

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by the Florida Division
of Chesapeake Utilities Corporation
for Approval Of Special Contract
with Suwannee American Limited
Partnership.

011620-64

PETITION FOR APPROVAL OF SPECIAL CONTRACT WITH
SUWANNEE AMERICAN LIMITED PARTNERSHIP.

The Florida Division of Chesapeake Utilities Corporation (the Company), by and through its undersigned counsel, and pursuant to Section 366.06, Florida Statutes, petitions the Commission for approval of a Special Contract with Suwannee American Limited Partnership (Suwannee American), and in support thereof states as follows.

1. The name and address of the petitioner is:

Chesapeake Utilities Corporation
Florida Division
P.O. Box 960
Winter Haven, FL 33882

2. The name, address, and telephone and fax numbers of the person authorized to receive notices and communications with respect to this petition is:

Wayne L. Schiefelbein
P.O. Box 15856
Tallahassee, FL 32317-5856
(850) 671-1111 (telephone)
(850) 671-1222 (fax)

Attorney for the Florida Division
of Chesapeake Utilities Corporation

DOCUMENT NUMBER - DATE

15133 DEC-4 20

FPSC-COMMISSION CLERK

3. The Company is a natural gas distribution utility 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 gas transportation service on terms agreeable to it and Suwannee American.
4. Suwannee American is currently constructing a cement plant that they will then own and operate near the city of Branford in Suwannee County, Florida. Natural gas will be used in the production process of cement products.
5. The Company is constructing an interconnect with Florida Gas Transmission (FGT) and connecting into Suwannee American's immediately adjacent facilities located on the cement plant site, for the purpose of receiving natural gas purchased by Suwannee American from various gas suppliers and delivered for its account at the Company's Suwannee Gate Station. The Company's facilities are expected to be in service in the third quarter of 2002. These facilities are designed to provide service to the cement plant and can be used to support the future growth of the surrounding area.
6. The Company and Suwannee American have entered into a Special Contract, subject to Commission approval. A copy of the agreement is appended hereto as Exhibit 1. The Florida Division would thereunder receive certain quantities of natural gas at its Suwannee Gate Station for Suwannee American's account, transport such quantities through its facilities, and redeliver same to Suwannee American's cement plant in accordance with the terms and conditions of the Agreement.
7. The Company's tariff provides for Special Contracts in its Service Options section (Original Sheet No. 36), as follows:

Any non-residential customer who, at the sole option of the Company, and with the approval of the Commission, receives general sales or transportation service from the Company under written contractual terms and conditions other than those set forth in the Company's approved tariff.

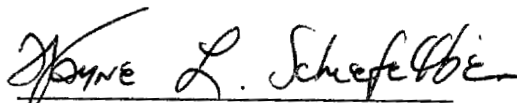
8. The Special Contract has an initial term of ten (10) years.
9. During the initial term of the Agreement, Suwannee American would pay to the Company a monthly reservation fee (also referred to as a "delivery charge") of \$20,075.00. After the expiration of the initial 10-year term, both parties will negotiate in good faith all contract terms, including, but not limited to, the rate to be charged, length of secondary term and transportation service. Consistent with the Company's tariff, the Special Contract recognizes that the monthly reservation fee established thereunder may change from time to time due to changes in the Company's operations, and that the aforesaid or otherwise applicable service options may be revised, amended or superceded from time to time subject to the approval of the Commission.
10. The annual transportation revenues derived from the contract would enable the Company to more than recover the fully allocated cost of serving Suwannee American. The Cost of Service Study appended hereto as Exhibit 2 demonstrates this. As is shown in the study, the estimated \$60,485 in total annual operating costs will be fully recovered and will provide a return on the Company's net investment through an annual reservation fee of \$240,900 for the ten-year service agreement. The Agreement clearly generates revenues in excess of the cost to serve, thereby providing benefits to the general body of ratepayers.
11. As is reflected in the agreement, Suwannee American shall provide the Company with an irrevocable letter of credit that will secure half of the Company's reservation charges during the term of this agreement.
12. The agreement specifies that Suwannee American's facility is subject to the applicable provisions of the Company's Curtailment

Plan, which has been previously furnished to the Commission. A copy of the Curtailment Plan is attached as Exhibit 3 hereto.

