

ORIGINAL

060482-GU

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IN REPLY REFER TO:

Ansley Watson, Jr.
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June 27, 2006

VIA FEDEX

Blanca S. Bayo, Director
Division of Commission Clerk & Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

RECEIVED-FPSC
06 JUN 28 PM 3:33
COMMISSION
CLERK

Re: Petition for approval of tariff modifications related to alert days and monthly balancing of deliveries, by Peoples Gas System

Dear Ms. Bayo:

Enclosed for filing with the Commission on behalf of Peoples Gas System, please find the original and 12 copies of Peoples' petition referenced above. Enclosed also are five copies of each of the following revised (or original) sheets to Peoples' Natural Gas Tariff, Original Volume No. 3, for which the Company's petition seeks the Commission's approval:

- Third Revised Sheet No. 7.101
- Fourth Revised Sheet No. 7.803
- Fourth Revised Sheet No. 7.803-2
- Second Revised Sheet No. 7.805
- Second Revised Sheet No. 7.805-1
- Second Revised Sheet No. 7.805-2
- Second Revised Sheet No. 7.805-3
- Fourth Revised Sheet No. 7.805-4
- Second Revised Sheet No. 7.805-5
- Second Revised Sheet No. 7.805-6
- Third Revised Sheet No. 7.805-7
- Fourth Revised Sheet No. 7.805-8
- Second Revised Sheet No. 7.805-9

Original Tariffs forwarded to CIP.
RECEIVED & FILED

FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

05810 JUN 28 06

FPSC-COMMISSION CLERK

Blanca S. Bayo, Director
June 27, 2006
Page 2

Third Revised Sheet No. 8.000
Original Sheet No. 8.123

The coded (legislative style) versions of each of the above revised sheets required by Rule 25-9.005, F.A.C., are attached to the Company's petition.

Please acknowledge your receipt of the enclosures, the date of their filing, and the docket number assigned, on the enclosed copy of this letter, and return the same to me in the enclosed preaddressed envelope.

Thank you for your usual assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Ansley Watson, Jr.", written in a cursive style.

Ansley Watson, Jr.

AWjr/a
Enclosures

cc: Mrs. Wraye J. Grimard
Mrs. Kandi M. Floyd

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval of tariff)
modifications related to alert days and)
monthly balancing of deliveries, by)
Peoples Gas System)
_____)

Docket No. *06082-GU*

Submitted for Filing:
6-28-06

**PETITION OF PEOPLES GAS SYSTEM
FOR APPROVAL OF TARIFF MODIFICATIONS**

Peoples Gas System ("Peoples", "Petitioner" or the "Company"), by its undersigned attorneys, files this petition for approval of modifications to its Natural Gas Tariff, Original Volume No. 3, relating to alert days and monthly balancing of deliveries, submits herewith revised tariff sheets to become effective the date of the Commission's vote, and in support of its petition states:

1. The name, address and telephone number of the petitioner are:

Peoples Gas System
P. O. Box 2562
Tampa, Florida 33601-2562
(813) 228-4111

2. The names and mailing addresses of the persons to whom notices, orders and correspondence regarding this petition are to be sent are:

Ansley Watson, Jr.
Macfarlane Ferguson & McMullen
P. O. Box 1531
Tampa, Florida 33601-1531

Ms. Brenda Irizarry
Regulatory Affairs
Peoples Gas System
P. O. Box 2562
Tampa, Florida 33601-2562

3. Peoples is a natural gas local distribution company ("LDC") providing sales and transportation delivery of natural gas throughout most of the State of Florida, and is a public utility subject to the Commission's regulatory jurisdiction under Chapter 366, *Florida Statutes*.

DOCUMENT NUMBER-DATE

05810 JUN 28 06

FPSC-COMMISSION CLERK

4. By this petition, Peoples seeks the Commission's approval for certain tariff modifications designed to (i) afford Individual Transportation Service ("ITS") customers the opportunity to participate in a "pool" of customers for managing overburns or underburns on an alert day, (ii) reduce the amount of alert day charges when a customer or "pool" of customers overburns or underburns on an alert day, (iii) provide that all revenues derived by the Company from alert day charges (less Regulatory Assessment Fees attributable thereto) be credited to the Purchased Gas Adjustment Clause ("PGA"), (iv) eliminate the exclusion of Daily Imbalance Amounts included in an Alert Day Account from the Monthly Imbalance Amount, (v) clarify the time within which a customer, or "pool" of customers, may book out a Monthly Imbalance Amount, and (vi) make typographical corrections in the tariff sheets affected by the foregoing changes.

BACKGROUND

Mechanics of Gas Delivery

5. On a daily basis, an ITS customer (or its agent, usually a gas marketer) nominates, and Peoples schedules, a quantity of natural gas to be delivered by Peoples to the customer's facility. The quantity nominated is both the amount to be transported on the interstate pipeline for delivery to Peoples' system, and the amount to be delivered by Peoples and consumed by the customer. Each day the ITS customer actually consumes, or burns, a quantity of gas which may or may not be equal to the quantity scheduled for that day.

6. The procedure and results outlined in paragraph 5 above are basically the same for a pool manager serving a pool consisting of a number of transportation customers under the Company's Natural Choice Transportation Service Rider ("Rider NCTS"), except that the pool manager nominates, and is required to supply, the gas for all customers in the

pool. (The amount of gas the pool manager is required to supply to his NCTS Pool is estimated by the Company. This is not the case with an ITS customer.)

7. Historically, interstate pipelines' tariffs have contained a number of provisions addressing differences between the quantities of gas scheduled for a day and the quantities of gas actually consumed on that day. Although these provisions are generally couched in terms of penalties or additional charges to a shipper for such deviations, they are really tools to manage the quantities of gas being put into the pipeline by shippers and the quantities being taken out by those same shippers. A balance between the gas input and outflow on a pipeline is required not only for operational reasons, but also because the price of gas varies from day to day during any month, sometimes significantly. Some of the tools used by pipelines as incentives to shippers to maintain the required balance between gas received and gas delivered, on a monthly and daily basis, are book-out or cash-out of monthly imbalances between receipts and deliveries, and operational flow orders and alert day charges, respectively.

8. Peoples' tariff currently contains similar tools to maintain a balance on its own system. Balancing Peoples' receipts and deliveries may be even more important than it is for an interstate pipeline since imbalances can result in additional costs to Peoples which are recovered from non-transport customers through the Company's Purchased Gas Adjustment Clause ("PGA").

First, the interstate pipelines with which Peoples is interconnected no longer sell gas. They merely transport and deliver gas purchased by end-users and local distribution companies such as Peoples. Second, under the tariffs of the interstate pipelines which deliver Peoples' transportation customers' gas into Peoples' system, Peoples is the "delivery point operator" at each point on its system where gas is received, whether the gas is for the

account of a transportation customer served by Peoples or for Peoples' system supply customers. As the operator of these points, Peoples is physically and financially responsible to the interstate pipeline for maintaining a balance between the quantities of gas delivered into, and the quantities of gas taken out of, its distribution system. When a transportation customer is out of balance (*i.e.*, delivers or consumes more or less gas than it nominated and scheduled), Peoples must adjust its own nominations for gas used for its firm and interruptible sales customers in order to keep its entire system in balance. These adjustments have an impact on the cost of gas and pipeline capacity Peoples' recovers through its PGA, particularly on alert days.

Alert Day Charges and Revenues

9. Rider ITS (which is applicable to all ITS customers) provides for the Company's giving at least 12 hours notice via e-mail or by posting on its internet web site of an alert day, whether the alert day is an underage alert day or an overage alert day and the applicable tolerance level for that specific day. If the Company declares an overage alert day, any over-tolerance excess in a customer's actual takes of gas over its scheduled quantities is recorded in an alert day account for that day, and is subject to additional charges. If the Company declares an underage alert day, any over-tolerance shortfall in a customer's actual takes below its scheduled quantities is recorded in an alert day account for that day, and is subject to additional charges.

10. Alert days are declared by the interstate pipelines with which Peoples' system is interconnected for the purpose of keeping the pipeline operational and in balance in terms of the gas coming into and being taken out of the pipeline system. Peoples uses alert days for that purpose as well.

11. When an ITS customer consumes less than the quantities it has scheduled for delivery on a day, Peoples is required to reduce the amount of gas it has scheduled for delivery to meet the system-supply needs of its residential and other sales customers, thereby reducing the quantity of generally lower-priced, baseload gas used by Peoples to meet its system-supply needs. When an ITS customer consumes more than the quantity of gas it has scheduled for delivery on a day, Peoples must acquire spot gas in the daily intra-day market, often at an elevated price, to make up the customer's shortfall, with the added cost being charged to the Company's PGA. For example, an ITS customer could reduce its scheduled quantities during a weather-driven price spike in the cost of gas (but consume more gas than it scheduled) and resell its gas elsewhere for a profit. These consequences are magnified on an alert day.

12. As recently approved by the Commission's Order No. PSC-06-0203-TRF-GU, issued March 14, 2006, the charges for overages or underages (as applicable) for a particular alert day are two times the higher of (i) the highest Daily Midpoint price for gas in any FGT¹ Zone as published in *Gas Daily* for the day on which the alert day account was established, plus FGT's FTS-2 100% load factor rate, or (ii) FGT's City Gate Delivered price as published in *Gas Daily* for the day on which the alert day account was established. These charges were designed to assist in seeing that Peoples' sales customers (primarily residential and very small commercial customers) who are subject to the PGA are not adversely affected by transportation customers who fail to balance the gas they deliver into Peoples' system with the gas they consume on an alert day.

