or state regulatory authorities having jurisdiction hereof. The Parties shall comply at all times with all applicable federal, state, municipal, and other laws, ordinances and regulations. Transporter and/or Shipper will furnish any information or execute any documents required by any duly constituted federal or state regulatory authority in connection with the performance of this Agreement.

B. In the event this Agreement or any provisions herein shall be found contrary to or in conflict with any such law, order, directive, rule or regulation, the latter shall be deemed to control, but nothing in this Agreement shall prevent either Party from contesting the validity of any such law, order, directive, rule or regulation, nor shall anything in this Agreement be construed to require either Party to waive its respective rights to assert the lack of jurisdiction of any governmental agency other than the FPSC over this Agreement or any Party thereof. In the event of such contestation, and unless otherwise prohibited from doing so, Transporter shall continue to transport and Shipper shall continue to take Gas pursuant to the terms of this Agreement. In the event any law, order, directive, rule, or regulation shall prevent either Party from performing

hereunder, then neither Party shall have any obligation to the other during the period that performance is precluded.

10.8 Filing With FPSC. Not later than five (5) days after execution of this Agreement by both Parties, Transporter shall file this Agreement with the FPSC for approval. Shipper agrees to intervene and support Transporter's request for such approval.

10.9 Entire Agreement. This Agreement supersedes any and all oral or written agreements and understandings heretofore made relating to the subject matters herein and constitutes the entire agreement and understanding of the Parties relating to the subject matters herein.

10.10 Severability. If any provision of this Agreement becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement shall continue in full force and effect without said provision; provided, however, that if such severability materially changes the economic benefits of this Agreement to either Party, the Parties shall negotiate an equitable adjustment in the provisions of this Agreement in good faith.

10.11 Survival of Obligations. Shipper's obligation with respect to payments and the Letter of Credit required under Article 6 of this Agreement, and Shipper's and Transporter's obligations with respect to indemnification under this Agreement shall survive termination or expiration of this Agreement. Shipper's obligation with respect to the Letter of Credit required under Article 6 of this Agreement shall survive assignment of this Agreement until a replacement letter of credit

on similar terms and conditions as the Letter of Credit is put in place by Shipper's assignee.

10.12 Legal Fees. In the event of litigation between the Parties arising out of or in connection with this Agreement, then the reasonable attorneys' fees and costs of the Party prevailing in such litigation shall be paid by the other Party.

10.13 Amendments. No amendment or modification of the terms of this Agreement shall be binding on Transporter or Shipper unless reduced in writing and signed by both Parties.

10.14 Counterparts. This Agreement may be executed in any number of counterparts, and each executed counterpart shall have the same force and effect as an original instrument.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be signed by their respective officers thereunto duly authorized as of the date first stated above.

WITNESS:

Cynthia Mordue
Name:

SHIPPER:

AUBURNDALE POWER PARTNERS,
LIMITED PARTNERSHIP

By:

Don Fields
Executive Director

WITNESS:

Peggy Minton
Name: Peggy Minton

TRANSPORTER:

Central Florida Gas Company
Division of CHESAPEAKE UTILITIES
CORPORATION

By:

Ralph J. Adkins
Name: Ralph J. Adkins

Title: President and CEO

EXHIBIT A

DESCRIPTION OF PIPELINE FACILITIES

The Pipeline Facilities shall consist of the following:

- A. An interconnecting pipe having a minimum diameter of ten (10) inches connecting the Delivery Point to the Redelivery Point, including: (i) approximately twelve thousand one-hundred (12,100) feet of ten (10) inch coated steel pipe along the West and South sides of Recker Highway (SR 655) from the FGT/PGS Lake Blue Gate Station south of SR 542 to Chambers Road; (ii) approximately eight hundred (800) feet of ten (10) inch coated steel pipe along the East side of Chambers Road and onto the site of the Power Generation Facility; (iii) one (1) ten (10) inch block valve at the FGT/PGS Lake Blue Gate Station; and (iv) one (1) ten (10) inch block valve and one (1) four (4) inch blow-down valve at the site of the Power Generation Facility;
- B. An odorizing system for odorizing Shipper's Gas, consisting of one (1) odorant injector assembly with above-ground bulk odorant storage facilities (not to exceed one thousand (1,000) gallons capacity) to be installed at the FGT/PGS Lake Blue Gate Station; and
- C. Any and all real and personal property associated with paragraphs A and B immediately above.