13. Suwannee County is located in north-central Florida and is rural in nature. There currently is no natural gas service in the Branford area. Natural gas service is currently provided to the Live Oak area through the municipally owned system of the City. The City of Live Oak is over 20 miles from the Suwannee American facility. There is no potential conflict between the Company and the City of Live Oak to provide service to this area of Suwannee County.
14. The Company also submits herewith for approval a new tariff sheet depicting the portion of Suwannee County in which Suwannee American facilities and the surrounding area are situated as a part of the service territory of the Company. The proposed tariff sheet is appended hereto as Exhibit 4.
15. The Company asks that the Commission approve the Agreement with Suwannee American submitted herewith as a special contract under Rule 25-9.034(1), Florida Administrative Code.
16. The Company is entitled to reasonable compensation for the service rendered, and the Commission has the authority to approve rates to provide such compensation, pursuant to Chapter 366, Florida Statutes.
17. The Company requests that Commission approval of the Special Contract be made effective as of the date of the vote by the Commission, and that in the event a protest to the Order granting the instant petition is timely filed, that the authority to collect the rate proposed therein remain in effect, subject to refund, pending resolution of the protest.
18. The Company is aware of no disputed issues of material fact.

WHEREFORE, the Florida Division of Chesapeake Utilities Corporation requests that the Commission approve the Special Contract with Suwannee American Limited Partnership as soon as is practical.

Respectfully submitted,

A handwritten signature in cursive script that reads "Wayne L. Schiefelbein". The signature is written in black ink and is positioned above a horizontal line.

Wayne L. Schiefelbein

P.O. Box 15856

Tallahassee, FL 32317-5856

(850) 671-1111 (telephone)

(850) 671-1222 (fax)

Attorney for the Florida Division of
Chesapeake Utilities Corporation

EXHIBIT 1

SPECIAL CONTRACT

**SPECIAL CONTRACT
AGREEMENT**

MADE AND ENTERED INTO BETWEEN

CHESAPEAKE UTILITIES CORPORATION

AND

SUWANNEE AMERICAN LIMITED PARTNERSHIP

Prepared for
Suwannee American Limited Partnership

by
Chesapeake Utilities Corporation

SPECIAL CONTRACT AGREEMENT

THIS AGREEMENT, entered into by and between Chesapeake Utilities Corporation, a Delaware corporation, doing business in Florida as Central Florida Gas Company, and hereinafter referred to as ("CUC,") and Suwannee American Limited Partnership, hereinafter referred to as ("Shipper.")

WITNESSETH:

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

WHEREAS, Shipper has requested that CUC receive from transporter certain quantities of gas for Shipper's account, transport such quantities on CUC's distribution system, and redeliver same to Shipper's Facilities located at Suwannee County, and CUC agrees to provide such service in accordance with the terms hereof;

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

ARTICLE I Definitions

Unless another definition is expressly stated, the following terms and abbreviations, when used in this Agreement and in all exhibits, recitals, and appendices contained or attached to this Agreement are intended to and will mean as follows:

- 1.1 "Btu" means the amount of heat required to raise the temperature of one pound of water from 59 degrees Fahrenheit to 60 degrees Fahrenheit at a constant pressure of 14.73 p.s.i.a.
- 1.2 "Day" means a period of 24 consecutive hours beginning and ending at 9:00 a.m. Central Clock Time ("CCT"); provided that, in the event of a change in the definition of the corresponding term in the tariff of Florida Gas Transmission Company ("FGT") on file with the Federal Energy Regulatory Commission ("FERC"), this definition shall be deemed to be amended automatically so that it is identical at all times to the definition of the corresponding term in said tariff.
- 1.3 "Delivery Point" means the point at the connection of the facilities of an upstream party and a downstream party's facility at which the gas leaves the outlet side of the measuring equipment of the upstream party and enters the downstream party's facility.
- 1.4 "Gas" means natural gas which is in conformance with the quality specifications of the Transporter.