13. As also recently approved by the Commission's Order No. PSC-06-0203-TRF-GU, Peoples' tariff provides that any revenues derived from the charges described

¹ Florida Gas Transmission Company

above are to be netted against any pipeline penalties imposed on the Company for the alert day involved, and that (A) 25% of any remainder (less any regulatory assessment fees attributable thereto) is to be credited back on a pro rata basis to customers whose takes exceeded their scheduled quantities for the alert day (when an underage alert day had been declared), or to customers whose takes were less than their scheduled quantities for the alert day (when an overage alert day had been declared), and (B) 75% of any remainder is to be credited to the PGA. In the event there are no customers for the day in question eligible to receive the pro rata credit, all of the remainder of the revenues derived is credited to the Company's PGA.

14. By its petition and tariff filing approved by Order No. PSC-06-0203-TRF-GU, Peoples sought changes in the then current alert day tariff provisions to more adequately protect the PGA and, if the overburn or underburn (depending on the direction of the alert day) by a customer was recorded in an alert day account for a day, to exclude it from the monthly imbalance amount to be booked out or cashed out by the customer at the end of the month. Peoples has determined that given the price of natural gas in today's market, the current level of the alert day charges imposed by Peoples' tariff for overburns or underburns on an alert day may be too great a penalty to impose on an individual customer, and that the Company cannot – for practical and economic reasons -- exclude overburns or underburns by ITS customers from their monthly imbalance amounts. In addition, Peoples believes ITS customers should be permitted the option of participating in a customer pool for purposes of determining overburns and underburns on an alert day.

RELIEF REQUESTED

Legislative Format Tariff Sheets

15. Attached to this petition are the tariff sheets from Peoples' approved tariff on which the requested modifications appear. Reference will be made to the sheets in explaining the modifications requested by this petition.

ITS Customer Pools

16. Peoples seeks to add to the definitions in Special Condition 1 of its Rider ITS definitions for the terms "ITS Agent" and "ITS Customer Pool." These added definitions are shown on Sheet No. 7.805-1 attached to this petition.

An "ITS Customer Pool" would be defined as a group of individual ITS customer accounts, each of which has designated the same ITS Agent, and each of whose scheduled quantities and actual takes are aggregated with those of the other ITS customer accounts comprising the group for purposes of determining penalties applicable to the group on an alert day. Subject to the requirements contained in the definition of ITS Agent, customer accounts would be permitted to be added to an ITS Customer Pool at any time.

An "ITS Agent" would be defined as a person or entity which has, not less than five business days prior to the beginning of a month in which the ITS Agent Agreement (to be discussed later in this petition) will be effective, delivered to Peoples a complete and fully executed ITS Agent Agreement obligating the person or entity to perform for an ITS customer, and to be responsible for (i) invoicing and payment and/or (ii) nominations, monthly imbalance resolution, alert day volume aggregation, alert day penalty responsibility, and capacity release responsibilities on behalf of the ITS customer designating the person or entity as its agent. The ITS Agent Agreement (Sheet No.

8.123 attached to this petition) would be added to the standard forms in the Company's tariff.

17. Permitting ITS customers to pool their scheduled quantities and actual takes with the scheduled quantities and actual takes of other ITS customers in an ITS Customer Pool on an alert day may assist individual customers in avoiding or mitigating alert day charges which they would otherwise incur. The ITS Pool Manager would have access to the daily data on scheduled quantities and actual takes for each customer in its pool, and can take advantage of the diversity in the pool's daily load profile to better manage each ITS customer's imbalances during an alert day. There would be no requirement that an ITS customer participate in a pool with other customers, but each ITS customer would have the option of doing so.

18. The definitions of "Pool Manager" and "Customer Pool" in Rider NCTS would be changed to differentiate them from the definitions added in Rider ITS. These changes are shown on Sheet No. 7.805-1 attached to this petition.

• Alert Day Charges and Revenues

19. In addition to offering the opportunity to ITS customers to participate in a pool for managing their imbalances on an alert day, Peoples seeks approval for modifications to the alert day and monthly balancing provisions of its Rider ITS. Those modifications will continue to protect the PGA from the actions of ITS customers (or their pool managers) who fail to abide by the tolerances set by the Company during an overage or an underage alert day. They will continue to provide an incentive to such customers (or their pool managers) to better manage their takes of gas on alert days. The alert day modifications for which Peoples seeks the Commission's approval may be summarized as follows:

a. The alert day provisions in Special Condition 12 would be modified to make such provisions applicable either to an individual ITS customer (as is currently the case) or to an ITS Customer Pool.

b. New language would be added providing that if an ITS Agent fails to pay any undisputed alert day penalties imposed by the Company on the agent's ITS Customer Pool within 60 days after such penalties are imposed, Peoples will bill each ITS customer in the pool for such undisputed alert day penalties as would have been payable for the alert day in the absence of the ITS Agent Agreement.

c. The charges to be billed by the Company to a customer (or to an ITS Customer Pool) for an out-of-tolerance deviation between actual takes and scheduled quantities would be changed to the higher of (i) the highest Daily Midpoint price for gas in any FGT Zone as published in *Gas Daily* for the day on which the alert day account was established, plus FGT's FTS-2 100% load factor rate, or (ii) FGT's City Gate Delivered price as published in *Gas Daily* for the day on which the alert day account was established. Currently, the charges are two times this amount.

d. One hundred percent (100%) of the revenues derived from alert day charges, after netting the same against any FGT penalty charges incurred by the Company for the same day, less any Regulatory Assessment Fees attributable thereto, would be credited to the PGA.

The above described changes are shown in legislative form on Sheets Nos. 7.805-7 through 7.805-9 attached to this petition.

Correction of Monthly Imbalances

20. Peoples also seeks the Commission's approval of a modification to the monthly balancing provisions of its Rider ITS to include any overage or underage recorded in an alert day account in the monthly imbalance amount to be booked out or cashed out by a customer at the end of a month. Excluding such overages and underages was recently approved by the Commission's Order No. PSC-06-0203-TRF-GU. However, although the exclusion was requested by the Company, it has found it must either make the exclusions manually each month for each affected customer on each alert day, or purchase a new gas accounting system at considerable cost. Thus, the Company seeks the Commission's approval for changes eliminating the provision it approved by the referenced order – in essence, returning the treatment of imbalances incurred on alert days to the same treatment that existed for many years prior to the change approved by Order No. PSC-06-0203-TRF-GU. This change is shown in legislative form on Sheet No. 7.805-4 attached to this petition.

21. Finally, Peoples is proposing changes to clarify the time within which certain actions must be taken by the Company and ITS customers in connection with the resolution of monthly imbalances to be booked out or cashed out. In certain instances, the changes may slightly extend the periods for certain actions by customers due to a change from calendar days to business days. These changes are shown in legislative form on Sheets Nos. 7.805-4 and 7.805-5 attached to this petition.

22. Peoples believes the modifications with respect to the level of charges to be imposed in the event a customer fails to remain within the tolerance specified in an alert day notice, and the disposition of revenues derived from any such charges, will continue to provide incentives on an alert day for ITS customers to closely match their takes of gas

to the amount they cause to be delivered into Peoples' system, thereby continuing to reduce negative impacts on the Company's PGA. ITS customers who elect to participate in a pool managed by an ITS Pool Manager may also be able to further eliminate or mitigate the incurrence of charges for imbalances incurred on alert days. It is important to note that transportation customers who balance their nominated and scheduled quantities with the amount they consume on an alert day will not be affected by these proposed changes.

WHEREFORE, Peoples respectfully requests that the Commission will enter its order permitting the revised tariff sheets submitted with this petition to become effective on the date of the Commission's vote disposing of this petition.

Respectfully submitted,



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Attorneys for Peoples Gas System

GENERAL APPLICABILITY PROVISIONS

The following general provisions are applicable to each rate schedule contained in this tariff.

A. CHARACTER OF SERVICE

1. General Service. Gas, purchased by Customer from Company, having a nominal heating value of not less than 950 BTU per cubic foot. The Company will endeavor to provide Gas Service on a continuous basis, but does not guarantee to do so. Detailed procedures for orderly curtailment in the event of a shortage of Gas from the Company's suppliers are set forth in the Company's curtailment plan on file with the Commission.
2. Interruptible Service and Contract Interruptible Service. Gas, purchased by Customer from Company, having a nominal heating value of not less than 950 BTU per cubic foot, delivered on an interruptible basis. Gas Service rendered under Interruptible and Contract Interruptible Rate Schedules will be curtailed or fully interrupted at the sole discretion of the Company. The Customer shall hold the Company harmless from any and all liabilities, penalties, alternate fuels subsidies, price adjustments and claims of whatever type, resulting from or arising out of the Company's curtailment or interruption of Gas consumption or deliveries to Customers electing Interruptible Service.
3. Individual Transportation Service. Gas made available to Company by or for the account of Customer (other than as a part of Gas made available to Company by or for the account of a an NCTS Customer Pool, as defined in Rider NCTS of this tariff) for transportation service on Company's system from a designated point of receipt to a designated point of delivery. Company shall have no obligation to re-deliver Gas which Company has not received from or for the account of Customer. If the Gas is delivered for transportation by Company under a firm rate schedule, Company will endeavor to re-deliver the Gas on a continuous basis, but does not guarantee to do so. Detailed procedures for orderly curtailment of deliveries are set forth in the Company's curtailment plan on file with the Commission. Transportation service rendered under Interruptible and Contract Interruptible rate schedules will be curtailed or interrupted at the sole discretion of the Company. The Customer shall hold the Company harmless from any and all liabilities, penalties, alternate fuels subsidies, price adjustments and claims of whatever type, resulting from or arising out of the Company's curtailment or interruption of deliveries of Gas transported by Company under an interruptible rate schedule.
3. Natural Choice Transportation Service. Gas made available to Company by or for the account of Customer as part of a an NCTS Customer Pool (as defined in Rider NCTS of this tariff), for transportation on Company's system from a designated point of receipt to a designated point of delivery. Company shall have no obligation to re-deliver Gas which Company has not received from or for the account of a an NCTS Customer Pool. If the Gas is to be delivered by Company to Customer under a firm rate schedule, Company will endeavor to re-deliver the Gas on a continuous basis, but does not guarantee to do so. Detailed procedures for orderly curtailment of deliveries are set forth in the Company's curtailment plan on file with the Commission. Natural Choice Transportation Service rendered under Interruptible

NATURAL CHOICE TRANSPORTATION SERVICE Rider NCTS

Availability:

Available to all non-residential customers receiving service from Company and (a) for which service hereunder is requested as a part of a an NCTS Customer Pool (as herein defined), (b) for which the Customer's total consumption of Gas is purchased from or through a Pool Manager (as herein defined), (c) which would otherwise qualify for service under Rate Schedule SGS, GS-1, GS-2, GS-3, GS-4, GS-5, CSLS or NGVS and (d) for which the Company has received a request for service hereunder in compliance with Special Condition 3. Service pursuant to this Rider is available when such service can be made available without detriment to the Company's other Customers.

