

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of the Florida Division of
Chesapeake Utilities Corporation for
Authority to Convert All Remaining
Sales Customers to Transportation Service
and to Exit Merchant Function.

**PETITION FOR AUTHORITY TO CONVERT ALL REMAINING
SALES CUSTOMERS TO TRANSPORTATION SERVICE AND TO
EXIT MERCHANT FUNCTION**

020277-GW

The Florida Division of Chesapeake Utilities Corporation (the Company), by and through its undersigned counsel, hereby petitions for authority to convert all its remaining sales customers to transportation service, and to exit the commodity merchant function, and for approval of certain tariff changes in connection therewith, and in support hereof 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:

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Attorney for the Florida Division
of Chesapeake Utilities Corporation

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 the Company's authority to provide transportation service to its remaining sales service customers, and to exit the merchant function, under terms and conditions agreeable to the Company, will be thereby determined.
4. In April 2000, the Commission adopted Rule 25-7.0335, Florida Administrative Code. The new rule required each local distribution company (LDC) to offer the transportation of natural gas to all non-residential customers. The rule further provided that each LDC "may offer the transportation of natural gas to residential customers when it is cost effective to do so."
5. At the time of the Commission's adoption of the new gas transportation rule, the Company offered transportation service to customers consuming 200,000 therms or more per year. These customers comprised approximately 70% of the Company's total system throughput. The Company allowed these customers to transport less than 100% of their gas needs and to utilize the Company's traditional sales service for the balance of their total usage requirements. This simplified imbalance resolution process was a key element in facilitating the conversion of such customers to transportation service.

6. In accordance with the new rule, on May 15, 2000, the Company filed a proposed transportation service tariff, as a part of its request for a general rate increase. The Company proposed to lower the eligibility threshold for individual non-residential customers to 100,000 therms per year, and to require such customers to transport their full usage requirements, thereby eliminating the option to bifurcate their needs through both transportation and sales service. The Company further proposed the introduction of its Aggregated Transportation Service to all non-residential customers, regardless of consumption levels, beginning March 1, 2001. Customers electing the proposed Aggregated Transportation Service would be required to enter into an approved aggregation pool, consisting of no less than 10 customers with a combined annual usage of 100,000 therms, and to select from a list of qualified Pool Managers.
7. By Order No. PSC-00-2263-FOF-GU, issued on November 28, 2000, the Commission approved the Company's proposals, and the Company's modified transportation services were duly implemented, with the new Aggregated Transportation Service becoming available in March 2001.
8. Customer acceptance of the Company's newly defined transportation services has been very high. Prior to the Company's implementation of the modified transportation services, transportation throughput on the Company's system represented approximately 70% of total system usage. Currently, about 40% of the Company's total non-residential customer base has elected to convert to the available transportation programs. The throughput attributable to transportation customers on the Company's

system has increased dramatically as well. As of the end of December 2001, transportation volumes had increased to over 96% of total system throughput.

9. At December 31, 2001, the remaining sales customers on the Company's system included 663 non-residential customers, virtually all of whom are in low usage rate classifications (GS-1 through GS-4), and cumulatively represent about 2.5% of total system throughput, and 9,587 residential customers, who account for the remaining 1.5% of system throughput.
10. Given the dramatically reduced level of its system throughput associated with sales service, and the continuing migration of its non-residential customers to transportation service, the Company believes that if it were to remain in the merchant function, it would find it increasingly difficult to deliver gas to its customers at competitive prices. Based on the Company's experience, the number of producers and/or marketers interested in providing gas supply for such a diminished level of usage on a stand-alone basis is limited. Exacerbating this situation is the fact that the Company's remaining (primarily residential) sales customers have very low load factors, due, in substantial part, to their weather sensitivity. Suppliers typically charge a premium for quantities of gas sold above a base load amount, that is, "swing" gas, especially if the increase in consumption is hard to predict and generally short-lived, as is usually the case with residential and small commercial customers in Florida. Further, in order to ensure an ability to serve such customers, the Company would need to retain capacity at quantities capable of serving peak usage levels. In Florida, peak usage for residential and small commercial customers is typically very dramatic and of short duration,

rarely occurring more than a few days each winter season. Capacity for new customers would also need to be retained. The Company's ability to mitigate such capacity costs, through temporary releases or off-system sales, is substantially less than that of a gas marketer actively transporting gas on multiple distribution systems across the state. Under these circumstances, the Company's fixed capacity costs would substantially increase on a per-unit-of-gas-sold basis. Ultimately, the Company firmly believes that if it were to remain in the merchant function, its delivered gas costs, recoverable from sales service customers through the Commission's purchased gas adjustment ("PGA") proceedings, would increase to a level significantly above the market price. Such an escalation in sales service gas prices could substantially impact the Company's ability to add and retain residential and small commercial customers.

11. It is no answer to this dilemma to extend to the Company's remaining sales service customers the "option" of electing transportation service. If the Company were to allow a slow migration of these customers from sales to transportation service, only the migrating customers would enjoy reduced gas supply costs. Any further diminution in the load served under the Company's sales service can only lead to ever-spiraling gas costs for such service. In addition to increased fuel costs for such customers, the Company would bear a disproportionate burden to administer an optional program implemented over an extended period. The Company's current systems and capabilities are not sufficient to manage such a program. Foremost of the many concerns raised by a gradual migration of the remaining sales service customers to transportation service is the Company's inability to administer (including billing, tracking marketer

relationships and managing multiple gas supply pricing mechanisms, etc.) thousands of customer accounts in multiple aggregated transportation pools with its current Customer Information System. Simply put, the combination of escalating fuel prices for non-transporting customers and the associated burdensome administrative requirements for the Company warrant an immediate conversion of its remaining sales service customers to transportation service.

12. Therefore, the Company has concluded that the only cost-effective approach for the Company and its remaining sales service customers is for the Company to completely exit the gas sales or merchant function, and to require that all of these customers convert to transportation service. This proposal would establish a Transitional Transportation Service (TTS) tariff designed to facilitate the conversion of the remaining sales service customers to aggregated customer pools. Qualified gas marketers would be retained to administer the pools. These "Pool Managers" would have the capability of combining the gas supply requirements of customers in the TTS pool(s) with other customers served by the Pool Manager, both on and off the Company's distribution system. The Company believes its customers' gas supply needs are best served by a gas marketer with the ability to "rebundle" the Company's small volume gas users into a diversified, statewide customer group consisting of industrial and commercial customers with different levels of weather sensitivity and peak usage. The increased "market power" of a larger overall customer group with greater gas volume requirements would result in a higher probability of obtaining lower gas costs than would be achievable by the diminished sales service volumes on the Company's system alone. Including the Company's sales service

customers in a gas marketer's larger statewide group of customers would result not only in greater commodity purchasing power, but also in an enhanced capability to mitigate excess capacity costs, to minimize the impact of interstate pipeline balancing and flow order penalties, and to provide additional capacity to support load growth.

13. The dilemma of diminished sales service load on the Company's system is a serious challenge requiring bold but not reckless action. The Company believes that many valuable lessons can be derived from the Georgia experience, where under State law all residential and commercial customers were required to move from sales to transportation service on a specified date (October 1, 1999), and all qualified marketers were able to compete for such customers in an open market environment. The LDC not only exited the merchant function, but also completely and permanently relinquished all interstate pipeline capacity to gas marketers. The LDC was allowed to simply step out of the middle of the transactions between marketers and customers, negating its ability to offer customers any measure of assistance or protection. The conversion to a complete open market environment was abrupt and not phased-in over time. The full unbundling of the LDC's merchant function was completed over several months in a process that can be fairly characterized as confusing and chaotic. Despite an enormous expenditure of money and time by marketers on advertising and solicitation, customers were not well informed about what their options were in arranging for the purchase of their own gas supply. Marketers were required to bill not only their gas supply charges directly to customers, but also the charges for the regulated utility. Most marketers were ill-equipped to perform this function. Many customers did not receive a bill for several months,

and when they did, the accumulated billings were extraordinarily high. Given the level of customer confusion and anger, the environment was ripe for “slamming.” A considerable number of customers had their marketer changed without their knowledge or consent. Customer complaints overwhelmed both the regulated utility’s customer service capabilities and the Georgia Public Service Commission. Consequently, gas marketers who invested considerable dollars trying to remedy these issues are, apparently, today trying to recoup their early losses through higher margins. As such, customers in Georgia are not yet reaping the full benefits of open access.

14. The Company believes that the overriding lesson from the Georgia experience is the necessity of a measured approach that allows all stakeholders adequate time to develop the knowledge and experience needed for a successful transition to a fully competitive open market. A central feature of the instant proposal is that the Company would maintain a contractual relationship with the Pool Manager(s) throughout a transition period that is designed to provide reliable service at reasonable prices, while gradually introducing more options and choices to a better informed customer group. Accordingly, the Company’s proposal establishes a Transitional Transportation Service tariff with a flexible transition period. The initial implementation phase would occur during a two-year period where all remaining residential and non-residential sales customers would receive gas supply service through one qualified Pool Manager, selected by the Company through a Request for Proposals (RFP) process. In order to avoid any conflict of interest or appearance of impropriety in that regard, the Company would exclude from eligibility its own marketing affiliate, Peninsula Energy

Services Company (“PESCO”). This Pool Manager would offer a limited number of fuel pricing options. Phase One would commence as soon as is practicable after Commission approval of the instant petition and the Company’s proposed tariff revisions. Towards the end of the initial two-year period, the Company would evaluate customer acceptance of the program, assess its own capabilities to expand program options, and make a determination of the feasibility and timing for initiating the second phase. The Company would also report to the Commission on the results of Phase One, and the customer education and implementation plan for Phase Two.

15. Phase Two would expand the choices available to customers. In Phase Two the Company would retain, through a RFP process similar to that used in Phase One, a minimum of two Pool Managers. Once again, the Company would exclude its own marketing affiliate (PESCO) from eligibility in Phase Two. The Company would require each Pool Manager to offer a range of gas pricing terms and conditions. Customers would have the ability to choose between the two Pool Managers, and select the pricing option that best matched their individual circumstances. Residential customers would not be permitted to switch Pool Managers during Phase Two. Non-residential customers would be afforded the opportunity to switch Pool Managers only during an open enrollment period that would occur at the end of the first year of Phase Two, if this phase were to be extended by the Company beyond a one-year period. Prior to the initiation of Phase Three, the Company would report to the Commission on the results of Phase Two, and the Phase Three customer education and implementation plan.

16. The Company envisions that Phase Three would completely transition customers to a fully competitive marketplace. With its customers being better informed and having several years' of experience with gas marketers and various pricing options, the Company would replace the Transitional Transportation Service tariff with its Aggregated Transportation Service Program. Customers would be free to choose any Pool Manager authorized to deliver gas on the Company's distribution system (there are currently five such Pool Managers), and negotiate price and other terms with no constraints imposed by the Company. Pool Managers would be authorized to directly solicit any and all customers for gas supply services. The Company would also continue to provide stand-alone Transportation Service to individual customers with annual usage in excess of 100,000 therms.
17. The first step in the implementation of Phase One would involve the issuance by the Company of an RFP to all gas marketers known by the Company to be active in the Florida market. The initial RFP would outline program requirements and establish minimum qualifications for bidders. The RFP would require that respondents submit bids to the Company containing specified pricing proposals along with information regarding their financial viability and experience. The Company has recently held a meeting for all potential TTS pool managers to introduce the program and distribute a draft RFP. Based on the discussions at the meeting, the Company expects to receive several competitive responses to the initial RFP. The Company would evaluate the responses to the RFP, and select the TTS Pool Manager for Phase One.
18. The resulting TTS Agreement between the Company and the selected Pool Manager would be structured to provide

customers the opportunity to select between two pricing options: a monthly indexed (floating) price alternative similar to the current PGA pricing mechanism, or a pricing option that enables customers to mitigate the potential price volatility of the monthly indexed price (through a fixed-price or other hedging method). All customers would initially be placed on the monthly indexed price. Such action would eliminate the administrative difficulties associated with continuing to provide sales service while customers evaluate an alternative (fixed or hedged) price option. Within ninety (90) days of the program start date, all customers would be given the opportunity, through an open enrollment period, to elect the alternative price option.

19. All residential customers would be transferred into the Phase One TTS pool effective the first day of the month following Commission approval of the instant petition. The remaining non-residential sales customers would also be transferred to the TTS pool at the same time. Since these non-residential sales customers are currently eligible for the Company's existing Aggregated Transportation Service program, a notice would be sent to them providing a sixty (60) day period from the program initiation date, within which they could elect to convert to the existing Aggregated Transportation Service program and choose any of the currently authorized Pool Managers participating in that program. If said election is made, customers would be authorized to migrate to their newly selected Aggregation Pool in accordance with existing tariff provisions regarding changing Aggregation Pools. Any such non-residential customer not electing Aggregated Transportation Service within that sixty (60) day period would remain in the TTS customer pool through the end of the first year of the program. At the

end of the first year, all non-residential customers would again be afforded the opportunity, through a second open enrollment period, to select between receiving service through the Aggregated Transportation Service program or continuing in the TTS program.

20. The Pool Manager would be required to provide gas sales and management services to all of the Company's residential customers and those non-residential accounts initially transferred into the TTS pool, as well as other accounts that may be added to the Customer Pool during the term of the TTS Agreement with the Company. Subsequent to the initial transfer of customers into the TTS pool as described above, customers would be added to the TTS pool as follows: (i) all residential customers receiving a new service connection for the purpose of initiating transportation service; (ii) all residential customers reactivating an existing disconnected service; (iii) non-residential customers, upon request, with the prior approval of the Pool Manager; and, (iv) non-residential customers unable to receive service from another Pool Manager under the Company's Aggregated Transportation Service program, with the added stipulation that such latter customers would be able to select another Pool Manager or gas marketer and exit the TTS pool at the beginning of any month.

21. In order to facilitate the transition of all customers to transportation service, the Company would temporarily relinquish all contracted quantities of interstate pipeline capacity directly to customers and/or customers' Pool Managers. A significant portion of the Company's capacity holdings have for a number of years been temporarily relinquished to industrial and commercial customers already receiving transportation service. To

ensure that TTS customers receive an appropriate share of capacity, the Company would allocate its capacity holdings based on existing contract specifications and an assessment of the capacity requirements of each rate classification in a manner that does not unduly discriminate between like customers. Customers in rate classes at or above 100,000 therms in annual usage (TS-7, TS-8, and TS-9) which have not opted for any of the market-based pricing allowed under the Company's tariff would continue to have capacity allocated based on their historical monthly requirements and contractual obligations. The Company would, however, modify the existing Aggregated Transportation Service tariff capacity allocation methodology applicable to non-residential customers below 100,000 therms in annual usage (TS-6 and below). At present, capacity is temporarily relinquished based upon the historical monthly average use per day of each customer, rounded to the next whole dekatherm. The proposed methodology would temporarily allocate capacity per month to all Aggregated Transportation Service customers within a given rate class based on the peak capacity needs of a customer at the maximum consumption level for the rate class. Such a method would ensure that capacity allocations consider the peaking requirements of Aggregated Transportation Service customers in a given class and fairly allocate a portion of growth capacity to all customers. All remaining capacity after the above allocations are made would be assigned to the TTS Service Pool. The Company would allocate a blend of its capacity holdings on the Florida Gas Transmission (FGT) pipeline and the new Gulfstream Natural Gas pipeline, for each rate classification at, or below, TS-6. All Pool Managers (both Aggregated and Transitional) would receive the same blended capacity allocation for all non-residential customers, based on the

rate class capacity methodology described above. The revised methodology, in addition to accounting for peaking and load growth allocations, would ensure that Pool Managers serving smaller volume customers, including residential customers, would have access rights to both interstate pipelines, providing opportunities to mitigate balancing and penalty costs and enhance service reliability. During Phase Two, the Company would assign the pipeline capacity allocated to the respective TTS Pool Manager based on the per customer quantity identified in the rate class allocation methodology described above, multiplied by the number of customers selecting a particular Pool Manager.

22. If, after all the Company's capacity has been allocated during either Phase One or Phase Two, either an individual transportation customer or an Aggregated Transportation Service Pool Manager requires additional capacity to serve its respective individual or customer pool needs, it would have the authority to obtain such capacity from market sources. The TTS Pool Manager would be required to provide sufficient capacity to serve all new customers and/or existing customer load additions during the term of its TTS Agreement with the Company.
23. The Company's proposal is carefully designed to avoid exposure of its customers to the risk of service disruption. The TTS Agreement would provide for severe financial penalties and potential termination of the agreement in the event that the TTS Pool Manager fails to deliver gas. For delivery failures of short duration, no service interruption to customers on the Company's distribution system would occur. The Pool Manager would be subject to balancing and penalty charges at the end of the month for the under-delivery.

24. The Company would be prepared to act as the Supplier of Last Resort in case of longer term problems. The TTS Agreement would specifically delineate Pool Manager actions or omissions constituting a default, including failure to observe the terms and conditions of the TTS Agreement, in the performance of essential duties and obligations, such as failing to deliver gas for an extended period without prior approval or force majeure, or re-relinquishing capacity outside the contract limits; breaching the obligation of good faith, by engaging in price gouging, slamming or other improper or unlawful activities; and the failure to maintain financial viability, through insolvency, bankruptcy and the like.
25. Supplier (gas marketer or pool manager) defaults can be quickly resolved without disruption of service. For example, when Enron's gas marketing subsidiary recently declared bankruptcy, it left the State of Florida's Department of Management Services (DMS) with no gas supplier for several days. The prisons, hospitals and schools served by the Enron subsidiary under contract with DMS nonetheless continued to receive gas service. A new supplier was retained within a week and the daily under-deliveries were accounted for as part of the normal end-of-the-month imbalance resolution process.
26. The Company would implement procedures and provide the oversight necessary to ensure continuity of service to pool customers in a default situation. If the Pool Manager defaults during Phase One, the Company would act to terminate the TTS Pool Manager and, as the supplier of last resort, would recall the interstate pipeline capacity, arrange for gas supply, and perform all other necessary functions to ensure delivery to affected customers. If,

during Phase Two, either of the two TTS Pool Managers defaults, the non-defaulting Pool Manager would assume gas delivery responsibilities for all customers until arrangements to qualify a replacement Pool Manager could be made. The Company would always stand ready to provide temporary emergency service if required as the supplier of last resort. Should the Company be required to provide such temporary emergency back-up service, the cost of gas charges would be allocated to customers through proposed revisions to the Operational Balancing Account mechanism currently in place in the Company's tariff.

27. The Company proposes to require TTS Pool Managers to subscribe to a Customer Account Administration Service, under which the Company would perform certain key functions. The Company would maintain the customer service function, maintain customer account transaction records, and provide gas supply billing and collections. In addition, the Company would follow a prescribed hierarchy in applying customer payments. All payments would first be applied to any taxes and fees imposed by government; second, to Pool Managers' charges for gas supply; and third, to the Company's regulated transportation charges. This payment hierarchy would enable the Company to retain the capability to disconnect customers for non-payment in the event of a partial payment. Applying the payment to the Pool Manager's gas supply cost prior to the Company's regulated charges would prevent customers from taking advantage of the absence of the Pool Manager's service disconnect authority by paying only the regulated charges. This is an important consideration, since under Florida law, the Commission has no jurisdiction over gas marketers, and therefore cannot authorize them to discontinue service for

non-payment of gas supply charges. Under the proposed hierarchy of payment, the Company would retain “the power of the wrench,” and the Pool Manager would be appropriately protected from customers attempting to “game the system” by making partial payments. However, this arrangement would not provide protection to the Pool Manager in the event that the customer failed to pay at all. The Pool Manager would, of course, have the authority to appropriately secure customer accounts through cash deposits or similar means.

