

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Indiantown Gas)
Company for Approval of Natural)
Gas Tariff, Original Volume No. 2,)
Implementing Restructured Rates)

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PETITION FOR APPROVAL OF NATURAL GAS TARIFF, ORIGINAL
VOLUME NO. 2, IMPLEMENTING RESTRUCTURED RATES, AND FOR
ESTABLISHMENT OF AUTHORIZED RATE OF RETURN ON EQUITY

Indiantown Gas Company (the "Company"), pursuant to Rule 28-106.201, Florida Administrative Code ("F.A.C."), Rules 25-9.004 and 25-9.005, F.A.C., and Sections 366.03, 366.041, 366.06, and 366.076(1), Florida Statutes,¹ hereby respectfully petitions the Florida Public Service Commission ("Commission" or "PSC") for approval of the Company's proposed Natural Gas Tariff, Original Volume No. 2 (the "New Tariff"), implementing restructured rates with no change in the Company's base rate revenues, and for establishment of an authorized rate of return on equity for the Company. In summary, the Company's proposed New Tariff would implement new, revenue-neutral rates for the Company's gas transportation service. By separate petition also filed on May 24, 2002, the Company has also requested the Commission's approval of its proposal to transfer all of its remaining sales customers to transportation service and to terminate its gas commodity merchant function. The Company requests that its

¹ All references herein to the Florida Statutes are to the 2001 edition thereof.

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authorized rate of return on equity be set at 11.5 percent, which is fair, just, and reasonable in light of the Company's circumstances and consistent with the authorized rates of return on equity set and used for other natural gas public utilities subject to the Commission's regulatory jurisdiction. In support of its Petition, the Company states as follows.

PROCEDURAL BACKGROUND AND INFORMATION

1. The name and address of the petitioner is:

Indiantown Gas Company
Post Office Box 8
16600 S.W. Warfield Boulevard
Indiantown, Florida 34956.

2. All pleadings, motions, orders, and other documents directed to the Company are to be served on the following:

Robert Scheffel Wright
John T. LaVia, III
Diane K. Kiesling
Landers & Parsons, P.A.
310 West College Avenue (ZIP 32301)
Post Office Box 271
Tallahassee, Florida 32302

with a courtesy copy to:

Brian J. Powers, General Manager
Indiantown Gas Company
Post Office Box 8
16600 S.W. Warfield Boulevard
Indiantown, Florida 34956.

3. The agency affected by this Petition is:

Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850.

**RULES AND STATUTES THAT ENTITLE INDIANTOWN
GAS COMPANY TO RELIEF**

4. Indiantown Gas Company is entitled to the relief requested herein by Rules 25-9.004 and 25-9.005, F.A.C., relating to the filing and acceptance of tariffs by the Commission, and by Sections 366.03, 366.041, 366.06, and 366.076(1), Florida Statutes. In summary, as to the substantive aspects of the Company's proposals, the Company is required to charge, and entitled to charge, rates that are fair, just, reasonable, not unjustly discriminatory, and compensatory. See Fla. Stat. §§ 366.03, 366.041, and 366.06(1)&(2). As to the procedural aspects of the relief requested by the Company, the Commission is authorized to conduct limited rate proceedings, such as the Company's restructuring proposal, by Section 366.076(1), Florida Statutes, and to process such requests using the Commission's proposed agency action procedure by Section 366.06(4), Florida Statutes.

FACTUAL BACKGROUND

5. Indiantown Gas Company is a public utility, and specifically a local distribution company ("LDC"), that supplies natural gas to the public within its service area in Indiantown, Florida, and the surrounding area. The Company is accordingly subject to the regulatory jurisdiction of this Commission under Chapter 366, Florida Statutes. The Company's substantial interests in charging and collecting fair, just, and reasonable rates for the services that it provides will be determined by the Commission's disposition of this Petition.

6. In April 2000, the Commission adopted Rule 25-7.0335, F.A.C. (hereinafter the "Gas Transportation Rule" or simply the "Rule"). The Rule requires each LDC to offer transportation service for natural gas to all of the LDC's non-residential customers. The Rule further provides that each LDC "may offer the transportation of natural gas to residential customers when it is cost effective to do so." At the time of the Commission's adoption of the new Gas Transportation Rule, the Company did not offer transportation service to any of its customers. In accordance with the Rule, on July 20, 2000, the Company filed a proposed transportation service tariff that was fundamentally similar in form and substance to the Commission's "pro forma" transportation tariff. By Order No. PSC-01-0070-TRF-GU, issued on January 9, 2001, the Commission approved the Company's proposals, and the Company's transportation service tariff became effective on January 1, 2001.

7. At present, only one customer, a large industrial user (a citrus plant), obtains gas transportation service from the Company pursuant to the Transportation Service Tariff. This customer's usage accounts for approximately 30 percent of the Company's total throughput on an annual basis.

8. At December 31, 2001, the remaining sales customers on the Company's system included approximately 600 residential customers, approximately 25 commercial customers, and a large cogeneration facility receiving interruptible gas sales service. The cogeneration facility, which accounts for approximately 65

percent of the Company's annual throughput, is planning to transfer to the Company's Transportation Service Tariff in the near future. The Company's remaining residential and commercial customers account for approximately 5 percent of the Company's throughput. The Company's total system throughput in 2001 was 9,942,266 therms.

SUMMARY OF PETITION

9. By this Petition, Indiantown Gas Company is seeking the Commission's approval of a new Natural Gas Tariff replacing its existing tariff in toto. (The Company's proposed Natural Gas Tariff, Original Volume No. 2, is attached as Exhibit A to this Petition.) The rates in the New Tariff are revenue-neutral, meaning that on the basis of projected billing determinants for the year 2002, the new rates are projected to produce the same base rate revenues as the Company's existing rates. The new rates are based on a cost of service study prepared using the Commission Staff's "pro forma" cost of service model, with certain direct cost assignments. The proposed rates will move the Company's rate classes toward parity and will address the potential threat of bypass by the Company's two large industrial gas users. The resulting restructured rates will be fair, just, reasonable, non-discriminatory, and compensatory, as required by Sections 366.03, 366.041, 366.06(1), and 366.06(2), Florida Statutes.

10. In addition, the New Tariff addresses issues relating to the Company's calculation and collection of Gross Receipts Taxes and Regulatory Assessment Fees.

11. Finally, the Company requests that the Commission approve an authorized rate of return on equity ("ROE") of 11.5 percent for earnings surveillance purposes.

12. The Company respectfully requests that the Commission process this Petition as a limited proceeding pursuant to Section 366.076(1), Florida Statutes, and using the Commission's proposed agency action procedure pursuant to Section 366.06(4), Florida Statutes.

DISCUSSION

13. The main purposes of the Company's proposed New Tariff are: (1) to implement the Company's proposal to transfer and convert all of its remaining sales service customers to gas transportation service,² and (2) to implement restructured, revenue-neutral rates that move the Company's rate classes toward parity and that reduce the threat of bypass of the Company's system by the Company's two large industrial customers. The proposal also addresses certain issues relating to the Company's calculation and collection of Gross Receipts Taxes and Regulatory Assessment Fees, and requests the establishment of an authorized ROE of 11.5 percent for earnings surveillance purposes pursuant to Commission Rule 25-7.1352, F.A.C. Each of these proposals is addressed in more detail below.

² The Company's proposal to transfer and convert its remaining sales service customers to transportation service pursuant to the Company's proposed Aggregated Transportation Service program is described and discussed in detail in a petition filed under separate cover on May 24, 2002.

A. Summary of Aggregated Transportation Service Proposal

14. As noted above, one of the Company's large industrial gas users already receives gas transportation service from the Company, and the Company's other large industrial customer is expected to transfer to transportation service in the near future. Together, these two customers account for approximately 95 percent of the Company's total gas throughput. Given the expected dramatic reduction in its sales service throughput, the Company believes that if it were to continue to attempt to provide a gas 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 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 the weather sensitivity of their gas consumption. Under these circumstances, the Company's fixed capacity costs would substantially increase on a per-unit-of-gas-sold basis. Ultimately, the Company 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.

15. Accordingly, the Company proposes to implement its New Tariff under which all residential and non-residential gas sales customers would receive Aggregated Transportation Service ("ATS"). All remaining sales customers would be transferred into an ATS "pool" on the effective date of the restructured tariff. These customers would be served by a Pool Manager (or, eventually, by multiple Pool Managers), who will be selected by the Company pursuant to a competitive request for proposals. Under the ATS Program and the Company's New Tariff, customers would continue to receive only one monthly bill, since the Pool Managers' charges for gas commodity would appear in lieu of the Company's fuel charges.

16. Under the Company's proposal, the ATS 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 also be responsible for providing all gas quantities required by the ATS pool on a firm basis.

17. The Company's proposal is carefully designed to avoid exposure of its customers to the risk of service disruption. The Company will ensure the Pool Manager's performance by closely monitoring and enforcing an ATS Agreement between the Company and the Pool Manager. The ATS Agreement would provide for severe financial penalties and potential termination of the ATS Agreement in the event that the ATS 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. The Company would still be the Delivery Point Operator and will be prepared to act as the Supplier of Last Resort in case of longer term problems.

B. Rate Restructuring and Related Tariff Proposals

1. Rate Restructuring

18. The Commission has long recognized that rates for various customers classes should be at or near parity, defined to exist where all rate classes pay rates that produce the same rate of return, and that any changes in rates therein should move a public utility's classes toward parity. Indiantown Gas Company has never had a rate case before the Commission, and for the most part, the Company's rates have not been changed since 1985, when the Commission approved the Company's request to change from a "declining block" rate structure to a "flat" rate structure. In Re: Petition of Indiantown Gas Company, Inc. for the Recovery of Lost Revenue Due to the Loss of an Interruptible Customer and to Flatten Present Rates, Order No. 14065, Docket No. 850014-GU (Fla. Pub. Serv. Comm'n, February 8, 1985).

19. Based on a Cost of Service ("COS") study for a 2001 historic test year using the Staff's pro forma model with certain Company-specific direct cost assignments, the Company has concluded that its rates are inappropriately out of line with regard to parity, with the Company's industrial customers subsidizing the Company's small commercial and residential customers. Moreover,

the Company's ability to provide cost-effective service (regardless whether transportation or sales service) to its small commercial and residential customers is in jeopardy due to the threat of physical bypass by the Company's two large industrial gas users, who together account for approximately 95 percent of the Company's throughput. If these two large customers were to terminate service from the Company, either through switching to an alternate fuel or through "bypassing" the Company's system and obtaining service directly from an interstate gas pipeline, the overwhelming loss of revenues would force the Company to request a substantial increase in its rates for residential and commercial service.

20. The Company therefore proposes to restructure its rates in a revenue-neutral manner, i.e., with no increase or decrease in the Company's base rate revenues. The net effect of the proposed changes will be to increase the rates and total revenue responsibility of the Company's residential and small commercial customers and to decrease the rates and total revenue responsibility of the Company's large industrial customers.

21. The Company also proposes to restructure the Company's rate classes based on usage characteristics, rate base investment per customer, and operation costs, such that the new rate classes are grouped based on these usage and cost characteristics rather than on the historical basis of end-use application (e.g., residential, commercial, and industrial). The new rate classes are designated Transportation Service-1 (TS-1) through Transportation Service-5 (TS-5). The applicability of each rate schedule is based

on the customer's annual gas usage; e.g., TS-1 includes all customers whose annual usage is less than or equal to 1,000 therms, and the TS-5 rate schedule applies to customers whose annual usage exceeds 3,000,000 therms. These rate classes, as well as the rates to be applied, are also consistent with consideration of competitive factors in and affecting the markets in which the Company conducts its business.

22. The Company's present and proposed rates are summarized in the following table. The current rate classes are shown in parentheses below the new rate class designations in the table.

| <u>Rate Class</u> | <u>Monthly Customer Charge (\$ per bill)</u> | | <u>Non-Gas Energy Charge (Cents per therm)</u> | |
|---|--|-----------------|--|-----------------|
| | <u>Present</u> | <u>Proposed</u> | <u>Present</u> | <u>Proposed</u> |
| TS-1 (Residential and Small Commercial) | 5.00 | 10.75 | 6.632 | 6.754 |
| TS-2 (Commercial) | 10.00 | 21.00 | 6.166 | 6.252 |
| TS-3 (Commercial) | 10.00 | 50.00 | 6.166 | 5.590 |
| TS-4 (Firm Local Transportation Service) | 1,200.00 | 1,500.00 | 4.520 | 3.779 |
| TS-5 (Large Interruptible) | 4,500.00 | 5,500.00 | 4.520 | 3.212 |

23. The proposed changes will move all rate classes toward the Company's system average rate of return, i.e., toward "parity." The effects of the proposed rate changes on the overall base rate revenue responsibility and on the respective classes' rates of return are summarized in the following table. These data show that the proposed rates move all of the rate classes to the Company's system average rate of return of negative 3.10 percent; the greatest movements are for the residential and small commercial customers in the new TS-1 rate class, whose rate of return moves from -29.50 percent to the Company average of -3.10 percent.

| <u>Rate Class</u> | <u>Revenues at Present Rates</u> | <u>Present Rate of Return</u> | <u>Revenues at Proposed Rates</u> | <u>Proposed Rate of Return</u> |
|-------------------|----------------------------------|-------------------------------|-----------------------------------|--------------------------------|
| TS-1 | \$ 51,342 | - 29.50 | \$102,139 | - 3.10 |
| TS-2 | \$ 6,791 | - 26.81 | \$ 9,226 | - 3.10 |
| TS-3 | \$ 2,108 | - 15.79 | \$ 2,403 | - 3.10 |
| TS-4 | \$110,061 | + 5.38 | \$ 98,437 | - 3.11 |
| TS-5 | \$252,727 | + 8.47 | \$210,825 | - 3.11 |
| Total | \$423,029 | - 3.10 | \$423,030 | - 3.10 |

The Company's COS study is included as Exhibit B to this Petition.

24. In the current competitive environment in which the Company operates, the Company's proposed rates are fair, just, reasonable, not unjustly discriminatory, and compensatory.

2. Gross Receipts Tax Tariff Provision

25. In 1970, the Company filed its original tariff with the Commission. The tariff was accepted, approved, and became effective in August 1970. The tariff did not contain, and still

does not contain, any specific reference to the gross receipts tax. The Company has always, as a standard business practice in accordance with the applicable tax laws of Florida, calculated and paid the gross receipts tax to the Florida Department of Revenue out of its applicable revenues.

26. In 1970, the gross receipts tax rate was 1.50 percent. In 1990, the rate increased to 2.00 percent; in 1991, the rate increased to 2.25 percent; and in 1992, it increased to the present rate of 2.50 percent. From 1970 until 1990, the Company continued to collect and remit the applicable gross receipts taxes with no "gross-up" to reflect the compounding effect of the tax. In 1990, following the statutory change in the tax rate, the Company began applying the gross receipts tax as a line item on each customer's bill at the rate of 2.00 percent, with a "gross-up" factor. From then until 1997, the Company continued to collect at that rate but remitted the required amounts, i.e., 2.25 percent for the 1991 fiscal year and 2.50 percent for the 1992 fiscal year, to the Department of Revenue. In 1997, a Commission Staff auditor advised the Company that the Company was under-collecting the gross receipts tax, and accordingly, the Company thereafter implemented the full 2.50 percent rate with an appropriate "gross-up" factor. (The actual "gross-up" factor was combined for both the gross receipts tax and the regulatory assessment fees.)

27. This is susceptible to being viewed as an "over-collection" of revenues for the gross receipts tax, in light of the fact that the Company initially, beginning in 1970, simply paid its

gross receipts tax liability out of its total revenues (the theory being that the Company's initially-approved base rates included an embedded amount of 1.50 percent for gross receipts taxes). The Company believes that it is more appropriate to analyze the issue of any potential gross receipts tax over-collections in light of the Company's total revenues and total earnings.

28. As noted above, the Company has never had a general rate case, and for most of the time since it became regulated by the Commission, the Company simply paid its gross receipts taxes out of general revenues without any gross-up. Also during the period from 1970, when the Company first became regulated by the Commission, to the present, the Company has been the subject of the Commission's earnings surveillance and audit activities. With the exception of one anomalous reporting period -- 1996, when the Company experienced unexpectedly high sales volumes when the Indiantown Cogeneration, L.P. power plant was using natural gas for start-up fuel and operational testing -- the Company has never over-earned. Indeed, the Company's current COS study, Exhibit B to this Petition, indicates that the Company's achieved actual rate of return on equity for 2001 was negative 3.10 percent (-3.10 percent). Also as noted above, the Company under-collected from 1991 until 1997, when the Commission Staff auditor advised the Company that it was in fact under-collecting. Accordingly, the Company believes that no adjustment for past gross receipts tax under- or over-collections is warranted or appropriate.

29. Under the New Tariff, the Company will state the gross receipts tax as a line item on each bill. The gross receipts tax will be calculated at the currently authorized rate, as that rate may change from time to time pursuant to applicable legal authority, e.g., the Florida Legislature or the Commission, and remitted to the Department of Revenue. The Company's rates will be stated "net" of the gross receipts tax, and the COS study shows that the Company will not over-earn with those rates in effect.

3. Regulatory Assessment Fee Tariff Provision

30. As noted above, the Company became regulated by the Commission in 1970 and filed its original tariff at that time. The tariff contains no reference to regulatory assessment fees. From 1970 until 1999, it was the Company's practice to calculate and remit regulatory assessment fees to the Commission out of the Company's general revenues. Beginning in 1999, the Company began collecting regulatory assessment fees through a consolidated surcharge including both the regulatory assessment fees and gross receipts taxes and a tax gross-up factor. It appears to the Company that, since 1999, there has been an inadvertent over-collection of revenues associated with regulatory assessment fees, applicable to base rate revenues, but not with respect to Purchased Gas Adjustment revenues. The Company will work with the Commission and the Commission Staff to ensure an accurate accounting of any such over-collections and to promptly implement appropriate corrective actions, e.g., refunds.

C. Establishment of Authorized Rate of Return on Equity

31. As noted above, the Company has never had a rate case before the Commission. Accordingly, the Commission has never had the occasion to establish, and has never established, an authorized ROE for the Company for earnings surveillance purposes. In order to benchmark its ROE and to facilitate the Commission's earnings surveillance function with respect to the Company's financial operations, the Company requests that the Commission establish an authorized ROE for the Company of 11.5 percent. This proposed ROE is a fair, just, reasonable, and compensatory rate in light of the competitive market conditions in which the Company conducts its business, is consistent with the rates of return currently in effect for other natural gas public utilities subject to the Commission's regulation,³ and will give the Company the "opportunity to earn a reasonable rate of return on its rate base" as required by Section 366.041, Florida Statutes. The Commission should note the similarities between Indiantown Gas Company and St. Joe Natural Gas Company and Chesapeake Utilities, two other natural gas public utilities whose ROEs are set at 11.5 percent. Like Indiantown Gas Company, both of these utilities have relatively small customer bases and usage patterns that are dominated by the throughput of a small number of large industrial customers.

³ The following LDCs have the authorized rates of return on equity indicated: Peoples Gas - 11.25 percent; City Gas - 11.5 percent; Florida Public Utilities - 11.4 percent; Chesapeake Utilities - 11.5 percent; and St. Joe Natural Gas - 11.5 percent.

Accordingly, these utilities face competitive market realities like those faced by the Company, and it is appropriate to set the Company's authorized ROE at the same rate of 11.5 percent.

DISPUTED ISSUES OF MATERIAL FACT

32. The Company is not aware of any disputed issues of material fact.

ULTIMATE FACTS ALLEGED

33. The ultimate facts alleged that entitle the Company to the relief requested herein are set forth in paragraphs 1 through 31 above. The key facts that entitle the Company to relief are summarized here.

- a. As shown by the Company's Cost of Service study, included in the Exhibits to this Petition, the Company's rates are presently out of line with respect to parity between and among rate classes.
- b. The Company's proposed rates and rate class restructuring will move the rate classes toward parity.
- c. The Company's continued ability to provide cost-effective service to all of its customers is in jeopardy due to the potential for bypass of the Company's system by its two largest industrial gas users, who together account for approximately 95 percent of the Company's throughput.
- d. The Company's proposed rates are fair, just, reasonable, not unjustly discriminatory, and compensatory.
- e. The Company's proposed authorized rate of return on equity of 11.5 percent is fair, just, reasonable, and fairly reflective of the Company's cost of equity capital in light of the competitive conditions in which the Company operates.
- f. The Company's proposed tariff treatment of gross receipts taxes is fair, just, and reasonable.
- g. The Company's proposed treatment of regulatory assessment fees is fair, just, and reasonable.

CONCLUSION AND PRAYER FOR RELIEF

34. The Company is submitting with this Petition its proposed Natural Gas Tariff, Original Volume No. 2, included as Exhibit A to this Petition.

35. The Company requests that the Commission's approval of the proposed revised tariff accompanying this Petition be effective as of September 1, 2002.

WHEREFORE, Indiantown Gas Company requests that the Commission GRANT this Petition and APPROVE the accompanying proposed Natural Gas Tariff, Original Volume No. 2, to become effective as of September 1, 2002.

Respectfully submitted this 24th day of May, 2002.