Applicability:

To firm transportation of Gas delivered to Company by a Pool Manager for a non-residential Customer account pursuant to this Rider.

Monthly Rate:

The Monthly Rate for transportation service applicable to each individually billed Customer account shall be the Monthly Rate applicable to such individually billed account under Rate Schedule SGS, GS-1, GS-2, GS-3, GS-4, GS-5, CSLS or NGVS based upon the annual therm usage of such separately metered account.

The Company's Purchased Gas Adjustment Clause set forth on Sheet No. 7.101-1 shall not apply to transportation service provided by Company to a Customer pursuant to this Rider.

Special Conditions:

1. For purposes of this Rider, "NCTS Customer Pool" means a group of Customer accounts for which Gas is delivered to Company by a Pool Manager for transportation service of the aggregated needs of the Customer accounts. The Company shall not be required to provide transportation service to more than forty (40) independent NCTS Customer Pools.

NATURAL CHOICE TRANSPORTATION SERVICE (Continued)

2. For purposes of this Rider, A "Pool Manager" @ means a person or entity which has:
- a. Entered into agreements to sell Gas to, or procure Gas for, the Customer accounts comprising a an NCTS Customer Pool;
 - b. Executed and delivered to Company after approval of this Rider by the Commission an unmodified Firm Delivery and Operational Balancing Agreement (in the form set forth on Sheets 8.119 through 8.119-8 of this tariff) for an initial term of not less than one (1) year, obligating such person or entity to deliver Gas to Company on a firm basis for the accounts comprising a an NCTS Customer Pool, resolve directly with the Company imbalances between (i) the quantities of Gas delivered to Company for the accounts in the NCTS Customer Pool and (ii) the quantities of Gas taken by such NCTS Customer Pool, and establish and maintain credit pursuant to the terms of such agreements; and
 - c. Executed and delivered to Company after approval of this Rider by the Commission an unmodified Master Capacity Release Agreement providing for such person's or entity's acquisition from Company of primary firm interstate pipeline transportation capacity to be used for the transportation and delivery to Company of Gas purchased by a an NCTS Customer Pool receiving service pursuant to this Rider.

Subject to the provisions of Special Condition 3, additional Customer accounts may be added to a an NCTS Customer Pool administered by a Pool Manager at any time. A Pool Manager may be disqualified by Company from providing service hereunder in accordance with the Firm Delivery and Operational Balancing Agreement.

INDIVIDUAL TRANSPORTATION SERVICE RIDER
RIDER ITS

Availability:

Throughout the service areas of the Company, subject to the Special Conditions set forth herein.

Applicability:

To firm or interruptible individual transportation service for any non-residential Customer who uses 182,500 therms per year or more and owns Gas that is made available for individual transportation service on the Company's system under Rate Schedules GS-3, GS-4, GS-5, NGVS, WHS, SIS, IS, ISLV, and CIS and each account receiving transportation service under Rider TA.

Monthly Rate:

The Monthly Rate set forth in the applicable rate schedule, based on the annual Therm usage of, and character of service elected by, the Customer, plus an Individual Transportation Administration Fee of \$144.00 per month per meter.

Special Conditions:

1. Definitions: As used in this Rider or in a Gas Transportation Agreement, the following terms have the meanings set forth below:

"Actual Takes" means, for a specified period of time, the quantity of Gas passing through the meter(s) at the PGS Delivery Point(s) of Customer (as defined in the Customer's Gas Transportation Agreement).

"Customer" means the person or entity which executes a Gas Transportation Agreement providing for individual transportation service hereunder.

"Daily Imbalance Amount" means, for a Day, the positive or negative whole number determined by subtracting the Actual Takes for the Day from the Scheduled Quantities for the Day.

"Day" means a period of 24 consecutive hours beginning and ending at 9:00 a.m. Central Clock Time.

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

"Gas Transportation Agreement" means an agreement between Company and an individual transportation Customer, the basic form of which is set forth on Sheets Nos. 8.114 through 8.114-8, which specifies the term for which it is effective and contains such reasonable provisions for termination as to which Company and Customer may agree.

INDIVIDUAL TRANSPORTATION SERVICE Rider ITS (Continued)

"ITS Agent" means a person or entity which has, not less than five (5) Business Days prior to the beginning of the Month in which the ITS Agent Agreement (in the form set forth on Sheet 8.123 of this Tariff) will be effective, delivered to Company a complete and fully executed ITS Agent Agreement obligating such person or entity to perform for a Customer receiving transportation service under this Rider and to be responsible for (i) invoicing and payment and/or (ii) nominations, monthly imbalance resolution, Alert Day volume aggregation, Alert Day penalty responsibility, and capacity release responsibilities on behalf of the Customer designating such person or entity as its agent. Customer may designate only one ITS Agent at any time; however, such ITS Agent may perform one or more of several functions listed on Sheet No. 8.123.

"ITS Customer Pool" means a group of individual Customer accounts, each of which receives transportation service from Company under this Rider, each of which has designated the same ITS Agent (as herein defined), and each of whose Scheduled Quantities and Actual Takes are aggregated with those of the other Customer accounts comprising the group for purposes of determining penalties applicable to the group for any Alert Day applicable to the group under Special Condition 12. Subject to compliance with the requirements set forth in the definition of "ITS Agent," additional Customer accounts may be added to an ITS Customer Pool administered by an ITS Agent at any time.

"Month" means a period beginning at 9:00 a.m. Central Clock Time on the first day of any calendar month and ending at 9:00 a.m. Central Clock Time on the first day of the next succeeding calendar month.

"PGS Delivery Point(s)" has the meaning given for such term in the Customer's Gas Transportation Agreement.

"PGS Receipt Point(s)" has the meaning given for such term in the Customer's Gas Transportation Agreement.

"Retainage" means 0.35% of Gas received by Company for the account of Customer at the PGS Receipt Point(s), which Company shall retain at no cost to Company to cover lost and unaccounted-for Gas between the PGS Receipt Point(s) and the PGS Delivery Point(s).

"Scheduled Quantities" means, for a specified period of time, the amounts of Gas confirmed by Company for transportation and/or purchase under the Customer's Gas Transportation Agreement (less any Retainage applicable thereto).

"Transporter" means any gas pipeline company delivering Gas to the PGS Receipt Point(s) for Customer's account for transportation to the PGS Delivery Point(s) hereunder.

"Transporter's FERC Tariff" means the tariff of Transporter on file with the Federal Energy Regulatory Commission which is applicable to deliveries for the account of Customer at the PGS Receipt Point(s).

INDIVIDUAL TRANSPORTATION SERVICE Rider ITS (Continued)

"Weighted Average Cost of Capacity" means, for each Month, the weighted average cost (expressed in dollars per MMBtu) per Day of firm transportation capacity rights held by PGS for such Month pursuant to contracts with Transporters which PGS has not (i) temporarily released to persons other than a Pool Manager or (ii) committed to the use of any person through a Buy-Sell arrangement.

2. Each prospective Customer desiring to receive individual transportation service provided by Company shall submit a written application, in form acceptable to Company, prior to the initiation of such service. Upon receipt of such written application, Company will, if it determines it is able to provide the service requested, tender to the prospective Customer a Gas Transportation Agreement. Customer shall execute, or be deemed to have executed, such Gas Transportation Agreement prior to the initiation of individual transportation service by Company. Any Customer already receiving individual transportation service from Company as of the initial effective date of this Rider shall be deemed eligible for service hereunder and subject to the terms and conditions herein set forth without being required to execute a new Gas Transportation Agreement.
3. Interruption. If Customer receives individual transportation service pursuant to an interruptible rate schedule, Company makes no guarantee against, and assumes no liability for, interruptions of service.
 - (a) Company shall be deemed in control and possession of all Gas from the time of its receipt at the PGS Receipt Point(s) (as defined in the Gas Transportation Agreement) until such Gas is delivered to Customer at the PGS Delivery Point(s) (as defined in the Gas Transportation Agreement), after which Customer shall be deemed in control and possession of such Gas. Customer shall have no responsibility with respect to any Gas after it has been delivered to Company at the PGS Receipt Point(s) on account of anything which may be done, happen or arise with respect to such Gas, until said Gas is delivered to Customer at the PGS Delivery Point(s). Company shall have no responsibility with respect to any Gas prior to its delivery to Company at the PGS Receipt Point(s) or after its delivery to Customer at the PGS Delivery Point(s) on account of anything which may be done, happen or arise with respect to such Gas prior to such receipt at the PGS Receipt Point(s) or after such delivery at the PGS Delivery Point(s). Company may commingle Gas delivered to it for Customer's account with Gas delivered for the accounts of Company and/or other Customers.
 - (b) Right to Use Customer's Gas Supply. If deliveries to Customer hereunder are curtailed or interrupted, Customer shall sell to Company, and Company shall purchase from Customer, that portion of Scheduled Quantities of Customer's Gas that is curtailed or interrupted; but Customer shall have no obligation to sell if Customer has no Gas flowing at the time interruption or curtailment is noticed, or is otherwise unable to deliver Gas to Company; and provided further that, after receiving a Company curtailment or interruption notice, unless Company otherwise directs, Customer shall not cause or ~~e~~ permit any of its Scheduled Quantities to be curtailed or redirected so as to reduce the quantities delivered at

INDIVIDUAL TRANSPORTATION SERVICE Rider ITS (Continued)

the PGS Receipt Point(s). For all Gas sold by Customer pursuant to this Special Condition 3(b), Company shall pay Customer an amount per MMBtu equal to, at Customer's election:

- (1) the sum of (a) either (i) if the Gas was purchased by Customer pursuant to a contract with an initial term of five (5) or more years providing for firm purchases and sales of Gas, the price at which Customer purchased such Gas, or (ii) the price for spot Gas delivered to Transporter at FGT Zone 2, as reported in the "Daily Price Survey" @ in *Gas Daily* for the Day in which Company purchased the Gas, and (b) Company's Weighted Average Cost of Capacity for the Month in which Company purchased the Gas plus the FGT FTS-1 usage rate (including any applicable usage surcharges), or
- (2) Customer's documented delivered cost of such Gas at the PGS Receipt Point(s).