- 1.5 “Maximum Daily Transportation Quantity” or “MDTQ” means the largest quantity of gas, expressed in Dts, that CUC is obligated to transport and make available for delivery to Shipper under this Agreement.
- 1.6 “Month” means a period beginning at 9:00 a.m. CCT on the first day of a calendar month and ending at 9:00 a.m. CCT on the first day of the next succeeding calendar month; provided that, in the event of a change in the definition of the corresponding term in the tariff of Florida Gas Transmission Company (“FGT”) on file with the Federal Energy Regulatory Commission (“FERC”), this definition shall be deemed to be amended automatically so that it is identical at all times to the definition of the corresponding term in said tariff.
- 1.7 “Dekatherm (Dt)” means 1,000,000 Btu’s or ten (10) therms.
- 1.8 “p.s.i.a.” means pounds per square inch absolute.
- 1.9 “Receipt Point” means the point at which gas is received by Transporter into Transporter’s system from an upstream service or facility.
- 1.10 “Shipper” means the party that has contracted with Transporter for transportation service.
- 1.11 “Therm” means a unit of heat equal to 100,000 Btu’s.
- 1.12 “Transporter” means any third party pipeline or pipelines utilized to effect delivery of gas to Suwannee American’s Facility.
- 1.13 “P.O.I.” means Point of Interest, that is, the point at which control and possession of gas passes from Florida Gas Transmission to CUC.

ARTICLE II
POINTS OF DELIVERY AND REDELIVERY

- 2.1 Shipper shall cause the Transporter to deliver to CUC at the delivery point on the Transporter’s system, (which specified delivery point is hereinafter referred to as “Transporter’s Delivery Point”), the quantities of gas to be transported by CUC hereunder. CUC shall have no responsibility for transportation of Shipper’s gas prior to receipt of such gas from the Transporter at Transporter’s Delivery Point. CUC shall deliver such quantities of gas received from the Transporter at Transporter’s Delivery Point for Shipper’s account to CUC’s Delivery Point at the Shipper’s Plant Facilities (hereinafter referred to as “CUC’s Delivery Point” or “Shipper’s Facilities”).

ARTICLE III
QUANTITIES

- 3.1 Subject to the terms and conditions of this Agreement, CUC agrees to receive from the Transporter, at Transporter's Delivery Point, on a daily basis, a quantity of gas up to Shipper's Maximum Daily Transportation Quantity ("MDTQ"), and CUC agrees to transport and deliver equivalent quantities to Shipper at CUC's Delivery Point located at Shipper's Facility. Shipper's MDTQ under this Agreement shall be the quantity of gas per day as shown in Exhibit A to this Agreement, which is incorporated herein by reference and made a part hereof.

ARTICLE IV
SCHEDULING AND BALANCING

- 4.1 Shipper shall be responsible for nominating quantities of gas to be delivered by the Transporter to Transporter's Delivery Point and delivered by CUC to Shipper's Facility. Shipper shall promptly provide notice to CUC of all such nominations. Such notices shall be provided to CUC by facsimile, by email, or other such other electronic transmissions that both parties agree to. Imbalances between quantities (i) scheduled for delivery by the Transporter to CUC and/or delivery by CUC to Shipper's Facility, and (ii) actually delivered by the Transporter and/or CUC hereunder, shall be resolved in accordance with the applicable provisions of CUC's Florida Public Service Commission ("FPSC") Natural Gas Tariff, as such provisions may be amended from time to time, subject to approval by the FPSC.
- 4.2 The Parties hereto recognize the desirability of maintaining a uniform rate of flow of gas to Shipper's Facility over each 24-hour period and each day throughout each month. Therefore, CUC agrees to receive from the Transporter for Shipper's account at Transporter's Delivery Point and deliver to CUC's Delivery Point up to the MDTQ as described in Exhibit A attached hereto, subject to any restrictions imposed by the Transporter and to the provisions of Articles V and IX of this Agreement, and Shipper agrees to use reasonable efforts to regulate its deliveries from CUC's gas distribution system at a daily rate of flow not to exceed the applicable nomination in place, subject to any additional restrictions imposed by the Transporter or by CUC pursuant to Articles V and VI of this Agreement.

ARTICLE V
CURTAILMENT

- 5.1 This Agreement in all aspects shall be and remain subject to the applicable provisions of CUC's Curtailment Plan, as filed with FPSC, which is made a part hereof by this reference.