28. Under the TTS tariff, customers would continue to receive only one monthly bill, since the Pool Managers’ charges would appear in lieu of the Company’s fuel charges. The potential for customer slamming during the transition period would be essentially eliminated. Pool Managers would be able to focus their efforts on gas supply procurement, without the financial and administrative burdens of maintaining a customer data base, a billing system and a customer service support staff. The potential for errors and customer confusion would be minimized during the transition period, enhancing the likelihood that the customers would achieve savings from transportation service.
29. The Company currently has the authority to collect a charge from Pool Managers opting to receive customer billing and payment processing services from the Company, in the amount of \$5.00 per bill, applicable to the relatively limited number of non-residential customers receiving transportation service on the Company’s system. The Company proposes to convert this charge to \$2.00 per account per month, for the broader array of services encompassed in the above-described Customer Account Administration Service, applicable to all accounts

receiving service from Pool Managers. The charge would be mandatory for TTS Pool Managers, but remain elective for Pool Managers and other gas marketers serving non-residential accounts in the Company's Aggregated or Individual Transportation Service programs. The Company further proposes to defer all revenues generated by this charge for offset against the costs needed to develop and implement the computer system capabilities necessary to accommodate a robust and mobile customer transportation service environment. Such a system would need to fulfill a series of new or more complex functions, including processing inter-pool customer migration, ensuring that the correct gas supply pricing is applied to each customer, tracking customer payments according to the established hierarchy of payment, remitting collections from customers to Pool Managers, tracking scheduled and delivered gas supply quantities, monthly imbalance resolutions, interstate pipeline operational order administration, and the like. The Company is currently conducting an assessment of the costs required to upgrade its existing Customer Information System or, if such an upgrade proves unfeasible, convert to a software platform that would support customer participation in an open, competitive gas market. The Company would initiate the upgrade or replacement of its existing systems during Phase One of the TTS program, with full system integration achieved prior to the launch of Phase Two. Based on preliminary cost estimates, the Company believes that the cost to upgrade or replace its existing systems would be recovered by the Customer Account Administration Charge revenue (estimated at \$240,000 per year) generated from the Pool Manager(s) over the initial three to four year period of the TTS program.

30. Subsequent to the full recovery of the system upgrade or replacement cost, the Company would continue to provide Customer Account Administration Service to Pool Managers for all residential accounts on a mandatory basis. Pool Managers and gas marketers providing services to individual transportation service customers would continue to have the option of subscribing to the Company's billing and account administration service for non-residential accounts. The Company intends to address the need for any tariff modifications associated with the provision of such continuing services, perhaps through incentive ratemaking measures, at the appropriate time.
31. Under its proposal, the Company would continue to perform all duties required of a Delivery Point Operator ("DPO"), that is, the manager of the interconnections between the Company's distribution facilities and the interstate pipeline(s) that provide service to such facilities. In such capacity, the Company would continue to bear full responsibility to resolve all imbalances between scheduled and actual deliveries at each delivery point. As the DPO, the Company would continue to receive all operational orders issued by the interstate pipelines and notify pool managers and individual transportation customers accordingly. As the DPO, the Company would continue to be charged any penalties associated with non-compliance with operational orders, and to attempt to determine the responsible parties and assign such penalties in an appropriate manner. The Company proposes that net over- or under-recoveries of costs associated with its performance of the DPO function would be periodically refunded or collected from each Pool Manager on its system through a modified Operational Balancing Account mechanism as set forth in the proposed tariff.

32. Under the Company's proposal, the TTS Pool Manager(s) would be responsible for several activities, including acquiring, nominating, scheduling and otherwise arranging for the delivery of natural gas to the Company and the proper billing of its gas supply charges. The Pool Manager(s) would be responsible for providing all gas quantities required by the TTS pool on a firm basis. Given the nature of cycle meter reading, exact usage quantities would be unknown in advance. Although the Company would provide actual customer usage information throughout the month so that the quantities of Gas scheduled and delivered to the TTS pool customers may be adjusted accordingly, the Pool Manager(s) would remain responsible for all monthly imbalances related to its customer pool on both the interstate pipelines and the Company's distribution system. In addition, TTS Pool Manager(s) would also play an important role in coordinating with the Company to ensure its various gas supply pricing options are properly transmitted to the Company for customer billing purposes.
33. The Company's proposed transitional approach would provide sufficient time for all stakeholders to obtain a comfort level with a broad open access program. The Company's retention of administrative responsibilities is designed to maximize responsible marketer participation, thereby facilitating the development of a fully robust natural gas transportation market in the Company's service area.
34. The Company has in motion programs to educate and inform its residential customers about transportation service, and to provide training to its customer service staff. A mass mailing to residential customers in February 2002, indicated that open access may become available to

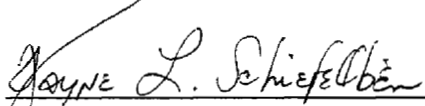
residential customers, and invited questions and comments. In response, almost 200 telephone calls were received, with an overwhelmingly positive reaction on the part of customers. Preparation of a second mailing is near completion, to include a glossary of basic terminology and answers to frequently asked questions. Additional mailings would follow Commission approval of the Company's proposal, and the award of a contract to the Phase One Pool Manager. The Company's web site would be continually updated to provide information to customers about the TTS customer pool. Company educational materials would promote the web site as an additional means of communicating with all transporting customers and Pool Managers.

35. As the Company prepares to exit the merchant function, it would be appropriate to address its continued participation in the ongoing purchased gas cost recovery proceedings. The Company intends to timely submit its final true-up data for calendar year 2001 in the PGA docket, in May 2002. Standard procedure calls for submission of seven months (January-July) actual and five months (August-December) projected data as part of a late September 2002 projection filing used to determine the PGA factor for 2003, the next calendar year. However, upon the activation of service by the Phase One TTS Pool Manager, there would cease to be any need for the Company to have an active PGA mechanism. Obviously, whatever over or under-recovery may have accrued at that time would need to be reviewed by the Commission for appropriate disposition by the Company. The Company proposes to address that matter in a subsequent filing within ninety (90) days of the termination of its gas sales merchant function.

36. The Company is submitting with the instant petition the proposed revised tariff sheets attached in Exhibit A that incorporate the changes necessary to implement transportation service to all remaining sales customers, in proposed final and legislative format. Also included in Exhibit A are proposed tariff revisions to update the Company's service area, correct typographical errors, and similar housekeeping items. In addition, the Company intends to make a future filing, after activation of the TTS program, that will delete all references to the Company's activities related to the traditional gas merchant function.
37. The Company requests that the Commission's approval of the proposed revised tariff sheets accompanying this petition be effective as of the date of its vote.

WHEREFORE, the Florida Division of Chesapeake Utilities Corporation requests that the Commission grant this petition and approve the accompanying proposed revised tariff sheets, to become effective as of the date of the Commission's vote.

Respectfully submitted,



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Attorney for the Florida Division of
Chesapeake Utilities Corporation

EXHIBIT A

**PROPOSED REVISED TARIFF SHEETS IN
FINAL AND LEGISLATIVE FORMAT**

PROPOSED REVISED TARIFF SHEETS

FINAL FORMAT

DESCRIPTION OF TERRITORY SERVED

Florida Division of Chesapeake Utilities Corporation (hereinafter called "Company") is a natural gas distribution company engaged in the business of distributing natural gas in the State of Florida.

The present system of the Company is comprised of interconnected distribution facilities serving that area within and adjacent to the communities of Winter Haven, Auburndale, Bartow, Baseball City, Davenport, Loughman, Haines City, Mountain Lake, Lake Alfred, Eagle Lake, Lake Wales, Dundee, Lake Hamilton, Highland City, Waverly, Mulberry and Nichols in Polk County, Plant City in Hillsborough County and St. Cloud in Osceola County.

The Company's distribution system also serves certain discrete areas within Gadsden County outside the city limits of Quincy, Havana, and Chattahoochee. Further service territories include certain discrete portions of Gilchrist, Union, Holmes, Jackson, Suwannee and DeSoto counties. Additionally, the Company's distribution system serves all areas within Citrus County.

The Company maintains its general offices, books and records in Winter Haven, Florida, where a copy of all rate schedules, general terms and conditions, and standard forms are readily available for public inspection.

TECHNICAL TERMS AND ABBREVIATIONS
(Continued)

21. **CURTAILMENT**
Temporary discontinuance of gas service in accordance with the provisions of the Company's end use curtailment or interruption plan.
22. **CUSTOMER**
Any individual, firm or organization receiving gas service at one location under this tariff and provisions thereof.
23. **CUSTOMER FACILITIES CHARGE - MINIMUM BILL**
That cost billed to a Customer each billing period that reflects the amount of facilities and service cost used during the billing period.
24. **CUSTOMER'S INSTALLATION**
All pipe and fittings, regulators, cocks, valves, vents, circulating pipes, connections, appliances and apparatus of every kind and nature used in connection with or forming a part of an installation for utilizing gas for any purpose located on the outlet side of the Company's meter located on Customer's premises.
25. **CUSTOMER POOL**
A group of not less than ten (10) customers whose aggregated annual usage exceeds 100,000 therms per year that either 1) elect, in accordance with the applicable transportation provisions, Transportation Aggregation Service with an approved Pool Manager, or 2) are assigned to the Transitional Transportation Service Pool Manager.
26. **DEKATHERM**
1,000,000 BTU's (1 MMBTU) or ten (10) therms.
27. **DELIVERY GAS DAY**
A period of twenty-four (24) consecutive hours beginning and ending at 9:00 a.m. Central Clock Time.
28. **DELIVERY POINT or POINT OF DELIVERY**
(a) The point at the connection of the facilities of Transporter and of a downstream third party at which the gas leaves the outlet side of Transporter's measuring equipment and enters the downstream party's facilities, OR

TECHNICAL TERMS AND ABBREVIATIONS
(Continued)

- (b) The point at the interconnection between the facilities of Company and a Customer (sales or transportation) at which the gas leaves the outlet side of Company's measuring equipment and enters the Customer's facilities.
29. DELIVERY POINT OPERATOR
The Company, as Delivery Point Operator (DPO) is the party responsible for managing gas supply allocations, operational orders, imbalance resolutions and other related duties, including monetary transactions between upstream interstate pipelines and the Company and between downstream third-party Shippers and the Company.
30. EFFICIENCY
A percentage expression of the available BTU input that is absorbed for useful purpose as applied to combustion equipment.
31. FIRM SERVICE
Gas service on a continuous basis without interruption or curtailment within the limitations of the Company's ability to serve.
32. FLOWING TEMPERATURE
The arithmetical average of the temperature of the gas flowing through the meters as recorded by a recording thermometer installed at the point of measurement. Where such installation is not provided, the flowing temperature of the gas shall be assumed to be sixty degrees Fahrenheit (60°F.).
33. GAS
Natural gas that is in conformance with the quality specifications of the Transporter.
34. GAS DAY
A period of twenty-four (24) consecutive hours beginning and ending at 9:00 a.m. Central Clock Time.
35. GAS MONTH
A period beginning at 9:00 a.m. Central Clock Time on the first day of a calendar month and ending at 9:00 a.m. Central Clock Time of the first day of the next succeeding calendar month.

TECHNICAL TERMS AND ABBREVIATIONS
(Continued)

45. MONTH
The period between any two (2) regular readings of Company's meters at approximately thirty (30) day intervals.
46. NOMINATION
A request by a party to a producer, pipeline or local distribution company for receipt or delivery of a physical quantity of gas pursuant to a Transportation Service or Transportation Aggregation Agreement. A nomination specifies (1) the quantity of gas per day, measured in Dekatherms, to be received or delivered on behalf of the nominating party; (2) the point(s) at which the gas is to be received and delivered; and, (3) the period of time in which the delivery is to take place.
47. OPERATIONAL FLOW ORDER
Is an order issued to alleviate conditions, which threaten or could threaten the safe operations or system integrity of the Transporter or to maintain operations required to provide efficient and reliable firm service.
48. OPERATIONAL BALANCING ACCOUNT
The account in which a Shipper's daily imbalances between receipts and deliveries are recorded. Shippers on the Company's distribution system will be required to cashout the net imbalances in their operational balancing account at the end of each month.
49. POOL MANAGER
An entity that provides gas supply and interstate pipeline capacity management for an aggregated number of customers on the Company's distribution system, as further defined in the General Terms and Conditions for Transportation Aggregation Service or Transitional Transportation Service.
50. RATE SCHEDULE
A statement of the Company's rates or charges for a specific classification of service, both sales and transportation.
51. RECEIPT GAS DAY
A period of twenty-four (24) consecutive hours beginning and ending at 9:00 a.m. Central Clock Time.

TECHNICAL TERMS AND ABBREVIATIONS

(Continued)

52. **SHIPPER**
Customer who has executed a Transportation Service Agreement, or a Pool Manager who has executed a Transportation Aggregation Agreement or a Transitional Transportation Service Agreement with the Company, and who has acquired capacity with a Transporter.
53. **SPECIFIC GRAVITY**
Specific gravity of the gas delivered shall be determined with an Edwards or other standard type gravity balance by test made as near the first of each month as practicable; or by a recording gravitometer of standard manufacture installed at a suitable location.
54. **STANDARD DELIVERY PRESSURE**
The standard delivery pressure is assumed to be seven inches (7") of water column, 14.98 psia, where the atmospheric pressure is assumed to be 14.73 psia. No adjustment will be made for variations from the normal atmospheric pressure at the Customer's meter. Gas delivered at standard delivery pressure may vary from three inches (3") to two pounds (2 lbs.) of water column.
55. **SUBMETERING**
The remetering of gas purchased by a Customer for distribution to the Customer's tenants through Customer-owned or rented meters.
56. **SUPERCOMPRESSIBILITY FACTOR**
The multiplier used to correct the metered volume of natural gas for deviation from Boyle's law and varies according to the pressure, temperature and specific gravity. Where this factor is applied to measured volumes that are computed to base conditions, these volumes are greater than that obtained by the strict application of the ideal gas laws. The factor is obtained from the supercompressibility tables published in the American Gas Association Gas Measurement Committee Report No. 3, as amended from time to time.
57. **SUPPLIER**
Any entity from which the Company or its Customers obtains its gas supply.
58. **SUPPLIER OF LAST RESORT**
The Company, under circumstances where all Transitional Transportation Service Pool Manager(s) default, shall provide gas supply and capacity management activities until a replacement Pool Manager can begin providing service.
59. **THERM**
A unit of heating value equivalent to one hundred thousand (100,000) British Thermal Units.

TECHNICAL TERMS AND ABBREVIATIONS
(Continued)

60. **TRANSITIONAL TRANSPORTATION SERVICE**
That service which is offered by the Company in which volumes of Gas are nominated by a Pool Manager under a Transitional Transportation Service Agreement are received from the Transporter and delivered to the Pool Manager's customers.
61. **TRANSITIONAL TRANSPORTATION SERVICE AGREEMENT**
A contract between the Company and a Pool Manager which defines the terms and conditions under which the Pool Manager's customers receive Transitional Transportation Service from the Company
62. **TRANSPORTATION AGGREGATION AGREEMENT**
A contract between the Company and a Pool Manager which defines the terms and conditions under which the Pool Manager's customers receive Transportation Aggregation Service from the Company.
63. **TRANSPORTATION AGGREGATION SERVICE**
That service which is offered by the Company in which volumes of Gas are nominated by a Pool Manager under a Transportation Aggregation Agreement are received from the Transporter and delivered to the Pool Manager's customers.
64. **TRANSPORTATION SERVICE**
That service which is offered by the Company in which volumes of Gas are nominated by a Shipper under a Transportation Service Agreement are received from the Transporter and delivered to the Shipper's facility.
65. **TRANSPORTATION SERVICE AGREEMENT**
A contract between the Company and a Shipper which defines the terms and conditions under which the Shipper receives Transportation Service from the Company.
66. **TRANSPORTER**
Any pipeline that delivers gas to Company's city gate facilities.
67. **UNAUTHORIZED OVERRUN**
The volume of natural gas that a Shipper or Shipper's customers consumes during the Month in excess of the volumes scheduled for the Month by the Shipper for delivery.
68. **UNAUTHORIZED UNDERRUN**
The volume of natural gas that a Shipper schedules in excess of the actual volume of gas actually consumed by the Shipper or Shipper's customers during the Month.

TECHNICAL TERMS AND ABBREVIATIONS
(Continued)

69. WORKING DAY
Any day on which the utility's business office is open and the U.S. mail is delivered.
70. YEAR
A period of three hundred and sixty-five (365) consecutive days except that in a year having a date of February twenty-nine (29), such year shall consist of three hundred sixty-six (366) consecutive days.
71. ABBREVIATIONS

AGA	American Gas Association
BTU	British Thermal Unit
CCF	One Hundred (100) Cubic Feet
Cu. Ft.	Cubic Feet
Cu. Ft./Hr.	Cubic Feet Per Hour
°C	Degree Centigrade
°F	Degree Fahrenheit
FERC	Federal Energy Regulatory Commission
FPSC	Florida Public Service Commission
C	Commercial
I	Industrial
LDC	Local Distribution Company
MCF	1,000 Cubic Feet
OSSS	Off-System Sales Service
OSSSA	Off-System Sales Service Agreement
psi	Pounds per square inch
psia	Pounds per square inch absolute
psig	Pounds per square inch gauge
TSA	Transportation Service Agreement

CLASSIFICATION OF SERVICE

Service Classification: 0 – 500 Annual Therms

Applicability

Residential, Commercial or Industrial customers whose metered consumption is 500 therms per year or less.

Service Options

- | | |
|---|--------------------|
| 1. General Sales Service: | Rate Schedule GS-1 |
| 2. Aggregated Transportation Service: | Rate Schedule TS-1 |
| 3. Transitional Transportation Service: | Rate Schedule TS-1 |

Terms and Conditions of Service

1. Gas service provided to customers in this Class of Service shall be subject to the General Terms and Conditions set forth in this tariff, and other approved rules or regulations of the Company as applicable.

Service Classification: 500 – 3,000 Annual Therms

Applicability

Residential, Commercial or Industrial customers whose metered consumption is greater than 500 therms per year up to 3,000 therms per year.

Service Options

- | | |
|---|--------------------|
| 1. General Sales Service: | Rate Schedule GS-2 |
| 2. Aggregated Transportation Service: | Rate Schedule TS-2 |
| 3. Transitional Transportation Service: | Rate Schedule TS-2 |

Terms and Conditions of Service

1. Gas service provided to customers in this Class of Service shall be subject to the General Terms and Conditions set forth in this tariff, and other approved rules or regulations of the Company as applicable.

CLASSIFICATION OF SERVICE
(Continued)

Service Classification: 3,000 – 10,000 Annual Therms

Applicability

Residential, Commercial or Industrial customers whose metered consumption is greater than 3,000 therms up to 10,000 therms per year.

Service Options

- | | |
|---|--------------------|
| 1. General Sales Service: | Rate Schedule GS-3 |
| 2. Aggregated Transportation Service: | Rate Schedule TS-3 |
| 3. Transitional Transportation Service: | Rate Scheduld TS-3 |

Terms and Conditions of Service

1. Gas service provided to customers in this Class of Service shall be subject to the General Terms and Conditions set forth in this tariff, and other approved rules or regulations of the Company as applicable.

Service Classification: 10,000 – 25,000 Annual Therms

Applicability

Commercial or Industrial customers whose metered consumption is greater than 10,000 therms up to 25,000 therms per year.

Service Options

- | | |
|---|--------------------|
| 1. General Sales Service: | Rate Schedule GS-4 |
| 2. Aggregated Transportation Service: | Rate Schedule TS-4 |
| 3. Transitional Transportation Service: | Rate Schedule TS-4 |

Terms and Conditions of Service

1. Gas service provided to customers in this Class of Service shall be subject to the General Terms and Conditions set forth in this tariff, and other approved rules or regulations of the Company as applicable.

CLASSIFICATION OF SERVICE
(Continued)

Service Classification: 25,000 – 50,000 Annual Therms

Applicability

Commercial or Industrial customers whose metered consumption is greater than 25,000 therms up to 50,000 therms per year.

Service Options

- | | |
|---|--------------------|
| 1. General Sales Service: | Rate Schedule GS-5 |
| 2. Aggregated Transportation Service: | Rate Schedule TS-5 |
| 3. Transitional Transportation Service: | Rate Schedule TS-5 |

Terms and Conditions of Service

1. Gas service provided to customers in this Class of Service shall be subject to the General Terms and Conditions set forth in this tariff, and other approved rules or regulations of the Company as applicable.

Service Classification: 50,000 – 100,000 Annual Therms

Applicability

Commercial or Industrial customers whose metered consumption is greater than 50,000 therms up to 100,000 therms per year.

Service Options

- | | |
|---|--------------------|
| 1. General Sales Service: | Rate Schedule GS-6 |
| 2. Aggregated Transportation Service: | Rate Schedule TS-6 |
| 3. Transitional Transportation Service: | Rate Schedule TS-6 |

Terms and Conditions of Service

1. Gas service provided to customers in this Class of Service shall be subject to the General Terms and Conditions set forth in this tariff, and other approved rules or regulations of the Company as applicable.