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Attorneys for Indiantown Gas Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by hand delivery on this 24th day of May 2002, to the following:

Martha Carter Brown, Esq.
Florida Public Service Commission
2540 Shumard Oak Boulevard
Gunter Building, Room 301H
Tallahassee, FL 32399-0850

Mr. Wayne Makin
Florida Public Service Commission
2540 Shumard Oak Boulevard
Gunter Building, Room 260I
Tallahassee, FL 32399-0850


Attorney

EXHIBIT A

INDIANTOWN GAS COMPANY

PETITION FOR APPROVAL OF NATURAL GAS TARIFF
IMPLEMENTING RESTRUCTURED RATES

NATURAL GAS TARIFF

ORIGINAL VOLUME NO. 2

NATURAL GAS TARIFF
ORIGINAL VOLUME NO. 2
(Cancels and supercedes Original Volume No. 1)
of
INDIANTOWN GAS COMPANY
Filed With
FLORIDA PUBLIC SERVICE COMMISSION

Communications concerning this Tariff should be addressed to :

Indiantown Gas Company
P.O. Box 8
Indiantown, Florida

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DESCRIPTION OF TERRITORY SERVED

Indiantown Gas Company is engaged in the business of transporting natural gas in the general area of the communities of Indiantown and Booker Park in Martin County, Florida and territories adjacent thereto.

APPLICABILITY

The Terms and Conditions, Rates Schedules, Forms of Service, Agreements and other provisions of this Tariff shall apply to Transportation Service rendered by the Indiantown Gas Company through its distribution systems as now constituted and as they may be enlarged or extended.

TECHNICAL TERMS AND ABBREVIATIONS

The following terms shall have the meanings defined below:

Affected Area(s). of the distribution system that may be subject to actions Company may institute to maintain system integrity.

Agent. A contractually authorized Marketer or Broker of Customer under these Terms and Conditions for Transportation Service.

Aggregated Daily Delivery Quantity (ADDQ). The total of the Daily Delivery Quantities for an aggregated pool of Customers.

Aggregated Transportation Service. Transportation Service provided by Company to those Customers assigned to the Customer Pool wherein the authorized Pool Manager causes Gas to be delivered to Company for transportation to the Customer Accounts.

Aggregated Transportation Service Agreement. An agreement between the Company and the authorized Pool Manager establishing terms and conditions for the management of the Customer Pool.

Alternate Delivery Point(s). Delivery Point(s) other than those listed in the Transportation Service Agreement or Aggregated Transportation Service Agreement.

Alternate Fuel. Any fuel type or source of thermal energy that directly or indirectly displaces, or has the potential to displace, natural gas transported on the Company's distribution system, including electrical energy, and natural gas provided directly from Transporter's.

Alternate Receipt Point(s). Point(s) of Receipt other than those listed in the Transportation Service Agreement or Aggregated Transportation Services Agreement.

Application for Service. A request for Transportation Service made to the Company by a prospective Customer. Applications for residential service may be made by telephone, in writing or in person at the office of the Company. An application for any other class of Transportation Service offered by the Company shall be submitted in writing on the Company's Standard Form No. 100.

AEP (Area Extension Program) Surcharge. A surcharge applied to persons requesting an extension, where the actual costs of providing the necessary Gas Service Facilities exceeds the MACC.

Billing Period. Bills are rendered each month, approximately 30 days apart, based on regularly scheduled meter readings.

Btu. A British Thermal Unit and is further defined as the quantity of heat required to raise the temperature of one pound (avoirdupois) of pure water from 58.5 degrees Fahrenheit to 59.5 degrees Fahrenheit at a constant pressure of 14.73 pounds per square inch absolute. The Btu shall be reported to three, or more, decimal places.

Business Day. The days Monday through Friday, exclusive of federal banking holidays, unless notified otherwise.

Classification of Customer. A classification of each Customer according to the primary use of Gas by Customer.

Company. Indiantown Gas Company, Inc

Cubic Foot of Gas. For purposes of measurement herein shall be determined as follows:

(a) When Gas is metered at the Standard Delivery Pressure, a cubic foot of gas shall be defined to be the amount of gas necessary to fill a cubic foot of space when the gas is at a temperature of sixty (60) degrees Fahrenheit and under an absolute pressure of fourteen and seventy-three hundredths pounds per square inch absolute (14.73 p.s.i.a.).

(b) When Gas is metered at other than the Standard Delivery Pressure, a cubic foot of Gas shall be defined as the volume of Gas that, at a flowing temperature of 60 degrees F., and at an absolute pressure of 14.73 pounds per square inch, occupies one cubic foot.

(c) Where orifice meters are used, volumes delivered shall be computed in accordance with the Joint Bureau of Standards, AGA A.S.M.E. Specifications published April, 1955 as Gas Measurement Committee Report No. 3 of the American Gas Association as amended or revised.

Curtailment. The suspension of Transportation Service provided by Company to affected Customers, in accordance with the provisions of the Company's end use curtailment plan, as amended from time to time, on file with the FPSC.

Customer. Any person (i.e., individual, firm, partnership, company, corporation, municipality, cooperative, organization, governmental agency, or similar organization) receiving Transportation Service.

Customer Installation. The piping, regulators, meters, equipment, appliances and other appurtenances thereto necessary to the conveyance and utilization of Gas downstream of the Company's Point of Delivery with the Customer.

Customer Pool. The group of Customers who are collectively served by the authorized Pool Manager in accordance with the applicable provisions of the Company's Aggregated Transportation Service program.

Daily Imbalance Quantity. The Operational Imbalance amount for a Day for an individual Customer or group of Customers in a Customer Pool.

Day. A period of 24 consecutive hours beginning and ending at 9:00 a.m. Central Clock Time ("CCT"); provided that, in the event of a change in the definition of the corresponding term in the Transporter's FERC approved Gas Tariff, this definition shall be deemed to be amended automatically so that it is identical at all times to the definition of the corresponding term in said tariff.

Dekatherm. Ten (10) therms or 1,000,000 Btu's (1MMBtu).

FERC. The Federal Energy Regulatory Commission

FGT. Florida Gas Transmission.

FPSC. The Florida Public Service Commission.

Gas. Natural gas meeting the quality specifications set forth in Transporter's FERC approved Gas Tariff.

Gas Service Facilities. The service line, Meter, regulator and all appurtenances thereto necessary to convey Gas from the Company's Main to the Point of Delivery.

Main. The pipe and appurtenances installed in an area to convey Gas to other Mains or to Gas Service Facilities.

MACC. Maximum Allowable Construction Costs.

MDTQ. The largest quantity of gas, expressed in Dts, that Company is obligated to transport and make available for delivery to a Shipper under any applicable Transportation Service Agreement or Aggregated Transportation Service Agreement for

firm Transportation Service on any one day.

Month. A period beginning at 9:00 a.m. CCT on the first day of a calendar month and ending at 9:00 a.m. CCT on the first day of the next succeeding calendar month;

provided that, in the event of a change in the definition of the corresponding term in the Transporter's tariff on file with the Federal Energy Regulatory Commission ("FERC"), this definition shall be deemed to be amended automatically so that it is identical at all times to the definition of the corresponding term in said tariff.

Monthly Imbalance Quantity. The Operational Imbalance amount for a billing period for an individual Customer or group of Customers in a Customer Pool.

Meter. Any device or instrument for measuring and indicating or recording the volume of Gas passing through it.

MMBtu. 1,000,000 Btu's, deemed equivalent to one Dekatherm (Dts).

Nomination. A request by a party to a producer, pipeline or the Company for receipt or delivery of a physical quantity of gas. A nomination specifies (i) the quantity of gas per day, measured in Dts, to be received or delivered on behalf of the nominating party, (ii) the point(s) at which the gas is to be received and delivered and (iii) the period of time in which the delivery is to take place.

Operational Balancing Agreement. An Agreement identifying Transportation Service imbalance resolution between Company and Customer, Customer's Agent, or Pool Manager, incorporated in the Transportation Services Agreement and/or Aggregated Transportation Services Agreement .

Point of Delivery or Delivery Point. The point at the connection of the facilities of an upstream party and a downstream party's facility at which Gas leaves the outlet side of the measuring equipment of the upstream party and enters the downstream party's facility.

Point of Receipt or Receipt Point. The point at which Gas is received by Transporter into Transporter's system from an upstream service or facility.

Pool Manager. An entity, authorized in accordance to the provisions of this FPSC approved tariff, that provides gas supply, interstate pipeline capacity management and other related services for those Customers receiving service under the Aggregated Transportation Service program.

Primary Delivery Point(s). Delivery Point(s) listed in Customer's Transportation Service

Agreement, or Pool Manager's Aggregated Transportation Service Agreement.

Primary Receipt Point(s). Point(s) of Receipt listed in Customer's Transportation Agreement or Pool Manager's Aggregated Transportation Service Agreement.

p.s.i.a. Pounds per square inch absolute.

Relinquishment. The release of firm capacity right(s) pursuant to the Terms and Conditions for Transportation Service.

Retainage. A percentage of Customer's or Customer's Agent's Gas that Company is allowed to retain for Gas shrinkage at no cost to Company.

Request for Transportation Service. Company Standard Form No. 100 which, when properly executed by a prospective customer, requests gas service from the Company.

Shipper. Customer who has executed a Transportation Service Agreement or the Company's authorized Aggregated Transportation Service Pool Manager, and who has acquired capacity with a Transporter.

Shipper's Designee. An Agent named by Customer to perform Shipper's obligations with regard to nominations, confirmations and any other administrative duties under this agreement. Shipper's Designee must be a duly approved Shipper with Transporter upstream of the Indiantown City Gate Station used as a point of entry into the Indiantown distribution system.

Standard Delivery Pressure. The Standard delivery Pressure for Indiantown Gas Company shall be 7 inches of water column (.25 p.s.i.g.). 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 to fifteen inches of water column.

Submetering. The practice of installing additional metering equipment beyond the Company installed utility meter.

Taxes. The term "tax" wherever used, or referred to in this Tariff shall mean any tax, fee, charge or assessment and shall include, but not be limited to, occupation, production, severance, gathering, transportation, pipeline, footage, sales or other excise tax or tax of similar nature now or hereafter imposed by any lawful authority upon Company whether under direct imposition by Federal, State or local authorities or pursuant to the terms of any present or future contract.

Therm. A unit of heat equal to 100,000 Btu's.

Transportation Service Agreement. The dated Transportation Service Agreement between Company and Customer.

Transportation Service. That service provided by the Company in which Shipper's Gas is received from Transporter and delivered by Company to the Point of Delivery at Customer's facilities.

Transporter. Any interstate pipeline system that delivers Gas to the Point(s) of Delivery.

CLASSIFICATION OF CUSTOMERS

A. RESIDENTIAL CUSTOMERS

Applies to Customers transporting natural Gas on the Company's distribution system for use in a single family dwelling or building, or in an individual flat, apartment or condominium unit in a multiple family dwelling or building or portion thereof occupied as the home, residence or sleeping place of one or more persons. Also applies to Transportation Service for commonly owned facilities of condominium associations, cooperative apartments and homeowner associations subject to the following criteria:

- (1) 100% of the Gas transported is used exclusively for the co-owners benefit.
- (2) None of the Gas transported is used in any endeavor which sells or rents a commodity or provides a service for a fee or otherwise engages in a commercial or industrial enterprise.
- (3) Each Point of Delivery is separately metered and billed.
- (4) A responsible legal entity is established as the Customer to whom the Company can render its bills for said service.

B. COMMERCIAL CUSTOMERS

Applies to Customers engaged in selling, warehousing or distributing a commodity, product or service in some business activity or in a profession, or in some other form of economic or social activity (offices, stores, clubs, hotels, etc.) and to service that does not directly fall under one of the other Customer types.

C. INDUSTRIAL CUSTOMERS

Applies to Customers engaged in a process which creates a product or changes raw or unfinished materials into another form of product, or which involves the extraction of a raw material from the earth (factories, mills, distilleries, machine shops, wells, refineries, plants, etc.).

CLASSIFICATION OF CUSTOMERS
(Continued)

D. ALTERNATE FUEL CUSTOMERS

Applies to any Commercial or Industrial Customer whose annual metered gas volume exceeds 25,000 therms, and who has the continuing capability to utilize an alternate fuel which displaces natural Gas transported by the Company. Alternate Fuel Customers shall, by a contract in writing, provide from time to time, sufficient evidence of the alternate fuel price to warrant an adjustment in the Company's base energy charge for the Rate Schedule under which the customer receives Transportation Service. In all cases where continuous operation of a customer's facilities is necessary, the Alternate Fuel Customer shall, continuously maintain the capability to utilize a supply of alternate fuel of sufficient capability to allow the curtailment of Transportation Service without adversely impacting the customer's operation.

E. INTERRUPTIBLE CUSTOMERS

At the sole option of the Company, a Customer, with or without alternate fuel capabilities, whose annual metered Gas volume exceeds 25,000 therms, and who, by a contract in writing, agrees to periodically interrupt their Transportation Service and discontinue operations to the benefit of other distribution system customers, may be designated an Interruptible Customer. Such customers may be deemed eligible to receive service under the Company's Special Contract provisions.

CLASSIFICATION OF SERVICE

Service Classification No. 1: 0 – 1000 Annual Therms

Applicability

Residential, Commercial or Industrial Customers whose metered Gas consumption is 1000 therms per year or less.

Service Option(s)

1. Aggregated Transportation Service: Rate Schedule TS -1

Special Terms and Conditions of Service

1. Transportation Service provided to Customers in this Class of Service shall be subject to the Terms and Conditions for Transportation Service, set forth in this tariff, and other approved rules or regulations of the Company as applicable.
2. Transportation Service provided to Customers in this Class of Service shall be subject to all applicable Billing Adjustments.
3. Gas supply service to Customers in this Class of Service shall be provided by the authorized Pool Manager

CLASSIFICATION OF SERVICE
(Continued)

Service Classification No. 2: 1000 – 25,000 Annual Therms

Applicability

Residential, Commercial or Industrial customers whose metered consumption is greater than 1000 therms per year up to 25,000 therms per year.

Service Options

1. Aggregated Transportation Service: Rate Schedule TS -2

Special Terms and Conditions of Service

1. Transportation Service provided to Customers in this Class of Service shall be subject to the Terms and Conditions for Transportation Service, set forth in this tariff, and other approved rules or regulations of the Company as applicable.
2. Transportation Service provided to Customers in this Class of Service shall be subject to all applicable Billing Adjustments.
3. Gas supply service to Customers in this Class of Service shall be provided by the authorized Pool Manager

CLASSIFICATION OF SERVICE
(Continued)

Service Classification No. 3: 25,000 – 100,000 Annual Therms

Applicability

Commercial or Industrial Customers whose metered consumption is greater than 25,000 therms up to 100,000 therms per year.

Service Options

1. Aggregated Transportation Service: Rate Schedule TS-3
2. Individual Transportation Service: Rate Schedule TS-3

Terms and Conditions of Service

1. Transportation Service provided to Customers in this Class of Service shall be subject to the Terms and Conditions for Transportation Service, set forth in this tariff, and other approved rules or regulations of the Company as applicable.
2. Transportation Service provided to Customers in this Class of Service shall be subject to all applicable Billing Adjustments.
3. Gas supply service to Customers in this Class of Service shall be provided by Customer, Customer's Agent or the authorized Pool Manager

CLASSIFICATION OF SERVICE
(Continued)

Service Classification No. 4: 100,000 – 3,000,000 Annual Therms

Applicability

Commercial or Industrial customers whose metered consumption is greater than 100,000 therms up to 3,000,000 therms per year.

Service Options

1. Individual Transportation Service: Rate Schedule TS-4
2. Aggregated Transportation Service: Rate Schedule TS-4
3. Contract Transportation Service: Rider CTS
4. Special Contract Service

Terms and Conditions of Service

1. Transportation Service provided to Customers in this Class of Service shall be subject to the Terms and Conditions for Transportation Service, set forth in this tariff, and other approved rules or regulations of the Company as applicable.
2. Transportation Service provided to Customers in this Class of Service shall be subject to all applicable Billing Adjustments.
3. Gas supply service to Customers in this Class of Service shall be provided by Customer, Customer's Agent or the authorized Pool Manager

CLASSIFICATION OF SERVICE
(Continued)

Service Classification No. 5: Greater than 3,000,000 Annual Therms

Applicability

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

Service Options

1. Individual Transportation Service: Rate Schedule TS-5
2. Aggregated Transportation Service: Rate Schedule TS-5
3. Contract Transportation Service: Rider CTS
4. Special Contract Service

Terms and Conditions of Service

1. Transportation Service provided to Customers in this Class of Service shall be subject to the Terms and Conditions for Transportation Service, set forth in this tariff, and other approved rules or regulations of the Company as applicable.
2. Transportation Service provided to Customers in this Class of Service shall be subject to all applicable Billing Adjustments.
3. Gas supply service to Customers in this Class of Service shall be provided by Customer, Customer's Agent or the authorized Pool Manager

SERVICE OPTIONS

1. AGGREGATED TRANSPORTATION SERVICE

All Customers in Service Classifications No. 1 and No.2 shall receive Transportation Service as part of the Company's Aggregated Transportation Service Customer Pool. Customers in Service Classifications No. 3, No. 4 and No. 5 (whose annual metered Gas volume exceeds 25,000 therms) may elect to receive Transportation Service as part of the aggregated Customer Pool, if at the sole option of the Pool Manager, the Customer is accepted for participation in the Customer Pool. Customers served under a Special Contract shall not be eligible to receive Aggregated Transportation Service. Aggregated Transportation Service shall be provided in accordance with the provisions of Section XIX, Terms and Conditions for Transportation Service of this tariff.

2. INDIVIDUAL TRANSPORTATION SERVICE

Customers in Service Classifications No. 3, No. 4 and No. 5 (whose annual metered Gas volume exceeds 25,000 therms) may elect to individually transport customer owned Gas on the Company's distribution system. Individual Transportation Service shall be provided in accordance with the provisions of Section XVIII, Terms and Conditions for Transportation Service, of this tariff.

3. CONTRACT TRANSPORTATION SERVICE

Customers classified as Alternate Fuel Customers may elect to receive Contract Transportation Service (CTS) from the Company. The transportation charge for this service option shall be subject to the Company's flexible pricing mechanism. Customers electing this service option must enter into an agreement for Contract Transportation Service with the Company for a period of not less than one year. It is the intention of the Company that the CTS 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 the provisions of Rate Schedule Rider CTS and the Terms and Conditions for Transportation Service of this tariff.

SERVICE OPTIONS
(Continued)

4. SPECIAL CONTRACTS

At the sole option of the Company, and with the approval of the Commission, any non-residential Customer, whose annual metered Gas volume exceeds 25,000 therms, may receive transportation service from the Company under written contractual terms and conditions other than those set forth in the Company's approved tariff.

**INDEX
of
RATE SCHEDULES AND BILLING ADJUSTMENTS**

| <u>Symbol</u> | <u>Title</u> | <u>Sheet No.</u> |
|---------------|---------------------------------------|------------------|
| TS - 1 | Transportation Service - 1 | |
| TS - 2 | Transportation Service - 2 | |
| TS - 3 | Transportation Service - 3 | |
| TS - 4 | Transportation Service - 4 | |
| TS - 5 | Transportation Service - 5 | |
| Rider CTS | Contract Transportation Service Rider | |
| BA | Billing Adjustments | |

TRANSPORTATION SERVICE - 1
Rate Schedule TS-1

Availability:

Throughout the service area of the Company.

Applicability:

Aggregated Transportation Service under this Rate Schedule is available to customers of all classifications whose annual metered transportation volume is 0 therms up to 1000 therms.

Monthly Rate:

| | |
|------------------------|----------------------|
| Customer Charge: | \$10.75 |
| Transportation Charge: | \$0.06754 per therm |
| Minimum Bill: | The customer charge. |

Terms of Payment:

Bills are net and due upon receipt by the Customer and become delinquent if unpaid after expiration of twenty days from date of mailing.

Billing Adjustments:

1. The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 32 - 35.
2. In the event the Company agrees to provide natural gas conversion equipment and installation, an agreement as to terms and conditions governing recovery of such conversion costs from the Customer may be entered into and the initial 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 and installation. At such time as the Company has recovered its cost of providing the natural gas conversion, bills rendered under this rate schedule shall return to the rates stated

herein.

TRANSPORTATION SERVICE - 2
Rate Schedule TS-2

Availability:

Throughout the service area of the Company.

Applicability:

Aggregated Transportation Service available to customers of all classifications whose annual metered transportation volume is greater than 1000 therms up to 25,000 therms.

Monthly Rate:

| | |
|------------------------|----------------------|
| Customer Charge: | \$21.00 |
| Transportation Charge: | \$0.06252 per therm |
| Minimum Bill: | The customer charge. |

Terms of Payment:

Bills are net and due upon receipt by the Customer and become delinquent if unpaid after expiration of twenty days from date of mailing.

Billing Adjustments:

1. The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 32 - 35.
2. In the event the Company agrees to provide natural gas conversion equipment and installation, an agreement as to terms and conditions governing recovery of such conversion costs from the Customer may be entered into and the initial 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 and installation. At such time as the Company has recovered its cost of providing the natural gas conversion, bills rendered under this rate schedule shall return to the rates stated

herein.

TRANSPORTATION SERVICE - 3
Rate Schedule TS-3

Availability:

Throughout the service area of the Company.

Applicability:

Individual Transportation Service available to customers of all classifications whose annual metered transportation volume is greater than 25,000 therms up to 100,000 therms, and who enters into a Transportation Service Agreement with the Company. Aggregated Transportation Service may be available to customers in this service classification at the sole option of the authorized Pool Manager.