ARTICLE VI
TITLE, CONTROL AND INDEMNIFICATION

- 6.1 Shipper warrants that it will have good and merchantable title to all gas delivered by the Transporter to CUC for Shipper's account at Transporter's Delivery Point, and that such gas will be free and clear of all liens, encumbrances, and claims whatsoever. To the extent provided by law, Shipper will indemnify CUC and save it harmless from all suits, actions, debts, accounts, damages, costs including reasonable attorneys' fees, losses, and expenses arising from or out of the adverse claim of any and all persons to said gas. CUC will indemnify Shipper and save it harmless from all suits, actions, debts, accounts, damages, costs including reasonable attorneys' fees, losses, and expenses arising from or out of the adverse claim of any and all persons to gas delivered for the account of Shipper to CUC for transportation hereunder which arise from or relate to CUC's transportation of said gas on CUC's distribution system. In the event any adverse claim in respect to said gas is asserted, or Shipper breaches its warranty herein, CUC shall not be required to perform its obligations to transport and deliver gas to Shipper's Facility or subject to receipt of any necessary regulatory authorization, to continue service hereunder for Shipper until such claim has been finally determined; provided, however, that Shipper may receive service if (i) in the case of an adverse claim, Shipper furnishes a bond to CUC, conditioned for the protection of CUC with respect to such claim; or (ii) in the case of a breach of warranty, Shipper furnishes evidence, satisfactory to CUC, of Shipper's title to said gas.
- 6.2 CUC shall be deemed to be in control and possession of the gas to be transported by it upon delivery of such gas by the Transporter to CUC for Shipper's account at Transporter's Delivery Point and until it shall have been delivered to Shipper at CUC's Delivery Point located at Shipper's Facility; and Shipper shall be deemed to be in control and possession of such gas prior to such delivery to CUC and Shipper will be deemed to be in control and possession of such gas after such delivery by CUC to Shipper. Each party, while deemed to be in control and possession of such gas, shall be responsible for, and shall 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.
- 6.3 CUC shall indemnify and hold Shipper harmless for damages or injury to persons or property for any claim, suits, or actions arising out material breach by CUC of this Agreement. Shipper shall indemnify and hold CUC harmless for damages or injury to persons or property for any claim, suits, or actions arising out of material breach by Shipper of this Agreement.

ARTICLE VII
RATE

- 7.1 The rate to be charged each month for transportation service provided by CUC shall be as set forth in Exhibit A to this Agreement, which is incorporated herein

by reference and made a part hereof. The rates, as set forth in Exhibit A, have been negotiated between the Parties and include only CUC's delivery charge per month for gas transported and redelivered under this Agreement and do not include any charges for transportation service by FGT or any other upstream pipeline transporter transporting Shipper's gas prior to delivery to CUC at the Transporter's Delivery Point. After the expiration of the initial term, both parties will negotiate in good faith all contract terms, including, but not limited to, the rate to be charged, length of secondary term and transportation service. The rates provided in Exhibit A are subject to the continuing jurisdiction of the FPSC and may be adjusted during the term of this Agreement, as provided herein.

- 7.2 Shipper shall provide an irrevocable letter of credit from a lending institution approved by CUC or payment bond for a surety satisfactory to CUC in an initial amount of \$1,200,000.00 dollars to cover the term of this agreement. The principal amount of such letter of credit or surety bond may be reduced annually to reflect only 50 percent of the remaining reservation charges during the term of this agreement.
- 7.3 If, during the term of this Agreement, the Federal Government, or any State, municipality or subdivision of such Government, should increase any present tax or levy any additional tax, relating to the service provided by CUC under this Agreement, any such additional tax required by law to be paid by CUC shall, in CUC's discretion, insofar as such discretion is provided for under applicable law, be separately stated in the bill. If, during the term of this Agreement, the Federal Government, or any State, municipality or subdivision of such Government, should decrease or eliminate any tax relating to the service provided by CUC under this Agreement, the reduction in such tax required to be paid by CUC shall be separately stated as a reduction in the amount of the bill.

ARTICLE VIII TERM

- 8.1 Subject to all other provisions, conditions, and limitations hereof, this Agreement shall be effective upon the first day of any month for which Shipper nominates quantities of gas to be delivered by CUC pursuant to this Agreement as set forth in Article IV, subsequent to its date of execution by both parties and shall continue in full force and effect for an initial period of ten (10) years from the date that CUC begins delivery to Suwannee American Cement.

ARTICLE IX CUC'S TARIFF PROVISIONS

- 9.1 CUC's applicable Rate Schedule provisions and applicable Subsections of the General Terms and Conditions of CUC's Natural Gas Tariff approved by the FPSC, including any amendments thereto approved by the FPSC during the term of this Agreement, are hereby incorporated into this Agreement and made a part hereof for all purposes. In the event of any conflict between said provisions of

CUC's FPSC Tariff and specific provisions of this Agreement, the latter shall prevail, in the absence of an FPSC Order to the contrary.