CLASSIFICATION OF SERVICE
(Continued)

Service Classification: 100,000 – 500,000 Annual Therms

Applicability

Commercial or Industrial customers whose metered consumption is greater than 100,000 therms up to 500,000 therms per year.

Service Options

- | | |
|---|--------------------|
| 1. General Sales Service: | Rate Schedule GS-7 |
| 2. Contract Sales Service: | Rider CSS |
| 3. Aggregated Transportation Service: | Rate Schedule TS-7 |
| 4. Transitional Transportation Service: | Rate Schedule TS-7 |
| 5. Transportation Service: | Rate Schedule TS-7 |
| 6. Contract Transportation Service: | Rider CTS |

Terms and Conditions of Service

1. Gas service provided to customers in this Class of Service shall be subject to the General Terms and Conditions set forth in this tariff, and other approved rules or regulations of the Company as applicable.

CLASSIFICATION OF SERVICE
(Continued)

Service Classification: 500,000 – 1,000,000 Annual Therms

Applicability

Commercial or Industrial customers whose metered consumption is greater than 500,000 therms up to 1,000,000 therms per year.

Service Options

- | | |
|---|--------------------|
| 1. General Sales Service: | Rate Schedule GS-8 |
| 2. Contract Sales Service: | Rider CSS |
| 3. Aggregated Transportation Service: | Rate Schedule TS-8 |
| 4. Transitional Transportation Service: | Rate Schedule TS-8 |
| 5. Transportation Service: | Rate Schedule TS-8 |
| 6. Contract Transportation Service: | Rider CTS |

Terms and Conditions of Service

1. Gas service provided to customers in this Class of Service shall be subject to the general Terms and Conditions set forth in this tariff, and other approved rules or regulations of the Company as applicable,

CLASSIFICATION OF SERVICE
(Continued)

Service Classification: Greater than 1,000,000 Annual Therms

Applicability

Commercial or Industrial customers whose metered consumption is greater than 1,000,000 therms per year.

Service Options

- | | |
|---|--------------------|
| 1. General Sales Service: | Rate Schedule GS-9 |
| 2. Contract Sales Service: | Rider CSS |
| 3. Aggregated Transportation Service: | Rate Schedule TS-9 |
| 4. Transitional Transportation Service: | Rate Schedule TS-9 |
| 5. Transportation Service: | Rate Schedule TS-9 |
| 6. Contract Transportation Service: | Rider CTS |

Terms and Conditions of Service

1. Gas service provided to customers in this Class of Service shall be subject to the general Terms and Conditions set forth in this tariff, and other approved rules or regulations of the Company as applicable.

SERVICE OPTIONS

1. GENERAL SALES SERVICE

All Customer Classifications at all Service Classification levels may elect the General Sales Service option. Customer's served under a General Sales Service (GS) Rate Schedule will purchase natural gas directly from the Company.

2. CONTRACT SALES SERVICE

Alternate Fuel Customers (metered gas volume over 100,000 annual therms) may elect to enter into a contract to purchase natural gas directly from the Company for a period of not less than one-year. The energy charge for this service option shall be subject to the Company's flexible pricing mechanism. It is the intention of the Company that the energy charge be determined based upon the competitive pricing of the customer's alternate fuel. In establishing the customer's energy charge, the Company may analyze: the cost of gas available to the customer; the delivered price of the customer's alternate fuel; the availability of such fuel; and the nature of the customer's operations. The Company may from time to time increase or reduce the energy charge as it deems necessary or appropriate to compete with alternate fuel, but shall have no obligation to do so. Contract Sales Service shall be provided in accordance with the terms and conditions contained in Rider CSS, Sheet Nos. 59 to 61.

3. AGGREGATED TRANSPORTATION SERVICE

All Customer Classifications in all Service Classifications, except Residential customers and customers served under the Flexible Gas Service rate schedules or under a Special Contract, may elect to transport customer owned gas on the Company's distribution system as part of an aggregated Customer Pool. Transportation Aggregation Service is available to Commercial and Industrial Customers whose annual metered gas volume is less than 100,000 therms. This service shall be provided in accordance with Section 17.2, Transportation Aggregation Service, Sheet Nos. 105 to 112.

SERVICE OPTIONS
(Continued)

4. TRANSITIONAL TRANSPORTATION SERVICE

All Customer Classifications in all Service Classifications, except customers served under the Flexible Gas Service rate schedule or under a Special Contract, may elect to transport customer owned gas on the Company's distribution system as part of a Transitional Transportation Service Customer Pool. This service shall be provided in accordance with Section 17.3, Transitional Transportation Service, Sheet Nos. 112.1 – 112.5.

5. TRANSPORTATION SERVICE

All Customer Classifications in all Service Classifications, whose annual metered gas volume exceeds 100,000 therms, may elect to individually transport customer owned gas on the Company's distribution system. This service shall be provided in accordance with Section 17.1, Transportation Service, Sheet Nos. 101 to 105.

6. CONTRACT TRANSPORTATION SERVICE

Alternate Fuel Customers (metered gas volume over 100,000 annual therms) may elect to purchase natural gas from a supplier and arrange for the transportation of said natural gas on the interstate pipeline for delivery into the Company's distribution system. Customers electing this service option must enter into a contract with the Company to transport customer owned gas on the Company's distribution system for a period of not less than one year. The transportation charge for this service option shall be subject to the Company's Competitive Rate Adjustment pricing mechanism. It is the intention of the Company that the transportation charge be determined based upon the competitive pricing of the customer's alternate fuel. In establishing the customer's transportation charge, the Company may analyze: the cost of gas available to the customer; the delivered price of the customer's alternate fuel; the availability of such fuel; and the nature of the customer's operations. The Company may from time to time increase or reduce the transportation charge as it deems necessary or appropriate to compete with alternate fuel, but shall have no obligation to do so. Contract Transportation Service shall be provided in accordance with Section 17, Transportation Services, Sheet Nos. 101 to 112 (as applicable), and Rider CTS, Sheet Nos. 62 to 64.

TRANSPORTATION SERVICE-1
Rate Schedule TS-1

Availability:

Throughout the service area of the Company.

Applicability:

Transportation Aggregation Service and Transitional Transportation Service available to, where applicable, Residential, Commercial and Industrial customers whose annual metered transportation volume is 0 therms up to 500 therms.

Monthly Rate:

Customer Charge:	\$15.00
Energy Charge:	\$0.44073 per therm
Minimum Bill:	The Customer Charge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 79.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of transportation service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the Monthly Rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, transportation under this rate schedule shall be billed at Monthly Rates stated herein.

TRANSPORTATION SERVICE-2
Rate Schedule TS-2

Availability:

Throughout the service area of the Company.

Applicability:

Transportation Aggregation Service and Transitional Transportation Service available to, where applicable, Residential, Commercial and Industrial customers whose annual metered transportation volume is greater than 500 therms up to 3,000 therms.

Monthly Rate:

Customer Charge:	\$27.50
Energy Charge:	\$0.29356 per therm
Minimum Bill:	The Customer Charge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 -- 79.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of transportation service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the Monthly Rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, transportation under this rate schedule shall be billed at Monthly Rates stated herein.

TRANSPORTATION SERVICE-3
Rate Schedule TS-3

Availability:

Throughout the service area of the Company.

Applicability:

Transportation Aggregation Service and Transitional Transportation Service available to, where applicable, Residential, Commercial and Industrial customers whose annual metered transportation volume is greater than 3,000 therms up to 10,000 therms.

Monthly Rate:

Customer Charge:	\$42.50
Energy Charge:	\$0.25285 per therm
Minimum Bill:	The Customer Charge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 79.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of transportation service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the Monthly Rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, transportation under this rate schedule shall be billed at Monthly Rates stated herein.

TRANSPORTATION SERVICE-4
Rate Schedule TS-4

Availability:

Throughout the service area of the Company.

Applicability:

Transportation Aggregation Service and Transitional Transportation Service available to Commercial and Industrial customers whose annual metered transportation volume is greater than 10,000 therms up to 25,000 therms.

Monthly Rate:

Customer Charge:	\$55.00
Energy Charge:	\$0.22132 per therm
Minimum Bill:	The Customer Charge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 79.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of transportation service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the Monthly Rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, transportation under this rate schedule shall be billed at Monthly Rates stated herein.

TRANSPORTATION SERVICE-5
Rate Schedule TS-5

Availability:

Throughout the service area of the Company.

Applicability:

Transportation Aggregation Service and Transitional Transportation Service available to Commercial and Industrial customers whose annual metered transportation volume is greater than 25,000 therms up to 50,000 therms.

Monthly Rate:

Customer Charge:	\$125.00
Energy Charge:	\$0.18802 per therm
Minimum Bill:	The Customer Charge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 79.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of transportation service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the Monthly Rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, transportation under this rate schedule shall be billed at Monthly Rates stated herein.

TRANSPORTATION SERVICE-6
Rate Schedule TS-6

Availability:

Throughout the service area of the Company.

Applicability:

Transportation Aggregation Service and Transitional Transportation Service available to Commercial and Industrial customers whose annual metered transportation volume is greater than 50,000 therms up to 100,000 therms.

Monthly Rate:

Customer Charge:	\$200.00
Energy Charge:	\$0.14709 per therm
Minimum Bill:	The Customer Charge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 79.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of transportation service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the Monthly Rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, transportation under this rate schedule shall be billed at Monthly Rates stated herein.

TRANSPORTATION SERVICE-7
Rate Schedule TS-7

Availability:

Throughout the service area of the Company.

Applicability:

Transportation Service, Transportation Aggregation Service and Transitional Transportation Service available to Commercial and Industrial customers whose annual metered transportation volume is greater than 100,000 therms up to 500,000 therms.

Monthly Rate:

Customer Charge:	\$300.00
Energy Charge:	\$0.09774 per therm
Minimum Bill:	The Customer Charge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 79.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of transportation service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the Monthly Rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, transportation under this rate schedule shall be billed at Monthly Rates stated herein.

TRANSPORTATION SERVICE-8
Rate Schedule TS-8

Availability:

Throughout the service area of the Company.

Applicability:

Transportation Service, Transportation Aggregation Service and Transitional Transportation Service available to Commercial and Industrial customers whose annual metered transportation volume is greater than 500,000 therms up to 1,000,000 therms.

Monthly Rate:

Customer Charge:	\$500.00
Energy Charge:	\$0.08723 per therm
Minimum Bill:	The Customer Charge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 79.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of transportation service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the Monthly Rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, transportation under this rate schedule shall be billed at Monthly Rates stated herein.

TRANSPORTATION SERVICE-9
Rate Schedule TS-9

Availability:

Throughout the service area of the Company.

Applicability:

Transportation Service, Transportation Aggregation Service and Transitional Transportation Service available to Commercial and Industrial customers whose annual metered transportation volume is greater than 1,000,000 therms.

Monthly Rate:

Customer Charge:	\$700.00
Energy Charge:	\$0.07892 per therm
Minimum Bill:	The Customer Charge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 79.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of transportation service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the Monthly Rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, transportation under this rate schedule shall be billed at Monthly Rates stated herein.

CONTRACT TRANSPORTATION SERVICE
Rider CTS
(Continued)

Customer may at any time request a reduction in its transportation charge by completing the Form CRA – CTS or CRA – BYPASS that appears on Sheet Nos. 67.1 and 67.2 or 67.3 and 67.4, respectively, and submitting the same to Company. During any period in which the transportation charge is less than base rate, customer shall complete and submit the same form with then current information as close as practicable to the first day of each month.

Company will notify customer immediately by telephone communication to be followed by written notification within 24 hours of any change in the transportation charge under this Rate Schedule. The rate change shall be effective at 9:00 a.m. Central Clock Time on the first day of the month for which the rate applies or at 9:00 a.m. Central Clock Time on the day following notification to customer of a change in rates which may occur at any time during the billing month.

Notwithstanding the other provisions of this Rate Schedule, the Company may enter into a contract with an alternate fuel transportation customer to provide service under terms other than those set forth herein; provided that the charges prescribed in any such contract shall be established with the objective of enabling the Company to recover at a minimum the fully allocated cost of serving that customer. Any such contract shall be subject to approval by the Florida Public Service Commission, and the Commission shall have continuing jurisdiction over the rates charged therein.

Terms and Conditions of Service:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 - 79.
2. Service under this Rate Schedule is subject to the General Terms and Conditions of the Company applicable to transportation service.

CONTRACT TRANSPORTATION SERVICE

Rider CTS
(Continued)

3. Customer bears sole responsibility for all costs incurred up to the designated point of delivery on Company's system.
4. Service under this schedule shall be subject to the terms and conditions of the Transportation Service Agreement (TSA) between the Company and the customer and, unless otherwise indicated herein or in the TSA, to the General Terms and Conditions set forth in this tariff.
5. Customer will notify the Company of its "first of the month" nomination to transporter eight business days prior to the first of the month.
5. Customer will notify the Company of any intra-month nominations to transporter at least twenty-four (24) hours before the effective date of such nominations.
6. Alternate Fuel Certification:
The customer shall certify that its cost of alternate fuel is less than the delivered cost of gas received under Company's Transportation Service. Determination of customer's cost of alternate fuel shall be based on information set forth in Company's Form CRA – CTS or CRA - BYPASS (set forth on Sheet Nos. 67.1 and 67.2 or 67.3 and 67.4, respectively). Once a customer has submitted such form, and the same has been accepted by the Company, the customer shall resubmit such form, with then current information, on the first day of each month thereafter, and at any time there is any change in any information contained in a form previously submitted. The monthly rate for a customer who submits no Form CRA – CTS or CRA - BYPASS to Company, or who fails to submit such form (properly completed) as required hereunder, or whose completed form if not accepted by Company, shall be the currently applicable non-adjusted rate.
7. Transportation service rendered under this Rate Schedule may be curtailed or fully interrupted at the sole discretion of the Company in accordance with the Transportation Service Agreement and the provisions of the Curtailment Plan. The Company assumes no liability for any loss or damage that may be sustained by customer by reason of any curtailment or interruption of transportation service rendered under this Rate Schedule.

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(2) ENERGY CONSERVATION COST RECOVERY ADJUSTMENT CLAUSE:
Applicable:

To the Monthly Rate provision in each of the Company's Rate Schedules. Customers receiving service under a Special Contract, the Contract Sales Service, the Contract Transportation Service, the Off-System Sales Service and the Flexible Gas Service tariff Rate Schedules are specifically excluded from the application of the Energy Conservation Cost Recovery Adjustment Clause.

The bill for gas or transportation service supplied to a customer in any billing period shall be adjusted as follows:

Each Rate Schedule shall be increased or decreased to the nearest .001 cent multiplied by the tax factor of 1.00503 for each therm of gas sales or transportation to recover the conservation related expenditures by the Company. The Company shall record both projected and actual expenses and revenues associated with the implementation of the Company's energy conservation plan as authorized by the Commission. The procedure for the review, approval, recovery and recording of such costs and revenues is set forth in the Commission Rule 25-17.015, F.A.C.

The cost recovery factor for the period from January 1, 2002 through December 31, 2002 for each rate schedule are as follows:

<u>Rate Schedule</u>	<u>Classification of Service</u>	<u>Dollars per therm</u>
GS-1/TS-1 – Residential	< 500 therms	\$0.13125
GS-1/TS-1 - Commercial	< 500 therms	\$0.13125
GS-2/TS-2 - Residential	>500 up to 3,000 therms	\$0.06481
GS-2/TS-2 - Commercial	>500 up to 3,000 therms	\$0.06481
GS-3/TS-3 – Residential	>3,000 up to 10,000 therms	\$0.04821
GS-3/TS-3 - Commercial	>3,000 up to 10,000 therms	\$0.04821
GS-4/TS-4 - Commercial	>10,000 up to 25,000 therms	\$0.03831
GS-5/TS-5 - Commercial	>25,000 up to 50,000 therms	\$0.03349
GS-6/TS-6 – Comm\Ind	>50,000 up to 100,000 therms	\$0.02669
GS-7 – Comm\Ind	>100,000 up to 500,000 therms	\$0.01673
TS-7 – Comm\Ind	>100,000 up to 500,000 therms	\$0.01673
GS-8 - Industrial	>500,000 up to 1,000,000 therms	\$0.01402
TS-8 - Industrial	>500,000 up to 1,000,000 therms	\$0.01402
GS-9 - Industrial	>1,000,000 therms	\$0.01321
TS-9 - Industrial	>1,000,000 therms	\$0.01321

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(5) OPERATIONAL BALANCING ACCOUNT

The Company shall assign to Customers, Customer's agents or Pool Managers, directly or by reasonable allocation, all Transporter charges or credits received by the Company as Delivery Point Operator (DPO) on Transporter's interstate pipeline system. The Company shall assign to Customers, Customer's agents or Pool Manager, directly or by reasonable allocation, all imbalance resolution charges as defined in Section 17, Transportation Services. It is the intent of this tariff that the Company shall be authorized to recover or refund such other charges or credits, related to the provision of transportation service, as have historically been recovered from or allocated to Customers pursuant to the Commission's ongoing Purchased Gas Adjustment cost recovery proceedings.

Customer, Customer's agent or Pool Managers causing Gas to be delivered to the Company's distribution system shall be required to "cash-out" net imbalances, and other such charges or credits as may be directly assigned or allocated, in their operational balancing account at the end of each Gas Month. If the Company and Customer, Customer's Agent or Pool Manager mutually agree, the monthly Operational Balancing Account net charge or credit may be rolled-over to a succeeding monthly period(s) in accordance with such terms as may be established by the such parties. The monthly imbalance cash-out provisions for delivery imbalances are identified in Section 17, Transportation Services, of this tariff.

The Operational Balancing Account provides the tool by which the Company allocates the following charges or credits:

- (a) Charges or credits associated with balancing the Company's Delivery Points with Transporters.

- (b) Charges or credits associated with balancing, on a Monthly basis, the actual receipts of Gas by Company for transportation Customers, net of transportation shrinkage, to the actual deliveries of Gas by Company for transportation Customers.
 - (c) Charges or credits associated with unrelinquished Transporter capacity.
 - (d) Charges or credits associated with providing Supplier of Last Resort services in the event of the default of a Pool Manager under a TTS Agreement.
 - (e) In the event Company experiences unaccounted for Gas on its distribution system, Company shall be entitled to recover the cost of such unaccounted for Gas. Costs associated with transportation shrinkage, if any, shall be based upon Company's operating experience, and Company shall have the right to adjust such cost from time to time to reflect operating experience and/or any change in methodology used by Company to calculate the amount of Gas deemed as transportation shrinkage. Upon request, Company shall furnish to Customer, Customer's Agent or Pool Manager information to support such cost allocation.
 - (f) This mechanism should not be deemed to preclude the Company from recovering other penalties and charges from its customers as defined in Section 17, Transportation Services, of this tariff, the Transportation Service Agreement, Transportation Aggregation Service Agreement or Transitional Transportation Service Agreement.
- (6) TAXES AND OTHER ADJUSTMENTS APPLICABLE TO ALL RATE SCHEDULES:
There will be added to all bills rendered, all applicable local utility and franchise taxes and state gross receipts and sales taxes presently assessed by governmental authority; as well as future changes or new assessments by any governmental authority subsequent to the effective date of this tariff. All such assessments as described above shall be shown on customer bills.