A map illustrating the general design and location of the Pipeline Facilities is attached hereto.

MAP OF PIPELINE FACILITIES

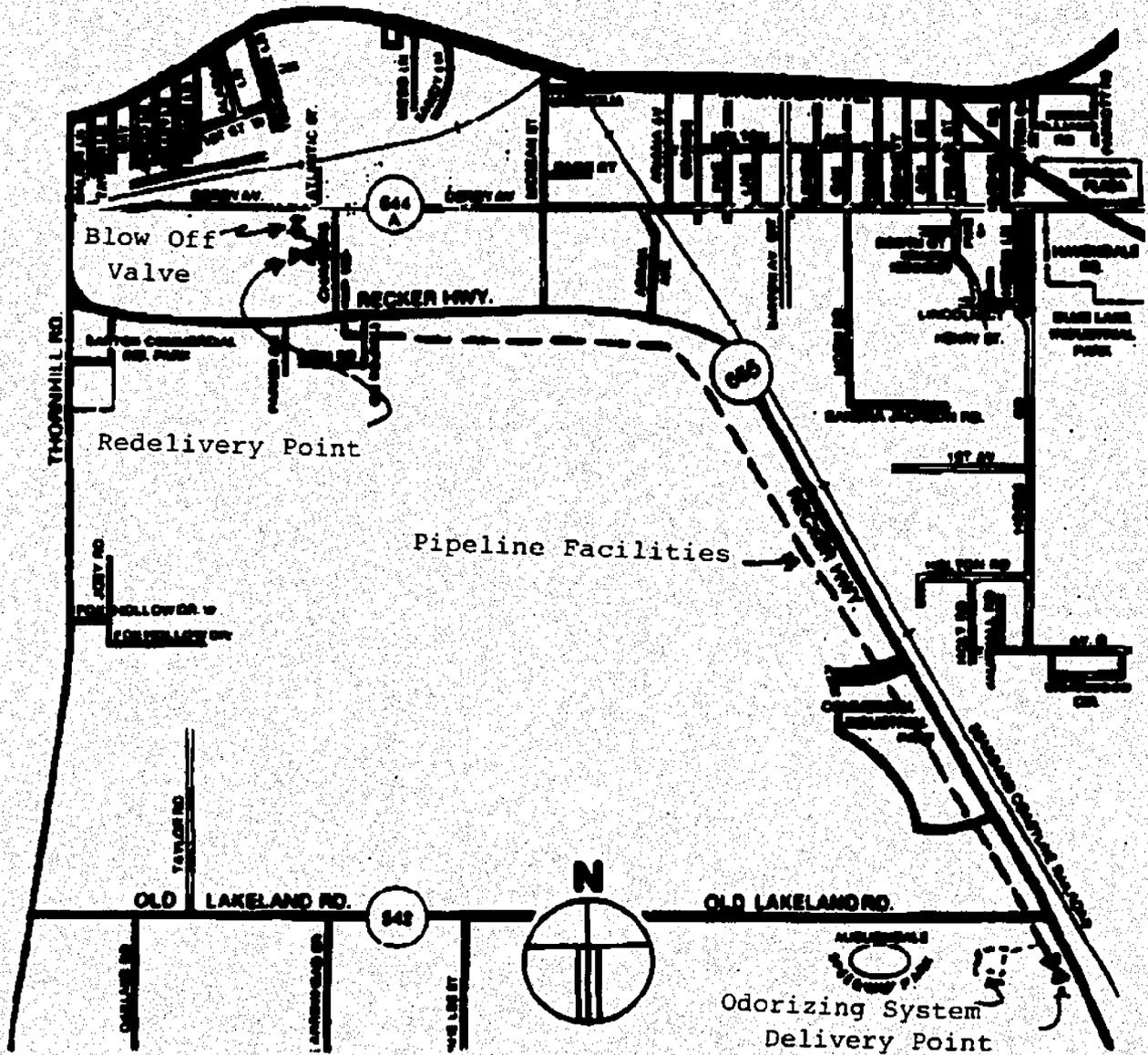


EXHIBIT B

FORM OF LETTER OF CREDIT

[LETTERHEAD OF ISSUING BANK]