(d)(c) Excess Gas Taken by Customer During Interruption. Any Gas taken by Customer in excess of the volume of Gas allocated to it by Company during a period of curtailment or interruption under this Special Condition 3 shall be considered to be unauthorized overrun Gas. Company has the right to bill Customer for such unauthorized overrun Gas, in addition to all other charges payable by Customer under its Gas Transportation Agreement or this tariff, at a price equal to the greater of (i) five (5) times the highest Gas Daily mid-point price for gas delivered to a Gulf Coast pipeline plus FGT's FTS-2 reservation, usage, fuel and applicable surcharges or (ii) five (5) times the Gas Daily FGT Florida City gate price for gas for the calendar day on which such unauthorized overrun gas was taken. Payment of an overrun penalty shall not give Customer the right to take unauthorized overrun Gas, nor shall it preclude or limit any other remedies available to Company for Customer's failure to comply with interruption or curtailment orders issued by Company.

(d) Company agrees to give Customer as much advance notice of a curtailment or interruption of service as is reasonably practicable, which notice shall, in non-emergency circumstances, be at least four (4) hours.

4. Customer's Responsibilities. Company has no responsibility in connection with Customer's arrangements with its supplier(s). Customer shall timely provide to Company (i) good faith estimates of the daily quantities it is likely to nominate for purchase or transportation as far in advance as reasonably practicable and (ii) all information requested by Company in order to comply with Transporter's FERC Tariff and determine Scheduled Quantities. Customer shall designate in writing an individual, who is duly authorized to act for Customer with respect to all operational matters arising under the Gas Transportation Agreement and accessible to Company at all times each Day during the term of the Gas Transportation Agreement, to act as Customer's "Contact Person". In performing under the Gas Transportation Agreement, Company shall be entitled to rely upon any instruction or consent given by such Contact Person with respect to operational matters arising under the Gas Transportation Agreement or

INDIVIDUAL TRANSPORTATION SERVICE Rider ITS (Continued)

under the Transporter Agreement (as defined in the Gas Transportation Agreement).

5. Warranty of Title. As between Customer and Company, Customer warrants that it will have good title to all Gas delivered to Company for the account of Customer for transportation on Company's system, that such Gas will be free and clear of all liens, encumbrances and claims whatsoever, and that it will indemnify and save Company harmless from any suit, action, debt, account, damage, cost, loss and expense arising from or out of adverse claims of any person to said Gas.

6. Deliveries of Gas. All Gas delivered under the Gas Transportation Agreement shall be delivered at rates of flow as constant as operationally feasible throughout each Day. Company has no obligation on any Day to deliver on other than a uniform hourly basis in relation to the Scheduled Quantities. The point of delivery for all Gas confirmed by Company for delivery under the Gas Transportation Agreement shall be at the outlet side of such billing meter(s) as shall be installed at the PGS Delivery Point(s). Measurement of the Gas delivered shall be in accordance with Section V of Company's Rules and Regulations.

7. Correction of Imbalances. Company intends that gas delivered to a Customer receiving service pursuant to this Rider on a daily basis will equal such Customer's consumption for that day. All Daily Imbalance Amounts arising under a Gas Transportation Agreement shall be resolved as of the end of each Month. The sum of all Daily Imbalance Amounts incurred during a Month (~~excluding any Daily Imbalance Amount recorded in an Alert Day Account~~) (the "Monthly Imbalance Amount") shall be resolved in accordance with this Special Condition 7 each Month. Company will post a list of Monthly Imbalance Amounts on its Internet web site by noon on the 10th calendar day of each Month. If the 10th calendar day of the Month falls on a federal banking holiday or a weekend, then the Company will post a list of Monthly Imbalance Amounts on the next succeeding business day. Customer shall have a "Book-Out Period" (the period from the date of such posting until 5 p.m. Eastern Clock Time on the 4th business day of the Month following the Company's posting of the Monthly Imbalance Amount) within which to utilize the Book-Out provisions in paragraph (a) below; provided, however, that paragraph (a) below may not be utilized for any month by a Customer whose imbalance level under paragraph (b) or (c) below is greater than 40% for such month. Customer and Company shall utilize the provisions in paragraphs (b) and (c) below to resolve in cash all Monthly Imbalance Amounts (or any portions thereof) remaining after the close of the Book-Out Period. Company will use commercially reasonable efforts to post the list of Monthly Imbalance Amounts in accordance with the foregoing provision but, in the event of unavoidable circumstances, such posting will be made as soon as reasonably practicable.
 - (a) Customer may, during the Book-Out Period, net Positive Monthly Imbalance Amounts (as hereinafter defined), or portions thereof, with Negative Monthly Imbalance Amounts (as hereinafter defined), or portions thereof, of other Customers, and may net Negative Monthly Imbalance Amounts, or portions thereof, with Positive Monthly Imbalance Amounts of other Customers.

Customers availing themselves of the provisions of this paragraph (a) shall submit a completed Book-Out Agreement via facsimile to Company before the

INDIVIDUAL TRANSPORTATION SERVICE Rider ITS (Continued)

end of the Book-Out Period. Company shall have no responsibility for failure to receive any facsimile transmission. Such agreement shall not be deemed effective unless it bears the signature of an authorized representative of each Customer which is a party thereto. Company will ~~provide mail~~ provide Customer ~~with a~~ an invoice or purchase statement for Customer's Monthly Imbalance Amount remaining (if any) after Customer's execution of a Book-Out Agreement pursuant to this paragraph (a) (the "Remaining Imbalance"~~@~~) by the end of the ~~4th 10th~~ 4th ~~calendar~~ calendar business day of ~~following the Month (or the end of the next Business Day if the 10th day is not a Business Day)~~ following the Month ~~Book-Out Period~~, such statement to be calculated in accordance with paragraph (b) or (c) below, as applicable.

- (b) If a Remaining Imbalance is Positive (*i.e.*, Scheduled Quantities exceed Actual Takes), Company shall purchase the same from Customer (and Customer shall sell the same to Company) at a price per Therm (the "Unit Price") equal to the lowest of the average of weekly prices for spot Gas delivered to FGT at Mustang Island (Tivoli), Texas, Vermillion Parish, Louisiana, or St. Helena Parish Louisiana, as reported in *Natural Gas Week*, for the Month in which the Monthly Imbalance Amount was incurred, multiplied by the applicable factor set forth below:

<u>Imbalance Level</u>	<u>Factor</u>
0% to 5%	1.00
Greater than 5% to 20%	0.90
Greater than 20% to 40%	0.80
Greater than 40%	0.50

The total amount due Customer pursuant to this paragraph (b) shall be the product of the Unit Price (calculated as set forth herein) and Remaining Imbalance. The Imbalance Level shall be calculated by dividing the Remaining Imbalance by the Scheduled Quantities for the Month in which the Monthly Imbalance Amount accumulated.

INDIVIDUAL TRANSPORTATION SERVICE Rider ITS (Continued)

- (c) If a Remaining Imbalance is Negative (i.e., Actual Takes exceed Scheduled Quantities), Company shall sell the same to Customer (and Customer shall purchase the same from Company) at a price per Therm (the "Unit Price") equal to the sum of (i) the highest average of weekly prices for spot Gas delivered to FGT at Mustang Island (Tivoli), Texas, Vermillion Parish, Louisiana, or St. Helena Parish, Louisiana, as reported in *Natural Gas Week*, for the Month in which the Monthly Imbalance Amount accumulated, multiplied by the applicable factor set forth below:

<u>Imbalance Level</u>	<u>Factor</u>
0% to 5%	1.00
Greater than 5% to 20%	1.10
Greater than 20% to 40%	1.20
Greater than 40%	1.50

and (ii) Company's Weighted Average Cost of Capacity plus the FGT FTS-1 usage rate (including any applicable surcharges). The total amount due Company pursuant to this paragraph (c) shall be the product of the Unit Price (calculated as set forth herein) and the Remaining Imbalance. The Imbalance Level shall be calculated by dividing the Remaining Imbalance by the Scheduled Quantities for the Month in which the Monthly Imbalance Amount accumulated.