INDEX OF GENERAL TERMS AND CONDITIONS
(continued)

	<u>Sheet No.</u>
5. BILLING AND COLLECTING	
5.1 Billing Periods	88
5.2 Partial Month	88
5.3 Non-Receipt of Bills	88
5.4 Calculation of Bill	88
5.5 Change of Occupancy	89
5.6 Delinquent Bills	89
5.7 Estimated or Adjusted Bills	89
5.8 Adjustment of Bills for Meter Error	90
5.9 Returned Check Charge	91
5.10 Contracts and Agreements	91
5.11 Payment for Transportation Service	91
6. METERING	
6.1 Use of Meters and Measuring Equipment	91.1
6.2 Location of Meters	92
6.3 Access to Meters	92
6.4 Meter Accuracy	92
7. EXTENSION OF FACILITIES	
7.1 Free Extension	93
7.2 Service Extensions Above Free Limit	93
7.3 Main Extensions Above Free Limit – Contribution in Aid of Construction	93
7.4 Main line Extensions of Facilities for Non-Natural Gas Water Heating Customers	94
7.5 Service Line Extensions for Non-Natural Gas Water Heating Customers From Existing Main	94
7.6 Area Extension Program Charge	94
7.7 Temporary Service	96
7.8 No Discrimination Practiced Between Customers	96

INDEX OF GENERAL TERMS AND CONDITIONS
(continued)

	<u>Sheet No.</u>
8. OBLIGATIONS OF COMPANY AND CUSTOMERS	
8.1 Operation of Company's System	96
8.2 Interruptions	96.1
8.3 Information to Customers	96.1
8.4 Access to Customer's Premises	97
8.5 Protection of Company's Property	97
8.6 Interfering or Tampering with Company's Property	97
8.7 Conformance with Tariff	97
9. FORCE MAJEURE	97
10. DISCONTINUANCE OF SERVICE	
10.1 Without Notice	99
10.2 After Five (5) Days Written Notice	99
10.3 Waiver of Discontinuance of Service	99
10.4 Bill Collection in Lieu of Disconnection	99
11. RESTORATION OF SERVICE	99.1
12. TERMINATION OF SERVICE	100
13. LIMITATION OF GAS SUPPLY	100
14. QUALITY OF GAS	100
15. APPLICABILITY OF GENERAL TERMS AND CONDITIONS	100
16. OWNERSHIP OF PROPERTY	101
17. TRANSPORTATION SERVICES	
17.1 Transportation Service	101
17.2 Transportation Aggregation Service	105
17.3 Transitional Transportation Service	112

GENERAL TERMS AND CONDITIONS
(Continued)

- (c) It shall be understood that when a meter is found to be in error in excess of the prescribed limits of two percent (2%) fast or slow, the figure to be used for calculating the amount of refund or charge in (a) or (b)(2) above shall be that percentage of error as determined by the test.
- (d) In the event of unauthorized use, the Customer may be billed on a reasonable estimate of the gas consumed.

5.9 Returned Check Charge

A service charge, as specified on Sheet No. 73, shall be added to the Customer's bill for gas service for each check dishonored by the bank upon which it is drawn. Termination of service shall not be made for failure to pay the returned check charge.

5.10 Contracts and Agreements

Where there exists a special contract or agreement between the Company and a Customer pursuant to Commission Rule 25-9.034, the terms and conditions of that contract as approved by the Florida Public Service Commission will apply to gas service received under the contract when those terms and conditions differ from Section 5 of this Tariff.

5.11 Payment for Transportation Service

The Company may include Pool Manager's charges for the sale of gas, separately identified, on the Company's monthly bill to individual Transportation Service, Transportation Aggregation Service or Transitional Transportation Service customers. For any payment made, the Company will first apply the payment to all separately stated taxes that are due, then to the Pool Manager's charges, and then to the Company's regulated charges. The Company may, at its sole option, include Pool Manager's charges for other services on the Company's monthly bill to Customers.

GENERAL TERMS AND CONDITIONS
(Continued)

6. METERING

6.1 Use of Meters and Measuring Equipment

The Company will provide and install and properly maintain at its own expense such meter or meters, recording devices and metering equipment necessary to measure the quantity of gas used by the Customer.

The Customer, acting jointly with Company, may install, maintain and operate at his expense such check measuring equipment as desired provided that such equipment shall be so installed as not to interfere with the safe and efficient operation of Company's equipment. No gas shall be remetered or sub-metered by Customer for resale unless approved by the Company.

Company may furnish and install such regulating and/or flow control equipment and devices as it deems to be in the best interest of the Customer served, or of the system in general.

GENERAL TERMS AND CONDITIONS

(Continued)

Company's rights under the guaranty agreement will not be considered when calculating the AEP.

7.7 Temporary Service

In the case of temporary service for short-term use, Company may require the Customer to pay all costs of making the service connection and removing the material after service has been discontinued, or to pay a fixed amount in advance to cover such expense; provided, however, that the Customer shall be credited with reasonable salvage realized by the Company when service is terminated. A motor home or house trailer that is not set up on a semi-permanent basis; i.e., leveled and tied down, would be classified as a temporary service.

7.8 No Discrimination Practiced Between Customers

Nothing in this section (7) shall be construed as prohibiting the Company from establishing extension policies more favorable to Customers so long as no undue discrimination is practiced between Customers.

8. OBLIGATIONS OF COMPANY AND CUSTOMERS

8.1 Operation of Company's System

For Sales customers, the Company will use reasonable diligence in operating its system in order to insure a uniform and adequate supply of gas to meet the gas requirements of its customers. For Transportation customers, the Company is responsible for the transportation of Customer-owned Gas, but is not responsible for providing Gas, except when the Company is performing the Supplier of Last Resort function.

GENERAL TERMS AND CONDITIONS
(Continued)

8.2 Interruptions

The Company may temporarily shut off the supply of sales and/or transportation gas to the Customer's premises after reasonable notice for the purpose of making necessary repairs or adjustments to mains or supply pipes, and will endeavor to make such interruptions, if required, at a time, where possible, which will cause the least inconvenience to the Customer. Company reserves the right to shut off supply of gas without notice in case of emergency in accordance with the Company's filed Curtailment Plan.

8.3 Information to Customers

Company shall maintain personnel at its general offices to assist the Customer in acquiring gas service, providing information as to rates and charges and handling Customer inquiries or complaints. A copy of all Rate Schedules, General Terms and Conditions and Standard Forms are available at the Company's general offices.

GENERAL TERMS AND CONDITIONS
(Continued)

10.1 Without Notice

- (a) If a dangerous or hazardous condition exists on Customer's premises in Customer's installation or appliances.
- (b) Due to tampering with or fraudulent use of Company-owned facilities or equipment on Customer's premises.
- (c) In the event of unauthorized or fraudulent use of gas service.
- (d) In the event Customer, Customer's authorized designee, or Pool Manager discontinues Gas deliveries to Company for Customer.

10.2 After Five (5) Days Written Notice

- (a) For non-payment of bills for gas service.
- (b) For failure to correct improper piping or appliance defects previously called to the attention of Customer by Company.
- (c) For failure or refusal to provide or increase a deposit when requested, to insure payment of bills.
- (d) For any violation of these rules and regulations which Customer refuses or neglects to correct.

10.3 Waiver of Discontinuance of Service

Discontinuance of service may be temporarily waived in specific cases when the service is medically essential and interruption will endanger life or require hospitalization to sustain life. Prior to granting a medical waiver, the residential consumer will be required to furnish the Company written notice from a competent physician acceptable to the Company that the service is required for life support.

10.4 Bill Collection in Lieu of Disconnection

A service charge (see Sheet No. 73) shall be added to the Customer's bill for gas service when payment is made at billed address prior to disconnection for non-payment of bills.

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GENERAL TERMS AND CONDITIONS
(Continued)

11. RESTORATION OF SERVICE

When service has been discontinued for any of the reasons set forth in or violation of the General Terms and Conditions, service will be restored only after the following conditions are met:

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GENERAL TERMS AND CONDITIONS
(Continued)

in the entire service area of the Company, as such distribution system is now constituted and as it may be enlarged or extended, and to any new distribution system which may be acquired or constructed by the Florida Division.

16. OWNERSHIP OF PROPERTY

The Company will own, operate and maintain all service pipes, regulators, vents, meters, meter connections, valves and other apparatus from Company mains to the outlet side of the meter and shall have a perpetual right of ingress and egress thereto.

17. TRANSPORTATION SERVICES

17.1 Transportation Service

- (a) The Company offers Transportation Service (TS) service to all large use Customers desiring to transport gas through the Company's distribution system on an individual basis. Each individual Customer, in order to qualify for the TS service must have an annual usage of over 100,000 therms per year.

Upon receipt of Customer's request for TS (see Sheet No. 125), the Company shall have 30 days to process the request and make proper arrangements with the upstream interstate pipeline system to accommodate Customer's request. Service will begin on the first day of the month after the 30 day period for processing, provided that timely nominations for the first day of the month, in accordance with the interstate pipeline's tariff, can be made by Customer.

Each Customer electing this service will be required to transport all of their natural gas requirements under this TS service.

Each Customer electing this service shall have electronic telemetering equipment installed on their measurement equipment and their meter will be read at the end of the Gas Month.

GENERAL TERMS AND CONDITIONS
(Continued)

(b) Capacity Release – Without Alternate Fuel as a Back-up

The Company shall release to Customer interstate pipeline capacity based upon the historical monthly needs of the Customer for calendar year 2001 or in accordance with any existing contractual obligations. Capacity release will be made on a temporary basis, in accordance with applicable FERC rules and regulations, as they may change from time to time.

The interstate pipeline Primary Receipt Points, Primary Delivery Points and the Maximum Daily Transportation Quantities (MDTQ) that the Company shall relinquish hereunder during each individual month of the year shall be as set forth in the executed Transportation Services Agreement (see Sheet No. 127), between the Customer and the Company.

The Customer, or its authorized designee, shall diligently and in a timely manner take all actions required under the approved tariff of the interstate pipeline to acquire the firm capacity rights to be relinquished. Upon completion of the above actions, the Customer, or its authorized designee, shall accept the temporary pipeline capacity relinquishment from the Company.

New Customers (defined as a Customer who has not received natural gas service from the Company prior to the effective date of the Transitional Transportation Service section of the tariff) shall not be required to take interstate pipeline capacity from the Company.

(c) Capacity Release – With Alternate Fuel as a Back-up

A Customer having an alternate fuel source as a back-up to natural gas, and executing a Transportation Service Agreement, shall have the option to take interstate pipeline capacity from the Company. If a Customer executes said option, then the terms and conditions specified in Section 17.1 (b) shall apply, to the extent interstate pipeline capacity is available.

GENERAL TERMS AND CONDITIONS

(Continued)

(d) Use of Relinquished Capacity; Recall Rights

The Customers use of the relinquished capacity and the Company's right to recall shall be as stated in the Transportation Services Agreement.

(e) Scheduling and Nominating

The Customer, or its authorized designee, shall submit to the Company all scheduling and nominating information simultaneously with its submission to the interstate pipeline system.

(f) Monthly Balancing

The balancing of the quantity of Gas scheduled by the Customer and the actual usage by the Customer shall be done on a monthly basis. The Company and the Customer will resolve all imbalances at the end of each Month, as follows:

- (1) If the monthly imbalance is positive (amount of Gas scheduled is greater than actual usage by Customer), the Company shall credit to the Customer an amount based on such monthly imbalance multiplied by the price that is consistent with the then effective interstate pipeline system's cash-out methodology, with respect to the use of indexes, imbalance levels and applicable factors.
- (2) If the monthly imbalance is negative (amount of Gas scheduled is less than actual usage by Customer), the Company shall charge to the Customer an amount based on such monthly imbalance multiplied by the price that is consistent with the then effective interstate pipeline system's cash-out methodology, with respect to the use of indexes, imbalance levels and applicable factors.
- (3) Prior to initiation of Transportation Service, the Company will provide to the Customer, by electronic means, facsimile or by hard copy, a copy of the current, approved cash out provisions of the interstate pipeline tariff. The Company further agrees to provide to the Customer, by electronic means or facsimile, a copy of all FERC

GENERAL TERMS AND CONDITIONS
(Continued)

approved changes to the cash out provisions within 15 days of the Company's receipt of the applicable interstate pipeline tariff. In addition, the Company will maintain, at each of its offices and on the Company's web site, a copy of the currently effective interstate pipeline's cash out provisions.

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GENERAL TERMS AND CONDITIONS
(Continued)

(g) Operational Tools

(1) Operational Flow Orders (OFO)

When the interstate pipeline issues an OFO, the Company, as the Delivery Point Operator (DPO) will receive the notice and will promptly notify via electronic means all TS Customers of the OFO. The notification will contain all information that is provided by the interstate pipeline in its notice to the DPO.

If the Customer violates the terms of the OFO (i.e. is outside the established percentage usage tolerances of the Order), then the Company will charge the responsible Customer(s) two times the interstate pipelines' authorized tariff OFO penalty.

(2) Alert Days

When the interstate pipeline issues and Alert Day notice, the Company, as the DPO will receive the notice and will promptly notify via electronic means all TS Customers of the Alert Day notice. The notification will contain all information that is provided by the interstate pipeline in its Alert Day notice.

If the Customer violates the terms of the Alert Day (i.e. is outside the established percentage usage tolerances of the Alert Day notice), then the Company, if, and only if, charges for the Alert Day notice have been incurred, will pass the incurred charges through to the responsible Customer(s) on a pro rata basis.

(3) Other Balancing Tools

As the DPO, the Company will comply with any other operational balancing tools order from the interstate pipeline and, at month end, will determine which Customers caused the operational balancing

GENERAL TERMS AND CONDITIONS

(Continued)

tools order and charge the responsible Customers the total cost incurred to comply with the order. Such charges will be made on a pro rata basis to all responsible Customers.

(4) Non-performance Penalty

The Company shall charge a Customer \$10 per Dekatherm, plus the cost of gas delivered to the City gate station, for all quantities of gas that the Company provided to Customer due specifically to the non-performance of Customers obligation to deliver its own Gas to Company for transportation.

(5) Penalties Collected

All penalties, net of payments to third parties, collected by the Company for the Operational Tools, identified herein, shall be credited or charged to the Operational Balancing Account clause in the Company's tariff. The Company shall not, under any circumstances, retain any of the penalties collected from the TS Service Customers nor absorb any costs related to complying with valid interstate pipeline Operational Tools orders.

17.2 Transportation Aggregation Service

- (a) Transportation Aggregation Service (TA) shall be available to all non-residential customers, regardless of the level of annual usage. This service requires each Customer electing TA Service to group its respective natural gas requirements into a common pool for transportation service. The Company shall establish the necessary relationship with the authorized Pool Managers to accommodate this service and provide customers with the necessary mechanisms for entry into its chosen pool. The Company shall maintain a listing of authorized TA Service Pool Managers and, upon request, shall make this list available to all non-residential Customers.

Each Customer electing this service shall be required to transport all of its natural gas requirements under this TA Service.

GENERAL TERMS AND CONDITIONS
(Continued)

(b) Aggregation Pool

- (1) Each Aggregation Pool shall consist of a minimum of ten (10) individual customers with a total aggregated annual usage of at least 100,000 therms per year.
- (2) Each Customer shall execute a Letter of Authorization (see Sheet No. 152), in order to become a member of the Aggregation Pool that it chooses. Upon receipt of the Letter of Authorization, the Company shall have 30 days to process the request.
- (3) A Customer shall be added to an Aggregation Pool on the first day of the Month after the 30-day processing period has expired.
- (4) An authorized Pool Manager shall manage each Aggregation Pool.
- (5) Each individual Customer may change Transportation Services with 30 days notice to Company, specifying the new Transportation Service requested and the name of the Pool Manager, if switching to a new Aggregation Pool. The requested change, upon approval of the Company, shall take effect on the first day of the month following the expiration of the 30-day notice requirement. There shall be no charge by Company to Customer for the first such change of Pool Managers for an account within a 12-month period. A Customer shall pay to Company for each subsequent requested change in Pool Managers for any account an administrative fee of \$25.00.
- (6) Upon election of the TA Service, the Customer shall automatically remain a Customer of this service until a request to change to another service is received by the Company. There shall be no charge by Company to Customer for the first such requested change within a 12-month period. A Customer shall pay to Company for each subsequent requested change an administrative fee of \$25.00. All requested changes shall be effective on the first day of the first month following

GENERAL TERMS AND CONDITIONS

(Continued)

completion of all required administrative activities by the Customer and the Company.

- (7) If, for whatever reason, an Aggregation Pool falls below the required 10 individual customers and/or minimum of 100,000 therms in aggregation, then the pool shall be declared invalid and the Pool's Customers shall be reallocated on a pro-rata basis to the other valid Aggregation Pool Managers. Such reallocation shall occur on the first day of the month subsequent to the declaration and each Customer's capacity, as determined in accordance with the provisions in 17.2 (e), shall be reallocated to each individual Customer's new Aggregation Pool.
- (c) A "Pool Manager" is an entity that provides gas supply and interstate pipeline capacity management for an aggregated number of customers on the Company's distribution system which has:
- (1) been duly approved as a Shipper on the interstate pipeline systems upstream of the Company City Gate Stations used as the points of entry onto Company's distribution system;
 - (2) entered into Letters of Authorization to sell Gas to, or procure Gas for, Customer accounts desiring to receive service pursuant to the TA Service; and
 - (3) executed and delivered to Company an Aggregated Transportation Service Agreement (see Sheet No. 153 through 179), that is inclusive of Capacity Release and Operating Balancing sections, and provides for the temporary release of Company's primary firm interstate pipeline transportation capacity to be used for the transportation and delivery to Company of Gas purchased.
- (d) The Company's rate for transportation service applicable to each individually billed Customer's Account shall be pursuant to the Rate Schedule for such Customer Account as determined by the Classification of Service section of this tariff.

GENERAL TERMS AND CONDITIONS
(Continued)

(e) Capacity Release

The Company shall release on behalf of an Existing Customer (defined as a Customer who has received natural gas service from the Company prior to the effective date of the Transitional Transportation Service section of the tariff) to its chosen Pool Manager, interstate pipeline capacity based upon the peak capacity needs of a customer at the maximum consumption level for the rate class. The Company shall allocate a blend of Florida Gas Transmission and Gulfstream Natural Gas interstate pipeline capacity for each rate classification at, or below, TS-6. All Pool Managers shall receive the same per customer capacity allocation from each pipeline, based on the rate class capacity methodology described above. Capacity release will be made on a temporary basis, in accordance with applicable FERC rules and regulations, as they may change from time to time.

The interstate pipeline Receipt Points, Delivery Points and the Maximum Daily Transportation Quantities (MDTQ) that the Company shall relinquish hereunder during each individual month of the year shall be as set forth in the executed Aggregated Transportation Services Agreement between the Pool Manager and the Company.

The Pool Manager shall diligently and in a timely manner take all actions required under the approved tariff of the interstate pipeline to acquire the firm capacity rights to be relinquished. Upon completion of the above actions, the Pool Manager shall accept the temporary pipeline capacity relinquishment from the Company.

New Customers (defined as a Customer who has not received natural gas service from the Company prior the effective date of the Transitional Transportation Service section of the tariff) shall not be required to take interstate pipeline capacity from the Company.

GENERAL TERMS AND CONDITIONS
(Continued)

(f) Meter Reading

Each individual Customer whose annual consumption is 100,000 therms or less shall continue to have their meter read during the normal monthly cycle for the meter route Customer resides within. Each individual Customer whose annual consumption is over 100,000 therms shall have its meter read at the end of the last day of the Gas Month.

(g) Customer Account Administration Service

If requested by the Pool Manager administering service hereunder, Company shall provide to the Pool Manager a Customer Account Administration Service to include customer service functions, gas supply billing and collections, and customer account transaction records maintenance for each account in the Aggregation Pool. Company shall charge a Pool Manager \$2.00 per account per month for such optional service.

(h) Scheduling and Nominating

The Pool Manager shall submit to the Company all scheduling and nominating information simultaneously with its submission to the interstate pipeline system.

(i) Monthly Balancing

The balancing of the monthly quantity of Gas scheduled and nominated for the Aggregation Pool and the actual monthly usage by the sum of all individual Customers shall be done on a monthly basis, or such other period as the Company and Pool Manager shall mutually agree. The Company and the Pool Manager will resolve all imbalances, as follows:

- (1) If the monthly imbalance is positive (amount of Gas scheduled is greater than aggregated actual usage by Customers), the Company shall credit to the Pool Manager an amount based on such monthly imbalance at a price that is consistent with the then effective interstate pipeline system's cash-out methodology, with respect to the use of indexes, imbalance levels and applicable factors.

GENERAL TERMS AND CONDITIONS
(Continued)

- (2) If the monthly imbalance is negative (amount of Gas scheduled is less than aggregated actual usage by Customers), the Company shall charge to the Pool Manager an amount based on such monthly imbalance at a price that is consistent with the then effective interstate pipeline system's cash-out methodology, with respect to the use of indexes, imbalance levels and applicable factors.
 - (3) The Company shall provide to the Pool Manager prior to initiation of TA Service a copy of the current, approved interstate pipeline tariff that specifies the applicable cash out provisions. The Company further agrees to provide a copy of all approved changes to the cash out provisions to the Pool Manager within 15 days of receipt of the approved applicable interstate pipeline tariff. In addition, the Company shall maintain, at each of its offices and on the Company's web site, a copy of the currently effective interstate pipeline's cash out provisions.
- (j) Operational Tools
- (1) Operational Flow Orders (OFO)

When the interstate pipeline issues an OFO, the Company, as the Delivery Point Operator (DPO) shall receive the notice and shall promptly notify via electronic means all Pool Managers of the OFO. The notification shall contain all information that is provided by the interstate pipeline in its notice to the DPO.