Monthly Rate:

| | |
|------------------------|----------------------|
| Customer Charge: | \$50.00 |
| Transportation Charge: | \$0.05590 per therm |
| Minimum Bill: | The customer charge. |

Terms of Payment:

Bills are net and due upon receipt by the Customer and become delinquent if unpaid after expiration of twenty days from date of mailing.

Billing Adjustments:

1. The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 32 - 35.
2. In the event the Company agrees to provide natural gas conversion equipment and installation, an agreement as to terms and conditions governing recovery of such conversion costs from the Customer may be entered into and the initial 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 and installation. At such time as the

Company has recovered its cost of providing the natural gas conversion,

TRANSPORTATION SERVICE - 3
Rate Schedule TS-3

bills rendered under this rate schedule shall return to the rates stated herein.

TRANSPORTATION SERVICE - 4
Rate Schedule TS-4

Availability:

Throughout the service area of the Company.

Applicability:

Individual Transportation Service is available to customers of all classifications whose annual metered transportation volume is greater than 100,000 therms up to 3,000,000 therms, and who enters into a Transportation Service Agreement with the Company. Aggregated Transportation Service may be available to customers in this service classification at the sole option of the authorized Pool Manager.

Monthly Rate:

| | |
|------------------------|---------------------|
| Customer Charge: | \$1500.00 |
| Transportation Charge: | \$0.03779 per therm |

Minimum Bill:

1. The minimum monthly bill shall be the Customer Charge plus the minimum daily contract quantity, if such minimum quantity is established in the Transportation Service Agreement, multiplied by the transportation charge and applicable adjustments, multiplied by the number of days in the billing cycle.
2. In the event the Company is unable to deliver the minimum daily quantity specified in the Transportation Service Agreement on any day or days within a billing cycle, the minimum monthly bill for such billing cycle shall be determined based upon the amount of gas actually delivered to the Customer on such day or days.

Terms of Payment:

Bills are net and due upon receipt by the Customer and become delinquent if unpaid after expiration of twenty days from date of mailing.

TRANSPORTATION SERVICE - 4
Rate Schedule TS-4

Billing Adjustments:

1. The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 32 - 35.
2. In the event the Company agrees to provide natural gas conversion equipment and installation, an agreement as to terms and conditions governing recovery of such conversion costs from the Customer may be entered into and the initial 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 and installation. At such time as the Company has recovered its cost of providing the natural gas conversion, bills rendered under this rate schedule shall return to the rates stated herein.

TRANSPORTATION SERVICE - 5
Rate Schedule TS-5

Availability:

Throughout the service area of the Company.

Applicability:

Individual Transportation Service available to Residential, Commercial and Industrial customers whose annual metered transportation volume is greater than 3,000,000 therms, and who enters into a Transportation Service Agreement with the Company. Aggregated Transportation Service may be available to customers in this service classification at the sole option of the authorized Pool Manager.

Monthly Rate:

| | |
|------------------------|---------------------|
| Customer Charge: | \$5500.00 |
| Transportation Charge: | \$0.03212 per therm |

Minimum Bill:

1. The minimum monthly bill shall be the Customer Charge plus the minimum daily contract quantity, if such minimum quantity is established in the Transportation Service Agreement, multiplied by the transportation charge and applicable adjustments, multiplied by the number of days in the billing cycle.
2. In the event the Company is unable to deliver the minimum daily quantity specified in the Transportation Service Agreement on any day or days within a billing cycle, the minimum monthly bill for such billing cycle shall be determined based upon the amount of gas actually delivered to the Customer on such day or days.

Terms of Payment:

Bills are net and due upon receipt by the Customer and become delinquent if unpaid after expiration of twenty days from date of mailing.

TRANSPORTATION SERVICE - 5
Rate Schedule TS-5

Billing Adjustments:

1. The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 32 - 35.
2. In the event the Company agrees to provide natural gas conversion equipment and installation, an agreement as to terms and conditions governing recovery of such conversion costs from the Customer may be entered into and the initial 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 and installation. At such time as the Company has recovered its cost of providing the natural gas conversion, bills rendered under this rate schedule shall return to the rates stated herein.

CONTRACT TRANSPORTATION SERVICE
Rider CTS

Availability:

In all of the Company's service area.

Applicability:

To any alternate fuel customer who enters into a Transportation Service Agreement with the Company, for a minimum term of one year, and who would otherwise qualify for service under Rate Schedule TS=3, TS-4 or TS-5. Service under this Rider shall be subject to: (a) the special conditions set forth in this Rider, (b) the provisions of the Transportation Service Agreement between the Company and the Customer and, (c) the Customer's ability to arrange sufficient transportation service by Transporter(s).

Monthly Rate:

Customer Charge:

The monthly customer charge for contract transportation service shall be the monthly customer charge applicable to the TS-3, TS-4 or TS-5 rate schedule under which the Customer would otherwise qualify for service.

Transportation Charge:

The transportation charge for service hereunder shall be subject to a flexible pricing mechanism. It is the intention of Company that this charge shall be determined based upon competition with Customer's alternate fuel.

The transportation charge to Customer shall be determined by Company based upon Company's evaluation of competitive conditions. Such conditions may include, but are not necessarily limited to: the cost of gas which is available to serve Customer; the delivered price of Customer's designated alternate fuel; the availability of such fuel; and the nature of Customer's operations. 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.

Unless changed by Company pursuant to this Rate Schedule, the base charge shall be the current applicable rate. The "currently applicable non-adjusted rate"

as used herein means the transportation charge prescribed in the TS-3, TS-4 or
CONTRACT TRANSPORTATION SERVICE

Rider CTS
(Continued)

TS-5 rate schedule for which the Customer would otherwise qualify for service.

Customer may at any time request a reduction in its transportation charge by completing an affidavit certifying its alternate fuel cost and submitting the same to Company. During any period in which the transportation charge is less the Customer's currently applicable non-adjusted 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. 32 – 35.
2. Service under this Rate Schedule is subject to the Terms and Conditions for Transportation Service as provided in this tariff.
3. In the event the Company agrees to provide the necessary natural gas conversion equipment and installation, an agreement as to terms and conditions governing recovery of such conversion costs from the Customer may be entered into and the initial 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
CONTRACT TRANSPORTATION SERVICE

Rider CTS
(Continued)

costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment and installation. At such time as the Company has recovered its cost of providing the natural gas conversion, bills rendered under this rate schedule shall return to the rates stated herein.

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 Terms and Conditions for Transportation Service set forth in this tariff.
5. **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 an affidavit acceptable to the Company. 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 affidavit 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.
6. 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 service rendered under this Rate Schedule.

BILLING ADJUSTMENTS

1. COMPETITIVE RATE ADJUSTMENT:

Applicable:

To the Rate per Month provision in each of the Company's Rate Schedules, except those receiving service under the Contract Transportation Service (CTS) Rider or a Special Contract, shall be adjusted as determined in a subsequent filing made by the Company.

The transportation charge for Transportation Service is subject to adjustment in accordance with the following provisions for shortfalls or surpluses in the Company's revenues resulting from transportation service under the CTS riders.

- (a) For the purposes of this clause, the following definitions shall apply:
- (1) "Actual revenue" means Company's actual revenue derived from service provided to alternate fuel customers at rates prescribed, under the rates section of the CTS Rider, during a determination period.
 - (2) "Base revenue" means the revenue which Company would have derived had all gas transported at rates prescribed, under the "currently applicable base rate," during a determination period, been billed at the base transportation charge.
 - (3) "Currently Applicable Base Rate" means the Transportation Service Rate Schedule for which the Customer would otherwise qualify for service.
 - (4) "Surplus" means the amount, if any, by which Company's actual revenue exceeds its base revenue for a determination period.
 - (5) "Shortfall" means the amount, if any, by which the Company's base revenue exceeds its actual revenue for a determination period.
- (b) The existence of a shortfall or surplus shall be determined by comparing Company's actual revenue with its base revenue. This determination shall be made each year for the twelve months ending December 30 ("determination period").

BILLING ADJUSTMENTS
(Continued)

- (c) Adjustments to rates pursuant to this clause shall be implemented during an "adjustment period," which shall be the twelve months immediately following the determination period in the event of a surplus. In the event of a shortfall, any twelve successive months ending on a December 30 within five years following the determination period may be an adjustment period.
- (d) In the event of a surplus, Company shall reduce rates to Customers to credit them with revenues equal to one-half the surplus. In the event of a shortfall, Company may increase rates to Customers to recover an amount not to exceed one-half the short fall. The amount of any credit or recovery is governed by the following:

$$\text{Credit to Firm} = (\text{Actual revenue} - \text{Base revenue}) \times 0.5$$
$$\text{Short fall recovery} = (\text{Base Revenue} - \text{Actual revenue}) \times 0.5$$

- (e) A credit or shortfall recovery shall be implemented during an adjustment period by reducing or increasing the transportation charges prescribed in each applicable rate schedule of this tariff by an adjustment factor computed as follows:

In event of a surplus, subtract: $\frac{\text{Credit to Firm}}{\text{PTQ}}$

In event of a shortfall, add: $\frac{\text{Shortfall Recovery}}{\text{PTQ}}$

Where PTQ is the projected transportation therm quantity to Customers during the adjustment period. Any variation between the actual credit to Customers and the amount calculated pursuant to the preceding paragraph, or between the actual shortfall recovery and the amount which the Company elected to recover in an adjustment period, shall be "trued-up" during the succeeding twelve months pursuant to methodology approved by the FPSC.

- (f) Company may defer all or a portion of a shortfall recovery to a subsequent adjustment period or portion thereof.
- (g) All adjustment factors computed on a per therm basis shall be rounded to the nearest .001 cent per therm:

BILLING ADJUSTMENTS
(Continued)

2. OPERATIONAL BALANCING ACCOUNT

Company shall assign to Customers, Customer's Agents or Pool Manager, directly or by reasonable allocation, all Transporter charges or credits received by the Company as Delivery Point Operator on Transporter's interstate pipeline system. Company shall assign to Customers, Customer's Agents or Pool Manager, directly or by reasonable allocation, all imbalance resolution charges as defined in Section XV, Terms and Conditions for Transportation Service. It is the intent of this tariff that Company shall be authorized to recover such other charges or credits, related to the provision of transportation service, as have historically been recovered from or allocated to Customers pursuant to FPSC Order No. PSC-93-0708-FOF-GU, as amended from time to time.

Customer, Customer's Agent or Pool Manager 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 Month. If 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 Parties. The monthly imbalance cash-out provisions for delivery imbalances are identified in Section XV, Terms and Conditions for Transportation Service, 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 Primary Delivery Points with Transporter(s).
- (b) Charges or credits associated with balancing, on a Monthly basis, the actual Daily receipts of Gas by Company for transportation, less retainage for transportation shrinkage, to the actual Daily deliveries of Gas by Company to Customer's.
- (c) Charges or credits associated with unrelinquished Transporter capacity.
- (d) Charges or credits associated with providing Temporary Back-Up Service in the event of the non-performance of Pool Manager or other Shipper.

BILLING ADJUSTMENTS
(Continued)

- (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 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 considered to preclude the Company from recovering other penalties and charges from its customers as defined in the Terms and Conditions for Transportation Service of this Tariff, the Transportation Service Agreement or Aggregated Transportation Service Agreement.

3. TAXES AND OTHER ADJUSTMENTS APPLICABLE TO ALL RATE SCHEDULES:

There shall 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 or Shipper bills, as applicable.

INDEX OF TERMS AND CONDITIONS FOR TRANSPORTATION SERVICE

I. GENERAL

- A. Request for Transportation Service
- B. Acceptance of Request for Transportation Service
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TERMS AND CONDITIONS FOR TRANSPORTATION SERVICE

I. GENERAL

- A. REQUEST FOR TRANSPORTATION SERVICE. Transportation Service may be requested by a prospective Aggregated Transportation Service Customer by telephone, in writing or in person at the office of the Company. The Company may require that such customers submit to Company a completed Request for Transportation Service, Company Standard Form No. 100. Transportation Service may be requested by an Individual Transportation Customer by completion of a Transportation Service Agreement.
- B. ACCEPTANCE OF REQUEST FOR TRANSPORTATION SERVICE. A Request for Transportation Service shall be deemed to be accepted by Company upon initiation of service by the Company.
- C. OBLIGATION OF CUSTOMER AND COMPANY. The terms and conditions of Customer's Request For Transportation Service, these Terms and Conditions, the Transportation Service Agreement, the Pool Manager Agreement, and the applicable Rate Schedules shall become binding upon Customer, Customer's Agent, Pool Manager and Company, as applicable, upon acceptance by Company of Customer's Request For Transportation Service, and an executed Transportation Service Agreement, if required.
- D. ACCOUNT OPENING CHARGE. An account opening charge of \$15.00 shall be assessed when a change of customer occurs, and transportation service is not physically disconnected at the premises.
- E. ACCOUNT TURN ON OR ACCOUNT RECONNECTION CHARGE. An account turn on or reconnection charge of \$35.00 shall be assessed when transportation service is activated.
- F. TRIP CHARGE/COLLECTION AT CUSTOMER PREMISES. A \$10.00 charge shall be assessed when Company's employee, agent, or representative makes a trip to Customer's premises for the purpose of terminating Transportation Service for nonpayment of bills, and, on arrival is paid the amount due Company.
- G. SERVICE INITIATED BY SPECIAL APPOINTMENT OR OUTSIDE NORMAL BUSINESS HOURS. Where Transportation Service is established outside of normal business hours or by special appointment, an additional charge of \$25.00 shall be assessed.

- H. INTERRUPTIONS. The Company may temporarily disconnect the supply of Gas to the Customer's premises after reasonable notice for the purpose of making necessary repairs or adjustments to main or supply pipes, and shall 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 disconnect transportation service without notice in cases of emergency in accordance with the Company's Curtailment Plan.
- I. WITHHOLDING OF TRANSPORTATION SERVICE. Company will refuse to establish Transportation Service to any location under the following conditions:
- (1) where Company finds that establishment of Transportation Service will create an unsafe or hazardous condition on Customer's premises.
 - (2) where Customer is in arrears for Transportation Service at that location or another location in the Company's service area.
- J. DISCONTINUANCE OF SERVICE BY COMPANY. Company may discontinue Transportation Service to an existing Customer under the following conditions:
- (1) Without Notice.
 - (a) where a dangerous or hazardous condition exists on Customer's premises in Customer's installation or appliances.
 - (b) where the Customer's use of Gas is or will be detrimental or hazardous to the Transportation Service supplied to other Customers.
 - (c) due to tampering with or fraudulent use of Company owned facilities or equipment on Customer's premises.
 - (d) in the event of unauthorized or fraudulent use of Transportation Service.
 - (e) in the event Pool Manager discontinues Gas deliveries to Company for Customer pursuant to Section XIX. F.
 - (2) After Twenty-Four Hours Written Notice.
 - (a) In the event an Individual Transportation Customer fails to nominate, schedule and/or cause to be delivered gas in sufficient quantities such that actual daily metered consumption results in a Daily Imbalance Quantity that exceeds twenty percent (20%),

unless such imbalance is specifically authorized by the Company.

- (2) After Five (5) Days Written Notice.
 - (a) for non-payment of bills for Transportation Service.
 - (b) for failure or refusal to provide or increase a deposit when requested, to insure payment of bills.
 - (c) for failure to correct improper piping or appliance defects previously called to the attention of Customer by Company.
 - (d) for any violation of these Terms and Conditions which Customer refuses or neglects to correct.

K. UNAUTHORIZED OR FRAUDULENT USE OF TRANSPORTATION SERVICE:
Company will discontinue Transportation Service without notice:

- (1) in the event of tampering with regulators, valves, meters or other facilities furnished and owned by Company, or
- (2) in the event of other unauthorized or fraudulent use of Transportation Service;
- (3) whenever Transportation Service is discontinued for unauthorized or fraudulent use thereof Company, before restoring Transportation Service, may require Customer to make, at Customer's expense, all changes in piping or equipment necessary to eliminate the unauthorized or fraudulent use, and to pay an amount reasonably estimated as the deficiency in Company's revenue and all costs incurred by Company resulting from such unauthorized or fraudulent use;
- (3) in case of any unauthorized submetering, sale, or disposition of Gas by a Customer, Transportation Service to such Customer may be discontinued and, if discontinued, such service will not be restored until such unauthorized activities have ceased and all bills outstanding have been paid in full. Billings for Gas sold or disposed of by Customer may be recalculated under appropriate rate schedules and, in addition, a bill may be rendered to Customer for all expenses incurred by Company for clerical work, testing, and inspections in connection with such recalculation.

L. 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 the life or require hospitalization to sustain life. Prior to granting a medical waiver, the Customer shall be required to furnish the Company written notice from a competent physician acceptable to the Company that the service is required for life support.

M. DISCONTINUANCE OF TRANSPORTATION SERVICE BY CUSTOMER AND/OR CHANGE OF OCCUPANCY.

(1) The Company may establish specific notice requirements for the discontinuation of Transportation Service and/or the change of occupancy for Customer's receiving Individual Transportation Service. Such notice requirements, if applicable, shall be included in the in the Transportation Service Agreement under which Customer receives Transportation Service, and may require that Customer furnish written notice of such intent to Company not more than thirty (30) days prior to contract expiration or the termination or relocation of business. Customer shall be responsible for all Transportation Service provided to the premises at which discontinuance is desired until the expiration of the Transportation Service Agreement term, unless appropriate notice has been served.

(2) Customers receiving Aggregated Transportation Service shall furnish notice of their intent to discontinue Transportation Service to Company not less than Five (5) business days prior to the desired date of such discontinuation. Customer shall be responsible for all Transportation Service provided to the premises at which discontinuation of service is desired until the expiration of five (5) business days following Company's receipt of the notice required above.

N. RESTORATION OF SERVICE. When Transportation Service has been discontinued for any of the reasons set forth in or, due to a violation of, the Terms and Conditions of this tariff, service shall be restored only after the following conditions are met:

(1) All delinquent amounts billed by Company are paid in full by Customer including a charge for reconnection of service as identified in Section I. E., and all damages and costs related to fraudulent use.

(2) All conditions creating violations of these Terms and Conditions, unsafe conditions, misuse or fraudulent uses have been corrected by Customer and proven satisfactory to Company.

(3) Customer has provided the required deposit.

(4) Pool Manager restores delivery of Gas for Customer where such delivery

of Gas was discontinued due to fraudulent or illegal use, and said restoration of delivery is properly noticed to Company.

- O. LIMITATION OF USE. Gas transported to a Customer shall be for such Customer's own use and shall not be resold by such Customer, either by submetering, (or otherwise,) unless such resale has been authorized by the FPSC.

II. CUSTOMER'S INSTALLATIONS

- A. GENERAL. Customer's Installation shall be constructed, installed and maintained in accordance with standard practice as determined by local codes and ordinances, these Terms and Conditions, and other applicable governmental requirements.
- B. INSPECTION OF CUSTOMER'S INSTALLATION. Where governmental inspection of a Customer's Installation is required, Company will not supply Transportation Service to such installation until the necessary inspections have been made and Company has been authorized to provide Gas Service.

Company may also inspect Customer's Installation prior to rendering Transportation Service, and from time to time thereafter, but assumes no responsibility whatsoever as a result of having made such inspection. Company will not render Transportation Service to any Customer Installation which Company finds to be hazardous, or in noncompliance with any applicable code, ordinance, regulation or statute.

Company will withhold or discontinue Transportation Service to Customer's Gas equipment whenever it finds a hazardous condition or a condition that is in violation of a code, ordinance, regulation or statute governing the installation or use of Gas equipment or Customer's Installation, and Transportation Service will be rendered or restored only when the hazardous condition or noncompliance has been corrected.

- C. CHANGES IN CUSTOMER'S INSTALLATION. A Customer shall notify Company of any change in Customer's requirements for Transportation Service and receive authorization from Company prior to making any such change so that Company may be in a position to meet Customer's requirements. Customer will be liable for any damage resulting from violation of this provision.
- D. RIGHT OF WAY. Customer shall grant to Company, without cost to Company all rights, easements, permits and privileges which, in Company's opinion, are necessary for the rendering of Transportation Service. Customer will furnish to Company, without charge, an acceptable location for Company's Meter.

- E. PROTECTION OF COMPANY'S PROPERTY. Customer shall properly protect Company's property on Customer's premises, and shall permit no one but Company's employees or agents, or persons authorized by law, to have access to Company's piping, meters or apparatus. In the event of any loss or damage to Company's property caused by or arising out of carelessness or misuse thereof by Customer, Customer shall pay to Company the cost of replacing such loss or repairing such damage. This section does not apply to Customer's check meter, if one is so installed.
- F. OPERATION OF COMPANY'S FACILITIES. No Customer or other person shall, unless authorized by Company to do so, operate or change any of Company's Facilities.
- G. ACCESS TO PREMISES. The Company or its duly authorized agents shall have access at all reasonable hours to the premises of the Customer for the purpose of installing, maintaining, inspecting or removing the Company's property, reading meters and such other purposes as are incident to rendering or terminating gas service to the Customer. In such performance the Company and its Agents shall not be liable for trespass.
- H. INDEMNITY TO COMPANY. The Customer shall indemnify, hold harmless and defend the Company from and against all liability, proceedings, suits, cost or expense for loss, damage or injury to persons or property, in any manner directly or indirectly connected with or growing out of the transmission and use of Gas by the Customer at or on the Customer's side of the Point of Delivery.

