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December 22, 2003

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DEC 22 PM 4:50

**BY HAND DELIVERY**

Ms. Blanca Bayó, Director  
Commission Clerk and Administrative Services  
Room 110, Easley Building  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, Florida 32399-0850

Dear Ms. Bayó:

031123 GU

Enclosed for filing on behalf of Sebring Gas System, Inc. are an original and fifteen copies of Sebring Gas System, Inc.'s Petition for Authority to Convert and Transfer All Remaining Sales Customers to Transportation Service and to Terminate Merchant Function.

Please acknowledge receipt of these documents by stamping the extra copy of this letter "filed" and returning the same to me.

Thank you for your assistance with this filing.

Sincerely yours,

RECEIVED & FILED  
*Sh*  
FPSC-BUREAU OF RECORDS

*Norman H. Horton, Jr.*  
Norman H. Horton, Jr.

NHH/amb  
Enclosures

*Original Tariffs forwarded to CMP.  
12/29/03*

DOCUMENT NUMBER-DATE  
13341 DEC 22 03  
FPSC-COMMISSION CLERK

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Petition of Sebring Gas System, Inc. )  
for Authority to Convert All Remaining ) Docket No. \_\_\_\_\_  
Sales Customers to Transportation Service ) Filed: December 22, 2003  
and to Terminate Merchant Function )  
\_\_\_\_\_)

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

Sebring Gas System, Inc. ("Company"), pursuant to Rule 28-106.201, Florida Administrative Code ("F.A.C."), and Chapter 366, Florida Statutes, hereby petitions the Florida Public Service Commission ("Commission" or "PSC") for authority to convert and transfer all of its gas sales service customers to transportation service, for authority to terminate the commodity merchant function that the Company has historically provided, and for approval of certain tariff changes in connection therewith on an experimental basis pursuant to section 366.075, Florida Statutes. In support of its Petition, the Company states as follows.

1. The name and address of the petitioner is:

Sebring Gas System, Inc.  
3515 U.S. Highway 27, South  
Sebring, FL 33870-5452

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

and copies to:

Norman H. Horton, Jr.,  
Messer, Caparello & Self, P. A.  
Suite 701, First Florida Bank Building  
Post Office Box 1876  
Tallahassee, FL 32302-1876

Mr. Jerry Melendy, Jr.  
President  
Sebring Gas System, Inc.  
3515 U.S. Highway 27, South  
Sebring, FL 33870-5452

3. The agency affected by this Petition is:

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

4. Sebring Gas System, Inc. is a local distribution company (“LDC”), that supplies natural gas to the public within its service area in Sebring, Florida, and the surrounding area. The Company is a public utility and accordingly subject to the regulatory jurisdiction of this Commission under Chapter 366, Florida Statutes. The Company’s substantial interests will be determined by the Commission’s disposition of this petition in that the Company’s authority to provide transportation service to its sales service customers, and to terminate the Company’s gas commodity merchant function will be thereby determined.

5. In April 2000, the Commission adopted Rule 25-7.0335, F.A.C. (hereinafter the “Gas Transportation Rule” or simply the “Rule”). The new 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, Sebring did not offer transportation service to any of its customers.

6. In accordance with the Rule, on June 30, 2000, Sebring filed a proposed transportation service tariff in form and substance identical to the Commission’s “pro forma” transportation tariff. By Order No. PSC-01-0434-TRF-GU, issued on February 23, 2001, the Commission approved Sebring’s proposals, and the transportation service tariff became effective on February 6, 2001.

7. Sebring currently serves approximately 900 residential and commercial accounts with no large demand industrial users. Total annual system throughput varies but is less than 650,000 therms. The system's small customer base, low overall level of usage, and the weather sensitive peak demand of its customers contribute to the challenge of procuring gas at competitive prices for Sebring's customers. In addition to the difficulties inherent in purchasing small quantities of gas for its distribution system, Sebring must also purchase and maintain interstate pipeline capacity in sufficient quantities to meet the peak demands of its customers. A significant portion of Sebring's total gas supply costs are related to the Company's capacity contracts with Florida Gas Transmission (FGT). To the extent that Sebring grows its customer base, or in the event peak system requirements exceed current capacity holdings, the Company would be required to obtain additional capacity. Purchasing capacity rights from FGT typically requires a long-term contractual commitment, and offers only a limited ability to match capacity quantities to the seasonal load requirements. If Sebring remains in the merchant function, under these circumstances, the Company's fixed capacity costs could substantially increase on a per-unit-of-gas-sold basis. Ultimately, its delivered gas costs, recoverable from sales service customers through the Commission's purchased gas adjustment ("PGA") proceedings, could increase to a level significantly above the market price and such an escalation in sales service gas prices could substantially impact the Company's ability to add and retain residential and small commercial customers.