[DATE]

IRREVOCABLE LETTER OF CREDIT
NO. _____

BENEFICIARY:

The Central Florida Gas Company Division
of Chesapeake Utilities Company
[Address]

APPLICANT:

Auburndale Power Partners, Limited Partnership
[Address]

Dear Beneficiary:

At the request of, and for the account of Auburndale Power Partners, Limited Partnership, a Delaware limited partnership, we hereby establish in your favor our Irrevocable Letter of Credit No. _____ ("Letter of Credit") whereby, subject to the terms and conditions contained herein, you hereby are irrevocably authorized to draw on us by your draft or drafts at sight, an aggregate amount not to exceed Seven Hundred Nine Thousand Three Hundred Twenty-five Dollars (\$709,325.00) (the "Stated Amount"), effective immediately and expiring on the Expiration Date (as hereinafter defined). This Letter of Credit is established pursuant to that certain Gas Transportation Agreement, dated as of July __, 1993, ("the Gas Transportation Agreement") between you and APP.

Funds under this Letter of Credit shall be available to you upon presentation to us of (i) a Sight Draft drawn on us in the form of Exhibit A hereto in the amount of such demand (which shall not exceed the Stated Amount) and (ii) a Drawing Certificate in the form of Exhibit B hereto executed by your authorized representative.

Presentation of any such Sight Draft and Drawing Certificate shall be made at our office located at _____, Attention: _____. We hereby agree that any Sight Draft drawn under and in compliance with the terms of this Letter of Credit shall be duly honored by us upon delivery of the above-specified Drawing Certificate, if presented on or before the Expiration Date at the office specified above. If a drawing is made by you hereunder at or prior to 3:00 p.m., Eastern Standard Time, on a Business Day, and provided that such drawing and the documents presented in connection therewith conform to the terms

and conditions hereof, payment shall be made to you of the amount specified, in immediately available funds, on the immediately following Business Day by a transfer to your account number _____ maintained at _____ or at such other account at such other financial institution of which you notify us in writing. As used herein, "Business Day" shall mean any day other than a Saturday, Sunday or day on which banking institutions in the States of _____ or _____ are authorized or required by law to close.

This Letter of Credit shall expire and shall be delivered to us for cancellation on the Expiration Date which shall be the earliest to occur of:

- (a) _____;
- (b) the date you or your account have been paid the full Stated Amount; or
- (c) the date on which we have received your certificate to the effect that you have received a substitute Letter of Credit complying with the requirements of the Gas Transportation Agreement.

The Stated Amount of this Letter of Credit shall automatically reduce (i) upon receipt by us of written notice from the Applicant of payment of any Fixed Quarterly Charge made pursuant to Section 6.1 of the Gas Transportation Agreement (exclusive of any applicable taxes assessed pursuant to Section 6.3 of said Agreement), in an amount equal to such payment and (ii) on the date any demand for payment hereunder is honored, in an amount equal to the amount of such payment. The Stated Amount of this Letter of Credit, once reduced, shall not be reinstated.

This Letter of Credit shall be interpreted in accordance with the Uniform Customs and Practice for Documentary Credits, 1983 Revision, International Chamber of Commerce Publication No. 400, and any successor thereto. This Letter of Credit shall be supplemented by the laws of the State of California, including (except as otherwise provided herein) the Uniform Commercial Code as in effect in such State (to the extent that such laws are consistent with this Letter of Credit). Communications with respect to this Letter of Credit shall be in writing and shall be addressed to [Issuing Bank] Attention: _____, specifically referring therein to _____, Irrevocable Letter of Credit No. _____.