- (d) Company's statement for a Remaining Imbalance calculated pursuant to paragraph (b) above shall show a credit for the amount payable by Company to Customer pursuant to paragraph (b), such credit to be applied on Company's bill rendered to Customer pursuant to the Gas Transportation Agreement for the Month following the Month in which the amount payable by Company to Customer pursuant to paragraph (b) was incurred. All amounts not so credited by Company shall be considered delinquent.
- (e) Company's statement for a Remaining Imbalance calculated pursuant to paragraph (c) above shall be paid by Customer in accordance with the Gas Transportation Agreement. All amounts not so paid by Customer shall be considered delinquent.
9. Allocation Statements. Gas will be measured at the PGS Receipt Point(s) by the measuring devices of Transporter. Customer shall provide any measurement information it receives to Company within two (2) Business Days of Customer's receipt thereof. Company shall determine the quantity of Gas delivered to Company for Customer's account at the PGS Receipt Point(s), and will provide to Customer a copy of, or applicable excerpt from, each allocation statement received by Company from Transporter within two (2) Business Days of Company's receipt thereof. Final allocation statements provided by Customer's supplier(s) and

INDIVIDUAL TRANSPORTATION SERVICE Rider ITS (Continued)

Transporter shall be conclusive for all purposes under the Gas Transportation Agreement, including without limitation, determining daily quantities actually delivered at the PGS Receipt Point(s) for Customer's account; provided, however, that in the case of any discrepancy between allocation statements, Customer and Company will cooperate to determine which statement is correct; and provided further, however, that unless such discrepancy is resolved to the satisfaction of Company and Transporter, as between Company and Customer, Transporter's allocation statement shall control and shall provide the quantity to be used for all calculations and adjustments under the Gas Transportation Agreement.

9. Inspection. Both Customer and Company shall have the right during the term of the Gas Transportation Agreement and for a period of three (3) years thereafter, upon reasonable prior notice and during normal business hours, to examine the records and documents of the other party to such agreement to the extent necessary to verify the accuracy of any statement or charge made thereunder. Each party to such agreement shall keep each such record and document for a period of three (3) years from the date the same is created or any entry or adjustment thereto is made.
10. Nominations required by the Gas Transportation Agreement shall be submitted electronically in accordance with instructions furnished by the Company, or in the form set forth on Sheet No. 8.115.
11. If a Customer takes service under (a) an interruptible rate schedule or (b) this Rider, then the Company will install and maintain equipment for the monitoring of the Customer's hourly Gas flow. Customer shall reimburse the Company for the expense incurred for the investment in and installation of such equipment.
12. Allocations and Penalties. Company may, in its sole discretion and with at least 12 hours notice within a Day, post a notice on its Internet web site or give notice by e-mail to any ITS Agent or Customer receiving service pursuant to this Rider that the Alert Day provisions of this Special Condition 12 are in effect, whether the Alert Day is an Overage Alert Day or an Underage Alert Day, whether the notice applies system-wide, to an affected area, or to one or more individual ITS Agents or Customers, and the tolerance percentage applicable to the Alert Day; provided, however, that such tolerance percentage shall not be less than 6%. The following provisions of this Special Condition shall apply on any such Day.
 - (a) On an Overage Alert Day, to the extent a Customer's Actual Takes or an ITS Customer Pool's aggregated Actual Takes exceed the Customer's Scheduled Quantities or the ITS Customer Pool's aggregated Scheduled Quantities, respectively, such overages shall be recorded in an Alert Day Account specific to the particular Alert Day and shall be subject to the Alert Day Charges set forth in paragraph (c) below.
 - (b) On an Underage Alert Day, to the extent a Customer's Actual Takes or an ITS Customer Pool's aggregated Actual Takes are less than the Customer's Scheduled Quantities or the ITS Customer Pool's aggregated Actual Takes, respectively, such underages shall be recorded in an Alert Day Account specific

INDIVIDUAL TRANSPORTATION SERVICE Rider ITS (Continued)

to the particular Alert Day and shall be subject to the Alert Day Charges set forth in paragraph (c) below.

- (c) Alert Day Charges. For each Alert Day Account established during the preceding Month, Company shall bill to Customer or ITS Agent, and Customer or ITS Agent shall pay to Company, in addition to any other amounts payable pursuant to Customer's Gas Transportation Agreement or this tariff, an Alert Day Charge per MMBtu equal to ~~two~~ times the higher of (i) the highest Daily Midpoint price for Gas in any FGT Zone as published in *Gas Daily* for the Day on which the Alert Day Account was established, plus FGT's FTS-2 100% load factor rate, or (ii) FGT's City Gate Delivered price for Gas as published in *Gas Daily* for the Day on which the Alert Day Account was established.

The Overage/Underage Level for each Customer's or ITS Customer Pool's Alert Day Account shall be calculated by dividing the Customer's overage or underage (as the case may be) or the ITS Customer Pool's aggregated overage or underage (as the case may be) for such Day by the Customer's Scheduled Quantities or ITS Customer Pool's aggregated Scheduled Quantities for the Day on which the Alert Day Account was established. A Customer's or ITS Agent's failure to receive notice pursuant to this Special Condition 12 shall not excuse Customer or ITS Agent from any Alert Day Charges assessed hereunder.

If an ITS Agent fails to pay any undisputed Alert Day charges imposed by the Company on the ITS Customer Pool within sixty (60) Days after the date on which they are imposed, Company will bill each individual Customer in the ITS Customer Pool and each such Customer will be responsible for, and pay to Company, such undisputed Alert Day charges (if any) as would have been payable by such Customer for such Alert Day in the absence of the ITS Agent Agreement.

- (d) Revenues derived from Alert Day Charges imposed by Company pursuant to this Special Condition 12 on any Day shall be netted against any FGT penalty charges incurred by Company for the same Day. ~~If there is any Any remaining revenue, (i) twenty five percent (25%) thereof (less Regulatory Assessment Fees attributable thereto) shall be credited back on a pro rata basis to (A) all Customers subject to the Alert Day whose Actual Takes were less than their Scheduled Quantities for such Day when the Alert Day was an Overage Alert Day or (B) all Customers subject to the Alert Day whose Actual Takes exceeded their Scheduled Quantities for such Day when the Alert Day was an Underage Alert Day, and (ii) seventy five percent (75%) thereof shall be credited to the Purchased Gas Adjustment Clause. If, (i) on an Overage Alert Day, the Actual Takes of no Customer subject to the Alert Day were less than such Customer's Scheduled Quantities for such Day, or (ii) on an Underage Alert Day, the Actual Takes of no Customer subject to the Alert Day exceeded such Customer's Scheduled Quantities for such Day, revenues derived from Alert Day Charges for such Day (less Regulatory Assessment Fees attributable thereto) shall be credited to the Purchased Gas Adjustment Clause.~~

INDIVIDUAL TRANSPORTATION SERVICE Rider ITS (Continued)

- (e) No penalty debits will be assessed if they are less than \$5.00 in value.
- (f) If, on a Day on which a Customer or an ITS Agent for an ITS Customer Pool is subject to an Alert Day Notice issued pursuant to this Special Condition 12, Company orders such Customer or the Customers comprising such ITS Customer Pool to curtail or interrupt pursuant to Special Condition 3, such Customer or the ITS Agent for such ITS Customer Pool shall be subject to the greater of (i) any Alert Day Charges incurred by such Customer or by the ITS Agent for such ITS Customer Pool pursuant to this Special Condition 12 or (ii) any penalty payable by such Customer or by the Customers comprising such ITS Customer Pool for unauthorized overrun Gas pursuant to Special Condition 3.
13. A Customer which provides a written request to discontinue service hereunder to return to sales service (if such service is then available from Company) will be required to remain on sales service for a period of not less than twelve (12) Months.
14. It is the Customer's obligation to make payments to the Company (or to an Authorized Payment Agent of the Company) of all bills rendered. Payment by a Customer to a third party (including a Third Party Gas Supplier) which has not been designated by Company as an Authorized Payment Agent will not satisfy the Customer's obligation to make payment of Company's bill for Gas Service.

INDEX OF STANDARD FORMS

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Application for Gas Service	8.101
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Gas Bill	8.105
Final Notice	8.106
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Miscellaneous Cash Receipt	8.108
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Master Agreement for Gas Service (Non-West Florida Region)	8.116
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Natural Choice Transportation Service Letter of Authorization	8.118
Firm Delivery and Operational Balancing Agreement	8.119
Charge Card Receipt	8.121
Auto Pay	8.122
<u>ITS Agent Agreement</u>	<u>8.123</u>

ITS AGENT AGREEMENT

The undersigned Shipper hereby designates the undersigned Agent as its Agent to perform the following identified (*i.e.*, marked with an "X") obligations of Shipper under Shipper's Gas Transportation Agreement(s) with Peoples Gas System ("PGS"):

- Invoicing/Payment
- Nominations
- Monthly Imbalance Resolution
- Alert Day Volume Aggregation and Alert Day Penalty Responsibility

Shipper, Agent and PGS hereby agree, for all purposes relating to the functions identified above, that:

1. The designation by Shipper of Agent as Shipper's Agent shall be effective as of the beginning of the Day commencing on _____ ←insert date.
2. Shipper agrees that it may designate only one agent however, that agent may perform one or several of the functions listed above.
3. PGS has the right to rely on any written or verbal communication from Agent, and any communications by PGS to Agent shall be deemed notice to Shipper.
4. Agent shall perform the functions identified above in a manner consistent with PGS's Natural Gas Tariff on file with the Florida Public Service Commission, as the same may be amended from time to time.
5. Alert Day penalties imposed on the ITS Customer Pool of which Shipper is a part shall be paid by Agent; provided, however, that if Agent fails to pay such penalties within sixty (60) days after the date on which they are imposed by PGS, Shipper shall be responsible for, and pay to PGS, such Alert Day penalties (if any) as would have been payable by Shipper for such Alert Day in the absence of this Agreement.
6. Shipper shall remain liable to PGS (a) with respect to any act or omission of Agent in the performance of the functions identified above and, (b) to the extent not paid by Agent for the ITS Customer Pool of which Shipper is a part, all charges arising under the Gas Transportation Agreement(s) between PGS and Shipper. Shipper shall indemnify, hold harmless and defend PGS from and against any and all acts or omissions of Agent.