III. DEPOSITS

- A. ESTABLISHMENT OF CREDIT; NEW DEPOSITS. Customer may be required to satisfactorily establish credit prior to the commencement by Company of Transportation Service by either:
- (1) making a cash deposit with Company.
 - (2) furnishing an irrevocable letter of credit from a bank, or a surety bond issued by a company holding a certificate of authority as an acceptable surety on Federal bonds.
 - (3) for residential Customers, furnishing a letter from another Gas or electric utility showing the applicant's satisfactory payment record for the preceding 23 months. Satisfactory payment record will be deemed to be established if the applicant meets the criteria of Section III. E. REFUND OF DEPOSITS outlined below.

- (4) for residential Customers, furnishing a satisfactory guarantor to secure payment of bills for the transportation service requested. A satisfactory guarantor shall, at a minimum, be a Customer of the Company with a satisfactory payment record. A guarantor's liability shall be terminated when a residential Customer whose payment of bills is secured by the guarantor meets the requirements of Section III. E. REFUND OF DEPOSITS. Guarantor's providing security for payment of residential customers' bills shall only be liable for bills contracted at the service address of record.
- (5) for non-residential Customers, at the Company's sole option, possessing and maintaining a Standard & Poor's (S&P) Long Term Debt Rating of A- or better, or a Moody's rating of A3 or better may be deemed satisfactory establishment of credit. Comparable ratings from other nationally recognized rating organizations may be acceptable to the Company.
- (6) for non-residential Customers, a parent company may serve as a guarantor for a subsidiary company to secure payment of bills for transportation service. A satisfactory guarantor shall meet the terms of established credit as stated in section (5) above.

Customers may request to be billed for the amount of the deposit. A bill for the Customer deposit is due upon receipt and shall be considered delinquent by the Company at the expiration of seven days from the date of mailing by the Company. Delinquent accounts are subject to the Company's DISCONTINUANCE OF SERVICE policies.

- B. AMOUNT OF DEPOSIT. The amount of a cash deposit, irrevocable letter of credit or surety bond shall be equal to two (2) times the estimated average monthly bill for service provided by Company.
- C. RECORD OF DEPOSIT. With respect to a cash deposit, Company will keep records to show:
 - (1) The name of Customer making the deposit;
 - (2) The premises occupied by Customer;
 - (3) The date and amount of the deposit; and
 - (4) Each transaction concerning the deposit, such as, interest payments, interest credited, or similar transactions.

- D. INTEREST ON DEPOSIT. Six percent (6%) per annum interest shall be credited to Residential Customer's accounts annually in accordance with the current effective rules of the FPSC. Seven percent (7%) per annum shall be credited annually on deposits of Non- Residential Customers qualifying under Section III.
- E. REFUND OF DEPOSITS, when the Company elects not to refund such deposit after twenty three (23) months. Customer shall receive no interest on a cash deposit until six (6) Months after making the deposit. Thereafter, Customer shall be entitled to receive interest from the date of the deposit.
- E. REFUND OF DEPOSIT.
- (1) After a Residential Customer has established a satisfactory payment record and has had continuous service for a period of not less than twenty-three (23) months, the Company shall refund the Residential Customer's deposit and shall, at its option, either refund or pay the higher rate of interest specified in Section III. D. INTEREST ON DEPOSITS, for non-residential deposits provided that the Customer has not in the preceding twelve (12) months: (a) made more than one late payment of the bill, (b) paid with a check refused by a bank, (c) been disconnected for non-payment, (d) tampered with the meter, or, (e) used service in a fraudulent or unauthorized manner.
 - (2) Upon termination of Transportation Service, Company shall credit the amount of any cash deposit and accrued interest thereon against the final amount due Company from Customer, and the balance, if any, shall be returned to Customer no later than ten (10) working days after the final bill for service is rendered.
- F. RECEIPT FOR CASH DEPOSIT. A non-transferable receipt will be issued to a Customer for any cash deposit and means provided so that such Customer may claim the deposit if the receipt is lost. When a new or additional cash deposit is required under Section III. G, of this Tariff, a Customer's canceled check or validated bill coupon may serve as a deposit receipt.
- G. NEW OR ADDITIONAL DEPOSITS. Company may require, upon reasonable written notice of not less than ten (10) days, such request or notice being separate and apart from any bill for Transportation Service, a new cash deposit, guaranty, letter of credit or surety bond (where previously waived or returned), or an additional cash deposit (or increase in the amount of a guaranty, letter of credit or surety bond), in order to secure payment of current bills; provided, however, that the total amount of the required cash deposit or other security shall not exceed an amount equal to the average actual charges for service for two billing periods for the 12-month period immediately prior to the date of notice. The ten (10) day notice shall not apply when service is being reestablished after

discontinuance of service for non-payment. If Customer has received Transportation Service for less than 12 months, then Company will base the amount of the new or additional cash deposit or other security upon the average actual monthly billing available.

- G. RETURNED CHECK CHARGE. If a Customer's check for the deposit amount is returned to the Company and not paid by the drawer's bank, the Company shall follow the procedures set forth in Section 832.07, Florida Statutes. Termination of Transportation Service shall not be made for failure to pay such returned check charge.

IV. BILLING

- A. BILLING PERIODS. Each Customer's Meter shall be read at regular intervals. Recorded meter readings for Individual Transportation Service Customers shall be provided to the Customer, and Customer's Agent if so authorized by Customer. Recorded Meter readings for all Customer Accounts in the Aggregated Transportation Service Customer Pool shall be provided to the Pool Manager. Applicable meter readings shall be included by the Company on all bills rendered to the Customer. Bills for Monthly Imbalance Quantities, and other charges as provide in this tariff, related to Aggregated Transportation Service for Customers assigned to the Customer Pool shall be billed to the Customer, Customer's Agent or Pool Manager, as applicable. All bills shall be rendered on a regular monthly basis, as soon as practical after determination of their amount.
- B. PAYMENT. Bills are due and payable at the office of the Company in accordance with the FPSC rules and regulations, and the requirements of this section.
- (1) Customers may choose to pay their bill in person or by mail no later than twenty (20) days from the date of mailing by the Company.
 - (2) Company may offer an electronic direct bank debit payment option. If such a payment option is offered, Customers may choose to participate in the program by completing an agreement with the Company. Customers choosing this payment method agree that the Company may debit their bank account for the balance due on the Customer's Transportation Service account on the fifteenth (15th) day following the date of mailing by the Company.
- C. PARTIAL MONTH. Upon commencement of Transportation Service less than fifteen (15) days prior to a regular monthly billing date and when Transportation Service continues thereafter to the same Customer at the same address where Customers are receiving Transportation Service on monthly rate schedules, no

bill shall be rendered for Transportation Service covering such period, but the charge for such period shall be included in the bill rendered for the next succeeding monthly period.

- D. CALCULATION OF CUSTOMER BILL. Customers receiving Transportation Service under a rate schedule with a variable rate component based on metered Gas volume, shall have such Gas volume measured by a meter or meters at each Point of Delivery, and the applicable rates set forth in the applicable rate schedule shall be applied to the quantity of Gas so measured to determine the variable component amount of the bill. Customers receiving Transportation Service under a rate schedule with a fixed rate component shall be billed that fixed rate. Customers receiving Transportation Service under a rate schedule with both variable and fixed rate components shall determine the amount of the bill by applying the Customer's metered Gas quantities to the applicable variable rate component and including the fixed rate component. Each bill regardless of type shall be subject to the applicable taxes and Billing Adjustments identified in this tariff.
- E. MORE THAN ONE POINT OF DELIVERY. If a Customer purchases Transportation Service under a particular rate schedule but receives delivery thereof at more than a single Point of Delivery, the Company shall consider such deliveries as separate Transportation Service and shall calculate separate bills thereof, except where physical conditions make it necessary to use two or more meters to register consumption for one class of service to a single customer on the same premises, or where such multiple meters are used for the convenience of the Company. For the purpose of nomination, scheduling and imbalance resolution related to Transportation Service the Company may combine Points of Delivery for Customer's receiving service at multiple Points of Delivery.
- F. MORE THAN ONE RATE SCHEDULE. If a Customer purchases Transportation Service under more than one rate schedule, the Transportation Service rendered under each rate schedule shall be separately metered and separate bills shall be calculated for each type of Transportation Service rendered.
- G. POOL MANGER'S CHARGES. Company shall include Pool Manager's charges for the sale of Gas, and may include such reasonable deposit requirements as the Pool Manager may establish, on its monthly bill to Aggregated Transportation Service Customers. Pool Manager's Gas charges shall be separately identified on Company's monthly bill to Customers. The Company shall remit payments received from Customer Accounts for the purchase of Gas to Pool Manager in accordance with procedures established in the Aggregated Transportation Service Agreement. Company shall have no obligation to Pool Manager for non-payment by Customer of amounts due Pool Manager. In the event Company receives a partial payment for the total bill

rendered, Company shall first apply any partial payment amount received to satisfy any taxes or fees levied by government to the Company; second to Pool Manager's Gas sales or deposit charges. The remaining balance, if any, shall be applied to Company's Transportation Service or other charges. The Company shall be responsible for a periodic reconciliation of the Pool Managers' Gas charges billed to the payment amounts received from Customer Accounts, including an accounting of bill adjustments, non-payments, partial payments and payments received through collection activities and other means. The Company's payment remittance to Pool Manager, as established in the Aggregated Transportation Services Agreement, shall provide for the periodic true-up of such remittance amounts to account for the payment hierarchy and reconciliation process identified in this section. Company may, at its sole option, include Pool Manager's charges for other services on Company's monthly bill to Customers.

- H. NON-RECEIPT OF BILLS. Failure of Customer to receive a bill shall not relieve Customer of its obligation to pay the bill.
- I. DELINQUENT BILLS AND LATE PAYMENT CHARGES. A bill shall be considered delinquent upon the expiration of twenty (20) days from the date of mailing or other delivery by Company. Charges for services due and rendered which are unpaid as of the past due date are subject to a Late Payment Charge of eighteen (18) percent per year, except the accounts of federal, state, and local governmental entities, agencies, and instrumentalities. A Late Payment Charge shall be applied to the accounts of federal, state, and local governmental entities, agencies, and instrumentalities at a rate no greater than allowed, and in a matter permitted by applicable law.
- J. DISCONTINUANCE OF TRANSPORTATION SERVICE FOR NON-PAYMENT. Transportation Service will be discontinued for non-payment of amounts due Company for Transportation Service, but only after Company has made a diligent attempt to have Customer make payment, including at least five (5) business days' written notice to Customer, such notice being separate and apart from any bill for Transportation Service, unless the Customer, submits to the Company in writing, a dispute of the nonpayment amount. Such dispute shall be resolved in a manner prescribed by FPSC regulations.
- K. INSPECTION OF BOOKS AND RECORDS. Company, Customer and Pool Manager shall have the right, upon reasonable prior notice, and during normal business hours, to examine the books, records and documents of each other to the extent necessary to verify the accuracy of any statement, charge, computation or demand made pursuant to this Tariff. Each party shall keep any and all such books, records and documents for a period of five (5) years from the date such book, record or document is created or any entry or adjustment thereto is made.

L. ADJUSTMENT OF TRANSPORTATION SERVICE BILLS FOR METER ERROR.

- (1) For all customer's receiving Transportation Service under a rate schedule with a variable rate component based on measured Gas quantity, an appropriate billing adjustment shall be made to the Company's bill for such period during which Company's meter was defective or failed to register.
- (2) Whenever a meter is found to have an average error of more than two percent fast, Company shall refund to Customer the Transportation Service amount billed, in error, for one half the period since the last test, said one half period not to exceed twelve months except that if it can be shown that the error was due to some cause, the date of which can be fixed, the overcharge shall be computed back to, but not beyond such date, based upon available records. If the meter has not been tested in accordance with Rule 25-7.064, the period for which it has been in service beyond the regular test period shall be added to the twelve months in computing the refund. The refund shall not include any part of any minimum charge.
- (3) Company may back bill for Transportation Service in the event that a meter is found to be slow, non-registering or partially registering. Company may not back bill for any period longer than twelve months from the date it removes the meter of Customer, which meter is later found by Company to be slow, non-registering, or partially registering for less than twelve months prior to removal, then Company may back bill only for the lesser period of time. In any event, Customer may extend the payments of the back bill over the same amount of time for which Company issued the back bill. However, in the event of unauthorized use, Customer may be billed on a reasonable estimate of the Gas consumed.
- (4) In the event of a meter error, Company shall provide the corrected meter readings for the applicable period defined above to the Shipper, Shipper's Designee or authorized Pool Manager to facilitate correction of the gas purchase bills provided to the Customer by their supplier.

M. RETURNED CHECK CHARGE. If a Customer's check for Transportation Service is returned to the Company and not paid by the drawer's bank, the Company shall follow the procedures set forth in Section 832.07, Florida Statutes. Termination of Transportation Service shall not be made for failure to pay such returned check charge.

V. OBLIGATION TO SERVE.

Company is responsible for the transportation of Customer's own Gas. Company is not responsible for providing Gas. If Customer, or Customer's Agent, if applicable, fails to provide Gas, Company may disconnect service to Customer. In the event, the Company's authorized Pool Manager fails to cause to be delivered on any Day at the assigned Transporter Point(s) of Delivery with the Company, any portion of the quantities of Gas for transportation to the Customers in the Customer Pool, the Company may immediately seek the remedies pursuant to Section XIX, G., Terms and Conditions of Transportation Service, and the applicable provisions of the Aggregated Transportation Service Agreement. If such remedies result in the termination of the Pool Manager, the Company shall immediately recall all capacity released to the Pool Manager and implement the Temporary Back-Up Gas Supply Plan on file with the FPSC, until such time as the Company can reasonably select a new Pool Manager.

VI. GAS QUALITY

A. TRANSPORTATION GAS QUALITY. All Gas which Shipper's cause to be received by Company at Transporter's Point(s) of Delivery for transportation and delivery by Company shall conform to the quality and heating value specifications set forth within or incorporated in Transporter's tariff. In addition to any other remedies available to Company, Company shall have the right to refuse to accept at Transporter's Point(s) of Delivery any Gas which fails to conform to such quality and heating value specifications.

VII. PRESSURE

STANDARD DELIVERY PRESSURE. Company shall make reasonable efforts to maintain its Standard Delivery Pressure of 14.98 p.s.i.a. (14.73 plus .25 p.s.i.g.) (seven inches water column) at the point of delivery. Where delivery pressure higher than Standard Delivery Pressure is supplied, Company will make reasonable efforts to maintain such higher-delivery pressure. Company does not undertake to deliver Gas at a pressure higher than the Standard Delivery Pressure throughout its service areas. Prospective industrial and large commercial customers who desire to utilize Gas at pressures higher than the Standard Delivery Pressure should inquire of Company to determine the pressure that Company can make available at any given location in its service territory before obtaining any equipment requiring pressures higher than the Standard Delivery Pressure.

VIII. MEASUREMENT

A. DETERMINATION OF VOLUME AND HEATING VALUE. The volume and total heating value of the Gas shall be determined as follows:

(1) Base Conditions

- (a) A standard cubic foot for measurement purposes shall be the volume of such cubic foot at a temperature of 60 degrees Fahrenheit and an absolute pressure of 14.73 p.s.i.a.
- (b) The Average Atmospheric Pressure shall be assumed to be fourteen and seventy-three hundredths pounds per square inch absolute (14.73 p.s.i.a.) irrespective of actual elevation or location of the point of measurement or of variations in such atmospheric pressure from time to time.

B. UNIT OF TRANSPORTATION VOLUME.

- (1) The Standard Delivery Pressure shall be 14.98 p.s.i.a. and the Standard Delivery Temperature shall be 60 degrees Fahrenheit.
- (2) For purposes of billing computations, a Cubic Foot of Gas shall be that quantity which, at a pressure of 14.98 p.s.i.a. and a temperature of 60 degrees Fahrenheit, occupies one cubic foot.
- (3) When deliveries are made at flowing pressures in excess of the Standard Delivery Pressure, metered volumes shall be corrected for such variation through utilization of recorded flowing pressure data, correction devices which are an integral part of the Meter installation, or by correction factors for fixed pressure deliveries.
- (4) With respect to Gas delivered at High Pressure, flowing Gas temperature shall be assumed to average 60 degrees Fahrenheit for all measurement, unless Customer and Company agree otherwise. When an assumed flowing temperature of 60 degrees Fahrenheit is not used, the temperature shall be determined as the arithmetic average of flowing temperatures as recorded by a temperature recorder, if such a recorder is utilized, or through the use of correcting indices or temperature compensating meters, where recording or compensating devices are not installed, the temperature of the Gas shall be assumed to be the climatological 30-year average monthly temperature as established by the nearest National Oceanic and Atmospheric Administration Weather Bureau, and published by the Department of Commerce.

- (5) Unless determined to be otherwise by a gravity balance, the specific gravity of the flowing Gas shall be assumed to be 0.6.
- (6) When sales or transportation volumes are metered at pressures of 10 p.s.i.g. (pounds per square inch gauge) and over, and where such volumes are also corrected for flowing temperatures other than assumed 60 degrees Fahrenheit, such volumes shall be corrected for deviations from Boyle's Law by use of the appropriate supercompressibility factor.

C. TRANSPORTATION UNIT

- (1) The sales and transportation unit of Gas shall be the therm, being 100,000 Btu's. The number of therms billed to Customer shall be determined by multiplying the number of Cubic Feet of Gas delivered at 14.98 p.s.i.a. and 60 degrees Fahrenheit, by the total heating value of such Gas and dividing the product by 100,000,
- (2) The total heating value of the Gas delivered to Customer shall be determined as that reported periodically by Transporter, provided such value is applicable to the Gas delivered to Customer, or such value shall be determined by Company by use of a calorimeter or other instrument suitable for heating value determination. The total heating value shall be corrected to and expressed as that contained in the Unit of Transportation Volume addressed in Section VIII. B.

IX. METERS

- A. FACILITIES AND EQUIPMENT. Facilities and equipment necessary to receive and measure the quantities of Gas delivered to Customer shall be located at Company's Delivery Point(s) specified in the Transportation Service Agreement or Aggregated Transportation Service Agreement. Measurement of the Gas received at Company's Delivery Point(s) shall be conducted using primary measurement devices of standard manufacture installed and operated in accordance with the applicable specifications in Report No.3 or Report No.7 of the Gas Measurement Committee of the American Gas Association, as amended from time to time, or standards in the industry, whichever may apply. The determination of the volumes of Gas received by Customer at Company's Delivery Point(s) shall be calculated from the measurements taken at the meter and, as applicable, corrected for pressure, temperature and specific gravity in accordance with standard methods and practices in use in the natural gas pipeline industry.

- B. METERS. Company will own, operate, and maintain the Meters and regulating equipment needed to accurately measure Transportation Service provided to Customer. Customer will provide a location, satisfactory to Company, for installation of necessary meter(s), regulator(s), and ancillary equipment. Customer will safeguard Company's Gas Service Facilities on Customer's property and will not permit unauthorized persons to operate or alter Company's Gas Service Facilities in any manner.
- C. METER INSTALLATION, OPERATION, UNAUTHORIZED USE. Company will install, maintain and operate a Meter or Meters, and other necessary measuring equipment by which the volume of Gas delivered to Customer at the Point of Delivery shall be measured. Only duly authorized agents of the Company or persons authorized by law shall set or remove, turn on or turn off, repair or adjust such equipment, except in cases of emergency. Evidence of unauthorized connections to, or tampering with the Company's metering equipment shall cause the Customer to be subject to immediate termination of Transportation Service, prosecution under the Laws of Florida, adjustment of prior bills for Transportation Service provided, and liability to the Company for all expenses incurred on Customer's account.
- D. TYPE OF METERING PROVIDED.
- (1) Except as provided in paragraph (2) below, each separate occupancy unit (as defined in FPSC Rule 25-7.071) for which construction commenced after January 1, 1987, shall be individually metered.
 - (2) Individual Meters shall not be required, and master Metering is permitted, for separate occupancy units where dimensions or physical configurations of the units are subject to alteration; where Gas is used in central heating, water heating, ventilating and air conditioning systems, or Gas back up service to storage heating and cooling systems; in specialized-use housing accommodations such as hospitals and other health care facilities specified in FPSC Rule 25-7.071, college dormitories, convents, sorority or fraternity houses, motels, hotels and similar facilities; in specially designated areas for overnight occupancy at trailer, mobile home and recreational vehicle parks where permanent residency is not established; in marinas where living aboard is prohibited by permanent means; or where individual Gas Service would otherwise be required above the second story, in accordance with FPSC Rule 25-7.071.
 - (3) When individual Metering is not required and master Metering is used, sub-Meters may be purchased and installed at Customer's request and expense, for use in allocating the cost of providing service at the master Meter.