8. Under the circumstances, the Company has concluded that the only cost-effective approach for the Company and its sales service customers is for the Company to completely terminate its gas sales or merchant function, and to require that all sales customers convert to transportation service. To address this situation, Sebring proposes to establish two transportation

service programs through its tariff. The first program would revise Sebring's existing "pro-forma" transportation tariff to establish an Individual Transportation Service (ITS) Program as an option for customers using over 100,000 therms per year. The Company's current "pro-forma" tariff provides a transportation option for all non-residential customers. Although the "pro-forma" transportation tariff satisfied the Commission's rule requirements, it was designed for large volume industrial gas customers and is not well suited for small commercial customers. The nomination, scheduling, imbalance resolution and operational standards in the pro-forma tariff require a level of administrative involvement that is generally beyond most small volume customers. To date, no Sebring customers have elected service under the provisions of the current tariff. Under the proposed ITS program larger volume customers would be able to select a gas marketer, negotiate the terms of service and individually schedule gas deliveries to the Company's distribution system. The second program proposed by the Company would establish an Aggregated Transportation Service ("ATS") Program designed to facilitate the conversion of small volume (less than 100,000 therms per year) sales service customers to a single aggregated customer pool. A qualified gas marketer would be retained to administer the pool. This "Pool Manager" would have the capability of combining the gas supply requirements of customers in the ATS pool with other customers served by the Pool Manager, both on and off the Company's distribution system. The Company believes its customers' gas supply needs are best served by a gas marketer with the ability to "rebundle" the Company's small volume gas users into a diversified, statewide customer group consisting of industrial and commercial customers with different levels of weather sensitivity and peak usage. The increased "market power" of a larger overall customer group with greater gas volume requirements would result in a higher probability of obtaining lower gas costs than would be achievable by the diminished sales service

volumes on the Company's system alone. Including the Company's sales service customers in a gas marketer's larger statewide pool of customers would result not only in greater commodity purchasing power, but also in an enhanced capability to mitigate excess capacity costs, to minimize the impact of interstate pipeline balancing and flow order penalties, and to provide additional capacity to support load growth. Customers eligible for the ITS program would be able to elect service under the ATS program. The Company's offering would be on an experimental basis and is similar to proposals previously approved by the Commission.

9. Sebring does not believe it to be practical to provide transportation service to the Company's sales service customers on a voluntary basis. Customers are not migrating from sales to transportation service. Those customers served under the Company's sales service will likely experience higher gas costs for such service than is probable under transportation service. In addition to increased fuel costs for such customers, the Company would bear a disproportionate burden to administer an optional program implemented over an extended period. The Company's current systems and capabilities are not sufficient to manage such a program for such a small number of customers with a correspondingly small level of throughput.

10. In the two unbundling programs previously approved by the Commission for Chesapeake Utilities and Indiantown Gas Company, the companies issued a joint RFP to all gas marketers outlining program requirements and qualifications. Sebring has an established relationship with a marketer and a commitment to offer fuel and capacity management service under the same terms and conditions for gas supply as that obtained by RFP for the other approved programs. The capacity management terms negotiated by Sebring with its existing marketer will result in lower costs to its customers than would have been achieved by joining the pool created for Chesapeake and Indiantown customers. Under these circumstances, Sebring

proposes to continue its existing arrangement with its marketer and contract with the marketer to become the Pool Manager for the Company's ATS program. This would result in savings and efficiencies to all parties.

11. All residential and non-residential customers would be transferred into the ATS customer pool on the effective date of the restructured tariff. Under the Company's proposal, non-residential sales customers using over 100,000 therms per year would be eligible for the Individual Transportation Service program. A notice would be sent to each of the affected customers providing a sixty (60) day period from the ATS program initiation date, within which they could elect to convert to the Company's ITS tariff and choose any authorized gas marketer to supply their gas. If that election were made, the customers would be authorized to transfer the gas merchant function to their newly selected gas marketer in accordance with the Company's tariff. Any non-residential ITS eligible customer not electing to participate in the ITS program within that sixty (60) day period would remain in the ATS customer pool through the end of the first year of the program. At the end of each annual period the ATS program is operational, all non-residential customers would again be afforded the opportunity, through an open enrollment period, to select between receiving service through the ITS program or continuing in the ATS Program.

12. The Pool Manager would be required to provide gas sales and management services to all of the Company's residential customers and those non-residential accounts initially transferred into the pool, as well as other accounts that may be added to the Customer Pool during the term of the ATS Agreement with the Company. Subsequent to the initial transfer of customers into the ATS pool as described above, customers would be added to the ATS pool as follows: (i) all residential customers receiving a new service connection for the purpose of

initiating transportation service; (ii) all residential customers reactivating an existing disconnected service; (iii) non-residential customers, upon request, with the prior approval of the Pool Manager; and (iv) non-residential customers unable for any reason to receive service from another Gas Marketer under the Company's ITS program, with the added stipulation that such customers would be able to select another gas marketer and exit the ATS pool at the beginning of any month.

13. In order to facilitate the transition of all customers to transportation service, the Company would temporarily relinquish all contracted quantities of interstate pipeline capacity directly to ITS customers (or their designated marketer) or the ATS Pool Manager. To ensure that ITS customers receive an appropriate share of capacity, the Company would allocate its capacity holdings based on an assessment of the peak demand capacity requirements of each ITS customer in a manner that does not unduly discriminate between like customers. All remaining capacity would be allocated to the ATS customer pool and temporarily relinquished to the Pool Manager.