SHIPPER INFORMATION (Full Company Legal Name)	AGENT INFORMATION (Full Company Legal Name)
SHIPPER:	AGENT:
DUNS NO:	DUNS NO:
PGS ACCOUNT NO:	PGS ACCOUNT NO:
MAILING ADDRESS:	MAILING ADDRESS:
CITY:	CITY:
STATE AND ZIP CODE:	STATE AND ZIP CODE:
CONTACT PERSON:	CONTACT PERSON:
TELEPHONE NO:	TELEPHONE NO:
FAX NO:	FAX NO:
E-MAIL:	E-MAIL:

SIGNED BY: _____ **SIGNED BY:** _____

TITLE: _____ **TITLE:** _____

ACCEPTED FOR PGS BY: _____ **DATE:** _____

Issued By: William N. Cantrell, President
Issued On: June 27, 2006

Effective:

GENERAL APPLICABILITY PROVISIONS

The following general provisions are applicable to each rate schedule contained in this tariff.

A. CHARACTER OF SERVICE

1. **General Service.** Gas, purchased by Customer from Company, having a nominal heating value of not less than 950 BTU per cubic foot. The Company will endeavor to provide Gas Service on a continuous basis, but does not guarantee to do so. Detailed procedures for orderly curtailment in the event of a shortage of Gas from the Company's suppliers are set forth in the Company's curtailment plan on file with the Commission.
2. **Interruptible Service and Contract Interruptible Service.** Gas, purchased by Customer from Company, having a nominal heating value of not less than 950 BTU per cubic foot, delivered on an interruptible basis. Gas Service rendered under Interruptible and Contract Interruptible Rate Schedules will be curtailed or fully interrupted at the sole discretion of the Company. The Customer shall hold the Company harmless from any and all liabilities, penalties, alternate fuels subsidies, price adjustments and claims of whatever type, resulting from or arising out of the Company's curtailment or interruption of Gas consumption or deliveries to Customers electing Interruptible Service.
3. **Individual Transportation Service.** Gas made available to Company by or for the account of Customer (other than as a part of Gas made available to Company by or for the account of an NCTS Customer Pool, as defined in Rider NCTS of this tariff) for transportation service on Company's system from a designated point of receipt to a designated point of delivery. Company shall have no obligation to re-deliver Gas which Company has not received from or for the account of Customer. If the Gas is delivered for transportation by Company under a firm rate schedule, Company will endeavor to re-deliver the Gas on a continuous basis, but does not guarantee to do so. Detailed procedures for orderly curtailment of deliveries are set forth in the Company's curtailment plan on file with the Commission. Transportation service rendered under Interruptible and Contract Interruptible rate schedules will be curtailed or interrupted at the sole discretion of the Company. The Customer shall hold the Company harmless from any and all liabilities, penalties, alternate fuels subsidies, price adjustments and claims of whatever type, resulting from or arising out of the Company's curtailment or interruption of deliveries of Gas transported by Company under an interruptible rate schedule.
3. **Natural Choice Transportation Service.** Gas made available to Company by or for the account of Customer as part of an NCTS Customer Pool (as defined in Rider NCTS of this tariff), for transportation on Company's system from a designated point of receipt to a designated point of delivery. Company shall have no obligation to re-deliver Gas which Company has not received from or for the account of an NCTS Customer Pool. If the Gas is to be delivered by Company to Customer under a firm rate schedule, Company will endeavor to re-deliver the Gas on a continuous basis, but does not guarantee to do so. Detailed procedures for orderly curtailment of deliveries are set forth in the Company's curtailment plan on file with the Commission. Natural Choice Transportation Service rendered under Interruptible

NATURAL CHOICE TRANSPORTATION SERVICE Rider NCTS

Availability:

Available to all non-residential customers receiving service from Company and (a) for which service hereunder is requested as a part of an NCTS Customer Pool (as herein defined), (b) for which the Customer's total consumption of Gas is purchased from or through a Pool Manager (as herein defined), (c) which would otherwise qualify for service under Rate Schedule SGS, GS-1, GS-2, GS-3, GS-4, GS-5, CSLS or NGVS and (d) for which the Company has received a request for service hereunder in compliance with Special Condition 3. Service pursuant to this Rider is available when such service can be made available without detriment to the Company's other Customers.

Applicability:

To firm transportation of Gas delivered to Company by a Pool Manager for a non-residential Customer account pursuant to this Rider.

Monthly Rate:

The Monthly Rate for transportation service applicable to each individually billed Customer account shall be the Monthly Rate applicable to such individually billed account under Rate Schedule SGS, GS-1, GS-2, GS-3, GS-4, GS-5, CSLS or NGVS based upon the annual therm usage of such separately metered account.

The Company's Purchased Gas Adjustment Clause set forth on Sheet No. 7.101-1 shall not apply to transportation service provided by Company to a Customer pursuant to this Rider.

Special Conditions:

1. For purposes of this Rider, "NCTS Customer Pool" means a group of Customer accounts for which Gas is delivered to Company by a Pool Manager for transportation service of the aggregated needs of the Customer accounts. The Company shall not be required to provide transportation service to more than forty (40) independent NCTS Customer Pools.

NATURAL CHOICE TRANSPORTATION SERVICE (Continued)

2. For purposes of this Rider, "Pool Manager" means a person or entity which has:
- a. Entered into agreements to sell Gas to, or procure Gas for, the Customer accounts comprising an NCTS Customer Pool;
 - b. Executed and delivered to Company after approval of this Rider by the Commission an unmodified Firm Delivery and Operational Balancing Agreement (in the form set forth on Sheets 8.119 through 8.119-8 of this tariff) for an initial term of not less than one (1) year, obligating such person or entity to deliver Gas to Company on a firm basis for the accounts comprising an NCTS Customer Pool, resolve directly with the Company imbalances between (i) the quantities of Gas delivered to Company for the accounts in the NCTS Customer Pool and (ii) the quantities of Gas taken by such NCTS Customer Pool, and establish and maintain credit pursuant to the terms of such agreements; and
 - c. Executed and delivered to Company after approval of this Rider by the Commission an unmodified Master Capacity Release Agreement providing for such person's or entity's acquisition from Company of primary firm interstate pipeline transportation capacity to be used for the transportation and delivery to Company of Gas purchased by an NCTS Customer Pool receiving service pursuant to this Rider.

Subject to the provisions of Special Condition 3, additional Customer accounts may be added to an NCTS Customer Pool administered by a Pool Manager at any time. A Pool Manager may be disqualified by Company from providing service hereunder in accordance with the Firm Delivery and Operational Balancing Agreement.

INDIVIDUAL TRANSPORTATION SERVICE RIDER
RIDER ITS

Availability:

Throughout the service areas of the Company, subject to the Special Conditions set forth herein.

Applicability:

To firm or interruptible individual transportation service for any non-residential Customer who uses 182,500 therms per year or more and owns Gas that is made available for individual transportation service on the Company's system under Rate Schedules GS-3, GS-4, GS-5, NGVS, WHS, SIS, IS, ISLV, and CIS and each account receiving transportation service under Rider TA.

Monthly Rate:

The Monthly Rate set forth in the applicable rate schedule, based on the annual Therm usage of, and character of service elected by, the Customer, plus an Individual Transportation Administration Fee of \$144.00 per month per meter.

Special Conditions:

1. Definitions: As used in this Rider or in a Gas Transportation Agreement, the following terms have the meanings set forth below:

"Actual Takes" means, for a specified period of time, the quantity of Gas passing through the meter(s) at the PGS Delivery Point(s) of Customer (as defined in the Customer's Gas Transportation Agreement).

"Customer" means the person or entity which executes a Gas Transportation Agreement providing for individual transportation service hereunder.

"Daily Imbalance Amount" means, for a Day, the positive or negative whole number determined by subtracting the Actual Takes for the Day from the Scheduled Quantities for the Day.

"Day" means a period of 24 consecutive hours beginning and ending at 9:00 a.m. Central Clock Time.

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

"Gas Transportation Agreement" means an agreement between Company and an individual transportation Customer, the basic form of which is set forth on Sheets Nos. 8.114 through 8.114-8, which specifies the term for which it is effective and contains such reasonable provisions for termination as to which Company and Customer may agree.

INDIVIDUAL TRANSPORTATION SERVICE Rider ITS (Continued)

"ITS Agent" means a person or entity which has, not less than five (5) Business Days prior to the beginning of the Month in which the ITS Agent Agreement (in the form set forth on Sheet 8.123 of this Tariff) will be effective, delivered to Company a complete and fully executed ITS Agent Agreement obligating such person or entity to perform for a Customer receiving transportation service under this Rider and to be responsible for (i) invoicing and payment and/or (ii) nominations, monthly imbalance resolution, Alert Day volume aggregation, Alert Day penalty responsibility, and capacity release responsibilities on behalf of the Customer designating such person or entity as its agent. Customer may designate only one ITS Agent at any time; however, such ITS Agent may perform one or more of several functions listed on Sheet No. 8.123.

"ITS Customer Pool" means a group of individual Customer accounts, each of which receives transportation service from Company under this Rider, each of which has designated the same ITS Agent (as herein defined), and each of whose Scheduled Quantities and Actual Takes are aggregated with those of the other Customer accounts comprising the group for purposes of determining penalties applicable to the group for any Alert Day applicable to the group under Special Condition 12. Subject to compliance with the requirements set forth in the definition of "ITS Agent," additional Customer accounts may be added to an ITS Customer Pool administered by an ITS Agent at any time.

"Month" means a period beginning at 9:00 a.m. Central Clock Time on the first day of any calendar month and ending at 9:00 a.m. Central Clock Time on the first day of the next succeeding calendar month.

"PGS Delivery Point(s)" has the meaning given for such term in the Customer's Gas Transportation Agreement.

"PGS Receipt Point(s)" has the meaning given for such term in the Customer's Gas Transportation Agreement.

"Retainage" means 0.35% of Gas received by Company for the account of Customer at the PGS Receipt Point(s), which Company shall retain at no cost to Company to cover lost and unaccounted-for Gas between the PGS Receipt Point(s) and the PGS Delivery Point(s).

"Scheduled Quantities" means, for a specified period of time, the amounts of Gas confirmed by Company for transportation and/or purchase under the Customer's Gas Transportation Agreement (less any Retainage applicable thereto).