If the Gas quantities delivered by the Pool Manager or consumed by the Customer accounts in the Pool Manager's Customer Pool results in a violation of the terms of the OFO (i.e. is outside the established percentage usage tolerances of the Order), then the Company shall charge the responsible Pool Manager(s) twice the interstate pipelines established OFO penalties.

GENERAL TERMS AND CONDITIONS

(Continued)

(2) Alert Days

When the interstate pipeline issues and Alert Day notice, the Company, as the Delivery Point Operator (DPO) shall receive the notice and shall promptly notify via electronic means all Pool Managers of the Alert Day notice. The notification shall contain all information that is provided by the interstate pipeline in its Alert Day notice.

If the Gas quantities delivered by the Pool Manager or consumed by the Customer Accounts in the Pool Manager's Customer Pool results in a violation of the terms of the Alert Day (i.e. is outside the established percentage usage tolerances of the Alert Day notice), then the Company, if, and only if, charges for the Alert Day notice have been incurred, shall pass the incurred charges through to the responsible Pool Manager(s) on a pro rata basis.

(3) Other Balancing Tools

As the Delivery Point Operator, the Company shall comply with any other operational balancing tools order from the interstate pipeline and, at month end, shall determine which Aggregated Pool caused the operational balancing tools order and charge the responsible Pool Manager(s) the total cost incurred to comply with the order. Such charges shall be made on a pro rata basis to all responsible Pool Managers.

(4) Non-performance Penalty

The Company shall charge a Pool Manager \$10 per Dekatherm, plus the cost of gas delivered to the City gate station, for all quantities of gas that the Company provided to Pool Manager due specifically to the non-performance of Pool Manager's obligation to deliver its own Gas to Company for transportation.

GENERAL TERMS AND CONDITIONS

(Continued)

(5) Penalties Collected

All penalties, net of payments made to third parties, collected by the Company for the Operational Tools shall be credited or charged to the Operational Balancing Account clause in the Company's tariff. The Company shall not, under any circumstances, retain any of the penalties collected from the Pool Manager(s) nor absorb any costs related to complying with valid interstate pipeline Operational Tools orders.

17.3 Transitional Transportation Service

- (a) Transitional Transportation Service (TTS) shall be available to all residential customers, and those commercial customers who have not specified an approved TA Pool Manager, regardless of the level of annual usage. This service requires each Customer to group its respective natural gas requirements into a common pool for transportation service. The Company shall establish the necessary relationship with the authorized TTS Pool Manager(s) to accommodate this service and provide customers with the necessary mechanisms for entry into the pool and pricing selection.

Each Customer electing this service will be required to transport all of its natural gas requirements under this TTS service.

- (b) A "TTS Pool Manager" is an entity that provides gas supply and interstate pipeline capacity management for the TTS pool customers on the Company's distribution system that has:
- (1) been duly approved as a Shipper on the interstate pipeline systems upstream of the Company City Gate Stations used as the points of entry onto Company's distribution system; and,
 - (2) executed and delivered to Company a Transitional Transportation Service Agreement that provides for the temporary release of Company's interstate pipeline capacity to be used for the transportation and delivery to Company of Gas purchased.

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Chesapeake Utilities Corporation

Effective:

GENERAL TERMS AND CONDITIONS
(Continued)

(c) Selection of the TTS Pool Manager

At the outset of the program, the Company shall issue a Request For Proposals (RFP) to gas marketers and shall select a Pool Manager who shall manage the TTS Pool for all remaining sales service Customers. All remaining sales service Customers will be assigned to the Transitional Transportation Service (TTS) Pool. All residential customers will be required to remain with said TTS Pool Manager for the duration of the contract period. All non-residential customers will have the option of remaining with the TTS Pool Manager or, only during periods of open enrollment as may be established under a TTS Agreement, may move to an approved Aggregation Pool. The term of the initial TTS Agreement will be for two (2) years, with extensions permitted at the discretion of the Company.

If the TTS Pool Manager defaults during the term of the initial TTS Agreement, the Company shall become the Supplier of Last Resort until a replacement TTS Pool Manager initiates service.

After the Company notifies the Commission of its intention to proceed, the Company shall issue a second RFP to gas marketers and shall select two Pool Managers. Each customer in the TTS Pool will then be able to select from the two approved TTS Pool Managers. The term of the TTS Agreements with these two selected Pool Managers will be for one year, with extensions permitted at the discretion of the Company.

If one of these TTS Pool Managers defaults during the term of said TTS Agreements, the second TTS Pool Manager shall provide service to the defaulting Pool Manager's pooled customers until a replacement TTS Pool Manager initiates service. If both TTS Pool Managers default, the Company shall become the Supplier of Last Resort until replacement TTS Pool Manager(s) initiate service.

- (d) The Company's rate for transportation service applicable to each individually billed Customer Account shall be pursuant to the Rate Schedule for such Customer Account as determined by the Classification of Service section of this tariff.

Issued by: John R. Schimkaitis, President
Chesapeake Utilities Corporation

Effective:

GENERAL TERMS AND CONDITIONS
(Continued)

(e) Capacity Release

- (1) For non-residential customers, the capacity release will be in accordance with the methodology described for the Transportation Aggregation Service in Section 17.2 (e).
- (2) After capacity releases have been made to all non-residential customers in accordance with the methodologies described in Sections 17.1 (b), 17.1 (c) and 17.2 (e), the remaining capacity shall be released to the TTS Pool Manager on behalf of the residential customers.

Capacity release will be made on a temporary basis, in accordance with applicable FERC rules and regulations, as they may change from time to time.

The interstate pipeline Receipt Points, Delivery Points and the Maximum Daily Transportation Quantities (MDTQ) that the Company shall relinquish hereunder during each individual month of the year shall be as set forth in the executed TTS Transportation Agreement between the TTS Pool Manager(s) and the Company.

The TTS Pool Manager(s) shall diligently and in a timely manner take all actions required under the approved tariff of the interstate pipeline to acquire the firm capacity rights to be relinquished. Upon completion of the above actions, the TTS Pool Manager(s) shall accept the temporary pipeline capacity relinquishment from the Company.

(f) Meter Reading

Each individual TTS Customer shall continue to have its meter read during the normal monthly cycle for the meter route the TTS Customer resides within.

GENERAL TERMS AND CONDITIONS
(Continued)

(g) Customer Account Administration Service

The Company shall provide to the TTS Pool Manager(s) a Customer Account Administration Service that includes customer service functions, gas supply billing and collections, and customer account transaction records maintenance for each account in the TTS Pool. The Company shall charge the TTS Pool Manager(s) \$2.00 per account per month for this required service.

(h) Scheduling and Nominating

The TTS Pool Manager(s) shall submit to the Company all scheduling and nominating information simultaneously with its submission to the interstate pipeline system.

(i) Monthly Balancing

The balancing of the monthly quantity of Gas scheduled and nominated for the TTS Pool(s) and the actual monthly usage by the sum of all individual TTS Customers shall be done on a monthly basis, or such other period as the Company and the TTS Pool Manager(s) shall mutually agree. The Company and the TTS Pool Manager(s) will resolve all imbalances as follows:

- (1) If the monthly imbalance is positive (amount of Gas scheduled is greater than aggregated actual usage by TTS Customers), the Company shall credit to the TTS Pool Manager(s) an amount based on such monthly imbalance multiplied by the price that is consistent with the then effective interstate pipeline system's cash-out methodology, with respect to the use of indexes, imbalance levels and applicable factors.
- (2) If the monthly imbalance is negative (amount of Gas scheduled is less than aggregated actual usage by TTS Customers), the Company shall charge to the TTS Pool Manager(s) an amount based on such monthly imbalance multiplied by the price that is consistent with the then effective interstate pipeline system's cash-out methodology, with respect to the use of indexes, imbalance levels and applicable factors.

GENERAL TERMS AND CONDITIONS
(Continued)

- (3) The Company shall provide to the TTS Pool Manager(s) prior to initiation of TTS service a copy of the current, approved interstate pipeline tariff that specifies the applicable cash out provisions. The Company further agrees to provide a copy of all approved changes to the cash out provisions to the TTS Pool Manager(s) within 15 days of receipt of the approved applicable interstate pipeline tariff. In addition, the Company shall maintain, at each of its offices and on the Company's web site, a copy of the currently effective interstate pipeline's cash out provisions.

(j) Operational Tools

(1) Operational Flow Orders (OFO)

When the interstate pipeline issues an OFO, the Company, as the Delivery Point Operator (DPO) shall receive the notice and shall promptly notify via electronic means all TTS Pool Managers of the OFO. The notification shall contain all information that is provided by the interstate pipeline in its notice to the DPO.

If the Gas quantities delivered by the TTS Pool Manager(s) or consumed by the Customers within the TTS Pool(s) result in a violation of the terms of the OFO (i.e. is outside the established percentage usage tolerances of the Order), then the Company shall charge the responsible TTS Pool Manager(s) twice the interstate pipelines established OFO penalties.

(2) Alert Days

When the interstate pipeline issues an Alert Day notice, the Company, as the Delivery Point Operator (DPO) shall receive the notice and shall promptly notify via electronic means all TTS Pool Manager(s) of the Alert Day notice. The notification shall contain all information that is provided by the interstate pipeline in its Alert Day notice.

GENERAL TERMS AND CONDITIONS
(Continued)

If the Gas quantities delivered by the TTS Pool Manager(s) or consumed by the Customers within the TTS Pool(s) result in a violation of the terms of the Alert Day (i.e. is outside the established percentage usage tolerances of the Alert Day notice), then the Company, if, and only if, charges for the Alert Day notice have been incurred, shall pass the incurred charges through to the responsible TTS Pool Manager(s) on a pro rata basis.

(3) Other Balancing Tools

As the Delivery Point Operator, the Company shall comply with any other operational balancing tools order from the interstate pipeline and, at month end, shall determine which TTS Pool caused the operational balancing tools order and charge the responsible TTS Pool Manager(s) the total cost incurred to comply with the order. Such charges shall be made on a pro rata basis to all responsible TTS Pool Manager(s).

(4) Non-performance Penalty

The Company shall charge all TTS Pool Managers \$10 per Dekatherm, plus the cost of gas delivered to the city gate station, for all quantities of Gas that the Company provided to the TTS Pool Manager(s) due specifically to the non-performance of the TTS Pool Manager's obligation to deliver its own Gas to Company for transportation.

(5) Penalties Collected

All penalties, net of payments made to third parties, collected by the Company for the Operational Tools shall be credited or charged to the Operational Balancing Account clause in the Company's tariff. The Company shall not, under any circumstances, retain any of the penalties collected from the TTS Pool Manager(s) nor absorb any costs related to complying with valid interstate pipeline Operational Tools orders.

PROPOSED REVISED TARIFF SHEETS

LEGISLATIVE FORMAT

DESCRIPTION OF TERRITORY SERVED

Florida Division of Chesapeake Utilities Corporation (hereinafter called "Company") is a natural gas distribution company engaged in the business of distributing natural gas in the State of Florida.

The present system of the Company is comprised of interconnected distribution facilities serving that area within and adjacent to the communities of Winter Haven, Auburndale, Bartow, Baseball City, Davenport, Loughman, Haines City, Mountain Lake, Lake Alfred, Eagle Lake, Lake Wales, Dundee, Lake Hamilton, Highland City, Waverly, Mulberry and Nichols in Polk County, Plant City in Hillsborough County and St. Cloud in Osceola County.

The Company's distribution system also serves certain discrete areas within Gadsden County outside the city limits of Quincy, Havana, and Chattahoochee. Further service territories include certain discrete portions of Gilchrist, Union, Holmes, Jackson, Suwannee and DeSoto counties. Additionally, the Company's distribution system serves all areas within Citrus County.

The Company maintains its general offices, books and records in Winter Haven, Florida, where a copy of all rate schedules, general terms and conditions, and standard forms are readily available for public inspection.

Issued by: John R. Schimkaitis, President
Chesapeake Utilities Corporation

Effective:

TECHNICAL TERMS AND ABBREVIATIONS
(Continued)

21. CURTAILMENT
Temporary discontinuance of gas service in accordance with the provisions of the Company's end use curtailment or interruption plan.
22. CUSTOMER
Any individual, firm or organization receiving gas service at one location under this tariff and provisions thereof.
23. CUSTOMER FACILITIES CHARGE - MINIMUM BILL
That cost billed to a Customer each billing period that reflects the amount of facilities and service cost used during the billing period.
24. CUSTOMER'S INSTALLATION
All pipe and fittings, regulators, cocks, valves, vents, circulating pipes, connections, appliances and apparatus of every kind and nature used in connection with or forming a part of an installation for utilizing gas for any purpose located on the outlet side of the Company's meter located on Customer's premises.
25. CUSTOMER POOL
A group of not less than ten (10) customers whose aggregated annual usage exceeds 100,000 therms per year that either 1) elect, in accordance with the applicable transportation provisions, Transportation Aggregation Service with an approved Pool Manager, or 2) are assigned to the Transitional Transportation Service Pool Manager.
26. DEKATHERM
1,000,000 BTU's (1 MMBTU) or ten (10) therms.
27. DELIVERY GAS DAY
A period of twenty-four (24) consecutive hours beginning and ending at 9:00 a.m. Central Clock Time.
28. DELIVERY POINT or POINT OF DELIVERY
(a) The point at the connection of the facilities of Transporter and of a downstream third party at which the gas leaves the outlet side of Transporter's measuring equipment and enters the downstream party's facilities, OR

TECHNICAL TERMS AND ABBREVIATIONS
(Continued)

- (b) The point at the interconnection between the facilities of Company and a Customer (sales or transportation) at which the gas leaves the outlet side of Company's measuring equipment and enters the Customer's facilities.
29. DELIVERY POINT OPERATOR
~~Party that is responsible for balancing loads and allocating gas quantities received at Delivery Points to contracts under which deliveries to that point have been requested. For purposes of this tariff, the Florida Division is the Delivery Point Operator for all city gate stations located on its distribution system. The Company, as Delivery Point Operator (DPO) is the party responsible for managing gas supply allocations, operational orders, imbalance resolutions and other related duties, including monetary transactions between upstream interstate pipelines and the Company and between downstream third-party Shippers and the Company.~~
30. EFFICIENCY
A percentage expression of the available BTU input that is absorbed for useful purpose as applied to combustion equipment.
31. FIRM SERVICE
Gas service on a continuous basis without interruption or curtailment within the limitations of the Company's ability to serve.
32. FLOWING TEMPERATURE
The arithmetical average of the temperature of the gas flowing through the meters as recorded by a recording thermometer installed at the point of measurement. Where such installation is not provided, the flowing temperature of the gas shall be assumed to be sixty degrees Fahrenheit (60°F.).
33. GAS
Natural gas that is in conformance with the quality specifications of the Transporter.
34. GAS DAY
A period of twenty-four (24) consecutive hours beginning and ending at 9:00 a.m. Central Clock Time.
35. GAS MONTH
A period beginning at 9:00 a.m. Central Clock Time on the first day of a calendar month and ending at 9:00 a.m. Central Clock Time of the first day of the next succeeding calendar month.

TECHNICAL TERMS AND ABBREVIATIONS
(Continued)

45. MONTH
The period between any two (2) regular readings of Company's meters at approximately thirty (30) day intervals.
46. NOMINATION
A request by a party to a producer, pipeline or local distribution company for receipt or delivery of a physical quantity of gas pursuant to a Transportation Service or Transportation Aggregation Agreement. A nomination specifies (1) the quantity of gas per day, measured in Dekatherms, to be received or delivered on behalf of the nominating party; (2) the point(s) at which the gas is to be received and delivered; and, (3) the period of time in which the delivery is to take place.
47. OPERATIONAL FLOW ORDER
Is an order issued to alleviate conditions, which threaten or could threaten the safe operations or system integrity of the Transporter or to maintain operations required to provide efficient and reliable firm service.
48. OPERATIONAL BALANCING ACCOUNT
The account in which a Shipper's daily imbalances between receipts and deliveries are recorded. Shippers on the Company's distribution system will be required to cashout the net imbalances in their operational balancing account at the end of each month.
49. POOL MANAGER
An entity that provides gas supply and interstate pipeline capacity management for an aggregated number of customers on the Company's distribution system, as further defined in the General Terms and Conditions for Transportation Aggregation Service or Transitional Transportation Service.
50. RATE SCHEDULE
A statement of the Company's rates or charges for a specific classification of service, both sales and transportation.
51. RECEIPT GAS DAY
A period of twenty-four (24) consecutive hours beginning and ending at 9:00 a.m. Central Clock Time.

TECHNICAL TERMS AND ABBREVIATIONS

(Continued)

52. SHIPPER
Customer who has executed a Transportation Service Agreement, or a Pool Manager who has executed a Transportation Aggregation Agreement or a Transitional Transportation Service Agreement with the Company, and who has acquired capacity with a Transporter.
53. SPECIFIC GRAVITY
Specific gravity of the gas delivered shall be determined with an Edwards or other standard type gravity balance by test made as near the first of each month as practicable; or by a recording gravitometer of standard manufacture installed at a suitable location.
54. STANDARD DELIVERY PRESSURE
The standard delivery pressure is assumed to be seven inches (7") of water column, 14.98 psia, where the atmospheric pressure is assumed to be 14.73 psia. No adjustment will be made for variations from the normal atmospheric pressure at the Customer's meter. Gas delivered at standard delivery pressure may vary from three inches (3") to two pounds (2 lbs.) of water column.
55. SUBMETERING
The remetering of gas purchased by a Customer for distribution to the Customer's tenants through Customer-owned or rented meters.
56. SUPERCOMPRESSIBILITY FACTOR
The multiplier used to correct the metered volume of natural gas for deviation from Boyle's law and varies according to the pressure, temperature and specific gravity. Where this factor is applied to measured volumes that are computed to base conditions, these volumes are greater than that obtained by the strict application of the ideal gas laws. The factor is obtained from the supercompressibility tables published in the American Gas Association Gas Measurement Committee Report No. 3, as amended from time to time.
57. SUPPLIER
Any entity from which the Company or its Customers obtains its gas supply.
58. SUPPLIER OF LAST RESORT
The Company, under circumstances where all Transitional Transportation Service Pool Manager(s) default, shall provide gas supply and capacity management activities until a replacement Pool Manager can begin providing service.
589. THERM
A unit of heating value equivalent to one hundred thousand (100,000) British Thermal Units.

TECHNICAL TERMS AND ABBREVIATIONS
(Continued)

60. TRANSITIONAL TRANSPORTATION SERVICE

That service which is offered by the Company in which volumes of Gas are nominated by a Pool Manager under a Transitional Transportation Service Agreement are received from the Transporter and delivered to the Pool Manager's customers.

61. TRANSITIONAL TRANSPORTATION SERVICE AGREEMENT

A contract between the Company and a Pool Manager which defines the terms and conditions under which the Pool Manager's customers receive Transitional Transportation Service from the Company

59.62. TRANSPORTATION AGGREGATION AGREEMENT

A contract between the Company and a Pool Manager which defines the terms and conditions under which the Pool Manager's customers receive Transportation Aggregation Service from the Company.

60.63. TRANSPORTATION AGGREGATION SERVICE

That service which is offered by the Company in which volumes of Gas are nominated by a Pool Manager under a Transportation Aggregation Agreement are received from the Transporter and delivered to the Pool Manager's customers.

641. TRANSPORTATION SERVICE

That service which is offered by the Company in which volumes of Gas are nominated by a Shipper under a Transportation Service Agreement are received from the Transporter and delivered to the Shipper's facility.

652. TRANSPORTATION SERVICE AGREEMENT

A contract between the Company and a Shipper which defines the terms and conditions under which the Shipper receives Transportation Service from the Company.

663. TRANSPORTER

Any pipeline that delivers gas to Company's city gate facilities.