14. If, after all the Company's capacity has been allocated, either an ITS customer or the ATS Pool Manager requires additional capacity to serve its respective individual or aggregated customer needs, it would be the ITS customer or ATS Pool Manager's responsibility to obtain such capacity from market sources. The ATS Pool Manager would be required to provide sufficient capacity to serve all new ATS customers as well as existing ATS customer load additions during the term of its agreement with the Company.

15. The Company's proposal is carefully designed to avoid exposure of its ATS customers to the risk of service disruption. 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.

16. The Company would be prepared to act as the Supplier of Last Resort in case of longer term problems. The ATS Agreement would specifically delineate Pool Manager actions or omissions constituting defaults, including failure to observe the terms and conditions of the ATS Agreement in the performance of essential duties and obligations, such as failing to deliver gas for an extended period without prior approval or force majeure, or re-relinquishing capacity outside the contract limits; breaching the obligation of good faith, by engaging in price gouging, slamming or other improper or unlawful activities; and the failure to maintain financial viability, through insolvency, bankruptcy and the like.

17. With the proper procedures and oversight in place, Pool Manager defaults can be quickly resolved without significant impacts to pool customers. For example, when Enron's gas marketing subsidiary recently declared bankruptcy it left the State of Florida's Department of Management Services (DMS) with no gas supplier for several days. The prisons, hospitals and schools served by the Enron subsidiary under contract with DMS continued to receive gas service. A new supplier was retained within a week and the daily under-deliveries were accounted for as part of the normal end-of-the-month imbalance resolution process. The Company would implement procedures and provide the oversight necessary to ensure continuity of service to pool customers, in a default situation.

18. In the event of Pool Manager default, the Company would act to terminate the ATS Pool Manager and, as the supplier of last resort, would recall the interstate pipeline capacity, arrange for gas supply, and perform all other necessary functions to ensure delivery to

affected customers until arrangements to qualify a replacement Pool Manager could be made. The Company would always stand ready to provide temporary emergency service if required as the Supplier of Last Resort. Should the Company be required to provide such temporary emergency back-up service, the cost of gas charges would be allocated to customers through the proposed Operational Balancing Account mechanism in the Company's tariff.

19. Accommodating a robust customer transportation service environment requires effective administration. These functions include ensuring that the correct gas supply pricing is applied to each customer, tracking customer payments according to the established hierarchy of payment, remitting collections from customers to Pool Manager, tracking scheduled and delivered gas supply quantities, monthly imbalance resolutions, interstate pipeline operational order administration, and the like. The Company proposes to require ATS Pool Managers to subscribe to a Customer Account Administration Service, under which the Company would perform certain key functions. The Company would maintain the customer service function, maintain customer account transaction records, and provide gas supply billing and collections. The Company would levy a \$2.00 per ATS customer monthly fee for providing such service.

20. The Company would follow a prescribed hierarchy in applying customer payments. All payments would first be applied to any taxes and fees imposed by government; second, to Pool Managers' charges for gas supply; and third, to the Company's regulated transportation charges. This payment hierarchy would enable the Company to retain the capability to disconnect customers for non-payment in the event of a partial payment. Applying the payment to the Pool Manager's gas supply cost prior to the Company's regulated charges would prevent customers from taking advantage of the absence of the Pool Manager's service disconnect authority by paying only the regulated charges. This is an important consideration,

since under Florida law, the Commission has no jurisdiction over gas marketers, and therefore cannot authorize them to discontinue service for non-payment of gas supply charges. Under the proposed hierarchy of payment, the Company would retain “the power of the wrench,” and the Pool Manager would be appropriately protected from customers attempting to “game the system” by making partial payments. However, this arrangement would not provide protection to the Pool Manager in the event that the customer failed to pay at all. The Pool Manager would, of course, have the authority to appropriately secure customer accounts through cash deposits or similar means.

21. Under the ATS Program and the Company’s tariff, customers would continue to receive only one monthly bill, since the Pool Managers’ charges would appear in lieu of the Company’s fuel charges. The potential for customer slamming would be essentially eliminated. The Pool Manager would be able to focus its efforts on gas supply procurement, without the financial and administrative burdens of maintaining a customer data base, a billing system and a customer service support staff. The potential for errors and customer confusion would be minimized during the transition period, enhancing the likelihood that the customers would achieve savings from transportation service.

22. Under its proposal, the Company would still be the Delivery Point Operator and would, accordingly, continue to perform all duties required of a Delivery Point Operator (“DPO”), that is, the manager of the interconnections between the Company’s distribution facilities and the interstate pipeline(s) that provide service to such facilities. In such capacity, the Company would continue to bear full responsibility to resolve all imbalances between scheduled and actual deliveries at each delivery point. As the DPO, the Company would continue to receive all operational orders issued by the interstate pipelines and notify the Pool Manager and

individual transportation customers accordingly. As the DPO, the Company would continue to be charged any penalties associated with non-compliance with operational orders, and to attempt to determine the responsible parties and assign such penalties in an appropriate manner. The Company proposes that net over- or under-recoveries of costs associated with its performance of the DPO function would be periodically refunded or collected from each Pool Manager on its system through the Operational Balancing Account mechanism as set forth in the proposed tariff.