- (4) For transportation Customers whose annual consumption is greater than 100,000 therms, Company shall maintain and operate, at or near Company's Point(s) of Delivery to Customer, electronic measurement and data communications equipment capable of measuring, recording and communicating Daily Gas quantities delivered to Customer.
- E. METER ACCURACY AT INSTALLATION. All Meters, when installed, shall be not more than 1% fast or 2% slow and will have been tested not more than two months prior to being installed.
- F. MEASUREMENT DEEMED ACCURATE. Measurements on Company's Meter(s) shall be conclusive on both parties except where the Meter is defective or fails to register (in either case, Company shall repair or replace the Meter at its expense). If the Meter is found defective or fails to register, the quantity of Gas delivered while the Meter was out of order or failed to register shall be estimated:
- (1) By using the registration of any check Meter, if installed and accurately registering, or in the absence thereof;
 - (2) By correcting the error if the percentage of error is ascertainable by calibration, test or mathematical calculation, or, in the absence of both (a) and (b); then
 - (3) By estimating the quantities delivered from deliveries during periods under similar conditions when the Meter was registering accurately.
- G. METER ACCURACY / METER TESTING . Company shall maintain Customer's Meter or Meters in good working order. Upon written request of Customer, Company shall, without charge, make a test of the accuracy of the Meter in use at Customer's premises; provided, first, that the Meter has not been tested by Company or by the FPSC within 12 (twelve) months previous to such request and, second, that Customer agrees to accept the results of such test as the basis for the adjustment of disputed charges. Should Customer request a Meter test more frequently than once a year, Company may require a deposit to defray cost of testing, in accordance with FPSC rules and regulations. If the Meter is found to be more than one percent (1%) fast, the deposit shall be refunded, but if below this accuracy limit, the deposit may be retained by Company as a service charge for conducting the test.
- H. WITNESS OF METER TEST. If Customer so desires, he or his authorized Agent, or representative may witness the test. A written report, giving the results of the test, shall be furnished to Customer upon request.

I. METER TEST - REFEREE.

- (1) Upon written application to the FPSC by Customer, a test of Customer's Meter will be made or supervised as soon as practicable by a representative of the FPSC.
- (2) A Meter shall not be disturbed after Company has received notice that application has been made for such referee test unless a representative of the FPSC is present or unless authority to do so is first given in writing by the FPSC or by Customer.
- (3) A written report of the results of the test will be made by the FPSC to Customer.

J. CHECK MEASURING EQUIPMENT. Customer may install, maintain and operate beyond Company's Delivery Point(s), at its expense, such operating equipment, pressure regulators and check measuring equipment as Customer shall desire; provided, however, that such equipment shall not be installed or operated in a manner that would affect the accuracy or operation of the measurement facility maintained by Company. Customer shall grant the Company access to such check measuring equipment at reasonable hours, but the reading, calibrating, adjusting and maintenance thereof, shall be done only by Customer.

K. ACCESS TO EQUIPMENT AND RECORDS. Both Company and Customer shall be notified and shall have the right to be present at the time of any installing, reading, cleaning, changing, repairing, inspecting, calibrating or adjusting done in connection with the other's measuring equipment used in measuring deliveries. The records from such measuring equipment shall remain the property of the owner, who upon request will submit to the other such records and charts, together with calculations there from, for the other's inspection and verification, subject to return within ten (10) working days after receipt thereof.

L. CARE IN INSTALLATION. All installations of measuring equipment, applying to or affecting deliveries of Gas, shall be made in such manner as to permit an accurate determination of the volume of Gas delivered and ready verification of the accuracy of measurement. Reasonable care shall be exercised by both Company and Customer in the installation, maintenance and operation of pressure regulating equipment so as to avoid, so far as practicable, any inaccuracy in the determination of the volume of Gas delivered hereunder.

M. RELOCATION OF METERS. In the event alterations or additions to structures or improvements on premises to which the Company renders Transportation Service necessitates the relocation of Company's Metering equipment, or when

such relocation is requested by the Customer for whatever reason, Customer may be required to reimburse the Company for all or any part of the cost incurred by the Company in the performance of such relocations.

- N. PRESERVATION OF RECORDS. Both Company and Customer shall preserve all test data, charts and other similar records for five (5) years.

X. FACILITIES

- A. INSTALLATION OF FACILITIES. If, prior to the commencement of Transportation Service, Company deems it necessary to purchase, install, construct and/or upgrade certain equipment, devices and facilities (collectively, the " Gas Service Facilities") to provide the services requested and to provide accurate and up-to-date communication of the volumes and the Btu content of the Gas flowing through Transporter's Point(s) of Delivery to the Company and Company's Point(s) of Delivery to the Customer, Company may seek reimbursement, as provided by this tariff, for all reasonable costs incurred and paid by Company with respect to the purchase, installation, construction, and/or upgrading of Gas Serviced Facilities (except for costs to upgrade or expand any existing electronic measurement and data communications equipment on existing Meters). The total cost of the Gas Service Facilities to be reimbursed to Company by Customer, if any, shall be payable upon receipt of Company's invoice. For Customers whose annual consumption is less than 100,000 therms, daily or real-time Metering shall not be deemed necessary.

- B. OWNERSHIP OF GAS SERVICE FACILITIES. Unless Company and Customer otherwise agree, all Gas Service Facilities used to provide service to Customer (but specifically excluding Customer Installations), shall be designed, constructed, installed, owned, controlled, operated and maintained by Company.

XI. MAIN AND SERVICE EXTENSIONS

- A. REQUEST FOR SERVICE REQUIRING MAIN EXTENSION. Whenever a prospective Customer or other person, such as a real estate developer, government entity, municipality, township, county, or other authority, "Depositor", requests Transportation Service at a location where Company does not have a Main, Company shall extend its Mains and Services to serve the prospective Customer or Customers under the following conditions:

- (1) The extension of Transportation Service to the prospective Customer shall not jeopardize service to existing customers.
- (2) The maximum capital cost to be incurred by Company for an extension of Main and Gas Service Facilities shall be defined as the Maximum

Allowable Construction Cost. The Maximum Allowable Construction Cost shall equal six (6) times the estimated annual revenue to be derived from the extension. Where Company, in its reasonable discretion, believes that there is significant uncertainty regarding the revenues to be derived from revenues generated from the requested extension of Main and Gas Service Facilities, Company shall use reasonable efforts to calculate the Maximum Allowable Construction Cost giving due consideration to such uncertainty,

- (3) Where the Main and Gas Service Facilities to be installed will require an investment by Company in excess of the Maximum Allowable Construction Cost, Company shall construct the necessary Main and Gas Service Facilities provided Customer or Depositor, deposits with Company, an amount equal to the excess of the estimated actual construction cost over the Maximum Allowable Construction Cost. In this case, Company and the Depositor shall then enter into a Construction Deposit Agreement providing for receipt of the deposit by Company and including terms and conditions for refund to the Depositor. In consideration of Company having to use the deposit to finance the installation of Main and Gas Service Facilities, the deposit made by the Depositor shall be non-interest bearing.

B. REFUND OF DEPOSITS. Deposits shall be refunded to Depositors in accordance with the following procedures.

- (1) As new customers connect to the extended Main or Gas Service Facilities, and no less often than on each of the first five (5) anniversaries of the date on which the deposit is made to Company, Company shall refund to the Depositor an amount equal to (1) the actual or estimated annual revenue, less the cost of Gas, derived from sales to Customers served by the extended Main and Gas Service Facilities, less (2) the Maximum Allowable Construction Cost divided by six (6) as determined in Section XI. A. (2), above.
- (2) For each additional customer taking Transportation Service from any point on the extended Main or Gas Service Facilities within a period of five (5) years from the date of construction, Company shall refund to the Depositor the amount by which the, Maximum Allowable Construction Cost of the new customer(s) exceeds the cost of connecting such new customer(s), provided that an additional Main extension shall not have been necessary to serve the additional customer(s). Where the Depositor and Company agree that new customers are likely to connect to the extended Main over a period longer or shorter than five (5) years, the Depositor and Company may agree, within the Construction Deposit

Agreement, to provide for refunds over such longer or shorter period as the parties agree is reasonable and appropriate under the circumstances.

- (3) The aggregate refund to any Depositor made through the provisions of (1) and (2) above shall not exceed the original deposit of such Depositor.
 - (4) The extension shall at all times be the property of Company, and any un-refunded portion of said deposit at the end of five (5) years, or such longer or shorter period as may be agreed to by the Depositor and Company, shall accrue to Company.
- C. SERVICE EXTENSIONS FROM EXISTING MAINS. Company shall install, at no charge to Customer, the Gas Service Facilities, commencing from an existing Main, necessary to serve a Customer applying for Transportation Service, where the cost of such service extension does not exceed the Maximum Allowable Construction Cost as defined in Section XI. A. (2) above. Customers not meeting the above criteria shall be required to make a contribution in aid of construction based on the difference between the cost of the required Gas Service Facilities and the Maximum Allowable Construction Cost as calculated for each respective Customer.
- D. RELOCATION OF TRANSPORTATION SERVICE FACILITIES. When alterations or additions to structures or improvements on premises to which Company renders Transportation Service necessitate the relocation of Company's Gas Service Facilities, or when such relocation is requested by Customer for whatever reason, Customer may be required to reimburse Company for all or any part of the costs incurred by Company in the performance of such relocation.
- E. AREA EXTENSION PROGRAM CHARGE. Notwithstanding the above provisions, when Mains and Gas Service Facilities are to be extended to serve one or more Company Points of Delivery in a discrete geographic area, the Company may require an Area Extension Program Charge (AEP). The Company, in its sole discretion, may require this charge when:
- (1) The cost of the project Mains and Gas Service Facilities required to provide service through the area is greater than the aggregate MACC for the Customers to be served; and
 - (2) The Company reasonably forecasts revenues from Transportation Service, including the AEP, during a period not to exceed ten (10) years from the date the Mains required to serve the project Gas Service Facilities are placed in service (the Amortization Period), sufficient to recover the cost of the project Main and Gas Service Facilities.

The AEP charge, which shall be stated on a per therm basis for Customers whose rate schedule includes a variable rate component based on metered Gas volumes, and on a dollar basis for Customers whose rate schedule includes only a fixed rate component, shall apply with respect to all natural gas transported to Company Customers located within the applicable discrete geographic area during the Amortization Period.

The AEP charge, for Customers with a variable rate component, shall be calculated by dividing (1) the amount of additional revenue required in excess of the Company's applicable tariff rates by (2) the volume of Gas reasonably forecast to be transported to Customers within the applicable discrete geographic area during the Amortization Period. The AEP, for Customers with only a fixed rate component, shall be calculated by dividing (1) the amount of additional revenue required in excess of the Company's applicable tariff rates by (2) the number of fixed rate Customers reasonably forecast to be added within the applicable discrete geographic area during the Amortization Period.

AEP charges collected shall be used specifically to amortize the cost of the project Main and Gas Service Facilities within the applicable discrete geographic area that is in excess of the MACC. If the AEP charges collected are sufficient before the expiration of the Amortization Period to fully amortize the excess costs, including the provision for the accumulated cost of capital, the AEP charges for that area shall terminate immediately, and the Company shall promptly credit the affected Customers for amounts over-collected, if any.

Upon the earlier of (1) the third anniversary of the date when the project facilities are placed in service and (2) the date on which 80% of the originally forecast annual load is connected, the Company shall reassess the amount of additional revenue required to recover the unamortized excess cost of the Main and Gas Service Facilities and the calculation of the AEP charges. The resulting adjustment of the AEP charge (whether upward or downward) shall be applied prospectively over the remainder of the Amortization Period.

The Company may enter into a guaranty agreement with the party or parties requesting the extension, whereby that party or parties agree to pay to the Company any unamortized balance remaining at the end of the Amortization Period. The Company's rights under the guaranty agreement shall not be considered when calculating the AEP charge.

- F. TEMPORARY SERVICE. In the case of temporary service for short-term use, Company may require the Customer to pay all costs of installing and removing the Company's Main and Gas Service Facilities subsequent to the termination of service, or, in the Company's sole discretion, to pay a fixed amount in advance to

cover such expense; provided, however, that the Customer shall be credited with reasonable salvage value realized by 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 an example of a temporary service.

- G. NO DISCRIMINATION PRACTICED BETWEEN CUSTOMERS. Nothing in this Section XI. 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.

XII. POSSESSION OF GAS, INDEMNIFICATION AND TITLE

A. WARRANTY OF TITLE

Unless otherwise provided in Transporter's FERC Tariff, Shippers causing Gas to be delivered to Company warrant that at some point during the Gas transportation transaction (i.e. at some point between receipt of the Gas by the Transporter and the delivery of the Gas to the Company) Shipper will either have title to, or good right to deliver, all Gas delivered by Transporter to Company at Transporter's Delivery Point for transportation to Customer's facilities or Pool Manager's Customer Accounts: Notwithstanding the above, Shipper warrants that such Gas, at the time of receipt by Company at Transporter's Delivery Point, will be free and clear of all liens, encumbrances, and claims whatsoever. Shipper will indemnify Company and save it harmless from all suits, actions, debts, accounts, damages, costs including reasonable attorneys' fees, losses, and expenses arising from or out of the adverse claim of any and all persons to said Gas. Company will indemnify Shipper, and Shipper's Customer Accounts, and save it harmless from all suits, actions, debts, accounts, damages, costs including reasonable attorney's fees, losses, and expenses arising from or out of the adverse claim of any and all persons to Gas delivered to Company for transportation to Customer's facilities or Customer Accounts, which arise from or relate to Company's transportation of said Gas on Company's distribution system. In the event any adverse claim in respect to said Gas is asserted, or Shipper breaches its warranty herein, Company shall not be required to perform its obligations to transport and deliver Gas to Shipper's facilities or Customer Accounts or, subject to receipt of any necessary regulatory authorization, to continue service hereunder for Shipper's or Customer Accounts until such claim has been finally determined; provided, however, that Shipper or Customer Accounts may receive service if (i) in the case of an adverse claim, Shipper furnishes a bond to Company, conditioned for the protection of Company with respect to such claim; or (ii) in the case of a breach of warranty, Shipper furnishes evidence, satisfactory to Company, of Shipper's title to said Gas. Nothing in this Agreement shall be construed as vesting in Company title to any Gas delivered by Shipper hereunder.

- B. POSSESSION OF GAS AND RESPONSIBILITY. Company shall be deemed to be in control and possession of the Gas to be transported by it upon delivery of such gas by the Transporter to Company at Transporter's Delivery Point and until it shall have been delivered to Customer's facilities or Customer Accounts at Company's Delivery Point; and Shipper shall be deemed to be in control and possession of such gas prior to such delivery to Company and after such delivery by Company to Shipper or Customer Accounts. Each party, while deemed to be in control and possession of such Gas, shall be responsible for, and shall indemnify and hold the other harmless from any and all claims, actions, suits, including attorney's fees, arising out of or relating in any way to custody and control of such Gas.
- C. RELEASE AND INDEMNIFICATION. Customer shall waive and release Company from any claims for any and all damages, costs, losses or expenses resulting from or arising out of interruption of service, whether caused by capacity or supply constraints on Company's, or Transporter's system, where such interruption is caused by (1) the failure of Customer, Customer's Agent or Pool Manager to have delivered to Company sufficient quantities of Gas to meet Customer's Gas requirements; (2) the failure of Customer, Customer's Agent or Pool Manager to comply with a directive of Company; or (3) Customer taking deliveries in excess of scheduled or authorized quantities, provided however that the foregoing shall not result in the waiver or release of a claim against Company for Company's negligence or willful misconduct. Further, Customer shall indemnify and hold Company harmless from any and all suits, actions, debts, accounts, damages, costs, loss and/or expenses brought by or accruing to or for the benefit of end-users downstream of such Customer's Delivery Point resulting from or arising out of curtailment of service whether caused by capacity or supply constraints on Company's systems including without limitation, such constraints caused by the failure of Customer, Customer's Agent or Pool Manager, if applicable, to have delivered to Company or Transporter sufficient quantities of Gas to meet their delivery requirements from Company; provided however, that the foregoing shall not require Customer to indemnify and hold Company harmless from a claim against Company for Company's negligence or willful misconduct. Nothing in this Section shall prevent a Customer from asserting a claim against another Customer; in the event of such a claim between Customers, Company will make available such information in its possession relevant to such claim.

XIII. FORCE MAJEURE

- A. DEFINITION OF FORCE MAJEURE. The term "Force Majeure" as employed in this Tariff, shall mean acts of God, strikes, lockouts, or other industrial disturbances, acts of the public enemy, wars, blockades, insurrections, riots,

epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accidents to machinery or lines of pipe, the necessity for making repairs or alterations to machinery or lines of pipe, freezing of wells or lines of pipe, planned or unplanned outages on Customer's Facilities, planned or unplanned outages on Company's or Transporter's system, the inability of Company's or Transporter's system to deliver Gas, acts of civil or military authority (including, but not limited to, courts or administrative or regulatory agencies). Partial or entire failure of source of supply, and any other cause, whether of the kind herein enumerated or otherwise, not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome; such term shall likewise include in those instances where either party is required to obtain servitude, rights of way grants, permits or licenses to enable such party to fulfill its obligations hereunder, the inability of such party to acquire, or the delays on the part of such party in acquiring, at reasonable cost and after the exercise of reasonable diligence such servitude, rights of way grants, permits or licenses; and in those instances where either party is required to furnish materials and supplies for the purpose of constructing or maintaining Facilities or is required to secure grants or permissions from any governmental agency to enable such party to fulfill its obligations hereunder, the inability of such party to acquire, or the delays on the part of such party in acquiring at reasonable cost and after the exercise of reasonable diligence, such materials and supplies, permits and permissions (provided that to the extent such party has contracted with an affiliate to obtain such materials and supplies, permits and permissions such party shall be entitled to rely on this provision to excuse such inability or delay only to the extent of inability or delay reasonable in comparison to arms length transactions with nonaffiliated).

- B. STRIKES, LOCKOUT, AND INDUSTRIAL DISTURBANCES. The settlement of strikes or lockouts or other industrial disturbances shall be entirely within the discretion of the party having the difficulty, and that the above requirement that any Force Majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts by acceding to the demands of the opposing party when such course is inadvisable in the discretion of the party having the difficulty.
- C. OBLIGATIONS UNDER FORCE MAJEURE. In the event that Company, Customer, Customer's Agent or Pool Manager is unable, wholly or in part, by Force Majeure to carry out its obligations, other than to make payments due thereunder, it is agreed that subject to Company, Customer, Customer's Agent or Pool Manager giving notice and full particulars of such Force Majeure in writing to the other as soon as possible after the occurrence of the cause relied on, then the obligations of the party giving such notice, so far as they are affected by such

Force Majeure, shall be suspended during the continuance of any inability so caused, but for no longer period, and such cause shall as far as possible be remedied with all reasonable dispatch.

- D. NOTIFICATION OF FORCE MAJEURE. In the event of any nonperformance caused by any of the forces described in this Section, Company, Customer, Customer's Agent or Pool Manager, whichever affected, shall as soon as reasonably practicable notify the other verbally and within two (2) business days provide the other party with written confirmation of the nature, cause, date of commencement, and anticipated extent of such nonperformance.

XIV. OPERATIONAL CONTROLS

- A. CONTACT PERSONS. Any Customer taking delivery of Gas from Company or any Shipper causing Gas to be delivered to Company, shall cooperate fully with Company in maintaining the integrity of its system. All Customers and Shippers shall name an appropriate contact person(s) available to receive communication from Company on operating matters at any time, on a 24-hour a day, 365-day a year basis. For all residential Customers, the contact person shall be that individual listed in the Company's records as the applicant for service or the account holder of record. If Company is unable after reasonable efforts to contact any Customer or Customer's contact person, such Customer shall be solely responsible for any consequences arising from such failure of communication.
- B. PROPER SCHEDULING. Company shall not knowingly schedule or permit scheduling of service which will result in an operating condition in which system pressure rises or falls to operationally unacceptable levels or would otherwise jeopardize the integrity of the system and the ability of Company to provide service under firm rate schedules.
- C. MAINTAINING PROPER SYSTEM PRESSURE. In the event that Company determines in its sole discretion, reasonably exercised, that action is required to avoid an operating condition in which system pressure is not maintained, in which system pressure is maintained at an operationally unacceptably high level, or in which the overall operational integrity of the system is jeopardized, Company may, on a not unduly discriminatory basis, cause implementation of its Curtailment Plan, on file with the FPSC and as amended from time to time.
- D. OPERATIONAL FLOW ORDERS (OFO). In the event a Transporter issues an OFO, the Company, as the Delivery Point Operator (DPO), will receive the notice and shall promptly notify via electronic means (e-mail, facsimile or telephone followed by a written notice) all Shipper's causing Gas to be delivered to the Transporter's Point of Delivery with the Company, that such Transporter OFO has been received. The notification provided by the Company shall contain all

information that is provided by the Transporter in its notice to the DPO.

- E. OPERATIONAL FLOW ORDERS - ACTION REQUIRED. Such Operational Flow Orders may require a Customer, or Shipper to undertake any of the following:
- (1) To commence or increase supply inputs by a specific quantity.
 - (2) To cease or reduce supply inputs by a specified quantity.
 - (3) To commence or increase takes of Gas from the system by a specified volume.
 - (4) To reduce takes of Gas from the system by specified volumes.
 - (5) In the event the action(s) set forth in (1)-(4) are not operationally feasible, the Operational Flow Order may require Customer Shipper, to take other such action within Customer's or Shipper's control which would tend to alleviate the operating condition to be addressed.
- F. FAILURE TO COMPLY WITH OPERATIONAL FLOW ORDERS. If the Customer and/or Shipper violates the terms of the OFO (i.e. is outside the established percentage usage tolerances of the Order), the Company shall charge the responsible Customer(s) and/or Shipper(s) two (2) times the Transporter's FERC approved Gas Tariff OFO penalty.
- G. ALERT DAY NOTICES. In the event a Transporter issues an Alert Day notice, the Company, as the Delivery Point Operator (DPO), will receive the notice and shall promptly notify via electronic means (e-mail, facsimile or telephone followed by a written notice) all Shipper's causing Gas to be delivered to the Transporter's Point of Delivery with the Company, that such Transporter Alert Day notice has been received. The notification provided by the Company shall contain all information that is provided by the Transporter in its notice to the DPO.
- H. ALERT DAY NOTICE - ACTION REQUIRED. Such Alert Day notices may require a Customer, or Shipper to undertake any of the following:
- (1) To commence or increase supply inputs by a specific quantity.
 - (2) To cease or reduce supply inputs by a specified quantity.
 - (3) To commence or increase takes of Gas from the system by a specified volume.