674. UNAUTHORIZED OVERRUN

The volume of natural gas that a Shipper or Shipper's customers consumes during the Month in excess of the volumes scheduled for the Month by the Shipper for delivery.

685. UNAUTHORIZED UNDERRUN

The volume of natural gas that a Shipper schedules in excess of the actual volume of gas actually consumed by the Shipper or Shipper's customers during the Month.

TECHNICAL TERMS AND ABBREVIATIONS
(Continued)

69. WORKING DAY

Any day on which the utility's business office is open and the U.S. mail is delivered.

670. YEAR

A period of three hundred and sixty-five (365) consecutive days except that in a year having a date of February twenty-nine (29), such year shall consist of three hundred sixty-six (366) consecutive days.

6871. ABBREVIATIONS

AGA	American Gas Association
BTU	British Thermal Unit
CCF	One Hundred (100) Cubic Feet
Cu. Ft.	Cubic Feet
Cu. Ft./Hr.	Cubic Feet Per Hour
°C	Degree Centigrade
°F	Degree Fahrenheit
FERC	Federal Energy Regulatory Commission
FPSC	Florida Public Service Commission
C	Commercial
I	Industrial
LDC	Local Distribution Company
MCF	1,000 Cubic Feet
OSSS	Off-System Sales Service
OSSSA	Off-System Sales Service Agreement
psi	Pounds per square inch
psia	Pounds per square inch absolute
psig	Pounds per square inch gauge
TSA	Transportation Service Agreement

CLASSIFICATION OF SERVICE

Service Classification: 0 – 500 Annual Therms

Applicability

Residential, Commercial or Industrial customers whose metered consumption is 500 therms per year or less.

Service Options

- | | |
|---|--------------------|
| 1. General Sales Service: | Rate Schedule GS-1 |
| 2. Aggregated Transportation Service: | Rate Schedule TS-1 |
| 3. Transitional Transportation Service: | Rate Schedule TS-1 |

Terms and Conditions of Service

1. Gas service provided to customers in this Class of Service shall be subject to the General Terms and Conditions set forth in this tariff, and other approved rules or regulations of the Company as applicable.

Service Classification: 500 – 3,000 Annual Therms

Applicability

Residential, Commercial or Industrial customers whose metered consumption is greater than 500 therms per year up to 3,000 therms per year.

Service Options

- | | |
|---|--------------------|
| 1. General Sales Service: | Rate Schedule GS-2 |
| 2. Aggregated Transportation Service: | Rate Schedule TS-2 |
| 3. Transitional Transportation Service: | Rate Schedule TS-2 |

Terms and Conditions of Service

1. Gas service provided to customers in this Class of Service shall be subject to the General Terms and Conditions set forth in this tariff, and other approved rules or regulations of the Company as applicable.

CLASSIFICATION OF SERVICE
(Continued)

Service Classification: 3,000 – 10,000 Annual Therms

Applicability

Residential, Commercial or Industrial customers whose metered consumption is greater than 3,000 therms up to 10,000 therms per year.

Service Options

- | | |
|---|--------------------|
| 1. General Sales Service: | Rate Schedule GS-3 |
| 2. Aggregated Transportation Service: | Rate Schedule TS-3 |
| 3. Transitional Transportation Service: | Rate Schedul TS-3 |

Terms and Conditions of Service

1. Gas service provided to customers in this Class of Service shall be subject to the General Terms and Conditions set forth in this tariff, and other approved rules or regulations of the Company as applicable.

Service Classification: 10,000 – 25,000 Annual Therms

Applicability

Commercial or Industrial customers whose metered consumption is greater than 10,000 therms up to 25,000 therms per year.

Service Options

- | | |
|---|--------------------|
| 1. General Sales Service: | Rate Schedule GS-4 |
| 2. Aggregated Transportation Service: | Rate Schedule TS-4 |
| 3. Transitional Transportation Service: | Rate Schedule TS-4 |

Terms and Conditions of Service

1. Gas service provided to customers in this Class of Service shall be subject to the General Terms and Conditions set forth in this tariff, and other approved rules or regulations of the Company as applicable.

CLASSIFICATION OF SERVICE
(Continued)

Service Classification: 25,000 – 50,000 Annual Therms

Applicability

Commercial or Industrial customers whose metered consumption is greater than 25,000 therms up to 50,000 therms per year.

Service Options

- | | |
|---|--------------------|
| 1. General Sales Service: | Rate Schedule GS-5 |
| 2. Aggregated Transportation Service: | Rate Schedule TS-5 |
| 3. Transitional Transportation Service: | Rate Schedule TS-5 |

Terms and Conditions of Service

1. Gas service provided to customers in this Class of Service shall be subject to the General Terms and Conditions set forth in this tariff, and other approved rules or regulations of the Company as applicable.

Service Classification: 50,000 – 100,000 Annual Therms

Applicability

Commercial or Industrial customers whose metered consumption is greater than 50,000 therms up to 100,000 therms per year.

Service Options

- | | |
|---|--------------------|
| 1. General Sales Service: | Rate Schedule GS-6 |
| 2. Aggregated Transportation Service: | Rate Schedule TS-6 |
| 3. Transitional Transportation Service: | Rate Schedule TS-6 |

Terms and Conditions of Service

1. Gas service provided to customers in this Class of Service shall be subject to the General Terms and Conditions set forth in this tariff, and other approved rules or regulations of the Company as applicable.

CLASSIFICATION OF SERVICE
(Continued)

Service Classification: 100,000 – 500,000 Annual Therms

Applicability

Commercial or Industrial customers whose metered consumption is greater than 100,000 therms up to 500,000 therms per year.

Service Options

- | | |
|--|---------------------------|
| 1. General Sales Service: | Rate Schedule GS-7 |
| 2. Contract Sales Service: | Rider CSS |
| 3. Aggregated Transportation Service: | Rate Schedule TS-7 |
| <u>4. Transitional Transportation Service:</u> | <u>Rate Schedule TS-7</u> |
| 4 <u>5</u> . Transportation Service: | Rate Schedule TS-7 |
| 5 <u>6</u> . Contract Transportation Service: | Rider CTS |

Terms and Conditions of Service

1. Gas service provided to customers in this Class of Service shall be subject to the General Terms and Conditions set forth in this tariff, and other approved rules or regulations of the Company as applicable.

CLASSIFICATION OF SERVICE
(Continued)

Service Classification: 500,000 – 1,000,000 Annual Therms

Applicability

Commercial or Industrial customers whose metered consumption is greater than 500,000 therms up to 1,000,000 therms per year.

Service Options

- | | |
|--|---------------------------|
| 1. General Sales Service: | Rate Schedule GS-8 |
| 2. Contract Sales Service: | Rider CSS |
| 3. Aggregated Transportation Service: | Rate Schedule TS-8 |
| <u>4. Transitional Transportation Service:</u> | <u>Rate Schedule TS-8</u> |
| <u>45. Transportation Service:</u> | Rate Schedule TS-8 |
| <u>56. Contract Transportation Service:</u> | Rider CTS |

Terms and Conditions of Service

1. Gas service provided to customers in this Class of Service shall be subject to the general Terms and Conditions set forth in this tariff, and other approved rules or regulations of the Company as applicable,

CLASSIFICATION OF SERVICE
(Continued)

Service Classification: Greater than 1,000,000 Annual Therms

Applicability

Commercial or Industrial customers whose metered consumption is greater than 1,000,000 therms per year.

Service Options

- | | |
|--|---------------------------|
| 1. General Sales Service: | Rate Schedule GS-9 |
| 2. Contract Sales Service: | Rider CSS |
| 3. Aggregated Transportation Service: | Rate Schedule TS-9 |
| <u>4. Transitional Transportation Service:</u> | <u>Rate Schedule TS-9</u> |
| <u>45. Transportation Service:</u> | Rate Schedule TS-9 |
| <u>56. Contract Transportation Service:</u> | Rider CTS |

Terms and Conditions of Service

1. Gas service provided to customers in this Class of Service shall be subject to the general Terms and Conditions set forth in this tariff, and other approved rules or regulations of the Company as applicable.

SERVICE OPTIONS

1. GENERAL SALES SERVICE

All Customer Classifications at all Service Classification levels may elect the General Sales Service option. Customer's served under a General Sales Service (GS) Rate Schedule will purchase natural gas directly from the Company.

2. CONTRACT SALES SERVICE

Alternate Fuel Customers (metered gas volume over 100,000 annual therms) may elect to enter into a contract to purchase natural gas directly from the Company for a period of not less than one-year. The energy charge for this service option shall be subject to the Company's flexible pricing mechanism. It is the intention of the Company that the energy charge be determined based upon the competitive pricing of the customer's alternate fuel. In establishing the customer's energy charge, the Company may analyze: the cost of gas available to the customer; the delivered price of the customer's alternate fuel; the availability of such fuel; and the nature of the customer's operations. The Company may from time to time increase or reduce the energy charge as it deems necessary or appropriate to compete with alternate fuel, but shall have no obligation to do so. Contract Sales Service shall be provided in accordance with the terms and conditions contained in Rider CSS, Sheet Nos. 59 to 61.

3. AGGREGATED TRANSPORTATION SERVICE

All Customer Classifications in all Service Classifications, except Residential customers and customers served under the Flexible Gas Service rate schedules or under a Special Contract, may elect to transport customer owned gas on the Company's distribution system as part of an aggregated Customer Pool. Transportation Aggregation Service is the only transportation option available to Commercial and Industrial Customers whose annual metered gas volume is less than 100,000 therms. This Aggregated Transportation Service shall be provided in accordance with Section 17.2, General Terms and Conditions Transportation Aggregation Service, Sheet Nos. 1045 to 112.

SERVICE OPTIONS
(Continued)

4. TRANSITIONAL TRANSPORTATION SERVICE

All Customer Classifications in all Service Classifications, except customers served under the Flexible Gas Service rate schedule or under a Special Contract, may elect to transport customer owned gas on the Company's distribution system as part of a Transitional Transportation Service Customer Pool. This service shall be provided in accordance with Section 17.3, Transitional Transportation Service, Sheet Nos. 112.1 – 112.5.

4.5. TRANSPORTATION SERVICE

All Customer Classifications in all Service Classifications, ~~except Residential Customers,~~ whose annual metered gas volume exceeds 100,000 therms, may elect to individually transport customer owned gas on the Company's distribution system. ~~This transportation service shall be provided in accordance with Section 17.1, General Terms and Conditions~~ Transportation Service, Sheet Nos. 101 to 10512.

5.6. CONTRACT TRANSPORTATION SERVICE

Alternate Fuel Customers (metered gas volume over 100,000 annual therms) may elect to purchase natural gas from a supplier ~~other than the Company~~ and arrange for the transportation of said natural gas on the interstate pipeline for delivery into the Company's distribution system. Customers electing this service option must enter into a contract with the Company to transport customer owned gas on the Company's distribution system for a period of not less than one year. The transportation charge for this service option shall be subject to the Company's Competitive Rate Adjustment ~~flexible~~ pricing mechanism. It is the intention of the Company that the transportation charge be determined based upon the competitive pricing of the customer's alternate fuel. In establishing the customer's transportation charge, the Company may analyze: the cost of gas available to the customer; the delivered price of the customer's alternate fuel; the availability of such fuel; and the nature of the customer's operations. The Company may from time to time increase or reduce the transportation charge as it deems necessary or appropriate to compete with alternate fuel, but shall have no obligation to do so. Contract Transportation Service shall be provided in accordance with Section 17, ~~General Terms and Conditions~~ Transportation Services, Sheet Nos. 101 to 112 (as applicable), and Rider CTS, Sheet Nos. 62 to 645.

TRANSPORTATION SERVICE-1
Rate Schedule TS-1

Availability:

Throughout the service area of the Company.

Applicability:

Transportation Aggregationed transportation Service and Transitional Transportation Service available to, where applicable, Residential, Commercial and Industrial customers whose annual metered transportation volume is 0 therms up to 500 therms.

Monthly Rate:

Customer Charge:	\$15.00
Energy Charge:	\$0.44073 per therm
Minimum Bill:	The eCustomer eCharge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 79.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of gastransportation service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the mMonthly rRate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, salestransportation under this rate schedule shall be billed at Monthly rRates stated herein.

TRANSPORTATION SERVICE-2
Rate Schedule TS-2

Availability:

Throughout the service area of the Company.

Applicability:

Transportation Aggregation Service and Transitional Transportation Service available to, where applicable, Residential, Commercial and Industrial customers whose annual metered transportation volume is greater than 500 therms up to 3,000 therms.

Monthly Rate:

Customer Charge:	\$27.50
Energy Charge:	\$0.29356 per therm
Minimum Bill:	The eCustomer eCharge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 79.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of gas transportation service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the ~~m~~Monthly ~~r~~Rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, ~~sa~~transportation under this rate schedule shall be billed at Monthly rRates stated herein.

TRANSPORTATION SERVICE-3
Rate Schedule TS-3

Availability:

Throughout the service area of the Company.

Applicability:

Transportation Aggregation Service and Transitional Transportation Service available to, where applicable, Residential, Commercial and Industrial customers whose annual metered transportation volume is greater than 3,000 therms up to 10,000 therms.

Monthly Rate:

Customer Charge:	\$42.50
Energy Charge:	\$0.25285 per therm
Minimum Bill:	The eCustomer eCharge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 79.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of gastransportation service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the ~~m~~Monthly ~~r~~Rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, ~~sale~~transportation under this rate schedule shall be billed at Monthly rRates stated herein.

TRANSPORTATION SERVICE-4
Rate Schedule TS-4

Availability:

Throughout the service area of the Company.

Applicability:

Transportation Aggregation Service and Transitional Transportation Service available to Commercial and Industrial customers whose annual metered transportation volume is greater than 10,000 therms up to 25,000 therms.

Monthly Rate:

Customer Charge:	\$55.00
Energy Charge:	\$0.22132 per therm
Minimum Bill:	The eCustomer eCharge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 79.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of gastransportation service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the ~~m~~Monthly ~~r~~Rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, ~~sa~~lestransportation under this rate schedule shall be billed at Monthly rRates stated herein.

TRANSPORTATION SERVICE-5
Rate Schedule TS-5

Availability:

Throughout the service area of the Company.

Applicability:

Transportation Aggregation Service and Transitional Transportation Service available to Commercial and Industrial customers whose annual metered transportation volume is greater than 25,000 therms up to 50,000 therms.

Monthly Rate:

Customer Charge:	\$125.00
Energy Charge:	\$0.18802 per therm
Minimum Bill:	The eCustomer eCharge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 79.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of gastransportation service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the ~~m~~Monthly ~~r~~Rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, ~~sa~~lestransportation under this rate schedule shall be billed at Monthly rRates stated herein.

TRANSPORTATION SERVICE-6
Rate Schedule TS-6

Availability:

Throughout the service area of the Company.

Applicability:

Transportation Aggregation Service and Transitional Transportation Service available to Commercial and Industrial customers whose annual metered transportation volume is greater than 50,000 therms up to 100,000 therms.

Monthly Rate:

Customer Charge:	\$200.00
Energy Charge:	\$0.14709 per therm
Minimum Bill:	The eCustomer eCharge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 79.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of gastransportation service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the ~~m~~Monthly r~~Rate~~ section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, ~~sa~~lestransportation under this rate schedule shall be billed at Monthly r~~Rates~~ stated herein.

TRANSPORTATION SERVICE-7
Rate Schedule TS-7

Availability:

Throughout the service area of the Company.

Applicability:

Transportation service, Transportation Aggregation Service and Transitional Transportation Service available to Commercial and Industrial customers whose annual metered transportation volume is greater than 100,000 therms up to 500,000 therms.

Monthly Rate:

Customer Charge:	\$300.00
Energy Charge:	\$0.09774 per therm
Minimum Bill:	The eCustomer eCharge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 79.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of gastransportation service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the mMonthly rRate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, salestransportation under this rate schedule shall be billed at Monthly rRates stated herein.

TRANSPORTATION SERVICE-8
Rate Schedule TS-8

Availability:

Throughout the service area of the Company.

Applicability:

Transportation service, Transportation Aggregation Service and Transitional Transportation Service available to Commercial and Industrial customers whose annual metered transportation volume is greater than 500,000 therms up to 1,000,000 therms.

Monthly Rate:

Customer Charge:	\$500.00
Energy Charge:	\$0.08723 per therm
Minimum Bill:	The eCustomer eCharge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 79.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of gastransportation service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the ~~m~~Monthly ~~r~~Rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, ~~sa~~lestransportation under this rate schedule shall be billed at Monthly rRates stated herein.

TRANSPORTATION SERVICE-9
Rate Schedule TS-9

Availability:

Throughout the service area of the Company.

Applicability:

Transportation service, Transportation Aggregation Service and Transitional Transportation Service available to Commercial and Industrial customers whose annual metered transportation volume is greater than 1,000,000 therms.

Monthly Rate:

Customer Charge:	\$700.00
Energy Charge:	\$0.07892 per therm
Minimum Bill:	The eCustomer eCharge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 79.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of gastransportation service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the ~~m~~Monthly ~~r~~Rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, ~~sale~~transportation under this rate schedule shall be billed at Monthly rRates stated herein.

CONTRACT TRANSPORTATION SERVICE

Rider CTS
(Continued)

Customer may at any time request a reduction in its transportation charge by completing the Form AFA-CRA – CTS or CRA – BYPASS which that appears on Sheet Nos. 667.1 and 67.2 or 67.3 and 67.4, respectively, and submitting the same to Company. During any period in which the transportation charge is less than base rate, customer shall complete and submit the same form with then current information as close as practicable to the first day of each month.

Company will notify customer immediately by telephone communication to be followed by written notification within 24 hours of any change in the transportation charge under this Rate Schedule. The rate change shall be effective at 9:00 a.m. Central Clock Time on the first day of the month for which the rate applies or at 9:00 a.m. Central Clock Time on the day following notification to customer of a change in rates which may occur at any time during the billing month.

Notwithstanding the other provisions of this Rate Schedule, the Company may enter into a contract with an alternate fuel transportation customer to provide service under terms other than those set forth herein; provided that the charges prescribed in any such contract shall be established with the objective of enabling the Company to recover at a minimum the fully allocated cost of serving that customer. Any such contract shall be subject to approval by the Florida Public Service Commission, and the Commission shall have continuing jurisdiction over the rates charged therein.

Terms and Conditions of Service:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 - 79.
2. Service under this Rate Schedule is subject to the General Terms and Conditions of the Company applicable to gastransportation service.

CONTRACT TRANSPORTATION SERVICE

Rider CTS
(Continued)

3. Customer bears sole responsibility for all costs incurred up to the designated point of delivery on Company's system.
4. Service under this schedule shall be subject to the terms and conditions of the Transportation Service Agreement (TSA) between the Company and the customer and, unless otherwise indicated herein or in the TSA, to the General Terms and Conditions set forth in this tariff.
5. Customer will notify the Company of its "first of the month" nomination to transporter eight business days prior to the first of the month.
5. Customer will notify the Company of any intra-month nominations to transporter at least twenty-four (24) hours before the effective date of such nominations.
6. Alternate Fuel Certification:
The customer shall certify that its cost of alternate fuel is less than the delivered cost of gas received under Company's Transportation Service. Determination of customer's cost of alternate fuel shall be based on information set forth in Company's Form AFACRA – CTS or CRA - BYPASS (set forth on Sheet Nos. 667.1 and 67.2 or 67.3 and 67.4, respectively). Once a customer has submitted such form, and the same has been accepted by the Company, the customer shall resubmit such form, with then current information, on the first day of each month thereafter, and at any time there is any change in any information contained in a form previously submitted. The monthly rate for a customer who submits no Form AFACRA – CTS or CRA - BYPASS to Company, or who fails to submit such form (properly completed) as required hereunder, or whose completed form if not accepted by Company, shall be the currently applicable non-adjusted rate.
7. Transportation service rendered under this Rate Schedule may be curtailed or fully interrupted at the sole discretion of the Company in accordance with the Transportation Service Agreement and the provisions of the Curtailment Plan. The Company assumes no liability for any loss or damage that may be sustained by customer by reason of any curtailment or interruption of gas transportation service rendered under this Rate Schedule. ~~During such interruptions the Company may, at its option, utilize customer's gas for system supply and issue a credit to the customer during the next~~

~~CONTRACT TRANSPORTATION SERVICE~~

~~Rider CTS
(Continued)~~

~~billing cycle equal to the monthly average spot price for gas delivered to FGT at Tivoli as reported in Natural Gas Week for the week in which delivery occurred times the volume of gas utilized by the Company.~~

(2) ENERGY CONSERVATION COST RECOVERY ADJUSTMENT CLAUSE:
Applicable:

To the Rate per Monthly Rate provision in each of the Company's Rate Schedules, referenced below in this section. Customers receiving service under a Special Contract, the Contract Sales Service, the Contract Transportation Service, the Off-System Sales Service and the Flexible Gas Service tariff Rate Schedules are specifically excluded from the application of the Energy Conservation Cost Recovery Adjustment Clause.