ARTICLE X
SAFE DESIGN AND OPERATION

- 10.1 CUC shall maintain gas system in accordance with the Federal Department of Transportation Regulations, Section 191 and 192 and Chapter 25-12 of the Florida Public Service Commission, which has statutory powers granted to establish rules and standards for safe design, installation, operation and maintenance of natural gas systems. CUC shall maintain, repair and replace equipment to assure the safety and good working order of the CUC natural gas system at no cost to Shipper for the term of this agreement.
- 10.2 It shall be the responsibility of Shipper for the maintenance of all Shipper owned equipment, starting from the outlet side of the custody transfer meter.
- 10.3 Shipper shall have the right to periodic third-party independent inspection of equipment. Inspection shall be a Shipper cost. CUC agrees to correct any defects noted by such inspection which relate to FDOT 191 and 192 and FPSC's Chapter 25-12 rules and regulations at CUC's cost where such defects relate to safety and/or function. The cost of any upgrades in equipment during the term of this agreement shall be paid as mutually agreed.

ARTICLE XI
MISCELLANEOUS PROVISIONS

- 11.1 Notices and other communications. Any notice, request, demand, statement or payment provided for in this Agreement, unless otherwise specified, shall be sent to the Parties hereto at the following addresses:

Shipper: Suwannee American Limited Partnership
P. O. Box 410
Branford, Florida 32008

Attention: Plant Manager
Phone: (904) 935-0966
Facsimile: (904) 935-1155

CUC: Central Florida Gas Company
P. O. Box 960
Winter Haven, Florida 33882-0960

Attention: Finance Manager
Phone: (863) 299-2883
Facsimile: (863) 294-3895

- 11.2 Headings. All article headings, section headings and subheadings in this Agreement are inserted only for the convenience of the Parties in identification of the provisions hereof and shall not affect any construction or interpretation of this Agreement.
- 11.3 Entire Agreement. This Agreement, including the Exhibits attached hereto, sets forth the full and complete understanding of the parties as of the date of its execution by both parties, and it supersedes any and all prior negotiations, agreements and understandings with respect to the subject matter hereof. No party shall be bound by any other obligations, conditions or representations with respect to the subject matter of this Agreement.
- 11.4 Amendments. Neither this Agreement nor any of the terms hereof may be terminated, amended, supplemented, waived or modified except by an instrument in writing signed by the Party against which enforcement of the termination, amendment, supplement, waiver or modification shall be sought. A change in (a) the place to which notices pursuant to this Agreement must be sent or (b) the individual designated as the Contact Person pursuant to section 11.1 shall not be deemed nor require an amendment of this Agreement provided such change is communicated in accordance with Section 11.1 of this Agreement. Further, the Parties expressly acknowledge that the limitations on amendments to this Agreement set forth in this section shall not apply to or otherwise limit the effectiveness of amendments which are necessary to comply with the requirements of, or are otherwise approved by FPSC or its successor agency or authority.
- 11.5 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.
- 11.6 Waiver. No waiver of any of the provisions of this Agreement shall be deemed to be, nor shall it constitute, a waiver of any other provision whether similar or not. No single waiver shall constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.
- 11.7 Legal Fees. In the event of litigation between the parties hereto 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.
- 11.8 Independent Parties. CUC and Shipper shall perform hereunder as independent parties and neither CUC or Shipper is in any way or for any purpose, by virtue of this Agreement or otherwise, a partner, joint venturer, agent, employer or employee of the other. Nothing in this Agreement shall be for the benefit of any

third person for any purpose, including, without limitation, the establishing of any type of duty, standard of care or liability with respect to any third person.