- (4) To reduce takes of Gas from the system by specified volumes.
 - (5) In the event the action(s) set forth in (1)-(4) are not operationally feasible, the Alert Day notice may require Customers and/or Shippers, to take other such action within Customer's and/or Shipper's control which would tend to alleviate the operating condition to be addressed.
- I. FAILURE TO COMPLY WITH ALERT DAY NOTICE. If the Customer or Shipper violates the terms of the Alert Day (i.e. is outside the established percentage usage tolerances of the Alert Day notice), the Company, if, and only if, charges for the Alert Day notice have been incurred by the Company, shall pass through the incurred charges directly to the responsible Customer(s) and/or Shipper(s), to the extent such charges are able to be directly assigned. The remaining balance of such charges, if any, following the direct assignment of charges to the responsible Customer(s) and/or Shipper(s), shall be assigned on a pro rata basis to all remaining Customer(s) and/or Shipper(s).
- J. OTHER BALANCING TOOLS. As the DPO, the Company shall comply with any other operational balancing tools order issued by Transporter, and as applicable, shall determine which Customer(s) and/or Shipper(s) caused the operational balancing tools order and charge the responsible Customer(s) and/or Shipper(s) the total cost incurred in complying with the order. The remaining balance of such charges, if any, following the direct assignment of charges to the responsible Customer(s) and/or Shipper(s), shall be assigned on a pro rata basis to all responsible Customer(s) and/or Shipper(s).
- K. NON-PERFORMANCE PENALTY. The Company shall charge to a Individual Transportation Customer or the authorized Aggregated Transportation Service Pool Manager a non-performance penalty of \$10 per Dekatherm, plus the cost of any imbalance penalties assessed by Transporter as a result of the non-performance, plus the cost of any replacement or back-up Gas supply and capacity provided by Company to Customer or Pool Manager's Customer Pool due specifically to the non-performance of Customer's or Pool Manager's obligation to delivery Gas for transportation to Company.
- L. DISPOSITION OF PENALTIES. All penalties, net of payments to third parties, collected by the Company related to the operational control of the system as identified in Section XIV, shall be allocated to Customers, Customer's Agents or the Pool Manager through the Operational Balancing Account clause in the Company's tariff. The Company shall not, under any circumstances, retain any of the penalties collected from Customers, Customer's Agents or the authorized Pool Manager, nor absorb any costs related to complying with valid Transporter Operational Tool orders.

XV. IMBALANCE RESOLUTION

A. RESOLUTION OF DELIVERY POINT OPERATOR IMBALANCE AMOUNTS

Imbalance resolution charges billed by Transporter to the Company, acting as Delivery Point Operator, shall be directly assigned or allocated on a pro-rata basis to Customers or the Pool Manager through the Company's Operational Balancing Account mechanism.

B. RESOLUTION OF DISTRIBUTION SYSTEM IMBALANCE AMOUNTS

Daily Imbalance Quantities shall be resolved at the end of each monthly Billing Period. At the end of each Billing Period, all positive and negative Daily Imbalance Quantities incurred during such Billing Period shall be summed or calculated, and the net result shall be the Monthly Imbalance Quantity, which shall be resolved in cash as follows:

(1) If a Monthly Imbalance Quantity is Positive, (amount of Gas scheduled is greater than actual usage by Customer or Customer Pool), Company shall pay to Customer or Pool Manager an amount equal to the Monthly Imbalance Quantity multiplied by a price per therm that is derived consistent with the Transporter cash-out methodology with respect to the use of indices, imbalance levels and applicable factors for the Billing Period.

(2) If a Monthly Imbalance Quantity is Negative, (amount of Gas scheduled is less than actual usage by Customer or Customer Pool), Customer or Pool Manager shall pay to Company an amount equal to the Monthly Imbalance Quantity multiplied by a price per therm that is derived consistent with the Transporter cash-out methodology with respect to the use of indices, imbalance levels and applicable factors for the Billing Period

B. CASH-OUT PROVISIONS.

It is the responsibility of Company, Customer, Customer's Agent and/or Pool Manager, if applicable, to eliminate end-of-month imbalances by cash settlement. Company and Customer, Customer's Agent and/or Pool Manager, if applicable, shall settle, in cash, all remaining Receipt Imbalances and Delivery Imbalances unless otherwise mutually agreed. For negative imbalance amounts Company will send Customer, Customer's Agent and/or Pool Manager, as applicable, a statement detailing the negative imbalance quantities and indicating the cash-out payment amount due Company. For positive imbalance amounts Company will send Customer, Customer's Agent and/or Pool Manager, as applicable, a statement detailing the positive imbalance quantities and providing the cash-out payment amount due the respective party(ies). Positive or negative monthly imbalance cash-outs of Customers may be reflected as credits or charges on Customer's regular monthly bill rendered by

Company.

XVI. NOMINATIONS AND SCHEDULING

The Customer, Customer's Agent and/or Pool Manager shall submit to the Company all nomination and scheduling information affecting Company's Points of Delivery simultaneous to any submissions to Transporter(s).

XVII. CAPACITY ASSIGNMENT AND RECALL

A. CAPACITY RELINQUISHMENT.

1) Individual Transportation Customers

The Company shall, to the extent capacity is available from the Company, temporarily relinquish to an Individual Transportation Service Customer interstate pipeline capacity based on the historical Monthly quantity requirements of the Customer. In the event Customer requests a quantity of capacity for a Month that is greater than the respective Month's relinquished capacity quantity as established in the Customer's Transportation Service Agreement, for the purpose of serving Customer's facility, Company shall have the right of first refusal to temporarily relinquish such additional quantity of capacity to Customer, or Customer's Agent. If Company waives its right to relinquish such additional capacity, Customer, or Customer's Agent, shall be free to acquire such additional capacity quantities from any source.

2) Aggregated Transportation Customers / Pool Manager

The Company shall temporarily relinquish to Pool Manager each month, subject to the terms and conditions of the Aggregated Transportation Service Agreement with the Pool Manager, a portion of the firm capacity rights which the Company is entitled to relinquish under its Service Agreement with the Transporter. The Company shall determine the quantities of interstate pipeline capacity required to serve the historical Monthly peak quantity requirements of those Customers served under the Aggregated Transportation Service provisions of this tariff. The Company shall relinquish such quantities of capacity to the authorized Pool Manager, for use by the Customer Pool, prior to the relinquishment of capacity to Customers or Customer's Agents under the Individual Transportation Service provisions of this tariff. In the event the Customer Pool requires a quantity of capacity that exceeds the current relinquished quantity, such capacity may be recalled from the Individual Transportation Customers on a pro rata basis, or alternatively

provided by the Pool Manager.

3) Adjustment of Quantities

Adjustments to the Customer or Customer Pool historical Monthly quantity requirements may be made based on information received from the Customer, Pool Manager or derived from Company records of Monthly consumption. The Company shall also adjust, each Month, as necessary, the quantities of capacity allocated to the Customer Pool based on the initiation and termination of Customers. The relinquished quantity of capacity to all Customers shall be reviewed on no less than an annual basis, and adjusted accordingly. Under no circumstances shall the Company be obligated to relinquish more capacity than the amount based on historical Monthly quantities, except as provided in part 4 below.

4) Remaining Quantities of Capacity

Subsequent to the relinquishment of Company's capacity to Customers, Customer's Agent or Pool Manager, as defined above, all remaining quantities of capacity held by the Company shall be relinquished to the Customer Pool. All No Notice capacity shall be relinquished to the Pool Manager. It is the intent of this tariff that the Company allocate 100% of its capacity holdings, including No Notice capacity, to Customer's, Customer's Agent or Pool Manager each Month.

5) Term of Relinquishment

All capacity relinquished by Company to Customers, Customer's Agents or Pool Manager shall be made on a temporary basis, in accordance with FERC regulations, as they may change from time to time, unless both parties to the relinquishment agree to a permanent relinquishment of capacity. The term of capacity relinquishment for Individual Transportation Customers shall as mutually agreed by Customer and Company in the Transportation Service Agreement. The term of capacity relinquishment to Pool Manager on behalf of the Customer Pool shall be consistent with the term of the Pool Manager's Aggregated Transportation Service Agreement.

B. CAPACITY SPECIFICATIONS. The Transporter Primary Points of Receipt, the Transporter Primary Points of Delivery, the Maximum Daily Transportation Quantities (MDTQ) that the Company shall relinquish during each individual Month of the Year and limitations or restrictions on the use of relinquished capacity shall be as set forth in the executed Transportation Services Agreement or the Aggregated Transportation Services Agreement.

- C. ACQUISITION OF RELINQUISHED CAPACITY. Customer, Customer's Agent or Pool Manager shall accept the firm capacity relinquishment from Company subject to the terms and conditions of the Transportation Service Agreement or Aggregated Transportation Service Agreement, and the Terms and Conditions for Transportation Service of the Transporter's FERC Gas Tariff governing such relinquishments. The Customer, Customer's Agent or Pool manager shall diligently and in a timely manner take all actions required under the Transporter's approved FERC tariff to acquire the firm capacity rights to be relinquished by the Company.
- D. ALTERNATE CAPACITY ASSIGNMENT METHODOLOGIES. Nothing in this section shall preclude Company from filing a petition to seek approval of an alternate capacity assignment that better meets the needs of Company's system.
- E. CAPACITY RECALL. Relinquished capacity on the Transporter's Pipeline is subject to recall under the following conditions; (1) to maintain the integrity of Company's system (2) to provide Temporary Back-Up Service in the event such service is required by the Customer or Pool Manager (3) in the event the Customer terminates transportation service (4) to facilitate the reallocation of Monthly capacity relinquishment to account for adjustments in Customer usage and Customer service initiation and termination (5) as defined in the Customer's Transportation Service Agreement or the Pool Manager's Aggregated Transportation Service Agreement. In the event Customer changes Agents, the relinquished capacity shall be reassigned to Customer's new Agent. In the event Company changes Pool Manager's, the relinquished capacity shall transfer to the new Pool Manager.
- F. RATES SUBSEQUENT TO RECALL. Upon the effective date of any capacity recall, pursuant to this Section, by Company for any portion or all of the released capacity, Company shall be subject to the applicable rates and charges from the Transporter's Pipeline for the duration of such capacity recall.

XVIII. INDIVIDUAL TRANSPORTATION SERVICE

- A. CUSTOMER CLASSIFICATION. All Customers whose metered annual Gas consumption exceeds 25,000 therms are eligible to elect Individual Transportation Service. Such Customers, or their designated Agents, may cause Gas to be delivered to the Transporter's Point of Delivery with the Company, for redelivery to the Customer's Point of Delivery.
- B. SERVICE AGREEMENT. All Customers receiving Individual Transportation Service shall enter into a Transportation Service Agreement with Company. Upon receipt of the Customer's executed Transportation Service Agreement, the

Company shall have up to thirty (30) days to initiate service under the Agreement, notwithstanding any time requirements for the physical extension or improvement to the Company's facilities required to provide such service. Transportation Service may begin on any Day of the Month, provided that timely nominations are submitted in accordance with the Transporter's tariff, and such other actions as are required to cause Gas to be delivered to the Company for transportation to the Customer, are undertaken by Customer, or Customer's Agent.

- C. TRANSPORTATION QUANTITIES. All Customers receiving Individual Transportation Service shall transport all of their natural gas quantity requirements. No direct Gas sales service shall be available from the Company. Gas quantities scheduled for delivery to the Company by the Customer, or Customer's Agent that are not in balance with actual metered consumption at the Customer's Point of Delivery shall be subject to the imbalance resolution provisions of this tariff.
- D. INDIVIDUAL TRANSPORTATION CUSTOMER METERING. All Customers receiving Individual Transportation Service, whose annual consumption of Gas exceeds 100,000 therms, shall have electronic metering equipment installed as identified in Section VIX. D. 4.

XIX. AGGREGATED TRANSPORTATION SERVICE

- A. CUSTOMER CLASSIFICATION. All Customers not eligible to receive Individual Transportation Service shall receive Aggregated Transportation Service. Customers whose metered annual natural gas consumption exceeds 25,000 therms may elect to receive Aggregated Transportation Service, subject to acceptance of the Customer by the authorized Pool Manager. All Aggregated Transportation Service Customers shall be grouped into the Customer Pool. The authorized Pool Manager shall cause Gas to be delivered to the Transporter's Point of Delivery with the Company, for redelivery to the Point(s) of Delivery for each Customer in the Customer Pool.
- B. SERVICE AGREEMENT. All Customers whose Metered annual natural gas consumption is 25,000 therms or less and who were receiving Gas sales service from the Company under an existing service agreement prior to the effective date of this tariff, shall be transferred to Aggregated Transportation Service. New Customers whose Metered annual natural gas consumption is 25,000 therms or less shall request Aggregated Transportation Service by submitting a Request for Transportation Service. Customers whose Metered annual natural gas consumption exceeds 25,000 therms, and who are electing to receive Aggregated Transportation Service, and who have been accepted into the Customer Pool by the authorized Pool Manager, shall submit a Letter of

Authorization (Company standard form No. 200).

- C. SERVICE INITIATION. Upon receipt of Customer's Request for Transportation Service, the Company and Pool Manager shall make all reasonable efforts to initiate Transportation Service in accordance with Customer's requested initiation date. Upon receipt of Customer's executed Letter of Authorization, the Company and Pool Manager shall have up to thirty (30) days to initiate service under the Agreement. Transportation Service may begin on any Day of the Month. Pool Manager shall submit timely nominations, in accordance with the Transporter's tariff, and undertake such other actions as are required to cause Gas to be delivered to the Company for transportation to the Customer. Notwithstanding the above provisions, the Company may extend the time period for the initiation of service to accommodate the physical extension or improvement of the Company's facilities required to provide such service.
- D. TRANSPORTATION QUANTITIES. All Customers receiving Aggregated Transportation Service shall transport all of their Gas quantity requirements. No direct Gas sales service shall be available from the Company. Gas quantities scheduled for delivery to the Company by the Pool Manager that are not in balance with aggregated actual metered consumption at the Points of Delivery for Customer's in the Customer Pool shall be subject to the imbalance resolution provisions of this tariff.
- E. AUTHORIZED POOL MANAGER.
- 1) Selection of the Pool Manager

The Company, on behalf of the Customer Accounts in the Customer Pool, shall, in accordance with the FPSC Order approving this tariff, select a qualified Pool Manager(s) to provide Gas supply and transportation management services to the Customer Pool. The selection of the Pool Manager(s) shall be subject to a formal bidding process. The Company shall issue a Request for Proposals (RFP), soliciting bids from qualified gas marketing companies interested in becoming a Pool Manager. The RFP shall be disseminated in such a manner as to ensure its reasonable distribution to gas marketing companies active in the Florida retail gas market. Nothing in this tariff shall preclude the Company from joining with other parties to issue a joint RFP, combining customer volumes from all parties, for the purpose of obtaining more favorable gas supply and transportation management terms.
 - 2) Pool Manager Minimum Requirements
 - a) Pool Manager(s) shall be a duly authorized Shipper on

Transporter's interstate pipeline system.

- b) Pool Manager(s) shall demonstrate their capability to meet Company's standards for creditworthiness.
- c) Pool Manager(s) shall execute an Aggregated Transportation Services Agreement with the Company prior to providing gas supply and transportation management services to the Customer Pool.

F. POOL MANAGER'S OBLIGATION TO SERVE. The Pool Manager shall be required to provide natural Gas sales and management services to all of the LDC's residential Customers and those non-residential accounts initially transferred into the Customer Pool, as well as other accounts that may be added to the Customer Pool during the term of the Contract. Subsequent to the initial transfer of Customers into the Customer Pool as described in A., above, Customers shall be added to the Customer Pool as follows: (i) residential Customers receiving a new service connection for the purpose of initiating transportation service, (ii) residential Customers reactivating an existing disconnected service, (iii) non-residential Customers, upon request, with the prior approval of the Pool Manager, (iv) non-residential Customers unable to receive service from Transporter or a gas marketer under the Individual Transportation Service Program, with the stipulations that a) Pool Manager may establish reasonable deposit or account security requirements prior to initiating Gas service and, b) such customers may select another gas marketer and exit the Customer Pool at the beginning of any month.

Pool Manager shall accept all Customers assigned to the Customer Pool by Company in accordance with the provisions established in this tariff and the Aggregated Transportation Service Agreement, and commit to providing Gas service on a firm and continuous basis except in situations where the Company discontinues transportation service in accordance with the provisions of Section IV, G. and Section I, J., Terms and Conditions of Transportation Service, and FPSC Rule 25-7. Pool Manager shall have the right to discontinue deliveries of Gas for said Customer on the date of the discontinuation of service by Company, such date to be provided to Pool Manager by Company five (5) days prior to the discontinuation of service. Pool Manager shall have the unrestricted right to discontinue Gas deliveries in the event of fraudulent or unauthorized use of Gas by Customer. Pool Manager shall provide notice to Company within twenty-four (24) hours of any termination of gas deliveries. At such time as all delinquent bills and amounts due Pool Manager are paid in full by Customer, any all damages and costs related to fraudulent or unauthorized use are recovered, Pool Manager

shall immediately restore delivery of Gas for the Customer and promptly notify Company of such restoration. Pool Manager shall be governed by the Company policies related to medically critical service.

- G. POOL MANAGER NON-PERFORMANCE. The Company shall establish in the Aggregated Transportation Service agreement such standards of performance for the Pool Manager as are reasonably required to assure reliable service to the Customer Pool, and to ensure appropriate disposition of Operational Balancing Account transactions. At a minimum, Pool Manager shall be obligated to cause sufficient quantities of Gas to be delivered for the Customer Pool each and every Day such that scheduled quantities for the Customer Pool remain in reasonable balance with actual consumption. The Company shall establish appropriate penalties to be enforced should the Pool manager fail to perform. In the event of substantial non-performance, as defined in the Aggregated Transportation Service Agreement, the Company shall terminate the Pool Manager, and implement the Temporary Back-Up Service Plan on file with the FPSC, until such time as the Company can reasonably select a new Pool Manager.
- H. CUSTOMER ACCOUNT ADMINISTRATION SERVICE. The Company shall provide a Customer Account Administration Service to Pool Manager(s). Such service shall be specifically defined in the Aggregated Transportation Services Agreement and shall include, at a minimum, meter reading data, Customer billing, payment processing, maintenance of Customer account transaction records and the periodic reconciliation of Gas supply accounts. A cost based charge shall be assessed by the Company to the Pool Manager for providing the Customer Account Administration Service. The amount of such charge and the specific provisions of the Customer Account Administrative Service shall be established in the Aggregated Transportation Service Agreement.
- I. RATE IMPACT OF AGGREGATION. Aggregated loads will not result in lower transportation rates for individual Customers. Customers in the Customer Pool must be located within the territory of Company and in the same operating area.

XX. CUSTOMER'S AGENT OR SHIPPER'S DESIGNEE

- A. DESIGNEE AGREEMENT. Marketers, Brokers, or other third party suppliers of Gas that wish to either act as agents for customers, shall be required to execute a Shipper's Designee Form with the Company (standard form No. 700).
- B. INDEMNIFICATION. Customer's Agent shall warrant clear title, or right to transport, any Gas delivered into Company's system, and Customer's Agent shall be deemed to be in exclusive control and possession of Gas prior to delivery into Company's system for redelivery to Customer. Customer's Agent agrees to indemnify, defend and hold harmless Company from any and all claims, suits or

damage actions arising out of deliveries on behalf of a transporting Customer.

XXI. INDEMNITY TO COMPANY

The Customer shall indemnify, hold harmless, and defend the Company from and against all liability, proceedings, suits, cost or expense for loss, damage or injury to person or property, in any manner directly or indirectly connected with or growing out of the transmission and/or use of Gas by the Customer at or on the Customer's side of the Point of Delivery.

XXII. APPEALS TO THE COMMISSION

Whenever the application of these terms and conditions appear to be unjust or impractical either the Company or the Customer may request permission from the FPSC for an exception.