The bill for gas or transportation service supplied to a ~~general sales service customer~~ in any billing period shall be adjusted as follows:

Each Rate Schedule shall be increased or decreased to the nearest .001 cent multiplied by the tax factor of 1.00503 for each therm of gas sales or transportation to recover the conservation related expenditures by the Company. The Company shall record both projected and actual expenses and revenues associated with the implementation of the Company's energy conservation plan as authorized by the Commission. The procedure for the review, approval, recovery and recording of such costs and revenues is set forth in the Commission Rule 25-17.015, F.A.C.

The cost recovery factor for the period from January 1, 2002 through December 31, 2002 for each rate schedule are as follows:

<u>Rate Schedule</u>	<u>Classification of Service</u>	<u>Dollars per therm</u>
GS-1/ <u>TS-1</u> – Residential	< 500 therms	\$0.13125
GS-1/ <u>TS-1</u> - Commercial	< 500 therms	\$0.13125
GS-2/ <u>TS-2</u> - Residential	>500 up to 3,000 therms	\$0.06481
GS-2/ <u>TS-2</u> - Commercial	>500 up to 3,000 therms	\$0.06481
GS-3/ <u>TS-3</u> – Residential	>3,000 up to 10,000 therms	\$0.04821
GS-3/ <u>TS-3</u> - Commercial	>3,000 up to 10,000 therms	\$0.04821
GS-4/ <u>TS-4</u> - Commercial	>10,000 up to 25,000 therms	\$0.03831
GS-5/ <u>TS-5</u> - Commercial	>25,000 up to 50,000 therms	\$0.03349
GS-6/ <u>TS-6</u> – Comm\Ind	>50,000 up to 100,000 therms	\$0.02669
GS-7 – Comm\Ind	>100,000 up to 500,000 therms	\$0.01673
TS-7 – Comm\Ind	>100,000 up to 500,000 therms	\$0.01673
GS-8 - Industrial	>500,000 up to 1,000,000 therms	\$0.01402
TS-8 - Industrial	>500,000 up to 1,000,000 therms	\$0.01402
GS-9 - Industrial	>1,000,000 therms	\$0.01321
TS-9 - Industrial	>1,000,000 therms	\$0.01321

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(5) OPERATIONAL BALANCING ACCOUNT

~~Shippers on the Company's distribution system will be required to "cash-out" the net imbalances in their operational balancing account at the end of each month. The cash-out provisions are identified in Section 17, General Terms and Conditions.~~

~~The Operational Balancing Account provides the tool by which the Company recovers the costs associated with balancing the delivery points on its distribution system with the Transporter(s). This mechanism should not be considered to preclude the Company from recovering other penalties and charges from its customers as defined in Section 17, General Terms and Conditions of this Tariff.~~

The Company shall assign to Customers, Customer's agents or Pool Managers, directly or by reasonable allocation, all Transporter charges or credits received by the Company as Delivery Point Operator (DPO) on Transporter's interstate pipeline system. The Company shall assign to Customers, Customer's agents or Pool Manager, directly or by reasonable allocation, all imbalance resolution charges as defined in Section 17, Transportation Services. It is the intent of this tariff that the Company shall be authorized to recover or refund such other charges or credits, related to the provision of transportation service, as have historically been recovered from or allocated to Customers pursuant to the Commission's ongoing Purchased Gas Adjustment cost recovery proceedings.

Customer, Customer's agent or Pool Managers causing Gas to be delivered to the Company's distribution system shall be required to "cash-out" net imbalances, and other such charges or credits as may be directly assigned or allocated, in their operational balancing account at the end of each Gas Month. If the Company and Customer, Customer's Agent or Pool Manager mutually agree, the monthly Operational Balancing Account net charge or credit may be rolled-over to a succeeding monthly period(s) in accordance with such terms as may be established by the such parties. The monthly imbalance cash-out provisions for delivery imbalances are identified in Section 17, Transportation Services, of this tariff.

The Operational Balancing Account provides the tool by which the Company allocates the following charges or credits:

- (a) Charges or credits associated with balancing the Company's Delivery Points with Transporters.

- (b) Charges or credits associated with balancing, on a Monthly basis, the actual receipts of Gas by Company for transportation Customers, net of transportation shrinkage, to the actual deliveries of Gas by Company for transportation Customers.
- (c) Charges or credits associated with unrelinquished Transporter capacity.
- (d) Charges or credits associated with providing Supplier of Last Resort services in the event of the default of a Pool Manager under a TTS Agreement.
- (e) In the event Company experiences unaccounted for Gas on its distribution system, Company shall be entitled to recover the cost of such unaccounted for Gas. Costs associated with transportation shrinkage, if any, shall be based upon Company's operating experience, and Company shall have the right to adjust such cost from time to time to reflect operating experience and/or any change in methodology used by Company to calculate the amount of Gas deemed as transportation shrinkage. Upon request, Company shall furnish to Customer, Customer's Agent or Pool Manager information to support such cost allocation.
- (f) This mechanism should not be deemed to preclude the Company from recovering other penalties and charges from its customers as defined in Section 17, Transportation Services, of this tariff, the Transportation Service Agreement, Transportation Aggregation Service Agreement or Transitional Transportation Service Agreement.

(6) TAXES AND OTHER ADJUSTMENTS APPLICABLE TO ALL RATE SCHEDULES:

There will be added to all bills rendered, all applicable local utility and franchise taxes and state gross receipts and sales taxes presently assessed by governmental authority; as well as future changes or new assessments by any governmental authority subsequent to the effective date of this tariff. All such assessments as described above shall be shown on customer bills.

INDEX OF GENERAL TERMS AND CONDITIONS
(continued)

	<u>Sheet No.</u>
5. BILLING AND COLLECTING	
5.1 Billing Periods	88
5.2 Partial Month	88
5.3 Non-Receipt of Bills	88
5.4 Calculation of Bill	88
5.5 Change of Occupancy	89
5.6 Delinquent Bills	89
5.7 Estimated or Adjusted Bills	89
5.8 Adjustment of Bills for Meter Error	90
5.9 Returned Check Charge	91
5.10 Contracts and Agreements	91
5.11 Payment for Transportation Service	91
6. METERING	
6.1 Use of Meters and Measuring Equipment	91.1
6.2 Location of Meters	92
6.3 Access to Meters	92
6.4 Meter Accuracy	92
7. EXTENSION OF FACILITIES	
7.1 Free Extension	93
7.2 Service Extensions Above Free Limit	93
7.3 Main Extensions Above Free Limit – Contribution in Aid of Construction	93
7.4 Main line Extensions of Facilities for Non-Natural Gas Water Heating Customers	94
7.5 Service Line Extensions for Non-Natural Gas Water Heating Customers From Existing Main	94
7.6 Area Extension Program Charge	94
7.7 Temporary Service	96
7.8 No Discrimination Practiced Between Customers	96

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Chesapeake Utilities Corporation

Effective:

INDEX OF GENERAL TERMS AND CONDITIONS
(continued)

	<u>Sheet No.</u>
8. OBLIGATIONS OF COMPANY AND CUSTOMERS	
8.1 Operation of Company's System	96
8.2 Interruptions	96.1
8.3 Information to Customers	96.1
8.4 Access to Customer's Premises	97
8.5 Protection of Company's Property	97
8.6 Interfering or Tampering with Company's Property	97
8.7 Conformance with Tariff	97
9. FORCE MAJEURE	97
10. DISCONTINUANCE OF SERVICE	
10.1 Without Notice	99
10.2 After Five (5) Days Written Notice	99
10.3 Waiver of Discontinuance of Service	99
10.4 Bill Collection in Lieu of Disconnection	99
11. RESTORATION OF SERVICE	99.1
12. TERMINATION OF SERVICE	100
13. LIMITATION OF GAS SUPPLY	100
14. QUALITY OF GAS	100
15. APPLICABILITY OF GENERAL TERMS AND CONDITIONS	100
16. OWNERSHIP OF PROPERTY	101
17. <u>TRANSPORTATION SERVICES</u>	
17.1 Transportation Service	101
17.2 Transportation Aggregation Service	105
17.3 <u>Transitional Transportation Service</u>	112

GENERAL TERMS AND CONDITIONS
(Continued)

- (c) It shall be understood that when a meter is found to be in error in excess of the prescribed limits of two percent (2%) fast or slow, the figure to be used for calculating the amount of refund or charge in (a) or (b)(2) above shall be that percentage of error as determined by the test.
- (d) In the event of unauthorized use, the Customer may be billed on a reasonable estimate of the gas consumed.

5.9 Returned Check Charge

A service charge, as specified on Sheet No. 73, shall be added to the Customer's bill for gas service for each check dishonored by the bank upon which it is drawn. Termination of service shall not be made for failure to pay the returned check charge.

5.10 Contracts and Agreements

Where there exists a special contract or agreement between the Company and a Customer pursuant to Commission Rule 25-9.034, the terms and conditions of that contract as approved by the Florida Public Service Commission will apply to gas service received under the contract when those terms and conditions differ from Section 5 of this Tariff.

5.11 Payment for Transportation Service

The Company may include Pool Manager's charges for the sale of gas, separately identified, on the Company's monthly bill to individual Transportation Service, Transportation Aggregation Service or Transitional Transportation Service customers. For any payment made, the Company will first apply the payment to all separately stated taxes that are due, then to the Pool Manager's charges, and then to the Company's regulated charges. The Company may, at its sole option, include Pool Manager's charges for other services on the Company's monthly bill to Customers.

GENERAL TERMS AND CONDITIONS

(Continued)

Company's rights under the guaranty agreement will not be considered when calculating the AEP.

7.7 Temporary Service

In the case of temporary service for short-term use, Company may require the Customer to pay all costs of making the service connection and removing the material after service has been discontinued, or to pay a fixed amount in advance to cover such expense; provided, however, that the Customer shall be credited with reasonable salvage realized by the Company when service is terminated. A motor home or house trailer that is not set up on a semi-permanent basis; i.e., leveled and tied down, would be classified as a temporary service.

7.8 No Discrimination Practiced Between Customers

Nothing in this section (7) shall be construed as prohibiting the Company from establishing extension policies more favorable to Customers so long as no undue discrimination is practiced between Customers.

8. OBLIGATIONS OF COMPANY AND CUSTOMERS

8.1 Operation of Company's System

For Sales customers, the Company will use reasonable diligence in operating its system in order to insure a uniform and adequate supply of gas to meet the gas requirements of its customers. For Transportation customers, the Company is responsible for the transportation of Customer-owned Gas, but is not responsible for providing Gas, except when the Company is performing the Supplier of Last Resort function.

GENERAL TERMS AND CONDITIONS
(Continued)

8.2 Interruptions

The Company may temporarily shut off the supply of sales and/or transportation gas to the Customer's premises after reasonable notice for the purpose of making necessary repairs or adjustments to mains or supply pipes, and will endeavor to make such interruptions, if required, at a time, where possible, which will cause the least inconvenience to the Customer. Company reserves the right to shut off supply of gas without notice in case of emergency in accordance with the Company's filed Curtailment Plan.

8.3 Information to Customers

Company shall maintain personnel at its general offices to assist the Customer in acquiring gas service, providing information as to rates and charges and handling Customer inquiries or complaints. A copy of all Rate Schedules, General Terms and Conditions and Standard Forms are available at the Company's general offices.

GENERAL TERMS AND CONDITIONS
(Continued)

10.1 Without Notice

- (a) If a dangerous or hazardous condition exists on Customer's premises in Customer's installation or appliances.
- (b) Due to tampering with or fraudulent use of Company-owned facilities or equipment on Customer's premises.
- (c) In the event of unauthorized or fraudulent use of gas service.
- (d) In the event Customer, Customer's authorized designee, or Pool Manager discontinues Gas deliveries to Company for Customer.

10.2 After Five (5) Days Written Notice

- (a) For non-payment of bills for gas service.
- (b) For failure to correct improper piping or appliance defects previously called to the attention of Customer by Company.
- (c) For failure or refusal to provide or increase a deposit when requested, to insure payment of bills.
- (d) For any violation of these rules and regulations which Customer refuses or neglects to correct.

10.3 Waiver of Discontinuance of Service

Discontinuance of service may be temporarily waived in specific cases when the service is medically essential and interruption will endanger life or require hospitalization to sustain life. Prior to granting a medical waiver, the residential consumer will be required to furnish the Company written notice from a competent physician acceptable to the Company that the service is required for life support.

10.4 Bill Collection in Lieu of Disconnection

A service charge (see Sheet No. 73) shall be added to the Customer's bill for gas service when payment is made at billed address prior to disconnection for non-payment of bills.

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GENERAL TERMS AND CONDITIONS
(Continued)

in the entire service area of the Company, as such distribution system is now constituted and as it may be enlarged or extended, and to any new distribution system which may be acquired or constructed by the Florida Division.

16. OWNERSHIP OF PROPERTY

The Company will own, operate and maintain all service pipes, regulators, vents, meters, meter connections, valves and other apparatus from Company mains to the outlet side of the meter and shall have a perpetual right of ingress and egress thereto.

17. TRANSPORTATION SERVICES

17.1 Transportation Service

- (a) The Company offers Transportation Service (TS) service to all large use Customers desiring to transport gas through the Company's distribution system on an individual basis. Each individual Customer, in order to qualify for the TS service must have an annual usage of over 100,000 therms per year.

Upon receipt of Customer's request for TS (see Sheet No. 125), the Company shall have 30 days to process the request and make proper arrangements with the upstream interstate pipeline system to accommodate Customer's request. Service will begin on the first day of the month after the 30 day period for processing, provided that timely nominations for the first day of the month, in accordance with the interstate pipeline's tariff, can be made by Customer.

Each Customer electing this service will be required to transport all of their natural gas requirements under this TS service. ~~An individual Customer will not be authorized to transport a portion of their usage requirements and receive the remaining requirements under a sales service schedule of the Company.~~

Each Customer electing this service shall have electronic telemetering equipment installed on their measurement equipment and their meter will be read at the end of the Gas Month.

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GENERAL TERMS AND CONDITIONS
(Continued)

(b) Capacity Release – Without Alternative Fuel as a Back-up

~~The Company shall, to the extent capacity is available, release to an existing Customers (defined as a Customer who has received natural gas service from the Company prior the effective date of this section of the tariff) interstate pipeline capacity based upon the historical monthly needs of the Customer for calendar year 2001 or in accordance with any existing contractual obligations. Adjustments to the historical monthly needs may be made based on information obtained from the Customer; however, under no circumstances will the Company be obligated to release more capacity than the amount that is based upon the historical monthly usage. Capacity release will be made on a temporary basis, in accordance with applicable FERC rules and regulations, as they may change from time to time.~~

The interstate pipeline Primary Receipt Points, Primary Delivery Points and the Maximum Daily Transportation Quantities (MDTQ) that the Company shall relinquish hereunder during each individual month of the year shall be as set forth in the executed Transportation Services Agreement (see Sheet No. 127), between the Customer and the Company.

The Customer, or its authorized designee, shall diligently and in a timely manner take all actions required under the approved tariff of the interstate pipeline to acquire the firm capacity rights to be relinquished. Upon completion of the above actions, the Customer, or its authorized designee, shall accept the temporary pipeline capacity relinquishment from the Company.

New Customers (defined as a Customer who has not received natural gas service from the Company prior to the effective date of this the Transitional Transportation Service section of the tariff) shall not be required to take interstate pipeline capacity from the Company.

(c) Capacity Release – With Alternative Fuel as a Back-up

A Customer having an alternative fuel source as a back-up to natural gas, and executing a Transportation Service Agreement, shall have the option to take

Florida Division
Original Volume No. 3

~~Original~~ First Revised Sheet No. 102
Cancels Original Sheet No. 102

GENERAL TERMS AND CONDITIONS

(Continued)

interstate pipeline capacity from the Company. If a Customer executes said option, then the terms and conditions specified in Section 17.21 (b) shall apply, to the extent interstate pipeline capacity is available.

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Effective:

GENERAL TERMS AND CONDITIONS

(Continued)

(d) Use of Relinquished Capacity; Recall Rights

The Customers use of the relinquished capacity and the Company's right to recall shall be as stated in the Transportation Services Agreement.

(e) Scheduling and Nominating

The Customer, or its authorized designee, shall submit to the Company all scheduling and nominating information simultaneously with its submission to the interstate pipeline system.

(f) Monthly Balancing

The balancing of the quantity of gGas received~~scheduled~~ by the Customer and the actual usage by the Customer shall be done on a monthly basis. The Company and the Customer will resolve all imbalances at the end of each Month, as follows:

- (1) If the monthly imbalance is positive (amount of gGas scheduled is greater than actual usage by Customer), the Company shall ~~purchase from~~credit to the Customer an amount based on such monthly imbalance at~~amultiplied by the~~ price that is consistent with the then effective interstate pipeline system's cash-out methodology, with respect to the use of indexes, imbalance levels and applicable factors.
- (2) If the monthly imbalance is negative (amount of gGas scheduled is less than actual usage by Customer), the Company shall ~~sell~~charge to the Customer an amount based on such monthly imbalance at~~amultiplied by the~~ price that is consistent with the then effective interstate pipeline system's cash-out methodology, with respect to the use of indexes, imbalance levels and applicable factors.
- (3) Prior to initiation of Transportation Service, the Company will provide to the Customer, by electronic means, facsimile or by hard copy, a copy of the current, approved cash out provisions of the interstate pipeline tariff. The Company further agrees to provide to the Customer, by electronic means or facsimile, a copy of all FERC

GENERAL TERMS AND CONDITIONS
(Continued)

(g) Operational Tools

(1) Operational Flow Orders (OFO)

When the interstate pipeline issues an OFO, the Company, as the Delivery Point Operator (DPO) will receive the notice and will promptly notify via electronic means all ~~Individual Transportation-TS~~ Customers of the OFO. The notification will contain all information that is provided by the interstate pipeline in its notice to the DPO.

If the Customer violates the terms of the OFO (i.e. is outside the established percentage usage tolerances of the Order), then the Company will charge the responsible Customer(s) two times the interstate pipelines' authorized tariff OFO penalty.

(2) Alert Days

When the interstate pipeline issues and Alert Day notice, the Company, as the DPO will receive the notice and will promptly notify via electronic means all ~~individual transportation-eTS~~ Customers of the Alert Day notice. The notification will contain all information that is provided by the interstate pipeline in its Alert Day notice.

If the Customer violates the terms of the Alert Day (i.e. is outside the established percentage usage tolerances of the Alert Day notice), then the Company, if, and only if, charges for the Alert Day notice have been incurred, will pass the incurred charges through to the responsible Customer(s) on a pro rata basis.

(3) Other Balancing Tools

As the DPO, the Company will comply with any other operational balancing tools order from the interstate pipeline and, at month end, will determine which Customers caused the operational balancing

GENERAL TERMS AND CONDITIONS

(Continued)

tools order and charge the responsible Customers the total cost incurred to comply with the order. Such charges will be made on a pro rata basis to all responsible Customers.

(4) Non-performance Penalty

The Company shall charge a Customer \$10 per Dekatherm, plus the cost of gas delivered to the City gate station, for all quantities of gas that the Company provided to Customer due specifically to the non-performance of Customers obligation to deliver its own transportation ~~g~~Gas to Company for transportation.

(5) Penalties Collected

All penalties, net of payments to third parties, collected by the Company for the Operational Tools, identified herein, shall be credited or charged to the ~~Purchase Gas Adjustment~~ Operational Balancing Account clause in the Company's tariff. The Company shall not, under any circumstances, retain any of the penalties collected from the TS Service Customers nor absorb any costs related to complying with valid interstate pipeline Operational Tools orders.