Only you or your permitted assigns under the Gas Transportation Agreement may draw upon this Letter of Credit. Upon the payment to you or your account of the full aggregate Stated Amount specified herein, we shall be fully discharged of our obligations under this Letter of Credit.

The Letter of Credit sets forth in full the terms of our undertaking. Reference in this Letter of Credit to other documents or instruments is for identification purposes only and such reference shall not modify or affect the terms hereof or cause such documents or instruments to be deemed incorporated herein.

Very truly yours,

[ISSUING BANK]

By: _____
Authorized Signature

SIGHT DRAFT

[Date]

TO: [ISSUING BANK]

Attention:
Reference No.:

Re: [Issuing Bank], Irrevocable Letter of Credit No. _____.

On Sight

Pay to The Central Florida Gas Company Division of
Chesapeake Utilities Corporation in immediately available funds
_____ U.S. Dollars (U.S. \$ _____) on the following
business day, if this Sight Draft is presented prior to 3:00
p.m., _____ time on the immediately preceding business
day, pursuant to Irrevocable Letter of Credit No. _____ of
_____, by transfer to account number at your
office located at _____.

THE CENTRAL FLORIDA GAS COMPANY
DIVISION OF CHESAPEAKE UTILITIES
CORPORATION

By: _____
Name:
Title:

DRAWING CERTIFICATE

TO: [Issuing Bank]

Attention:

1. This is a Drawing Certificate under Irrevocable Letter of Credit No. _____ (the "Letter of Credit").

2. I, _____, an authorized representative of THE CENTRAL FLORIDA GAS COMPANY DIVISION OF CHESAPEAKE UTILITIES CORPORATION (the "Company"), do hereby certify to _____, that:

3. In accordance with the terms and conditions of (i) that certain Gas Transportation Agreement dated as of July __, 1993 between the Company and Auburndale Power Partners, Limited Partnership ("APP") (the "Gas Transportation Agreement"), the Company hereby demands payment in the amount of _____ Dollars (\$_____).

[INSERT APPROPRIATE ALTERNATIVE PARAGRAPH 4]

[4. The amount demanded hereby represents an amount of Fixed Quarterly Charge (as defined in the Gas Transportation Agreement) that is now due and payable under Section 6.1 of the Gas Transportation Agreement. All cure periods applicable to the non-payment by APP of such Fixed Quarterly Charge have expired.]

[4. The amount demanded hereby represents an amount that is now due and payable under Section 6.4 of the Gas Transportation Agreement. Such amount does not exceed the original stated Amount of the Letter of Credit less the aggregate of all prior payments of Fixed Quarterly Charges (net of any applicable taxes) under (and as defined in) the Gas Transportation Agreement, whether such amounts have been paid directly by APP or pursuant to previous draws under the Letter of Credit. All cure periods applicable to the non-payment by APP of the amount demanded hereby have expired.]

5. This drawing is made pursuant to Irrevocable Letter of Credit No. _____ issued by _____ to the Company.

IN WITNESS WHEREOF, The Central Florida Gas Company
Division of Chesapeake Utilities Corporation has executed and
delivered this Drawing Certificate this _____ day of
_____, 1993.

THE CENTRAL FLORIDA GAS COMPANY
DIVISION OF CHESAPEAKE UTILITIES
CORPORATION

By: _____
Name:
Title:

Attest:

EXHIBIT 2

ASSUMPTIONS MADE IN COST OF SERVICE
STUDY CALCULATED FOR AUBURNDALE POWER PARTNERS, L.P.
TRANSPORTATION AGREEMENT

Capital Cost (investment) associated with construction of 2.3 miles of 10 inch steel main is approximately \$603,460.00.

Accumulated Depreciation - Calculated by using 1/2 year convention method.

Rate of Return - 8.84% mid-point of rate of return allowed in last earnings proceeding (Docket No. 920729-GU).

O & M Expenses are explained in detail on Page 4 of 5 of the Cost of Service estimate. Current O & M cost estimates have been adjusted for the impact of inflation for the next five years.