23. Under the Company's proposal, the ATS Pool Manager 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 would be responsible for providing all gas quantities required by the ATS pool on a firm basis. Although the Company would provide actual customer usage information throughout the month so that the quantities of Gas scheduled and delivered to the ATS pool customers may be adjusted accordingly, the Pool Manager would remain responsible for all monthly imbalances related to its customer pool on both the interstate pipelines and the Company's distribution system. In addition, the ATS Pool Manager would also play an important role in coordinating with the Company to ensure its various gas supply pricing options are properly transmitted to the Company for customer billing purposes.

24. The Company's proposed experimental program approach to unbundling is consistent with previous Commission actions on similar proposals and would provide sufficient time for all stakeholders to obtain a comfort level with a broad open access program. The Company's retention of administrative responsibilities is designed to maximize responsible

marketer participation, thereby facilitating the development of a fully robust natural gas transportation market in the Company's service area.

25. The Company is planning to implement programs to educate and inform its residential customers about transportation service, and to provide training to its customer service staff.

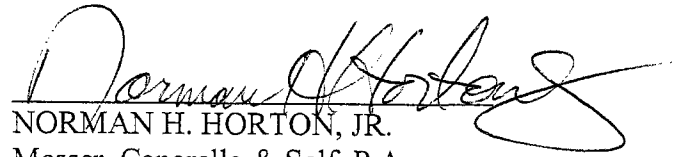
26. As the Company prepares to terminate the merchant function, it would be appropriate to address its continued participation in the ongoing purchased gas cost recovery proceedings. The Company intends to timely submit its final true-up data for calendar year 2003. Standard procedure calls for submission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

31. The Company is submitting with this petition its proposed Natural Gas Tariff, attached as Exhibit A, which incorporates the changes necessary to revise its existing individual transportation service tariff, adopt the proposed ATS program and migrate all of the Company's sales customers to transportation service.

32. The Company requests that the Commission's approval of the proposed revised tariff accompanying this petition be effective as of February 1, 2004.

WHEREFORE, Sebring Gas System, Inc. requests that the Commission grant this petition and approve the accompanying proposed Natural Gas Tariff.

Respectfully submitted this 22<sup>nd</sup> day of December, 2003.



NORMAN H. HORTON, JR.  
Messer, Caparello & Self, P.A.  
P.O. Box 1876  
Tallahassee, FL 32302-1876  
Telephone (850) 222-0720  
Telecopier (850) 224-4359

Attorneys for Sebring Gas System, Inc.

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

Communications concerning this Tariff should be addressed to:

Sebring Gas System, Inc.  
3515 U.S. Highway 27, South  
Sebring, FL 33870-5452

Issued by: Jerry Melendy, Jr., President  
Sebring Gas System, Inc.  
3515 U.S. Highway 27, South  
Sebring, FL 33870-5452

Effective:

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## DESCRIPTION OF TERRITORY SERVED

Sebring Gas System, Inc. is engaged in the business of transporting natural gas in the general area of the community of Sebring in Highlands County, Florida and territories adjacent thereto.

The Service Area is included within the following:

Beginning in Section 10, Township 34 South, Range 28 East (S10,T34S,R28E) at the intersection of U.S. Highway 27 and Maxcy Road proceeding west following Maxcy Road to the intersection of Bramblewood Road (formerly known as Maxcy Road) and Memorial Drive (also being State Road 17A); then proceeding north on Memorial Drive to the intersection of Memorial Drive and NW Lake Sebring Drive; then easterly on NW Lake Sebring Drive to the intersection of NW Lake Sebring Drive and North Lake Sebring Drive; then proceeding east on North Lake Sebring Drive which becomes Downing Avenue; then following Downing Avenue east to the intersection of Downing Avenue and State Road 17; then proceeding north on State Road 17 for approximately .25 miles to the intersection of State Road 17 and Power Line Road; then proceeding east on Power Line Road for approximately 1.1 miles to stop; then proceeding south on Power Line Road approximately .6 miles to the intersection of Power Line Road, Arbuckle Creek Road (also being State Road 700A) and Highlands Avenue (also being State Road 17A); then proceeding east on Arbuckle Creek Road approximately 1.1 mile to the east side of S15, T34S, R29E; then proceeding south along the east side of S15, T34S, R29E to the SE corner of S22, T34S, R29E; then proceeding south along the east side of S22, TR34S, R29E to the SE corner of S27, T34S, R29E; then proceeding south along the east side of S27, T34S, R29E to the SE corner of S34, T34S, R29E; then proceeding south along the east side of S3, T35S, R29E; then proceeding west along the south side of S3, T35S, R29E, to the SW corner of S3, T35S, R29E; then proceeding west along the south side of S4, T35S, R29E to the corner of S4, T35S, R29E; then proceeding south along the south side of S5, T35S, R29E to the SW corner of S5, T35S, R29E; then proceeding west along the south side of S6, T35S, R29E to the SW corner of S6, T35S, R29E; then proceeding west along the south side of S1, T35S, R29E to the SW corner of S1, T35S, R28E; then proceeding west along the south side of S2, T35S, R28E to the SW corner of S2, T35S, R28E; then proceeding west along the south side of S3, T35S, R28E to the SW corner of S3, T35S, R28E; then proceeding north along the west side of S3, T35S, R28E to the NW corner of S3, T35S, R28E; then proceeding north along the west side of S34, T34S, R28E to the NW corner of S34, T34S, R28E; then proceeding north along the west side of S27, T34S, R28E to the NW corner of S27, T34S, R28E; then proceeding north along the west side of S22, T34S, R28E to the NW corner of S22, T34S, R28E; then proceeding north along the west side of S15, T34S, R28E to the NW corner of S15, T34S, R28E; then proceeding east along the north side of S15, T34S, R28E approximately 1.75 miles to U.S. Highway 27; then proceeding north along U.S. Highway 27 to the intersection of U.S. Highway 27 and Bramblewood Road in S10, T34S, R28E, being the point of beginning.