17.2 Transportation Aggregation Service

- (a) Transportation Aggregation Service (TA) shall be available to all non-residential customers, regardless of the level of annual usage. This service ~~allow~~ requires each such Customer electing TA Service to group its respective natural gas needs ~~together~~ requirements into a common pool for transportation service. The Company ~~will~~ shall establish the necessary relationship with the authorized Pool Managers to accommodate this service and provide customers with the necessary mechanisms for entry into its chosen pool. The Company ~~will~~ shall maintain a listing of authorized TA ~~s~~ Service Pool Managers and, upon request, ~~will~~ shall make this list available to all non-residential Customers.

Each Customer electing this service ~~will~~ shall be required to transport all of its natural gas requirements under this TA ~~s~~ Service. ~~An individual Customer will~~

Florida Division
Original Volume No. 3

~~Original~~ First Revised Sheet No. 105
Cancels Original Sheet No. 105

GENERAL TERMS AND CONDITIONS

(Continued)

~~not be authorized to transport a portion of their usage requirements and~~

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Chesapeake Utilities Corporation

Effective:

GENERAL TERMS AND CONDITIONS

(Continued)

~~receive the remaining requirements under a sales service schedule of the Company.~~

(b) Aggregation Pool

- (1) Each Aggregation Pool shall consist of a minimum of ten (10) individual customers with a total aggregated annual usage of at least 100,000 therms per year.
- (2) Each Customer shall execute a Letter of Authorization (see Sheet No. 152), in order to become a member of the Aggregation Pool that it chooses. Upon receipt of the Letter of Authorization, the Company shall have 30 days to process the request.
- (3) A Customer ~~will~~shall be added to an Aggregation Pool on the first day of the Month after the 30-day processing period has expired.
- (4) An authorized Pool Manager shall manage each Aggregation Pool.
- (5) Each individual Customer may change Aggregation Pool's Transportation Services with 30 days notice to Company, specifying the new Transportation Service Requested and the name of the Pool Manager, if switching to a new Aggregation Pool. The requested change, upon approval of the Company, ~~will~~shall take effect on the first day of the month following the expiration of the 30-day notice requirement. There shall be no charge by Company to Customer for the first such change of Pool Managers for an account within a 12-month period. A Customer shall pay to Company for each subsequent requested change in Pool Managers for any account an administrative fee of \$25.00.
- (6) Upon election of the TA sService, the Customer ~~will~~shall automatically remain a Customer of this service until a request to change to another service is received by the Company. There shall be no charge by Company to Customer for the first such requested change within a 12-month period. A Customer shall pay to Company for each subsequent requested change an administrative fee of \$25.00. All

Florida Division
Original Volume No. 3

~~Original~~First Revised Sheet No. 106
Cancels Original Sheet No. 106

GENERAL TERMS AND CONDITIONS

(Continued)

requested changes ~~will~~shall be effective on the first day of the first
month following

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Chesapeake Utilities Corporation

Effective:

GENERAL TERMS AND CONDITIONS

(Continued)

completion of all required administrative activities by the Customer and the Company.

- (7) If, for whatever reason, an Aggregation Pool falls below the required 10 individual customers and/or minimum of 100,000 therms in aggregation, then the pool ~~will~~shall be declared invalid and the ~~remaining Pool's e~~Customers shall be reallocated on a pro-rata basis to the other valid Aggregation Pool Managers. Such reallocation shall occur on the first day of the month subsequent to the declaration and each Customer's capacity, as determined in accordance with the ~~above provisions in 17.2 (e)~~, shall be reallocated to each individual Customer's new Aggregation Pool.
- (c) A "Pool Manager" is an entity that provides gas supply and interstate pipeline capacity management for an aggregated number of customers on the Company's distribution system which has:
- (1) ~~B~~een duly approved as a Shipper on the interstate pipeline systems upstream of the Company City Gate Stations used as ~~at~~the points of entry onto Company's distribution system;
 - (2) ~~E~~ntered into Letters of Authorization to sell Gas to, or procure Gas for, Customer accounts desiring to receive service pursuant to the TA Service; and
 - (3) ~~E~~xecuted and delivered to Company an Aggregated Transportation Service Agreement (see Sheet No. 153 through 179), that is inclusive of Capacity Release and Operating Balancing sections, and provides for the temporary release of Company's primary firm interstate pipeline transportation capacity to be used for the transportation and delivery to Company of Gas purchased.
- (d) The Company's rate for transportation service applicable to each individually billed Customer's ~~a~~Account shall be based ~~upon the annual therm usage of the Customer (see the Classification of Service section of this tariff to determine the appropriate Rate Schedule)~~pursuant to the Rate Schedule for such Customer Account as determined by the Classification of Service section of

Florida Division
Original Volume No. 3

~~Original~~ First Revised Sheet No. 107
Cancels Original Sheet No. 107

GENERAL TERMS AND CONDITIONS
(Continued)

this tariff.

Issued by: John R. Schimkaitis, President
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Effective:

GENERAL TERMS AND CONDITIONS
(Continued)

(e) Capacity Release

The Company shall, ~~to the extent capacity is available,~~ release on behalf of an ~~e~~Existing Customer (defined as a Customer who has received natural gas service from the Company prior to the effective date of ~~theis~~ Transitional Transportation Service section of the tariff) to its chosen Pool Manager, interstate pipeline capacity based upon the peak capacity needs of a customer at the maximum consumption level for the rate class. The Company shall allocate a blend of Florida Gas Transmission and Gulfstream Natural Gas interstate pipeline capacity for each rate classification at, or below, TS-6. All Pool Managers shall receive the same per customer capacity allocation from each pipeline, based on the rate class capacity methodology described above. ~~historical monthly average use per day, rounded upwards to the next whole Dekatherm, of the Customer. Adjustments to the historical monthly averages may be made based on information obtained from the Customer or Pool Manager; however, under no circumstances will the Company be obligated to release more capacity than the amount that is based upon the historical monthly average.~~ Capacity release will be made on a temporary basis, in accordance with applicable FERC rules and regulations, as they may change from time to time.

The interstate pipeline ~~Primary Receipt Points, Primary Delivery Points and the Maximum Daily Transportation Quantities (MDTQ)~~ that the Company shall relinquish hereunder during each individual month of the year shall be as set forth in the executed Aggregated Transportation Services Agreement between the Pool Manager and the Company.

The Pool Manager shall diligently and in a timely manner take all actions required under the approved tariff of the interstate pipeline to acquire the firm capacity rights to be relinquished. Upon completion of the above actions, the Pool Manager shall accept the temporary pipeline capacity relinquishment from the Company.

New Customers (defined as a Customer who has not received natural gas service from the Company prior the effective date of ~~theis~~ Transitional Transportation Service section of the tariff) shall not be required to take

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Effective:

GENERAL TERMS AND CONDITIONS

(Continued)

interstate pipeline capacity from the Company.

~~For each TA Customer, the level of capacity release will be reviewed and adjusted annually by the Company, based upon each Customer's original start date in the TA service.~~

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Effective:

GENERAL TERMS AND CONDITIONS
(Continued)

(f) Meter Reading

Each individual Customer whose annual consumption is 100,000 therms or less ~~will~~shall continue to have their ~~its~~meter read during the normal monthly cycle for the meter route Customer resides within. Each individual Customer whose annual consumption is over 100,000 therms ~~will~~shall have its meter read at the end of the last day of the Gas Month.

(g) Billing Customer Account Administration Service

If requested by a ~~Customer and~~ the Pool Manager administering service hereunder to such account, Company will ~~bill~~shall provide to the Pool Manager a Customer Account Administration Service to include customer service functions, gas supply billing and collections, and customer account transaction records maintenance ~~the Pool Manager's charges for service provided hereunder to such~~ for each account in the Aggregation Pool. Company shall charge a Pool Manager \$2.00 per ~~bill~~account per month for such optional service.

(h) Scheduling and Nominating

The Pool Manager shall submit to the Company all scheduling and nominating information simultaneously with its submission to the interstate pipeline system.

(i) Monthly Balancing

The balancing of the monthly quantity of gGas scheduled and nominated for the Aggregation Pool and the actual monthly usage by the sum of all individual Customers shall be done on a monthly basis, or such other period as the Company and Pool Manager shall mutually agree. The Company and the Pool Manager will resolve all imbalances ~~at the end of each Month~~, as follows:

- (1) If the monthly imbalance is positive (amount of gGas scheduled is greater than aggregated actual usage by Customers), the Company shall ~~purchase from~~ credit to the Pool Manager an amount based on

GENERAL TERMS AND CONDITIONS

(Continued)

such monthly imbalance at a price that is consistent with the then effective interstate pipeline system's cash-out methodology, with respect to the use of indexes, imbalance levels and applicable factors.

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Effective:

GENERAL TERMS AND CONDITIONS
(Continued)

- (2) If the monthly imbalance is negative (amount of gGas scheduled is less than aggregated actual usage by Customers), the Company shall sellcharge to the Pool Manager an amount based on such monthly imbalance at a price that is consistent with the then effective interstate pipeline system's cash-out methodology, with respect to the use of indexes, imbalance levels and applicable factors.
- (3) The Company ~~will~~shall provide to the Pool Manager prior to initiation of TA Service a copy of the current, approved interstate pipeline tariff that specifies the applicable cash out provisions. The Company further agrees to provide a copy of all approved changes to the cash out provisions to the Pool Manager within 15 days of receipt of the approved applicable interstate pipeline tariff. In addition, the Company ~~will~~shall maintain, at each of its offices and on the Company's web site, a copy of the currently effective interstate pipeline's cash out provisions.

(j) Operational Tools

(1) Operational Flow Orders (OFO)

When the interstate pipeline issues an OFO, the Company, as the Delivery Point Operator (DPO) ~~will~~shall receive the notice and ~~will~~shall promptly notify via electronic means all Pool Managers of the OFO. The notification ~~will~~shall contain all information that is provided by the interstate pipeline in its notice to the DPO.

If the ~~Aggregated Pool violates~~Gas quantities delivered by the Pool Manager or consumed by the Customer accounts in the Pool Manager's Customer Pool results in a violation of the terms of the OFO (i.e. is outside the established percentage usage tolerances of the Order), then the Company willshall charge the responsible Pool Manager(s) twice the interstate pipelines established OFO penalties.

GENERAL TERMS AND CONDITIONS

(Continued)

(2) Alert Days

When the interstate pipeline issues and Alert Day notice, the Company, as the Delivery Point Operator (DPO) ~~will~~shall receive the notice and ~~will~~shall promptly notify via electronic means all Pool Managers of the Alert Day notice. The notification ~~will~~shall contain all information that is provided by the interstate pipeline in its Alert Day notice.

If the ~~Aggregated Pool violates~~ Gas quantities delivered by the Pool Manager or consumed by the Customer Accounts in the Pool Manager's Customer Pool results in a violation of the terms of the Alert Day (i.e. is outside the established percentage usage tolerances of the Alert Day notice), then the Company, if, and only if, charges for the Alert Day notice have been incurred, ~~will~~shall pass the incurred charges through to the responsible Pool Manager(s) on a pro rata basis.

(3) Other Balancing Tools

As the Delivery Point Operator, the Company ~~will~~shall comply with any other operational balancing tools order from the interstate pipeline and, at month end, ~~will~~shall determine which Aggregated Pool caused the operational balancing tools order and charge the responsible Pool Manager(s) the total cost incurred to comply with the order. Such charges ~~will~~shall be made on a pro rata basis to all responsible Pool Managers.

(4) Non-performance Penalty

The Company shall charge a Pool Manager \$10 per Dekatherm, plus the cost of gas delivered to the City gate station, for all quantities of gas that the Company provided to Pool Manager due specifically to the non-performance of Pool Manager's obligation to deliver its own ~~transportation~~ Gas to Company for transportation.

GENERAL TERMS AND CONDITIONS

(Continued)

(5) Penalties Collected

All penalties, net of payments made to third parties, collected by the Company for the Operational Tools shall be credited or charged to the ~~Purchase Gas Adjustment~~ Operational Balancing Account clause in the Company's tariff. The Company shall not, under any circumstances, retain any of the penalties collected from the Pool Manager(s) nor absorb any costs related to complying with valid interstate pipeline Operational Tools orders.

17.3 Transitional Transportation Service

- (a) Transitional Transportation Service (TTS) shall be available to all residential customers, and those commercial customers who have not specified an approved TA Pool Manager, regardless of the level of annual usage. This service requires each Customer to group its respective natural gas requirements into a common pool for transportation service. The Company shall establish the necessary relationship with the authorized TTS Pool Manager(s) to accommodate this service and provide customers with the necessary mechanisms for entry into the pool and pricing selection.

Each Customer electing this service will be required to transport all of its natural gas requirements under this TTS service.

- (b) A "TTS Pool Manager" is an entity that provides gas supply and interstate pipeline capacity management for the TTS pool customers on the Company's distribution system that has:
- (1) been duly approved as a Shipper on the interstate pipeline systems upstream of the Company City Gate Stations used as the points of entry onto Company's distribution system; and,
 - (2) executed and delivered to Company a Transitional Transportation Service Agreement that provides for the temporary release of Company's interstate pipeline capacity to be used for the transportation and delivery to Company of Gas purchased.

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Effective:

GENERAL TERMS AND CONDITIONS
(Continued)

(c) Selection of the TTS Pool Manager

At the outset of the program, the Company shall issue a Request For Proposals (RFP) to gas marketers and shall select a Pool Manager who shall manage the TTS Pool for all remaining sales service Customers. All remaining sales service Customers will be assigned to the Transitional Transportation Service (TTS) Pool. All residential customers will be required to remain with said TTS Pool Manager for the duration of the contract period. All non-residential customers will have the option of remaining with the TTS Pool Manager or, only during periods of open enrollment as may be established under a TTS Agreement, may move to an approved Aggregation Pool. The term of the initial TTS Agreement will be for two (2) years, with extensions permitted at the discretion of the Company.

If the TTS Pool Manager defaults during the term of the initial TTS Agreement, the Company shall become the Supplier of Last Resort until a replacement TTS Pool Manager initiates service.

After the Company notifies the Commission of its intention to proceed, the Company shall issue a second RFP to gas marketers and shall select two Pool Managers. Each customer in the TTS Pool will then be able to select from the two approved TTS Pool Managers. The term of the TTS Agreements with these two selected Pool Managers will be for one year, with extensions permitted at the discretion of the Company.

If one of these TTS Pool Managers defaults during the term of said TTS Agreements, the second TTS Pool Manager shall provide service to the defaulting Pool Manager's pooled customers until a replacement TTS Pool Manager initiates service. If both TTS Pool Managers default, the Company shall become the Supplier of Last Resort until replacement TTS Pool Manager(s) initiate service.

(d) The Company's rate for transportation service applicable to each individually billed Customer Account shall be pursuant to the Rate Schedule for such Customer Account as determined by the Classification of Service section of this tariff.

GENERAL TERMS AND CONDITIONS
(Continued)

(e) Capacity Release

- (1) For non-residential customers, the capacity release will be in accordance with the methodology described for the Transportation Aggregation Service in Section 17.2 (e).
- (2) After capacity releases have been made to all non-residential customers in accordance with the methodologies described in Sections 17.1 (b), 17.1 (c) and 17.2 (e), the remaining capacity shall be released to the TTS Pool Manager on behalf of the residential customers.

Capacity release will be made on a temporary basis, in accordance with applicable FERC rules and regulations, as they may change from time to time.

The interstate pipeline Receipt Points, Delivery Points and the Maximum Daily Transportation Quantities (MDTQ) that the Company shall relinquish hereunder during each individual month of the year shall be as set forth in the executed TTS Transportation Agreement between the TTS Pool Manager(s) and the Company.

The TTS Pool Manager(s) shall diligently and in a timely manner take all actions required under the approved tariff of the interstate pipeline to acquire the firm capacity rights to be relinquished. Upon completion of the above actions, the TTS Pool Manager(s) shall accept the temporary pipeline capacity relinquishment from the Company.

(e) Meter Reading

Each individual TTS Customer shall continue to have its meter read during the normal monthly cycle for the meter route the TTS Customer resides within.

GENERAL TERMS AND CONDITIONS
(Continued)

(f) Customer Account Administration Service

The Company shall provide to the TTS Pool Manager(s) a Customer Account Administration Service that includes customer service functions, gas supply billing and collections, and customer account transaction records maintenance for each account in the TTS Pool. The Company shall charge the TTS Pool Manager(s) \$2.00 per account per month for this required service.

(g) Scheduling and Nominating

The TTS Pool Manager(s) shall submit to the Company all scheduling and nominating information simultaneously with its submission to the interstate pipeline system.

(h) Monthly Balancing

The balancing of the monthly quantity of Gas scheduled and nominated for the TTS Pool(s) and the actual monthly usage by the sum of all individual TTS Customers shall be done on a monthly basis, or such other period as the Company and the TTS Pool Manager(s) shall mutually agree. The Company and the TTS Pool Manager(s) will resolve all imbalances as follows:

(1) If the monthly imbalance is positive (amount of Gas scheduled is greater than aggregated actual usage by TTS Customers), the Company shall credit to the TTS Pool Manager(s) an amount based on such monthly imbalance multiplied by the price that is consistent with the then effective interstate pipeline system's cash-out methodology, with respect to the use of indexes, imbalance levels and applicable factors.

(2) If the monthly imbalance is negative (amount of Gas scheduled is less than aggregated actual usage by TTS Customers), the Company shall charge to the TTS Pool Manager(s) an amount based on such monthly imbalance multiplied by the price that is consistent with the then effective interstate pipeline system's cash-out methodology, with respect to the use of indexes, imbalance levels and applicable factors.

GENERAL TERMS AND CONDITIONS
(Continued)

(3) The Company shall provide to the TTS Pool Manager(s) prior to initiation of TTS service a copy of the current, approved interstate pipeline tariff that specifies the applicable cash out provisions. The Company further agrees to provide a copy of all approved changes to the cash out provisions to the TTS Pool Manager(s) within 15 days of receipt of the approved applicable interstate pipeline tariff. In addition, the Company shall maintain, at each of its offices and on the Company's web site, a copy of the currently effective interstate pipeline's cash out provisions.

(i) Operational Tools

(1) Operational Flow Orders (OFO)

When the interstate pipeline issues an OFO, the Company, as the Delivery Point Operator (DPO) shall receive the notice and shall promptly notify via electronic means all TTS Pool Managers of the OFO. The notification shall contain all information that is provided by the interstate pipeline in its notice to the DPO.

If the Gas quantities delivered by the TTS Pool Manager(s) or consumed by the Customers within the TTS Pool(s) result in a violation of the terms of the OFO (i.e. is outside the established percentage usage tolerances of the Order), then the Company shall charge the responsible TTS Pool Manager(s) twice the interstate pipelines established OFO penalties.

(2) Alert Days

When the interstate pipeline issues an Alert Day notice, the Company, as the Delivery Point Operator (DPO) shall receive the notice and shall promptly notify via electronic means all TTS Pool Manager(s) of the Alert Day notice. The notification shall contain all information that is provided by the interstate pipeline in its Alert Day notice.

GENERAL TERMS AND CONDITIONS
(Continued)

If the Gas quantities delivered by the TTS Pool Manager(s) or consumed by the Customers within the TTS Pool(s) result in a violation of the terms of the Alert Day (i.e. is outside the established percentage usage tolerances of the Alert Day notice), then the Company, if, and only if, charges for the Alert Day notice have been incurred, shall pass the incurred charges through to the responsible TTS Pool Manager(s) on a pro rata basis.

(3) Other Balancing Tools

As the Delivery Point Operator, the Company shall comply with any other operational balancing tools order from the interstate pipeline and, at month end, shall determine which TTS Pool caused the operational balancing tools order and charge the responsible TTS Pool Manager(s) the total cost incurred to comply with the order. Such charges shall be made on a pro rata basis to all responsible TTS Pool Manager(s).

(4) Non-performance Penalty

The Company shall charge all TTS Pool Managers \$10 per Dekatherm, plus the cost of gas delivered to the city gate station, for all quantities of Gas that the Company provided to the TTS Pool Manager(s) due specifically to the non-performance of the TTS Pool Manager's obligation to deliver its own Gas to Company for transportation.

(5) Penalties Collected

All penalties, net of payments made to third parties, collected by the Company for the Operational Tools shall be credited or charged to the Operational Balancing Account clause in the Company's tariff. The Company shall not, under any circumstances, retain any of the penalties collected from the TTS Pool Manager(s) nor absorb any costs related to complying with valid interstate pipeline Operational Tools orders.