Depreciation calculated normally.

Taxes Other Than Income - Explanation in Note 1 on page 3 of 5 of the cost of service estimate.

Interest assumes capitalization in last rate case.

INCREMENTAL COST OF SERVICE STUDY

July 15, 1993
Page 1 of 5

FLORIDA DIVISION - AUBURDALE POWER PARTNERS
TRANSPORTATION AGREEMENT
ESTIMATED RATE BASE AND RETURN

Description	Amount
Gross Plant: Dedicated Main to serve APP	\$603,460
A/D Provision: Dedicated Main to serve APP	(\$9,957)
Net Plant	\$593,503
Working Capital	\$0
Accumulated Deferred Income Taxes	\$0
Deferred Investment Tax Credit	\$0
Rate Base	\$593,503
Long Term Debt @ 0.00%	0
Common Equity @ 0.00%	0
Total Return @ 8.84%	\$52,466

July 15, 1993

Page 2 of 5

FLORIDA DIVISION - AUBURNDALE POWER PARTNERS
TRANSPORTATION AGREEMENT
ESTIMATED INCOME TAXES

Description	Total
1. Rate Base	\$593,503
2. Return On Rate Base (Line 1 x Rate of Return)	\$52,466
3. O&M Expenses	\$13,581
4. Depreciation	\$19,914
5. Taxes Other Than Income	\$11,563
6. Cost of Service Before Income Taxes	\$97,523
7. Interest on Debt	(\$22,957)
8. Adjusted Total Tax Base	\$74,566
9. State Tax @ 5.50%	\$4,101
10. Federal Tax Base	\$70,465
11. Federal Tax @ 34%	\$23,958
12. Combined State & Federal Income Taxes (Ln. 9 - Ln. 11)	\$28,059

FLORIDA DIVISION - AUBURNDALE POWER PARTNERS
TRANSPORTATION AGREEMENT
ESTIMATED CLASSIFICATION OF COST OF SERVICE

Description	Costs	
	Total	
Cost of Service		
Operation & Maintenance	\$	13,581
Depreciation		19,914
Taxes - Other Than Income 1/		11,563
Income Taxes		28,059
Return @ 8.84% 2/		52,466
Total Operating Costs	\$	125,583
Quarterly Fixed Charge Minimum		\$31,396

NOTES:

- 1/ Taxes Other Than Income - Approx. \$226,129 property taxes for 1992 divided by gross plant (13 month average) to arrive at cost per gross plant dollar of property taxes (\$0.0150) times projected gross plant of APP Contract. Plus revenue related taxes of 1.911% times first year estimated revenue (\$32,850/qtr x 4).
- 2/ 8.84% Return is authorized mid-point return from last earnings proceeding.

FLORIDA DIVISION - AUBURNDALE POWER PARTNERS
TRANSPORTATION AGREEMENT
ESTIMATED O&M EXPENSES

1. Cathodic Protection Testing - 4 hours/year @\$25.00/hour	\$100
2. Leak Testing - @\$1532.00/year	1,532
3. Pipeline Marker Replacements - @\$16.00/hour labor & markers @\$77.00	93
5. Maintenance on Equipment @8 hours/month @\$28.00/hr	2,695
6. Billing & Customer Accounting @2 hours/month \$32.00/hr	766
8. Percentage of time allocated from Management and Marketing personnel- @10 hrs/month @\$38.00/hr	4,595
9. Annual odorant costs	2,050
10. Miscellaneous	1,750

TOTAL ESTIMATED O & M EXPENSES	\$13,581
	=====

FLORIDA DIVISION - AUBURNDALE POWER PARTNERS
TRANSPORTATION AGREEMENT

CAPITALIZATION IN
DOCKET NO. 891179-GU COMMISSION VOTE

40.23%	Debt
59.77%	Common Equity, DIT, ITC, Customer Depts.
<hr/>	
100.00%	
<hr/>	
3.8042%	Weighted Average Cost of Service
\$603,460	Total Incremental Facilities Cost
\$22,957	INTEREST EXPENSE
=====	