- 11.9 Assignment and Transfer. No assignment of this Agreement by either party may be made without the prior written approval of the other party (which approval shall not be unreasonably withheld) and unless the assigning or transferring party's assignee or transferee shall expressly assume, in writing, the duties and obligations under this Agreement of the assigning or transferring party, and upon such assignment or transfer and assumption of the duties and obligations, the assigning or transferring party shall furnish or cause to be furnished to the other party a true and correct copy of such assignment or transfer and assumption of duties and obligations.
- 11.10 Governmental Authorizations; Compliance with Law. This Agreement shall be subject to all valid applicable state, local and federal laws, orders, directives, rules and regulations of any governmental body, agency or official having jurisdiction over this Agreement and the transportation of gas hereunder. CUC and Shipper shall comply at all times with all applicable federal, state, municipal, and other laws, ordinances and regulations. CUC 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. Each party shall proceed with diligence to file any necessary applications with any governmental authorities for any authorizations necessary to carry out its obligations under this Agreement. 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 part thereof. In the event of such contestation, and unless otherwise prohibited from doing so under this Section 11.10, CUC 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, regulation, or force majeure as defined in GISB Standards 6.3.1, "General Terms and Conditions Base Contract For Short-Term Sale And Purchase Of Natural Gas", shall prevent either party from performing hereunder, then neither party shall have any obligation to the other during the period that performance is precluded.
- 11.11 Law Governing Agreement; Venue. This Agreement and any dispute arising hereunder shall be governed by and interpreted in accordance with the laws of the State of Florida. The venue for any action, at law or in equity, commenced by either party against the other and arising out of or in connection with this Agreement shall be in a court of the State of Florida having jurisdiction.
- 11.12 Counterparts. This Agreement may be executed in counterparts, all of which taken together shall constitute one and the same instrument and each of which shall be deemed an original instrument as against any party who has signed it.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the dates stated below.

SUWANNEE AMERICAN LIMITED
PARTNERSHIP

ATTEST: *[Signature]*

BY: Suwannee American Cement, its General
Partner

[Signature]

NAME: Fred W. Koester

DATE: 9/25/01

TITLE: President

CHESAPEAKE UTILITIES CORPORATION

ATTEST: *[Signature]*

BY: *[Signature]*

NAME: Thomas A. Geoffroy

DATE: 9/24/01

TITLE: Assistant Vice President

EXHIBIT A
TO
SPECIAL CONTRACT AGREEMENT
BETWEEN
CHESAPEAKE UTILITIES CORPORATION
AND

SUWANNEE AMERICAN LIMITED PARTNERSHIP

Interconnection between FGT pipeline
and Chesapeake Utilities pipeline in the
vicinity of Branford, Florida.

D.R.N. No. _____

Maximum Daily Transportation Quantity: 8,000 Dth/day, January through
December

CUC DELIVERY POINT: Gas transported pursuant to this Agreement shall be
delivered by CUC to the following point:

NAME

Meter set location to be on the property of:
Suwannee American Limited Partnership
US Highway 27
Branford, Florida

Rate: Monthly Reservation Fee: \$20,075.00*

Delivery Pressure: 100 psig

Natural Gas System: CUC will provide and arrange for the installation of a pipeline tap, pressure reducing equipment, and electronic metering equipment compatible with the Shipper's data gathering system to enable natural gas usage at Suwannee American Limited Partnership. Shipper is relying on CUC's skill, judgment and expertise in selecting and installing materials and equipment.

*For any month, the monthly reservation fee will be reduced by \$660.00 dollars, multiplied by the number of days in such month that CUC recalls from the shipper any relinquished FGT capacity.

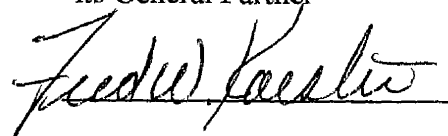
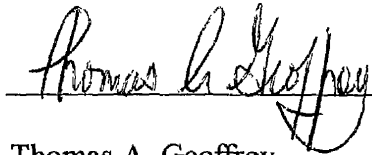
IN WITNESS WHEREOF, the parties hereto have executed this Exhibit A with their duly authorized officers as of the date first above written.

Chesapeake Utilities Corporation

Suwannee American Limited Partnership

By:

By: Suwannee American Cement,
its General Partner



Name: Thomas A. Geoffroy

Name: Fred W. Koester

Title: Assistant Vice President

Title: President

Date: 9/24/01

Date: 9/25/01

EXHIBIT 2

COST OF SERVICE STUDY

**COST OF SERVICE STUDY
SUWANEE AMERICAN**

CHESAPEAKE UTILITIES CORPORATION
FLORIDA DIVISION

ESTIMATED RATE BASE AND RETURN

<u>Description</u>	<u>Amount</u>
Cost of Plant: Gross investment in plant	\$300,000
Accumulated Depreciation	(\$11,400)
	<hr/>
Net Plant	\$288,600
Working Capital	\$0
Accumulated Deferred Income Taxes	\$0
Deferred Investment Tax Credit	<hr/> \$0
Rate Base	<hr/> <u>\$288,600</u>
Long Term Debt @ 0.00%	0
Common Equity @ 0.00%	<hr/> 0
Total Return @ 7.92%	<hr/> <u>\$22,857</u>