Indiantown Gas Company, Inc.
Original Volume No. 2

Original Sheet No. 78

Issued by: Brian J. Powers, President

Effective:

EXHIBIT B

INDIANTOWN GAS COMPANY

**PETITION FOR APPROVAL OF NATURAL GAS TARIFF
IMPLEMENTING RESTRUCTURED RATES**

COST OF SERVICE STUDY

HISTORIC TEST YEAR: 2001

SCHEDULE H-1
 FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: INDIANTOWN GAS COMPANY
 DOCKET NO.:

COST OF SERVICE

PAGE 2 OF 5

EXPLANATION: PROVIDE A FULLY ALLOCATED EMBEDDED
 COST OF SERVICE STUDY

TYPE OF DATA SHOWN:
 HISTORIC TEST YEAR: 12/31/01
 WITNESS: HOUSEHOLDER

CLASSIFICATION OF RATE BASE
 ACCUMULATED DEPRECIATION
 SCHEDULE I: PAGE 2 OF 2

| LINE NO. | | TOTAL | CUSTOMER | CAPACITY | COMMODITY | CLASSIFIER | |
|----------|------------------------------------|-----------|----------|-----------|-----------|-----------------------|---------|
| 1 | LOCAL STORAGE PLANT: | | | | | related plant | |
| | INTANGIBLE PLANT: | (101,850) | | (101,850) | | rel plant account | -101850 |
| 3 | PRODUCTION PLANT: | | | | | | |
| 4 | DISTRIBUTION PLANT: | | | | | | |
| 5 | 376 Structures and Improvements | - | | - | | | |
| 6 | 378 Mains | (320,528) | | (320,528) | | | -320528 |
| 7 | 377 Compressor Sta. Eq | - | | - | | | |
| 8 | 378 Mess. & Reg. Sta. Eq -Gen | 3,857 | | 3,857 | | | 3857 |
| 9 | 378 Mess. & Reg. Sta. Eq -CG | - | | - | | | |
| 10 | 380 Services | (28,813) | (28,813) | | | | -28813 |
| 11 | 381-382 Meters | (18,889) | (18,889) | | | | -18889 |
| 12 | 383-384 House Regulators | (3,852) | (3,852) | | | | -3852 |
| 13 | 385 Indust. Mess. & Reg. Sta. Eq. | (37,875) | | (37,875) | | | -37875 |
| 14 | 386 Property on Customer Premises | - | | - | | | |
| 15 | 387 Other Equipment | - | | - | | | |
| 16 | Total A.D. on Dist. Plant | (404,008) | (48,484) | (354,544) | | | -404008 |
| 17 | GENERAL PLANT: | (81,563) | (40,782) | (40,782) | | general plant | -81563 |
| 18 | PLANT ACQUISITIONS: | | | | | plant acquisitions | |
| 19 | RETIREMENT WORK IN PROGRESS: | | | | | distribution plant | |
| 20 | TOTAL ACCUMULATED DEPRECIATION | (587,221) | (80,246) | (406,976) | | | -587221 |
| 21 | NET PLANT (Plant less Accum. Dep.) | 586,175 | 188,888 | 388,508 | | | 586175 |
| 22 | less: CUSTOMER ADVANCES | | | | | 50%-50% cust-cap | |
| 23 | plus: WORKING CAPITAL | 117,792 | 78,785 | 40,788 | 217 | oper. and maint. exp. | 117792 |
| 24 | equals: TOTAL RATE BASE | 703,967 | 263,452 | 440,296 | 217 | | 703967 |

SUPPORTING SCHEDULES: G-1 p.1, G-1 p.4, G-1 p.12

RECAP SCHEDULES: H-3 p.1

CLASSIFICATION OF EXPENSES AND
 DERIVATION OF COST OF SERVICE BY COST CLASSIFICATION
 SCHEDULE H: PAGE 1 OF 2

| LINE NO. | | TOTAL | CUSTOMER | CAPACITY | COMMODITY | CLASSIFIER | |
|----------|---|---------|----------|----------|-----------|----------------|--------|
| 1 | OPERATIONS AND MAINTENANCE EXPENSES | | | | | | |
| 2 | LOCAL STORAGE PLANT: | | | | | ec 301-320 | |
| 3 | PRODUCTION PLANT | | | | | 100% capacity | |
| 4 | DISTRIBUTION: | | | | | | |
| 5 | 870 Operation Supervision & Eng. | 53,432 | 24,073 | 29,359 | | ec 871-879 | 53432 |
| 6 | 871 Diet Load Dispatch | - | - | - | | 100% capacity | |
| 7 | 872 Compr.Sta.Lab. & Ex. | - | - | - | | ec 377 | |
| 8 | 873 Compr.Sta.Fuel & Power | - | - | - | | 100% commodity | |
| 9 | 874 Meas. and Services | 12,015 | 1,022 | 10,993 | | ec378 + ec380 | 12015 |
| 10 | 875 Meas. & Reg. Sta.Eq.-Gen | 193 | - | 193 | | ec 378 | 193 |
| 11 | 876 Meas. & Reg. Sta.Eq.-Ind. | - | - | - | | ec 385 | |
| 12 | 877 Meas. & Reg. Sta.Eq.-CG | - | - | - | | ec 379 | |
| 13 | 878 Meter and House Reg. | 8,151 | 8,151 | - | | ec381 + ec383 | 8151 |
| 14 | 879 Customer Intnl. | - | - | - | | ec 388 | |
| 15 | 880 Other Expenses | 23,094 | 9,316 | 13,778 | | ec 387 | 23094 |
| 16 | 881 Rents | 2,835 | - | 2,835 | | 100% capacity | 2835 |
| 17 | 885 Maintenance Supervision | - | - | - | | ec886-894 | |
| 18 | 886 Maint. of Struct. and Improv. | - | - | - | | ec375 | |
| 19 | 887 Maintenance of Meas. | 3,993 | - | 3,993 | | ec378 | 3993 |
| 20 | 888 Maint. of Comp.Sta.Eq. | - | - | - | | ec 377 | |
| 21 | 889 Maint. of Meas. & Reg. Sta.Eq.-Gen | 875 | - | 875 | | ec 378 | 875 |
| 22 | 890 Maint. of Meas. & Reg. Sta.Eq.-Ind. | - | - | - | | ec 385 | |
| 23 | 891 Maint. of Meas. & Reg. Sta.Eq.-CG | - | - | - | | ec 379 | |
| 24 | 892 Maintenance of Services | - | - | - | | ec 380 | |
| 25 | 893 Maint. of Meters and House Reg. | - | - | - | | ec381-383 | |
| 26 | 894 Maint. of Other Equipment | 1,103 | - | 1,103 | | ec387 | 1103 |
| 27 | Total Distribution Expenses | 105,481 | 42,564 | 82,927 | | | 105481 |
| 28 | CUSTOMER ACCOUNTS: | | | | | | |
| 29 | 901 Supervision | - | - | - | | 100% customer | |
| 30 | 902 Meter-Reading Expense | 8,947 | 8,947 | - | | - | 8947 |
| 31 | 903 Records and Collection Exp. | 38,188 | 38,188 | - | | - | 38188 |
| 32 | 904 Uncollectible Accounts | 335 | - | - | 335 | 100% commodity | 335 |
| 33 | 905 Misc. Expenses | 18,851 | 18,851 | - | | 100% customer | 18851 |
| 34 | Total Customer Accounts | 62,119 | 61,784 | - | 335 | | 62119 |
| 35 | (907-910) CUSTOMER SERV. & INFO. EXP. | 14,111 | 14,111 | - | | - | 14111 |
| 36 | (911-918) SALES EXPENSE | - | - | - | | - | |
| 37 | (932) MAINT. OF GEN. PLANT | - | - | - | | general plant | |
| 38 | (920-931) ADMINISTRATION AND GENERAL | 187,905 | 122,295 | 64,984 | 348 | O&M excl. A&G | 187905 |
| 39 | TOTAL O&M EXPENSE | 369,328 | 240,754 | 127,891 | 681 | | 369328 |

SCHEDULE H-1
 FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: INDIANTOWN GAS COMPANY
 DOCKET NO.:

COST OF SERVICE

PAGE 4 OF 5

EXPLANATION: PROVIDE A FULLY ALLOCATED EMBEDDED
 COST OF SERVICE STUDY

TYPE OF DATA SHOWN:
 HISTORIC TEST YEAR: 12/31/01
 WITNESS: HOUSEHOLDER

CLASSIFICATION OF EXPENSES AND DERIVATION
 OF COST OF SERVICE BY COST CLASSIFICATION
 SCHEDULE H: PAGE 2 OF 2

| LINE NO. | | TOTAL | CUSTOMER | CAPACITY | COMMODITY | REVENUE | CLASSIFIER | |
|----------|---|----------|----------|----------|-----------|---------|---|---------|
| 1 | DEPRECIATION AND AMORTIZATION EXPENSE: | | | | | | | |
| 2 | Depreciation Expense | 55,422 | 17,849 | 37,773 | | | net plant | 55,422 |
| 3 | Amort. of Other Gas Plant | | | | | | 100% capacity | 0 |
| 4 | Amort. of CIS | | | - | | | 100% capacity | 0 |
| 5 | Amort. of Limited-term Inv. | | | | | | intangible plant | 0 |
| 6 | Amort. of Acquisition Adj. | | | | | | intangible, distribution, and general plant | 0 |
| 7 | Amort. of Conversion Costs | | | | | | 100% commodity | 0 |
| 8 | Total Deprec. and Amort. Expense | 55,422 | 17,849 | 37,773 | | | | 55,422 |
| 9 | TAXES OTHER THAN INCOME TAXES: | | | | | | | 0 |
| 10 | Revenue Related | - | | | | - | 100% revenue | 0 |
| 11 | Other | 33,027 | 10,517 | 22,510 | | | net plant | 33,027 |
| 12 | Total Taxes other than Income Taxes | 33,027 | 10,517 | 22,510 | | - | | 33,027 |
| 13 | REV. CRDT TO COS (NEG. OF OTHR OPR REV) | (901) | (901) | | | | 100% customer | -901 |
| 14 | RETURN (REQUIRED NO) | (21,958) | (8,180) | (13,671) | (7) | | rate base | -21,958 |
| 15 | INCOME TAXES | (12,868) | (4,823) | (8,061) | (4) | | return(in) | -12,868 |
| 16 | TOTAL OVERALL COST OF SERVICE | 422,128 | 255,018 | 166,442 | 670 | - | | 422,128 |

SUPPORTING SCHEDULES: E-1 p.3, G-2 p.1, G-2 p.23

RECAP SCHEDULES: H-3 p.1

SCHEDULE H-1
 FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: INDIANTOWN GAS COMPANY
 DOCKET NO.:

COST OF SERVICE

PAGE 5 OF 5

EXPLANATION: PROVIDE A FULLY ALLOCATED EMBEDDED
 COST OF SERVICE STUDY
 (SUMMARY)

TYPE OF DATA SHOWN:
 HISTORIC TEST YEAR: 12/31/01
 WITNESS: HOUSEHOLDER

| LINE NO. | SUMMARY | TOTAL | CUSTOMER | CAPACITY | COMMODITY | REVENUE |
|----------|---|----------|----------|----------|-----------|---------|
| 1 | SUMMARY. | | | | | |
| 2 | ATTRITION | | | | | |
| 3 | O&M | 369,328 | 240,754 | 127,801 | 001 | 369,328 |
| 4 | DEP. | 55,422 | 17,849 | 37,773 | | 55,422 |
| 5 | AMORTIZATION OF OTHER GAS PLANT | - | - | - | | 0 |
| 6 | AMORTIZATION OF CIS | - | - | - | | 0 |
| 7 | AMORTIZATION OF LIMITED TERM INVESTMENT | - | - | - | | 0 |
| 8 | AMORTIZATION OF ACQUISITION ADJUSTMENT | - | - | - | | 0 |
| 9 | AMORTIZATION OF CONVERSION COSTS | - | - | - | | 0 |
| 10 | TOTAL TAXES OTHER THAN INCOME | 33,027 | 10,517 | 22,510 | | 33,027 |
| 11 | RETURN | (21,858) | (8,180) | (13,671) | (7) | -21,858 |
| 12 | INCOME TAXES | (12,888) | (4,823) | (8,061) | (4) | -12,888 |
| 13 | REVENUES CREDITED TO COST OF SERVICE | (901) | (901) | | | -901 |
| 14 | TOTAL COST | 422,128 | 255,016 | 186,442 | 070 | 422,128 |
| 15 | RATE BASE | 703,967 | 283,452 | 440,288 | 217 | 703,967 |
| 16 | KNOWN DIRECT & SPECIAL ASSIGNMENTS: | | | | | #REF! |
| 17 | RATE BASE ITEMS(PLANT-ACC.DEP): | | | | | 0 |
| 18 | 378 MAINS | 146,067 | | 146,067 | | 24896 |
| 19 | 378 MEAS. & REG. STA. EQ.-GEN. | 49,720 | | 49,720 | | 7187 |
| 20 | 360 SERVICES | 14,747 | | | | 80153 |
| 21 | 361-362 METERS | 24,896 | 14,747 | | | 148067 |
| 22 | 363-364 HOUSE REGULATORS | 7,187 | 24,896 | | | 14747 |
| 23 | 365 INDUSTRIAL MEAS. & REG. EQ. | 80,153 | 7,187 | | | 49720 |
| 24 | O & M ITEMS | | | | | 0 |
| 25 | 874 MAINS AND SERVICES | 12,016 | 1,022 | 10,993 | | 0 |
| 26 | 878 MEAS. & REG. STA. EQ. IND. | - | - | - | | 0 |
| 27 | 878 METER & HOUSE REG. | 8,151 | 8,151 | | | 8151 |
| 28 | 887 MAINT. OF MAINS | 3,993 | | 3,993 | | 0 |
| 29 | 890 MAINT. OF MEAS & REG. STA. EQ. IND. | - | - | - | | 0 |
| 30 | 892 MAINT. OF SERVICES | - | - | - | | 12016 |
| 31 | 893 MAINT. OF METERS AND HOUSE REG. | - | - | - | | 3893 |

SUPPORTING SCHEDULES: H-3 p. 2-4

RECAP SCHEDULES: H-2 p. 6

DEVELOPMENT OF ALLOCATION FACTORS
 SCHEDULE G

| E.NO. | | TOTAL | TS-1 | TS-2 | TS-3 | TS-4 | TS-5 | Contract Transportation |
|-------|---------------------------------------|-----------|---------|--------|--------|-----------|-----------|----------------------------|
| 1 | CUSTOMER COSTS | | | | | | | |
| 2 | No. of Customers | 892 | 844 | 15 | 1 | 1 | 1 | 0 |
| 3 | Weighting | NA | 1.00 | 1.50 | 3.07 | 85.53 | 182.58 | 21.90 |
| 4 | Weighted No. of Customers | 917.71 | 844.00 | 22.52 | 3.07 | 85.53 | 182.58 | 0.00 |
| 5 | Allocation Factors | 1 | 70.17% | 2.45% | 0.33% | 7.14% | 19.90% | 0.00% |
| 6 | CAPACITY COSTS | | | | | | | |
| 7 | Peak & Avg. Month Sales Vol. (therms) | 1,723,366 | 26,325 | 14,882 | 5,821 | 462,378 | 1,211,160 | 0 |
| 8 | Allocation Factors | 1 | 1.702% | 0.864% | 0.328% | 26.830% | 70.279% | 0.000% |
| 11 | COMMODITY COSTS | | | | | | | |
| 12 | Annual Sales Vol. (therms) | 6,930,480 | 182,238 | 87,113 | 32,248 | 2,128,508 | 4,508,292 | 0 |
| 13 | Allocation Factors | 1 | 2.63% | 1.26% | 0.46% | 30.67% | 64.96% | 0.00% |
| 14 | REVENUE-RELATED COSTS | | | | | | | |
| 15 | Tax on Cust, Cap, & Commod | 4,142 | 949 | 92 | 24 | 979 | 2,098 | 0 |
| 16 | Allocation Factors | 1 | 22.91% | 2.22% | 0.58% | 23.85% | 50.85% | 0.00% |

SUPPORTING SCHEDULES: E-2 p.3, E-4 p.1, H-2 p.6

SCHEDULE H-2
 FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: INDIANTOWN GAS COMPANY
 DOCKET NO.:

COST OF SERVICE
 EXPLANATION: FULLY ALLOCATED EMBEDDED COST
 COST OF SERVICE STUDY

PAGE 2 OF 6
 TYPE OF DATA SHOWN:
 HISTORIC TEST YEAR: 12/31/01
 WITNESS: HOUSEHOLDER

ALLOCATION OF RATE BASE TO CUSTOMER CLASSES
 SCHEDULE F

| LINE NO. | RATE BASE BY CUSTOMER CLASS | TOTAL | TS-1 | TS-2 | TS-3 | TS-4 | TS-5 | Contract Transportation | ALLOCATOR |
|----------|---------------------------------|---------|---------|--------|-------|---------|---------|-------------------------|-----------------------|
| 1 | DIRECT AND SPECIAL ASSIGNMENTS: | | | | | | | | |
| 2 | Customer | 14,747 | 10,349 | 382 | 49 | 1,053 | 2,934 | 0 | wtd.oust./direct |
| 3 | Services | 24,895 | 17,470 | 811 | 83 | 1,778 | 4,953 | 0 | wtd.oust./direct |
| 4 | Meters | 7,187 | 5,043 | 178 | 24 | 513 | 1,430 | 0 | wtd.oust./direct |
| 5 | House Regulators | 139,109 | 97,819 | 3,414 | 488 | 9,934 | 27,877 | 0 | wtd.oust./direct |
| 6 | General Plant | 92,281 | 64,744 | 2,284 | 309 | 6,588 | 18,358 | 0 | wtd.oust./direct |
| 7 | All Other | 283,452 | 184,878 | 8,465 | 882 | 18,813 | 52,415 | 0 | |
| 8 | Total | | | | | | | | |
| 9 | Capacity | | | | | | | | |
| 10 | Maine | 148,087 | 2,488 | 1,281 | 478 | 38,190 | 102,854 | 0 | peak/avg sales/direct |
| 11 | Mess. & Reg. Sts. Eq.-Gen. | 48,720 | 846 | 429 | 182 | 13,340 | 34,943 | 0 | peak/avg sales/direct |
| 12 | Industrial Mess. & Reg. Sts. Eq | 80,153 | 1,024 | 519 | 198 | 18,138 | 42,275 | 0 | peak/avg sales/direct |
| 13 | General Plant | 139,109 | 2,387 | 1,201 | 454 | 37,323 | 97,784 | 0 | peak/avg sales/direct |
| 14 | All Other | 191,316 | 3,255 | 1,852 | 824 | 51,330 | 134,454 | 0 | peak/avg sales/direct |
| 15 | Total | 440,298 | 7,492 | 3,802 | 1,438 | 118,132 | 309,438 | 0 | |
| 16 | Commodity | | | | | | | | |
| 17 | Account # | 0 | | | | | | | |
| 18 | Account # | 0 | | | | | | | |
| 19 | Account # | 0 | | | | | | | |
| 20 | All Other | 217 | 50 | 5 | 1 | 51 | 110 | 0 | annual sales |
| 21 | Total | 217 | 50 | 5 | 1 | 51 | 110 | 0 | |
| 22 | TOTAL | 703,987 | 192,418 | 10,272 | 2,319 | 138,998 | 381,981 | - | |

SUPPORTING SCHEDULES: H-2 p.5, H-2 p.8

SCHEDULE H-2
 FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: INDIANTOWN GAS COMPANY
 DOCKET NO :

COST OF SERVICE
 EXPLANATION: FULLY ALLOCATED EMBEDDED COST
 COST OF SERVICE STUDY

PAGE 3 OF 5
 TYPE OF DATA SHOWN:
 HISTORIC TEST YEAR: 12/31/01
 WITNESS: HOUSEHOLDER

ALLOCATION OF COST OF SERVICE
 TO CUSTOMER CLASSES
 SCHEDULE E 1 OF 2

| LINE NO. | TOTAL | TS-1 | TS-2 | TS-3 | TS-4 | TS-5 | Contract Transportation | ALLOCATOR | |
|----------|-------------------------------------|---------|--------|-------|-------|--------|----------------------------|-----------|-----------------------|
| 1 | OPERATIONS AND MAINTENANCE EXPENSE: | | | | | | | | |
| 2 | DIRECT AND SPECIAL ASSIGNMENTS | | | | | | | | |
| 3 | Customer | | | | | | | | |
| 4 | 874 Mains & Services | 1,022 | 717 | 25 | 3 | 73 | 203 | 0 | wtd.cust./direct |
| 5 | 876 Meters and House Regulators | 8,151 | 5,720 | 200 | 27 | 582 | 1,622 | 0 | wtd.cust./direct |
| 6 | 882 Maint. of Services | 0 | 0 | 0 | 0 | 0 | 0 | 0 | wtd.cust./direct |
| 7 | 883 Maint. of Meters & House Reg. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | wtd.cust./direct |
| 8 | All Other | 232,803 | 82,928 | 7,208 | 1,779 | 51,910 | 88,778 | 0 | wtd.cust./direct |
| 9 | Total | 240,754 | 88,648 | 7,408 | 1,806 | 52,482 | 90,399 | 0 | |
| 10 | Capacity | | | | | | | | |
| 11 | 874 Mains and Services | 10,993 | 187 | 95 | 38 | 2,950 | 7,728 | 0 | peak/avg sales/direct |
| 12 | 876 Measuring & Reg. Sta. Eq.- I | 0 | 0 | 0 | 0 | 0 | 0 | 0 | peak/avg sales/direct |
| 13 | 887 Maint. of Mains | 3,993 | 88 | 34 | 13 | 1,071 | 2,808 | 0 | peak/avg sales/direct |
| 14 | 890 Maint. of Meas. & Reg.Sta.Eq.-I | 0 | 0 | 0 | 0 | 0 | 0 | 0 | peak/avg sales/direct |
| 15 | All Other | 123,898 | 2,108 | 1,070 | 404 | 33,242 | 87,074 | 0 | peak/avg sales/direct |
| 16 | Total | 127,891 | 2,176 | 1,104 | 417 | 34,313 | 89,890 | 0 | |
| 17 | Commodity | | | | | | | | |
| 18 | Account # | 0 | | | | | | 0 | |
| 19 | Account # | 0 | | | | | | 0 | |
| 20 | Account # | 0 | | | | | | 0 | |
| 21 | All Other | 881 | 18 | 9 | 3 | 209 | 442 | 0 | annual sales |
| 22 | Total | 881 | 18 | 9 | 3 | 209 | 442 | 0 | |
| 23 | TOTAL O&M | 369,326 | 90,842 | 8,521 | 2,228 | 87,014 | 180,722 | 0 | |
| 24 | DEPRECIATION EXPENSE. | | | | | | | | |
| 25 | Customer | 17,849 | 12,385 | 433 | 59 | 1,280 | 3,511 | 0 | wtd.cust./direct |
| 26 | Capacity | 37,773 | 843 | 328 | 123 | 10,134 | 26,548 | 0 | peak/avg sales/direct |
| 27 | Total | 55,422 | 13,028 | 760 | 182 | 11,395 | 30,068 | 0 | |
| 28 | AMORT. OF GAS PLANT: | | | | | | | | |
| 29 | Capacity | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 30 | AMORT. OF CIS: | | | | | | | | |
| 31 | Capacity | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 32 | AMORT OF LIMITED TERM INVEST. | | | | | | | | |
| 33 | Capacity | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 34 | AMORT. OF ACQUISITION ADJ.: | | | | | | | | |
| 35 | Customer | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 36 | Capacity | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 37 | Total | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 38 | AMORT. OF CONVERSION COSTS. | | | | | | | | |
| 39 | Commodity | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |

SUPPORTING SCHEDULES: H-2 p.5, H-2 p.6

SCHEDULE H-2
 FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: INDIANTOWN GAS COMPANY
 DOCKET NO.:

COST OF SERVICE
 EXPLANATION: FULLY ALLOCATED EMBEDDED COST
 COST OF SERVICE STUDY

PAGE 4 OF 5
 TYPE OF DATA SHOWN:
 HISTORIC TEST YEAR: 12/31/01
 WITNESS: HOUSEHOLDER

ALLOCATION OF COST OF SERVICE
 TO CUSTOMER CLASSES
 SCHEDULE E 2 OF 2

| LINE NO. | TOTAL | TS-1 | TS-2 | TS-3 | TS-4 | TS-5 | Contract Transportation | ALLOCATOR | | |
|----------|-------------------------------|----------|---------|-------|-------|---------|----------------------------|-----------|---|-----------------------|
| 1 | TAXES OTHER THAN INCOME TAXES | | | | | | | | | |
| 2 | Customer | 10,517 | 7,361 | 0 | 268 | 36 | 761 | 2,082 | 0 | wtd.cust./direct |
| 3 | Capacity | 22,510 | 363 | 0 | 194 | 73 | 8,039 | 15,819 | 0 | peak/avg sales/direct |
| 4 | Subtotal | 33,027 | 7,764 | 0 | 452 | 109 | 8,790 | 17,912 | 0 | |
| 5 | Revenue | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | tx, cust oap & comm. |
| 6 | Total | 33,027 | 7,764 | 452 | 109 | 8,790 | 17,912 | 0 | | |
| 7 | RETURN (NOI) | | | | | | | | | |
| 8 | Customer | (8,190) | (5,740) | (201) | (27) | (584) | | (1,827) | 0 | wtd.cust./direct |
| 9 | Capacity | (13,871) | (233) | (118) | (45) | (3,968) | | (9,908) | 0 | peak/avg sales/direct |
| 10 | Commodity | (7) | (0) | (0) | (0) | (2) | | (4) | 0 | annual sales |
| 11 | Total | (21,868) | (5,973) | (319) | (72) | (4,254) | | (11,249) | 0 | |
| 12 | INCOME TAXES | | | | | | | | | |
| 13 | Customer | (4,823) | (3,385) | (118) | (18) | (344) | | (980) | 0 | wtd.cust./direct |
| 14 | Capacity | (8,061) | (137) | (70) | (28) | (2,183) | | (5,885) | 0 | peak/avg sales/direct |
| 15 | Commodity | (4) | (0) | (0) | (0) | (1) | | (3) | 0 | annual sales |
| 16 | Total | (12,888) | (3,522) | (188) | (42) | (2,508) | | (6,827) | 0 | |
| 17 | REVENUE CREDITED TO COS: | | | | | | | | | |
| 18 | Customer | (8,765) | (8,765) | - | - | - | | - | 0 | direct assignment |
| 19 | TOTAL COST OF SERVICE: | | | | | | | | | |
| 20 | Customer | 249,182 | 92,534 | 7,780 | 1,857 | 63,576 | | 83,416 | 0 | |
| 21 | Capacity | 186,442 | 2,832 | 1,437 | 543 | 44,858 | | 118,973 | 0 | |
| 22 | Commodity | 870 | 18 | 8 | 3 | 208 | | 435 | 0 | |
| 23 | Subtotal | 416,274 | 95,384 | 9,226 | 2,403 | 98,437 | | 210,825 | 0 | |
| 24 | Revenue | 0 | 0 | 0 | 0 | 0 | | 0 | 0 | |
| 25 | Total | 416,274 | 95,384 | 9,226 | 2,403 | 98,437 | | 210,825 | 0 | |

SUPPORTING SCHEDULES: H-2 p.5, H-2 p.6

SCHEDULE H-2
 FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: INDIANTOWN GAS COMPANY
 DOCKET NO.:

COST OF SERVICE
 EXPLANATION: FULLY ALLOCATED EMBEDDED COST
 OF SERVICE STUDY (SUMMARY)

PAGE 5 OF 5
 TYPE OF DATA SHOWN:
 HISTORIC TEST YEAR: 12/31/01
 WITNESS: HOUSEHOLDER

| NO. | SUMMARY | TOTAL | TS-1 | TS-2 | TS-3 | TS-4 | TS-5 | Contract Transportation |
|-----|--|-----------|---------|--------|---------|-----------|-----------|----------------------------|
| | RB | 703,987 | 192,418 | 10,272 | 2,318 | 136,998 | 381,981 | 0 |
| | ATTRITION | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | O&M | 369,326 | 90,842 | 8,521 | 2,226 | 87,014 | 180,722 | 0 |
| | DEPRECIATION | 55,422 | 13,026 | 750 | 182 | 11,395 | 30,068 | 0 |
| | AMORTIZATION EXPENSES | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | TAXES OTHER THAN INCOME - OTHER | 33,027 | 7,784 | 452 | 108 | 6,790 | 17,912 | 0 |
| | TAXES OTHER THAN INCOME - REV. RELATED | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | INCOME TAXES TOTAL | (12,888) | (3,522) | (189) | (42) | (2,508) | (6,827) | 0 |
| | REVENUE CREDITED TO COS. | (6,755) | (6,755) | 0 | 0 | 0 | 0 | 0 |
| 0 | TOTAL COST - CUSTOMER | 249,182 | 92,534 | 7,780 | 1,857 | 53,575 | 83,416 | 0 |
| 1 | TOTAL COST - CAPACITY | 186,442 | 2,832 | 1,437 | 543 | 44,858 | 118,973 | 0 |
| 2 | TOTAL COST - COMMODITY | 870 | 18 | 8 | 3 | 208 | 435 | 0 |
| 3 | TOTAL COST - REVENUE | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4 | NO. OF CUSTOMERS | 892 | 844 | 15 | 1 | 1 | 1 | 0 |
| 5 | PEAK MONTH SALES | 1,723,366 | 29,325 | 14,952 | 482,378 | 1,211,180 | 0 | 0 |
| 3 | ANNUAL SALES | 6,939,480 | 182,239 | 87,113 | 32,248 | 2,128,568 | 4,509,292 | 0 |

DERIVATION OF REVENUE DEFICIENCY
 SCHEDULE D

| LINE NO. | | TOTAL | TS-1 | TS-2 | TS-3 | TS-4 | TS-5 | Contract Transportation | |
|----------|---|---------|--------|--------|---------|----------|----------|----------------------------|---------|
| 1 | CUSTOMER COSTS | 248,182 | 92,534 | 7,780 | 1,857 | 53,575 | 83,418 | 0 | 248182 |
| 2 | CAPACITY COSTS | 186,442 | 2,832 | 1,437 | 543 | 44,856 | 116,973 | 0 | 186442 |
| 3 | COMMODITY COSTS | 870 | 18 | 6 | 3 | 208 | 435 | 0 | 870 |
| 4 | REVENUE COSTS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 5 | TOTAL | 416,274 | 95,384 | 9,228 | 2,403 | 98,437 | 210,825 | 0 | 416274 |
| 6 | less: REVENUE AT PRESENT RATES | 422,128 | 50,441 | 6,781 | 2,108 | 110,081 | 252,727 | 0 | 422128 |
| 7 | (in the projected test year) | | | | | | | | 0 |
| 8 | equals: GAS SALES REVENUE DEFICIENCY | (5,854) | 44,943 | 2,435 | 294 | (11,824) | (41,902) | 0 | -5854 |
| 9 | plus: DEFICIENCY IN OTHER OPERATING REV | 5,854 | 5,854 | 0 | 0 | 0 | 0 | 0 | 5854 |
| 10 | equals: TOTAL BASE-REVENUE DEFICIENCY | 0 | 50,797 | 2,435 | 294 | (11,824) | (41,902) | 0 | 0 |
| 11 | UNIT COSTS | | | | | | | | 0 |
| 12 | Customer | 31.385 | 11.974 | 43.223 | 154.714 | 4484.802 | 7784.884 | #DIV/0! | #DIV/0! |
| 13 | Capacity | 0.087 | 0.087 | 0.087 | 0.087 | 0.087 | 0.087 | #DIV/0! | #DIV/0! |
| 14 | Commodity | 0.0001 | 0.0001 | 0.0001 | 0.0001 | 0.0001 | 0.0001 | #DIV/0! | #DIV/0! |

SUPPORTING SCHEDULES: E-1 p.2, H-1 p.8

SCHEDULE H-3
 FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: INDIANTOWN GAS COMPANY
 DOCKET NO.:

COST OF SERVICE
 EXPLANATION: FULLY ALLOCATED EMBEDDED COST
 OF SERVICE STUDY

PAGE 2 OF 5
 TYPE OF DATA SHOWN:
 HISTORIC TEST YEAR: 12/31/01
 WITNESS: HOUSEHOLDER

RATE OF RETURN BY CUSTOMER CLASS
 SCHEDULE C, PAGE 1 OF 2: PRESENT RATES

| LINE NO. | | TOTAL | TS-1 | TS-2 | TS-3 | TS-4 | TS-5 | Contract Transportation | |
|----------|-----------------------------------|----------|----------|---------|---------|---------|---------|----------------------------|---------|
| 1 | REVENUES (projected test year) | | | | | | | | |
| 2 | Gas Sales (due to growth) | 422,128 | 50,441 | 8,701 | 2,108 | 110,081 | 252,727 | 0 | 422,128 |
| 3 | Other Operating Revenue | 901 | 901 | 0 | 0 | 0 | 0 | 0 | 901 |
| 4 | Total | 423,029 | 51,342 | 8,701 | 2,108 | 110,081 | 252,727 | 0 | 423,029 |
| 5 | EXPENSES: | | | | | | | | 0 |
| 6 | Purchased Gas Cost | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 7 | O&M Expenses | 368,328 | 90,842 | 8,521 | 2,228 | 87,014 | 180,722 | 0 | 368,328 |
| 8 | Depreciation Expenses | 55,422 | 13,026 | 759 | 182 | 11,306 | 30,058 | 0 | 55,422 |
| 9 | Amortization Expenses | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 10 | Taxes Other Than Income—Fixed | 33,027 | 7,764 | 452 | 100 | 6,700 | 17,912 | 0 | 33,027 |
| 11 | Taxes Other Than Income—Revenue | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Total Expenses excl. Income Taxes | 457,775 | 111,634 | 9,733 | 2,517 | 105,200 | 228,692 | 0 | 457,775 |
| 12 | INCOME TAXES: | (12,988) | (3,523) | (188) | (42) | (2,506) | (8,627) | 0 | -12,988 |
| 13 | NET OPERATING INCOME: | (21,858) | (58,788) | (2,754) | (388) | 7,370 | 30,662 | 0 | -21,858 |
| 14 | RATE BASE: | 703,967 | 192,418 | 10,272 | 2,319 | 136,998 | 381,961 | 0 | 703,967 |
| 15 | RATE OF RETURN | -3.10% | -29.50% | -28.81% | -15.70% | 5.38% | 8.47% | #DIV/0! | #DIV/0! |

SUPPORTING SCHEDULES: E-1 p.2, H-1 p.5, H-1 p.6,

SCHEDULE H-3
 FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: INDIANTOWN GAS COMPANY
 DOCKET NO.:

COST OF SERVICE
 EXPLANATION: FULLY ALLOCATED EMBEDDED COST
 OF SERVICE STUDY

PAGE 3 OF 5
 TYPE OF DATA SHOWN:
 HISTORIC TEST YEAR: 12/31/01
 WITNESS: HOUSEHOLDER

RATE OF RETURN BY CUSTOMER CLASS
 SCHEDULE C, PAGE 2 OF 2

| NO. | TOTAL | TS-1 | TS-2 | TS-3 | TS-4 | TS-5 | Contract Transportation | |
|-----|----------------------------------|----------|---------|--------|--------|---------|----------------------------|---------|
| 1 | REVENUES | | | | | | | |
| 2 | Gas Sales | 416,274 | 95,364 | 9,228 | 2,403 | 98,437 | 210,825 | 0 |
| 3 | Other Operating Revenue | 8,755 | 8,755 | 0 | 0 | 0 | 0 | 0 |
| 4 | Total | 425,029 | 102,139 | 9,228 | 2,403 | 98,437 | 210,825 | 0 |
| 5 | EXPENSES: | | | | | | | |
| 6 | Purchased Gas Cost | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 7 | O&M Expenses | 389,326 | 90,842 | 8,521 | 2,226 | 87,014 | 190,722 | 0 |
| 8 | Depreciation Expenses | 55,422 | 13,028 | 769 | 182 | 11,395 | 30,068 | 0 |
| 9 | Amortization Expenses | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 10 | Taxes Other Than Income—Fixed | 33,027 | 7,764 | 452 | 109 | 8,790 | 17,912 | 0 |
| 11 | Taxes Other Than Income—Revenue | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 12 | Total Expense excl. Income Taxes | 467,775 | 111,634 | 9,733 | 2,517 | 105,200 | 228,692 | 0 |
| 13 | PRE TAX NOI: | (34,746) | (9,495) | (507) | (114) | (6,763) | (17,867) | 0 |
| 14 | INCOME TAXES: | (12,888) | (3,522) | (188) | (42) | (2,506) | (6,827) | 0 |
| 15 | NET OPERATING INCOME: | (21,858) | (5,973) | (319) | (72) | (4,254) | (11,240) | 0 |
| 16 | RATE BASE: | 703,967 | 192,418 | 10,272 | 2,319 | 136,998 | 361,961 | 0 |
| 17 | RATE OF RETURN | -3.10% | -3.10% | -3.10% | -3.10% | -3.11% | -3.11% | #DIV/0! |

SUPPORTING SCHEDULES: E-1 p.3, H-1 p.5, H-1 p.6

SCHEDULE H-3
 FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: INDIANTOWN GAS COMPANY
 DOCKET NO :

EXPLANATION: FULLY ALLOCATED EMBEDDED COST

PAGE 4 OF 5
 TYPE OF DATA SHOWN:
 HISTORIC TEST YEAR: 12/31/01
 WITNESS: HOUSEHOLDER

| LINE NO. | | TOTAL | TS-1 | TS-2 | TS-3 | TS-4 | TS-5 | Contract Transportation | |
|----------|-------------------------------------|---------|---------|---------|---------|----------|----------|----------------------------|---------|
| 1 | PRESENT RATES (projected test year) | | | | | | | | 0 |
| 2 | GAS SALES (due to growth) | 422,128 | 50,441 | 6,781 | 2,108 | 110,081 | 252,727 | 0 | 422,128 |
| 3 | OTHER OPERATING REVENUE | 901 | 901 | 0 | 0 | 0 | 0 | 0 | 901 |
| 4 | TOTAL | 423,029 | 51,342 | 6,781 | 2,108 | 110,081 | 252,727 | 0 | 423,029 |
| 5 | RATE OF RETURN | -3.10% | -28.50% | -26.81% | -15.79% | 5.38% | 8.47% | #DIV/0! | #DIV/0! |
| 6 | INDEX | 1.00 | 9.50 | 8.64 | 5.08 | -1.73 | -2.73 | #DIV/0! | #DIV/0! |
| 7 | COMPANY PROPOSED RATES | | | | | | | | 0 |
| 8 | GAS SALES | 416,274 | 95,364 | 9,226 | 2,403 | 96,437 | 210,825 | 0 | 416,274 |
| 9 | OTHER OPERATING REVENUE | 8,755 | 8,755 | 0 | 0 | 0 | 0 | 0 | 8,755 |
| 10 | TOTAL | 423,029 | 102,139 | 9,226 | 2,403 | 96,437 | 210,825 | 0 | 423,028 |
| 11 | TOTAL REVENUE INCREASE | 0 | 50,797 | 2,435 | 264 | (11,824) | (41,902) | 0 | 0 |
| 12 | PERCENT INCREASE | 0.00% | 98.94% | 36.06% | 13.95% | -10.56% | -16.56% | #DIV/0! | #DIV/0! |
| 13 | RATE OF RETURN | -3.10% | -3.10% | -3.10% | -3.10% | -3.11% | -3.11% | #DIV/0! | #DIV/0! |
| 14 | INDEX | 100.00% | 99.98% | 99.98% | 99.98% | 100.01% | 100.01% | #DIV/0! | #DIV/0! |

SUPPORTING SCHEDULES: H-1 p.3, H-1 p.4

SCHEDULE H-3
 FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: INDIANTOWN GAS COMPANY
 DOCKET NO.:

COST OF SERVICE
 EXPLANATION: FULLY ALLOCATED EMBEDDED COST
 OF SERVICE STUDY

PAGE 5 OF 5
 TYPE OF DATA SHOWN:
 HISTORIC TEST YEAR: 12/31/01
 WITNESS HOUSEHOLDER

CALCULATION OF PROPOSED RATES

| LINE NO. | TOTAL | TS-1 | TS-2 | TS-3 | TS-4 | TS-5 | Contract Transportation |
|----------|-----------|-----------------|-----------------------|------------------|-----------------------|------------|-------------------------|
| 1 | 423,029 | 102,139 | 9,228 | 2,403 | 98,437 | 210,826 | 0 |
| 2 | 8,766 | 8,766 | 0 | 0 | 0 | 0 | 0 |
| 3 | | | | | | | |
| 4 | | \$10.75 | \$21.00 | \$50.00 | \$1,500.00 | \$5,500.00 | \$0.00 |
| 5 | 7,944 | 7,728 | 180 | 12 | 12 | 12 | 0 |
| 6 | | 83,078 | 3,780 | 800 | 18,000 | 86,000 | 0 |
| 7 | 106,458 | 83,078 | 3,780 | 800 | 18,000 | 86,000 | 0 |
| 8 | | | | | | | |
| 9 | | | | | | | |
| 10 | 310,818 | 12,308 | 5,448 | 1,803 | 80,437 | 144,826 | 0 |
| 11 | 6,939,460 | 182,239 | 87,113 | 32,248 | 2,128,588 | 4,508,292 | 0 |
| 12 | | 0.087636 | 0.082516 | 0.056898 | 0.037789 | 0.032117 | #DIV/0! |
| 13 | | 0.08764 | 0.08252 | 0.05690 | 0.03779 | 0.03212 | #DIV/0! |
| 14 | | 12,308 | 5,448 | 1,803 | 80,439 | 144,838 | - |
| 15 | | | | | | | |
| 16 | | \$10.75 | \$21.00 | \$50.00 | \$1,500.00 | \$5,500.00 | \$0.00 |
| 17 | | | | | | | |
| 18 | | 8.764 | 8.262 | 5.590 | 3.779 | 3.212 | #DIV/0! |
| 19 | | 85,000 | 85,000 | 85,000 | 85,000 | 85,000 | 85,000 |
| 20 | | 71,754 | 71,262 | 70,690 | 68,779 | 68,212 | #DIV/0! |
| 21 | | | | | | | |
| 22 | | \$5.00 | \$10.00 | \$10.00 | \$1,200.00 | \$4,500.00 | \$0.00 |
| 23 | | | | | | | |
| 24 | | 8.832 | 8.188 | 8.188 | 4.520 | 4.520 | 0.000 |
| 25 | | 85,000 | 85,000 | 85,000 | 85,000 | 85,000 | 85,000 |
| 26 | | 71,832 | 71,168 | 71,168 | 68,520 | 68,520 | 85,000 |
| 27 | | | | | | | |
| | | PRESENT REVENUE | | PROPOSED REVENUE | | | |
| | | Sales Tariff | Transportation Tariff | Sales Tariff | Transportation Tariff | | |
| 28 | | \$4.00 | \$258 | \$35.00 | \$35.00 | \$2,240 | |
| 29 | | \$4.00 | \$0 | \$35.00 | \$35.00 | \$0 | |
| 30 | | \$5.00 | \$645 | \$35.00 | \$35.00 | \$4,515 | |
| 31 | | \$5.00 | \$0 | \$35.00 | \$35.00 | \$0 | |
| 32 | | \$0.00 | \$0 | \$10.00 | \$10.00 | \$0 | |
| 33 | | \$0.00 | \$0 | \$15.00 | \$15.00 | \$0 | |
| 34 | | \$0.00 | \$0 | \$20.00 | \$20.00 | \$0 | |
| 35 | | \$0.00 | \$0 | \$0.00 | \$0.00 | \$0 | |
| | | | \$901 | \$ | | \$8,766 | |

SUPPORTING SCHEDULES: E-2 p.1, E-3 p.1-8, H-1 p.2