"Transporter" means any gas pipeline company delivering Gas to the PGS Receipt Point(s) for Customer's account for transportation to the PGS Delivery Point(s) hereunder.

"Transporter's FERC Tariff" means the tariff of Transporter on file with the Federal Energy Regulatory Commission which is applicable to deliveries for the account of Customer at the PGS Receipt Point(s).

INDIVIDUAL TRANSPORTATION SERVICE Rider ITS (Continued)

"Weighted Average Cost of Capacity" means, for each Month, the weighted average cost (expressed in dollars per MMBtu) per Day of firm transportation capacity rights held by PGS for such Month pursuant to contracts with Transporters which PGS has not (i) temporarily released to persons other than a Pool Manager or (ii) committed to the use of any person through a Buy-Sell arrangement.

2. Each prospective Customer desiring to receive individual transportation service provided by Company shall submit a written application, in form acceptable to Company, prior to the initiation of such service. Upon receipt of such written application, Company will, if it determines it is able to provide the service requested, tender to the prospective Customer a Gas Transportation Agreement. Customer shall execute, or be deemed to have executed, such Gas Transportation Agreement prior to the initiation of individual transportation service by Company. Any Customer already receiving individual transportation service from Company as of the initial effective date of this Rider shall be deemed eligible for service hereunder and subject to the terms and conditions herein set forth without being required to execute a new Gas Transportation Agreement.
3. Interruption. If Customer receives individual transportation service pursuant to an interruptible rate schedule, Company makes no guarantee against, and assumes no liability for, interruptions of service.
 - (a) Company shall be deemed in control and possession of all Gas from the time of its receipt at the PGS Receipt Point(s) (as defined in the Gas Transportation Agreement) until such Gas is delivered to Customer at the PGS Delivery Point(s) (as defined in the Gas Transportation Agreement), after which Customer shall be deemed in control and possession of such Gas. Customer shall have no responsibility with respect to any Gas after it has been delivered to Company at the PGS Receipt Point(s) on account of anything which may be done, happen or arise with respect to such Gas, until said Gas is delivered to Customer at the PGS Delivery Point(s). Company shall have no responsibility with respect to any Gas prior to its delivery to Company at the PGS Receipt Point(s) or after its delivery to Customer at the PGS Delivery Point(s) on account of anything which may be done, happen or arise with respect to such Gas prior to such receipt at the PGS Receipt Point(s) or after such delivery at the PGS Delivery Point(s). Company may commingle Gas delivered to it for Customer's account with Gas delivered for the accounts of Company and/or other Customers.
 - (b) Right to Use Customer's Gas Supply. If deliveries to Customer hereunder are curtailed or interrupted, Customer shall sell to Company, and Company shall purchase from Customer, that portion of Scheduled Quantities of Customer's Gas that is curtailed or interrupted; but Customer shall have no obligation to sell if Customer has no Gas flowing at the time interruption or curtailment is noticed, or is otherwise unable to deliver Gas to Company; and provided further that, after receiving a Company curtailment or interruption notice, unless Company otherwise directs, Customer shall not cause or permit any of its Scheduled Quantities to be curtailed or redirected so as to reduce the quantities delivered at

INDIVIDUAL TRANSPORTATION SERVICE Rider ITS (Continued)

the PGS Receipt Point(s). For all Gas sold by Customer pursuant to this Special Condition 3(b), Company shall pay Customer an amount per MMBtu equal to, at Customer's election:

- (1) the sum of (a) either (i) if the Gas was purchased by Customer pursuant to a contract with an initial term of five (5) or more years providing for firm purchases and sales of Gas, the price at which Customer purchased such Gas, or (ii) the price for spot Gas delivered to Transporter at FGT Zone 2, as reported in the "Daily Price Survey" in *Gas Daily* for the Day in which Company purchased the Gas, and (b) Company's Weighted Average Cost of Capacity for the Month in which Company purchased the Gas plus the FGT FTS-1 usage rate (including any applicable usage surcharges), or
 - (2) Customer's documented delivered cost of such Gas at the PGS Receipt Point(s).
- (c) Excess Gas Taken by Customer During Interruption. Any Gas taken by Customer in excess of the volume of Gas allocated to it by Company during a period of curtailment or interruption under this Special Condition 3 shall be considered to be unauthorized overrun Gas. Company has the right to bill Customer for such unauthorized overrun Gas, in addition to all other charges payable by Customer under its Gas Transportation Agreement or this tariff, at a price equal to the greater of (i) five (5) times the highest Gas Daily mid-point price for gas delivered to a Gulf Coast pipeline plus FGT's FTS-2 reservation, usage, fuel and applicable surcharges or (ii) five (5) times the Gas Daily FGT Florida City gate price for gas for the calendar day on which such unauthorized overrun gas was taken. Payment of an overrun penalty shall not give Customer the right to take unauthorized overrun Gas, nor shall it preclude or limit any other remedies available to Company for Customer's failure to comply with interruption or curtailment orders issued by Company.
- (d) Company agrees to give Customer as much advance notice of a curtailment or interruption of service as is reasonably practicable, which notice shall, in non-emergency circumstances, be at least four (4) hours.
4. Customer's Responsibilities. Company has no responsibility in connection with Customer's arrangements with its supplier(s). Customer shall timely provide to Company (i) good faith estimates of the daily quantities it is likely to nominate for purchase or transportation as far in advance as reasonably practicable and (ii) all information requested by Company in order to comply with Transporter's FERC Tariff and determine Scheduled Quantities. Customer shall designate in writing an individual, who is duly authorized to act for Customer with respect to all operational matters arising under the Gas Transportation Agreement and accessible to Company at all times each Day during the term of the Gas Transportation Agreement, to act as Customer's "Contact Person". In performing under the Gas Transportation Agreement, Company shall be entitled to rely upon any instruction or consent given by such Contact Person with respect to operational matters arising under the Gas Transportation Agreement or

INDIVIDUAL TRANSPORTATION SERVICE Rider ITS (Continued)

under the Transporter Agreement (as defined in the Gas Transportation Agreement).

5. Warranty of Title. As between Customer and Company, Customer warrants that it will have good title to all Gas delivered to Company for the account of Customer for transportation on Company's system, that such Gas will be free and clear of all liens, encumbrances and claims whatsoever, and that it will indemnify and save Company harmless from any suit, action, debt, account, damage, cost, loss and expense arising from or out of adverse claims of any person to said Gas.
6. Deliveries of Gas. All Gas delivered under the Gas Transportation Agreement shall be delivered at rates of flow as constant as operationally feasible throughout each Day. Company has no obligation on any Day to deliver on other than a uniform hourly basis in relation to the Scheduled Quantities. The point of delivery for all Gas confirmed by Company for delivery under the Gas Transportation Agreement shall be at the outlet side of such billing meter(s) as shall be installed at the PGS Delivery Point(s). Measurement of the Gas delivered shall be in accordance with Section V of Company's Rules and Regulations.
7. Correction of Imbalances. Company intends that gas delivered to a Customer receiving service pursuant to this Rider on a daily basis will equal such Customer's consumption for that day. All Daily Imbalance Amounts arising under a Gas Transportation Agreement shall be resolved as of the end of each Month. The sum of all Daily Imbalance Amounts incurred during a Month (the "Monthly Imbalance Amount") shall be resolved in accordance with this Special Condition 7 each Month. Company will post a list of Monthly Imbalance Amounts on its Internet web site by noon on the 10th calendar day of each Month. If the 10th calendar day of the Month falls on a federal banking holiday or a weekend, then the Company will post a list of Monthly Imbalance Amounts on the next succeeding business day. Customer shall have a "Book-Out Period" (the period from the date of such posting until 5 p.m. Eastern Clock Time on the 4th business day of the Month following the Company's posting of the Monthly Imbalance Amount) within which to utilize the Book-Out provisions in paragraph (a) below; provided, however, that paragraph (a) below may not be utilized for any month by a Customer whose imbalance level under paragraph (b) or (c) below is greater than 40% for such month. Customer and Company shall utilize the provisions in paragraphs (b) and (c) below to resolve in cash all Monthly Imbalance Amounts (or any portions thereof) remaining after the close of the Book-Out Period. Company will use commercially reasonable efforts to post the list of Monthly Imbalance Amounts in accordance with the foregoing provision but, in the event of unavoidable circumstances, such posting will be made as soon as reasonably practicable.
 - (a) Customer may, during the Book-Out Period, net Positive Monthly Imbalance Amounts (as hereinafter defined), or portions thereof, with Negative Monthly Imbalance Amounts (as hereinafter defined), or portions thereof, of other Customers, and may net Negative Monthly Imbalance Amounts, or portions thereof, with Positive Monthly Imbalance Amounts of other Customers.

Customers availing themselves of the provisions of this paragraph (a) shall submit a completed Book-Out Agreement via facsimile to Company before the

INDIVIDUAL TRANSPORTATION SERVICE Rider ITS (Continued)

end of the Book-Out Period. Company shall have no responsibility for failure to receive any facsimile transmission. Such agreement shall not be deemed effective unless it bears the signature of an authorized representative of each Customer which is a party thereto. Company will mail Customer an invoice or purchase statement for Customer's Monthly Imbalance Amount remaining (if any) after Customer's execution of a Book-Out Agreement pursuant to this paragraph (a) (the "Remaining Imbalance" by the end of the 4th business day following the end of the Book-Out Period, such statement to be calculated in accordance with paragraph (b) or (c) below, as applicable.

- (b) If a Remaining Imbalance is Positive (*i.e.*, Scheduled Quantities exceed Actual Takes), Company shall purchase the same from Customer (and Customer shall sell the same to Company) at a price per Therm (the "Unit Price") equal to the lowest of the average of weekly prices for spot Gas delivered to FGT at Mustang Island (Tivoli), Texas, Vermillion Parish, Louisiana, or St. Helena Parish Louisiana, as reported in *Natural Gas Week*, for the Month in which the Monthly Imbalance Amount was incurred, multiplied by the applicable factor set forth below:

<u>Imbalance Level</u>	<u>Factor</u>
0% to 5%	1.00
Greater than 5% to 20%	0.90
Greater than 20% to 40%	0.80
Greater than 40%	0.50

The total amount due Customer pursuant to this paragraph (b) shall be the product of the Unit Price (calculated as set forth herein) and Remaining Imbalance. The Imbalance Level shall be calculated by dividing the Remaining Imbalance by the Scheduled Quantities for the Month in which the Monthly Imbalance Amount accumulated.