**INCREMENTAL COST OF SERVICE STUDY
SUWANEE AMERICAN**

CHESAPEAKE UTILITIES CORPORATION
FLORIDA DIVISION

ESTIMATED INCOME TAXES

<u>Description</u>	<u>Total</u>
1. Rate Base	<u>\$288,600</u>
2. Return On Rate Base (Line 1 x Rate of Return)	\$22,857
3. Less: Interest on Debt	<u>(\$10,390)</u>
4. Net Income after Taxes	\$12,468
5. Divide by 1-Tax Rate	0.6237
6. Taxable Income	<u>\$19,990</u>
7. Income Taxes @ 37.63%	<u>\$7,522</u>

**INCREMENTAL COST OF SERVICE STUDY
SUWANEE AMERICAN**

CHESAPEAKE UTILITIES CORPORATION
FLORIDA DIVISION

COST OF SERVICE

<u>Cost of Service</u>	<u>Amount</u>
Operation & Maintenance	\$7,611
Depreciation	\$11,400
Insurance	\$5,000
Taxes - Other Than Income 1/	\$6,095
Income Taxes	\$7,522
Return @ 7.92% 2/	<u>\$22,857</u>
 Total Operating Costs	 <u><u>\$60,485</u></u>

NOTES:

1/ Taxes Other Than Income - Property and Revenue Related

2000 Property Tax Expense	<u>\$410,836</u>	Revenue Related Taxes	0.500%
13 month average gross plant	\$25,268,952 @ 9/30/01	Projected Revenues	\$240,900
Average Tax Rate	\$0.0163	Revenue Related Taxes	<u>\$1,205</u>
x Gross Plant	\$300,000		
Property Tax Expense	<u>\$4,890</u>	Total revenue related taxes	<u><u>\$6,095</u></u>

2/ 7.92% Return is the Company's mid-point rate of return from September 2001 surveillance report as filed with the FPSC.

12/3/2001

**INCREMENTAL COST OF SERVICE STUDY
SUWANEE AMERICAN**

CHESAPEAKE UTILITIES CORPORATION
FLORIDA DIVISION

ESTIMATED O&M EXPENSES

<u>Description</u>	<u>Amount</u>
Meter -Spin test 2 times per year. (16 hours\year @ \$28.74\hr)	\$460
Meter-Test every 5 years. (8 hours\year @ \$28.74\hr. Parts \$500)	\$546
Meter Parts	\$150
Repaint Station Every 3 Years. (20hrs labor @ \$62\hr. \$183 Supplies & Misc. Exp.)	\$530
Maintenance & Calibration of EFM Equipment	
16 hrs\yr @ 28.74\hr.	\$460
Replacement Board	\$1,250
Replacement Modem	\$475
Replacement Battery (Every 5 Yrs)	\$20
Misc. Materials	\$120
Annual Regulator Testing & Repair (16hrs @ \$28.74\hr)	\$460
Misc Materials for Repair	\$640
Miscellaneous Expense	<u>\$2,500</u>
TOTAL ESTIMATED O & M EXPENSES	<u><u>\$7,611</u></u>

**INCREMENTAL COST OF SERVICE STUDY
SUWANEE AMERICAN**

CHESAPEAKE UTILITIES CORPORATION
FLORIDA DIVISION

CAPITALIZATION AS
FILED IN SEPTEMBER 2001 SURVEILLANCE REPORT

57.58%	Debt
<u>42.42%</u>	Common Equity, DIT, ITC, Customer Deps.
<u>100.00%</u>	
3.6000%	Weighted Average Cost of Service
\$288,600	Rate Base
<u>\$10,390</u>	Interest Expense

EXHIBIT 3

CURTAILMENT PLAN

Florida Division of Chesapeake Utilities Corporation
Curtailment Plan

This plan will be invoked when the Company issues curtailment / interruption notices to insure firm peak system requirements are met and system integrity is maintained. This plan applies to all gas sales and transportation service, and may be implemented by the Company in the event of a supply and / or capacity constraint.