Issued by: Jerry Melendy, Jr., President  
Sebring Gas System, Inc.  
3515 U.S. Highway 27, South  
Sebring, FL 33870-5452

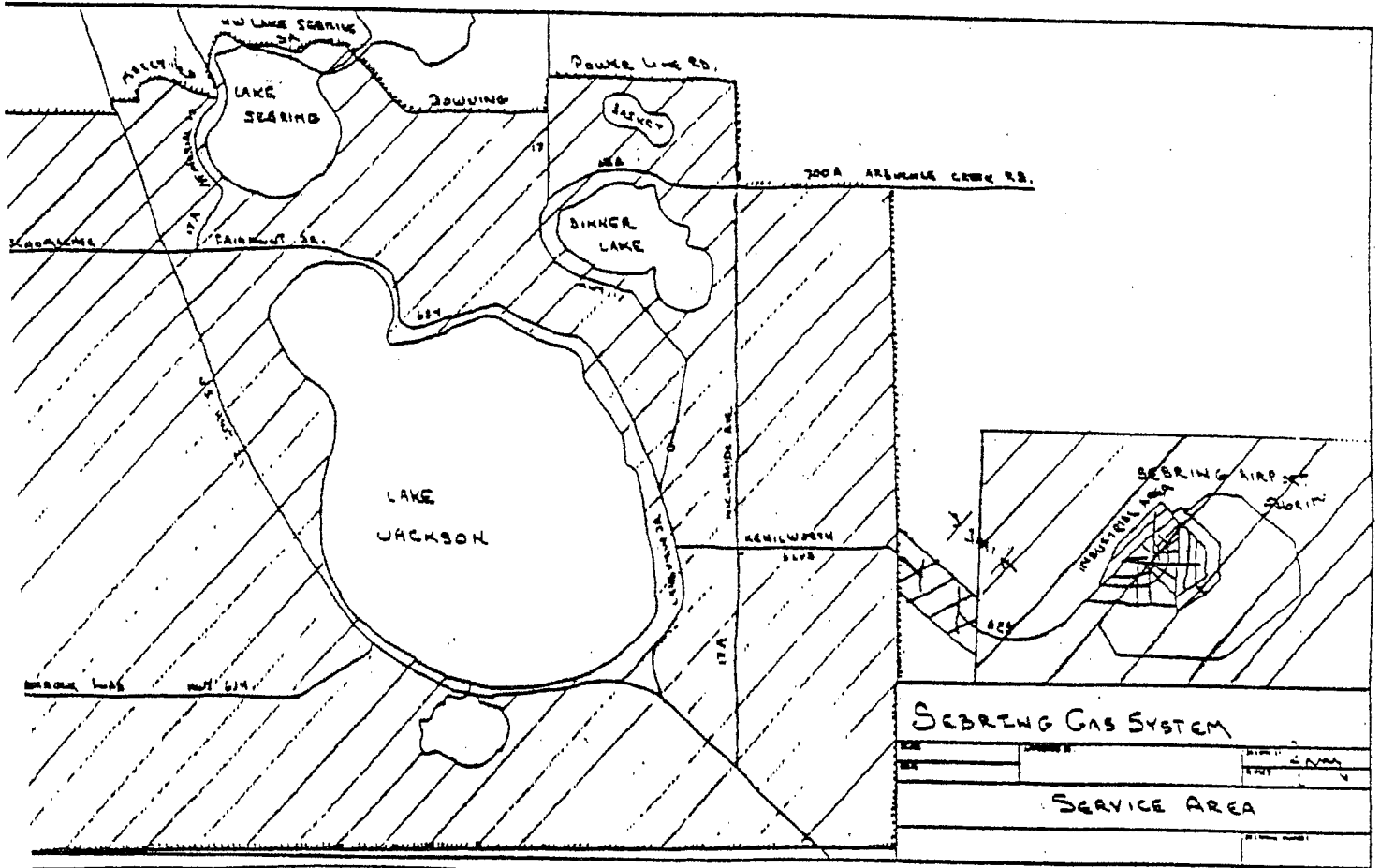
Effective:

BEGINNING AT THE CITY LIMITS OF SEBRING ON KENILWORTH BLVD. AND PROCEEDING IN AN EASTERLY DIRECTION IN THE FLORIDA DEPARTMENT OF TRANSPORTATION'S RIGHT OF WAY ALONG BOTH SIDES OF STATE ROAD 623, FROM SEBRING CITY LIMITS TO THE WEST SIDE OF S7, T35S, R30E, THEN PROCEEDING NORTH ALONG THE WEST SIDE OF S7 AND S6, T35S, R30E, TO THE NORTHWEST CORNER OF S6, S5 AND S4, T35S, R30E TO THE NORTHEAST CORNER OF S4, T35S, R30E, THEN PROCEEDING SOUTH ALONG THE EAST SIDE OF S4, S9 AND S16, T35S, R30E TO THE SOUTHEAST CORNER OF S16, T35S, R30E, THEN PROCEEDING WEST ALONG THE SOUTH SIDE OF S16, S17 AND S18, T35S, R30E TO THE SOUTHWEST CORNER OF S18, T35S, R30E, THEN PROCEEDING NORTH ALONG THE WEST SIDE OF S18 AND S7, T35S, R30E TO STATE ROAD 623.

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Sebring Gas System, Inc.  
3515 U.S. Highway 27, South  
Sebring, FL 33870-5452

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### MAP OF SERVICE TERRITORY



Issued by: Jerry Melendy, Jr., President  
Sebring Gas System, Inc.  
3515 U.S. Highway 27, South  
Sebring, FL 33870-5452

Effective:

## **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 Sebring Gas System through its distribution systems as now constituted and as they may be enlarged or extended.

Issued by: Jerry Melendy, Jr., President  
Sebring Gas System, Inc.  
3515 U.S. Highway 27, South  
Sebring, FL 33870-5452

Effective:

## TECHNICAL TERMS AND ABBREVIATIONS

The following terms shall have the meanings defined below:

Affected Area(s): An area 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 Individual 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 transportation service may be made by telephone, in writing (including by fax) or in person at the office of the Company. An application for non-residential Transportation Service shall be submitted in writing on the Company's standard service application (Request for Transportation Service) or, for those customers requesting Individual Transportation Service agreement, by submitting a Transportation Service Agreement.

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 Adjustment - BTU: A conversion factor representing the BTU content per cubic foot used to convert cubic feet to therms for billings to customers. The BTU content shall be the BTU per cubic foot as billed reported by Transporter for the previous month adjusted.

Billing Period: Bills are rendered each month, approximately 30 days apart, based on regularly scheduled meter readings, unless an alternate billing period is agreed to by contract between the Company and an individual Customer.

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: Any day on which the Company's business office is open and the U.S. Mail is delivered, unless notified otherwise.

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

Commission: The Florida Public Service Commission.

Company: Sebring Gas System, 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 volume of gas necessary to fill a cubic foot of space when the gas, at the temperature and pressure existing in the meter is adjusted to fourteen and seventy-three hundredths pounds per square inch absolute (14.98 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. Meter readings shall be adjusted to reflect such temperature and pressure base.

(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, and in accordance with the provisions of Transporter(s) FERC Gas Tariff.

Retainage: A percentage of Customer's or Customer's Agent's Gas that Company is allowed to retain for distribution system Gas shrinkage at no cost to 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 Sebring interconnection with the TECO Peoples Gas System, such interconnection used as the Point of Delivery into the Sebring distribution system.

Standard Delivery Pressure: The Standard delivery Pressure for Indiantown Gas Company shall be 7 inches of water column, 14,98 psia, where the atmospheric pressure is assumed to be 14.73 psia. No adjustment shall be made for variations from the normal atmospheric pressure at the Customer's Meter. Gas delivered at Standard Delivery Pressure may vary from three (3") inches to fifteen (15") inches of water column.

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

Supercompressibility Factor: The multiplier used to correct the metered volume of gas for derivation from Boyle's Law and varies according to the pressure, temperature and specific gravity. Where this factor is applied to measured volumes which are computed to base conditions, these volumes are greater than that obtained from the super compressibility factor tables published in the American Gas Association Measurement Committee Report No. 3, as amended from time to time.

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.

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Sebring Gas System, Inc.  
3515 U.S. Highway 27, South  
Sebring, FL 33870-5452

Effective:

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

Transportation Service Agreement: The dated and executed 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 transmission company that delivers Gas to the Point(s) of Delivery. For the purposes of this tariff, Transporter shall also include the transportation service provided by TECO Peoples Gas across its local distribution system to the Company's Delivery Point.

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Sebring Gas System, Inc.  
3515 U.S. Highway 27, South  
Sebring, FL 33870-5452

Effective:

## 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 as outlined in Commission Order No. 4150 and No. 8539:

- (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 100,000 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 100,000 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**  
(Continued)

**Service Classification No. 1**

Applicability

All residential customers throughout the Company's service area.

Service Option(s)

1. Aggregated Transportation Service: Rate Schedule - RS

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

#### Applicability

Commercial or Industrial customers throughout the Company's service area whose metered consumption is less than 100,000 therms per year.