Curtailment Notice:

Whenever curtailment of gas delivery is required, the Company shall issue a Curtailment Order to its customers specifying the delivery point (City Gate Station), the quantity of gas to be curtailed, and the time at which curtailment is to be made. When restoration of service is permissible, the Company shall similarly issue a restoration order specifying the delivery point (City Gate Station), the quantity of gas to be restored, and the time at which restoration is to be made.

A curtailment order shall be issued at least two (2) hours in advance of its effective time; provided, however, that if curtailment or interruption is occasioned by an event of Force Majeure affecting the Company's system, the Company shall be obligated to give only such notice as is practicable under the circumstances.

In the event that curtailment / interruption of service becomes necessary, such curtailment / interruption shall be implemented in the following order:

- (a) All Interruptible Customers served through the affected Company City Gate Station(s). All consumption must end as of the time specified in the Curtailment Notice.
- (b) All Alternate Fuel Customers served through the affected Company City Gate Station(s). All consumption must end as of the time specified in the Curtailment Notice.
- (c) All customers in Service Classification "Greater than 1,000,000 Annual Therms" served through the affected Company City Gate Station(s). Curtailment will be uniformly shared among this customer group except Priority 2 and Priority 1 customers, as defined in Section 401 of the Natural Gas Policy Act of 1978, will be the last to be affected.
- (d) All customers in Service Classification "500,000 - 1,000,000 Annual Therms" served through the affected Company City Gate Station(s). Curtailment will be uniformly shared among this customer group except Priority 2 and Priority 1 customers, as defined in Section 401 of the Natural Gas Policy Act of 1978, will be the last to be affected.
- (e) All customers in Service Classification "100,000 - 500,000 Annual Therms" served through the affected Company City Gate Station(s). Curtailment will be uniformly shared among this customer group except Priority 2 and Priority 1 customers, as defined in Section 401 of the Natural Gas Policy Act of 1978, will be the last to be affected.

Florida Division of Chesapeake Utilities Corporation
Curtailement Plan

- (f) All customers in Service Classification "50,000 – 100,000 Annual Therms" served through the affected Company City Gate Station(s). Curtailement will be uniformly shared among this customer group except Priority 2 and Priority 1 customers, as defined in Section 401 of the Natural Gas Policy Act of 1978, will be the last to be affected.
- (g) All customers in Service Classification "25,000 - 50,000 Annual Therms" served through the affected Company City Gate Station(s). Curtailement will be uniformly shared among this customer group except Priority 2 and Priority 1 customers, as defined in Section 401 of the Natural Gas Policy Act of 1978, will be the last to be affected.
- (h) All customers in Service Classification "10,000 - 25,000 Annual Therms" served through the affected Company City Gate Station(s). Curtailement will be uniformly shared among this customer group except Priority 2 and Priority 1 customers, as defined in Section 401 of the Natural Gas Policy Act of 1978, will be the last to be affected.
- (i) All customers in Service Classification "3,000 - 10,000 Annual Therms" served through the affected Company City Gate Station(s). Curtailement will be uniformly shared among this customer group except Priority 2 and Priority 1 customers, as defined in Section 401 of the Natural Gas Policy Act of 1978, will be the last to be affected.
- (j) All customers in Service Classification "300 – 3,000 Annual Therms" served through the affected Company City Gate Station(s). Curtailement will be uniformly shared among this customer group except Priority 2 and Priority 1 customers, as defined in Section 401 of the Natural Gas Policy Act of 1978, will be the last to be affected.
- (k) All customers in Service Classification "0 - 300 Annual Therms" served through the affected Company City Gate Station(s). Curtailement will be uniformly shared among this customer group except Priority 2 and Priority 1 customers, as defined in Section 401 of the Natural Gas Policy Act of 1978, will be the last to be affected.
- (l) All Priority 2 customers, as defined in Section 401 of the Natural Gas Policy Act of 1978, regardless of Service Classification. Curtailement will be uniformly shared among this customer group if necessary after all other customers, with the exception of Priority 1 customers.
- (m) All Priority 1 customers, as defined in Section 401 of the Natural Gas Policy Act of 1978, regardless of Service Classification. Curtailement will be uniformly shared among this customer group if necessary after all other customers have been curtailed.

EXHIBIT 4

PROPOSED TARIFF SHEET

MAPS