#### Service Options

1. Aggregated Transportation Service: Rate Schedule - GS

#### 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
4. A contract for an initial term of one year may be required as a condition precedent to service under this schedule, unless an extension of facilities is involved, in which case the term of the contract shall be the term required under the agreement for the facilities extension.
5. Service under this schedule is subject to an annual volume review by the Company or at any time at the Customer's request. If reclassification to another rate schedule is appropriate such classification shall be prospective. Not more than one (1) such change in rates shall be made within any twelve (12) month period.

**CLASSIFICATION OF SERVICE**  
(Continued)

**Service Classification No. 3**

Applicability

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

Service Options

1. Aggregated Transportation Service: Rate Schedule - GSLV
2. Individual Transportation Service: Rate Schedule - GSLV
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 Pool Manager.
4. A contract for an initial term of one year may be required as a condition precedent to service under this schedule, unless an extension of facilities is involved, in which case the term of the contract shall be the term required under the agreement for the facilities extension.
5. Service under this schedule is subject to an annual volume review by the Company or at any time at the Customer's request. If reclassification to another rate schedule is appropriate such classification shall be prospective. Not more than one (1) such change in rates shall be made within any twelve (12) month period.

## 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. 2 whose annual metered Gas volume exceeds 50,000 therms, and Customers in Service Classification No. 3 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 Classification No. 3 (annual metered Gas volume is 100,000 therms or greater) 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 100,000 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.

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of  
RATE SCHEDULES AND BILLING ADJUSTMENTS**

<u>Symbol</u>	<u>Title</u>	<u>Sheet No.</u>
RS	Residential Service	21
GS	General Service	22 - 23
GSLV	General Service Large Volume	24 - 25
Rider CTS	Contract Transportation Service Rider	26 - 28
BA	Billing Adjustments	29 - 32

Issued by: Jerry Melendy, Jr., President  
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Effective:

**RESIDENTIAL TRANSPORTATION SERVICE**  
Rate Schedule RS

Availability:

Throughout the service area of the Company.

Applicability:

To all residential customers receiving Aggregated Transportation Service.

Monthly Rate:

Customer Charge:	\$ 7.00
Transportation Charge:	\$ 0.3550 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. 29 - 32.
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.

**GENERAL TRANSPORTATION SERVICE**  
Rate Schedule GS

Availability:

Throughout the service area of the Company.

Applicability:

Commercial or Industrial customers whose metered gas consumption is less than 100,000 therms per year.

Monthly Rate:

Customer Charge:	\$ 17.00
Transportation Charge:	\$ 0.2650 per therm
Minimum Bill:	The customer charge.

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.

Billing Adjustments:

1. The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 29 - 32.

**GENERAL TRANSPORTATION SERVICE**  
Rate Schedule GS  
(Continued)

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.

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Effective:

**GENERAL TRANSPORTATION SERVICE**  
Rate Schedule GSLV

Availability:

Throughout the service area of the Company.

Applicability:

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

Monthly Rate:

Customer Charge: \$ 100.00

Transportation Charge: \$ 0.09753 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.

Billing Adjustments:

1. The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 29 - 32.
2. In the event the Company agrees to provide natural gas conversion equipment and installation, an agreement as to terms and conditions

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Effective:

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.

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Sebring, FL 33870-5452

Effective:

**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 CS. 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 CS 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 CS rate schedule for which the Customer would otherwise qualify for service.



## **CONTRACT TRANSPORTATION SERVICE**

Rider CTS  
(Continued)

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. 29 – 32.
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

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Effective:

## CONTRACT TRANSPORTATION SERVICE

### Rider CTS (Continued)

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.

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:

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

(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 term 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.

**BILLING ADJUSTMENTS**  
(Continued)

- (g) All adjustment factors computed on a per therm basis shall be rounded to the nearest .001 cent per therm:

**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 for service on Transporter's interstate pipeline system. Company shall assign to Customers, Customer's Agents or Pool Manager, directly or by reasonable allocation, all charges or credits received by the Company for service on the TECO Peoples Gas distribution system. Company shall assign to Customers, Customer's Agents or Pool Manager, directly or by reasonable allocation, all imbalance resolution charges received from Transporter or TECO Peoples Gas, 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) and/or TECO Peoples Gas Company.
- (b) Charges or credits associated with balancing, on a Monthly basis, the actual Daily receipts of Gas by Company for transportation, less retainage

## BILLING ADJUSTMENTS

(Continued)

for transportation shrinkage, to the actual Daily deliveries of Gas by Company to Customer's.

- (d) Charges or credits associated with unrelinquished Transporter capacity.
- (e) Charges or credits associated with the transportation of Customer's gas on the TECO Peoples Gas system for delivery to the Company's Delivery Point with TECO Peoples Gas.
- (d) Charges or credits associated with providing Temporary Back-Up Service in the event of the non-performance of Pool Manager or other Shipper.
- (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 taxes, franchise fees, license fees, assessments and any other fees presently assessed by any 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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Issued by: Jerry Melendy, Jr., President  
Sebring Gas System, Inc.  
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Effective:

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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 Form. 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 \$10.00 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 \$25.00 for all residential accounts and \$50.00 for all non-residential accounts 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, the charges set forth above shall be multiplied by one and one-half (1.5).

- 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.
    - (f) 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 sub metering, (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 thirty-six (36) consecutive months.
  - (4) for former residential Customers requesting residential Transportation Service within six (6) months of the time of discontinuing service shall be deemed to have established credit, if at the time of service discontinuation such Customer had satisfied the requirements of Section III. E. REFUND OF DEPOSITS.
  - (5) 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.

- (6) 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, but shall in no case be for an amount less than thirty dollars (\$30.00).
- 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 simple 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 simple interest 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 AND PAYMENT**

- 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 or Special Contract provision 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 its Emergency Gas Supply Plan, 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.

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 for all reasonable costs incurred and paid by Company with respect to the purchase, installation, construction, and/or upgrading of Gas Serviced Facilities. 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.

- 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 four (4) 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 will receive the notice from Transporter or TECO Peoples Gas, (the Delivery Point Operator (DPO) at the Company's Transporter Delivery Point) 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 relevant 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 or 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 will receive the notice from Transporter or TECO Peoples Gas (the Delivery Point Operator (DPO) at the Company's Transporter Delivery Point) 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 any relevant 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. 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 TRANSPORTER IMBALANCE AMOUNTS Imbalance resolution charges billed to the Company by Transporter, or by TECO Peoples Gas, acting as Delivery Point Operator for the Company's Transporter Delivery Point, 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 of 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 peak Monthly quantity requirements of the Customer as recorded by Company measurement equipment over the previous twelve Months. In the event a new Customer requests Transportation Service, or an existing 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 recall such quantity of capacity from the aggregated Customer Pool, if available, and temporarily relinquish such 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 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, the remaining quantity of the firm capacity rights which the Company is entitled to relinquish under its Service Agreement with the Transporter, subsequent to any Individual Transportation Service relinquishments. In the event the Customer Pool requires a quantity of capacity that exceeds the relinquished quantity, such capacity shall be provided by the Pool Manager in accordance with the terms of the Aggregated Transportation Service Agreement. All No Notice capacity shall be relinquished to the Pool Manager.

3) Full Relinquishment of Capacity

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.

4) 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 be 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 Emergency 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 allocation of quantities between the Individual Transportation Service accounts and the aggregated Customer Pool (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 100,000 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. The Customer shall be responsible for all equipment and installation cost associated with such devices.

**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 100,000 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 100,000 therms or less and who were receiving Gas sales service from the Company under an existing sales 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 100,000 therms or less shall request Aggregated Transportation Service by submitting a Request for Transportation Service. Customers whose Metered annual natural gas consumption exceeds 100,000 therms, may request Aggregated Transportation Service, shall submit a Letter of Authorization to the Company requesting ATS service. All such requests shall be subject to acceptance into the Customer Pool by the authorized Pool Manager.
- 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 Emergency 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 charge of \$2.00 per ATS customer per Month shall be assessed by the Company to the Pool Manager for providing the Customer Account Administration Service. 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.
- 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.

Issued by: Jerry Melendy, Jr., President  
Sebring Gas System, Inc.  
3515 U.S. Highway 27, South  
Sebring, FL 33870-5452

Effective:

Sebring Gas System, Inc  
3515 U.S. Highway 27, South  
Sebring, FL 33870  
Tel: 863-385-0194  
Fax: 863-385-3423

Date: \_\_\_\_\_

## **Aggregated Transportation Service Program Letter of Authorization**

Customer Name: \_\_\_\_\_

Address: \_\_\_\_\_

City/St/ZIP: \_\_\_\_\_ e-mail: \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

Contact name: \_\_\_\_\_ Title: \_\_\_\_\_

Account number: \_\_\_\_\_

Billing address: \_\_\_\_\_

If different from above

This Letter of Authorization constitutes a formal request by the undersigned, "Customer," to receive gas transportation service pursuant to the provisions of Section 19, Terms and Conditions of Transportation Service, of the Sebring Gas System approved Natural Gas Tariff, and the Sebring Gas Aggregated Transportation Service Agreement with the authorized Pool Manager, including Addendum A, as same may be amended from time to time, for the above account number(s).

- Customer authorizes Sebring Gas System to release to the Pool Manager the twelve-month historic gas usage for the above account(s).
- Subject to the terms of the Sebring Gas System approved Natural Gas Tariff, Aggregated Transportation Service shall continue until the Customer, Pool Manager or Sebring Gas System gives written notice to the parties of termination of this authorization.
- In the event the Pool Manager terminates its relationship with the Customer, the Customer may select a new Marketing Agent without penalty. Customer understands that it may select a new Marketing Agent or terminate participation in the Aggregated Transportation Service Program and receive Individual Transportation Service at the beginning of any Month, under the provisions of Section 18, Terms and Conditions of Transportation Service, of the Sebring Gas System approved Natural Gas Tariff by providing a thirty-day written notice to Sebring Gas System. In the event Customer elects a pricing option offered by the Pool Manager that results in a gas purchase term that extends beyond any termination date of this authorization, the parties agree that the Customer's payment obligation under the pricing option shall not be extinguished.

Customer: \_\_\_\_\_

Pool Manager: \_\_\_\_\_

Print name: \_\_\_\_\_

Print name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Received by Sebring Gas System: \_\_\_\_\_

By: \_\_\_\_\_