INDIVIDUAL TRANSPORTATION SERVICE Rider ITS (Continued)

- (c) If a Remaining Imbalance is Negative (*i.e.*, Actual Takes exceed Scheduled Quantities), Company shall sell the same to Customer (and Customer shall purchase the same from Company) at a price per Therm (the "Unit Price") equal to the sum of (i) the highest average of weekly prices for spot Gas delivered to FGT at Mustang Island (Tivoli), Texas, Vermillion Parish, Louisiana, or St. Helena Parish, Louisiana, as reported in *Natural Gas Week*, for the Month in which the Monthly Imbalance Amount accumulated, multiplied by the applicable factor set forth below:

<u>Imbalance Level</u>	<u>Factor</u>
0% to 5%	1.00
Greater than 5% to 20%	1.10
Greater than 20% to 40%	1.20
Greater than 40%	1.50

and (ii) Company's Weighted Average Cost of Capacity plus the FGT FTS-1 usage rate (including any applicable surcharges). The total amount due Company pursuant to this paragraph (c) shall be the product of the Unit Price (calculated as set forth herein) and the Remaining Imbalance. The Imbalance Level shall be calculated by dividing the Remaining Imbalance by the Scheduled Quantities for the Month in which the Monthly Imbalance Amount accumulated.

- (d) Company's statement for a Remaining Imbalance calculated pursuant to paragraph (b) above shall show a credit for the amount payable by Company to Customer pursuant to paragraph (b), such credit to be applied on Company's bill rendered to Customer pursuant to the Gas Transportation Agreement for the Month following the Month in which the amount payable by Company to Customer pursuant to paragraph (b) was incurred. All amounts not so credited by Company shall be considered delinquent.
- (e) Company's statement for a Remaining Imbalance calculated pursuant to paragraph (c) above shall be paid by Customer in accordance with the Gas Transportation Agreement. All amounts not so paid by Customer shall be considered delinquent.
9. Allocation Statements. Gas will be measured at the PGS Receipt Point(s) by the measuring devices of Transporter. Customer shall provide any measurement information it receives to Company within two (2) Business Days of Customer's receipt thereof. Company shall determine the quantity of Gas delivered to Company for Customer's account at the PGS Receipt Point(s), and will provide to Customer a copy of, or applicable excerpt from, each allocation statement received by Company from Transporter within two (2) Business Days of Company's receipt thereof. Final allocation statements provided by Customer's supplier(s) and

INDIVIDUAL TRANSPORTATION SERVICE Rider ITS (Continued)

Transporter shall be conclusive for all purposes under the Gas Transportation Agreement, including without limitation, determining daily quantities actually delivered at the PGS Receipt Point(s) for Customer's account; provided, however, that in the case of any discrepancy between allocation statements, Customer and Company will cooperate to determine which statement is correct; and provided further, however, that unless such discrepancy is resolved to the satisfaction of Company and Transporter, as between Company and Customer, Transporter's allocation statement shall control and shall provide the quantity to be used for all calculations and adjustments under the Gas Transportation Agreement.

9. Inspection. Both Customer and Company shall have the right during the term of the Gas Transportation Agreement and for a period of three (3) years thereafter, upon reasonable prior notice and during normal business hours, to examine the records and documents of the other party to such agreement to the extent necessary to verify the accuracy of any statement or charge made thereunder. Each party to such agreement shall keep each such record and document for a period of three (3) years from the date the same is created or any entry or adjustment thereto is made.
10. Nominations required by the Gas Transportation Agreement shall be submitted electronically in accordance with instructions furnished by the Company, or in the form set forth on Sheet No. 8.115.
11. If a Customer takes service under (a) an interruptible rate schedule or (b) this Rider, then the Company will install and maintain equipment for the monitoring of the Customer's hourly Gas flow. Customer shall reimburse the Company for the expense incurred for the investment in and installation of such equipment.
12. Allocations and Penalties. Company may, in its sole discretion and with at least 12 hours notice within a Day, post a notice on its Internet web site or give notice by e-mail to any ITS Agent or Customer receiving service pursuant to this Rider that the Alert Day provisions of this Special Condition 12 are in effect, whether the Alert Day is an Overage Alert Day or an Underage Alert Day, whether the notice applies system-wide, to an affected area, or to one or more individual ITS Agents or Customers, and the tolerance percentage applicable to the Alert Day; provided, however, that such tolerance percentage shall not be less than 6%. The following provisions of this Special Condition shall apply on any such Day.
 - (a) On an Overage Alert Day, to the extent a Customer's Actual Takes or an ITS Customer Pool's aggregated Actual Takes exceed the Customer's Scheduled Quantities or the ITS Customer Pool's aggregated Scheduled Quantities, respectively, such overages shall be recorded in an Alert Day Account specific to the particular Alert Day and shall be subject to the Alert Day Charges set forth in paragraph (c) below.
 - (b) On an Underage Alert Day, to the extent a Customer's Actual Takes or an ITS Customer Pool's aggregated Actual Takes are less than the Customer's Scheduled Quantities or the ITS Customer Pool's aggregated Actual Takes, respectively, such underages shall be recorded in an Alert Day Account specific

INDIVIDUAL TRANSPORTATION SERVICE Rider ITS (Continued)

to the particular Alert Day and shall be subject to the Alert Day Charges set forth in paragraph (c) below.

- (c) Alert Day Charges. For each Alert Day Account established during the preceding Month, Company shall bill to Customer or ITS Agent, and Customer or ITS Agent shall pay to Company, in addition to any other amounts payable pursuant to Customer's Gas Transportation Agreement or this tariff, an Alert Day Charge per MMBtu equal to the higher of (i) the highest Daily Midpoint price for Gas in any FGT Zone as published in *Gas Daily* for the Day on which the Alert Day Account was established, plus FGT's FTS-2 100% load factor rate, or (ii) FGT's City Gate Delivered price for Gas as published in *Gas Daily* for the Day on which the Alert Day Account was established.

The Overage/Underage Level for each Customer's or ITS Customer Pool's Alert Day Account shall be calculated by dividing the Customer's overage or underage (as the case may be) or the ITS Customer Pool's aggregated overage or underage (as the case may be) for such Day by the Customer's Scheduled Quantities or ITS Customer Pool's aggregated Scheduled Quantities for the Day on which the Alert Day Account was established. A Customer's or ITS Agent's failure to receive notice pursuant to this Special Condition 12 shall not excuse Customer or ITS Agent from any Alert Day Charges assessed hereunder.

If an ITS Agent fails to pay any undisputed Alert Day charges imposed by the Company on the ITS Customer Pool within sixty (60) Days after the date on which they are imposed, Company will bill each individual Customer in the ITS Customer Pool and each such Customer will be responsible for, and pay to Company, such undisputed Alert Day charges (if any) as would have been payable by such Customer for such Alert Day in the absence of the ITS Agent Agreement.

- (d) Revenues derived from Alert Day Charges imposed by Company pursuant to this Special Condition 12 on any Day shall be netted against any FGT penalty charges incurred by Company for the same Day. Any remaining revenue (less Regulatory Assessment Fees attributable thereto) shall be credited to the Purchased Gas Adjustment Clause.

INDIVIDUAL TRANSPORTATION SERVICE Rider ITS (Continued)

- (e) No penalty debits will be assessed if they are less than \$5.00 in value.
 - (f) If, on a Day on which a Customer or an ITS Agent for an ITS Customer Pool is subject to an Alert Day Notice issued pursuant to this Special Condition 12, Company orders such Customer or the Customers comprising such ITS Customer Pool to curtail or interrupt pursuant to Special Condition 3, such Customer or the ITS Agent for such ITS Customer Pool shall be subject to the greater of (i) any Alert Day Charges incurred by such Customer or by the ITS Agent for such ITS Customer Pool pursuant to this Special Condition 12 or (ii) any penalty payable by such Customer or by the Customers comprising such ITS Customer Pool for unauthorized overrun Gas pursuant to Special Condition 3.
13. A Customer which provides a written request to discontinue service hereunder to return to sales service (if such service is then available from Company) will be required to remain on sales service for a period of not less than twelve (12) Months.
14. It is the Customer's obligation to make payments to the Company (or to an Authorized Payment Agent of the Company) of all bills rendered. Payment by a Customer to a third party (including a Third Party Gas Supplier) which has not been designated by Company as an Authorized Payment Agent will not satisfy the Customer's obligation to make payment of Company's bill for Gas Service.

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ITS AGENT AGREEMENT

The undersigned Shipper hereby designates the undersigned Agent as its Agent to perform the following identified (*i.e.*, marked with an "X") obligations of Shipper under Shipper's Gas Transportation Agreement(s) with Peoples Gas System ("PGS"):

- Invoicing/Payment
- Nominations
- Monthly Imbalance Resolution
- Alert Day Volume Aggregation and Alert Day Penalty Responsibility

Shipper, Agent and PGS hereby agree, for all purposes relating to the functions identified above, that:

1. The designation by Shipper of Agent as Shipper's Agent shall be effective as of the beginning of the Day commencing on _____ ←insert date.
2. Shipper agrees that it may designate only one agent however, that agent may perform one or several of the functions listed above.
3. PGS has the right to rely on any written or verbal communication from Agent, and any communications by PGS to Agent shall be deemed notice to Shipper.
4. Agent shall perform the functions identified above in a manner consistent with PGS's Natural Gas Tariff on file with the Florida Public Service Commission, as the same may be amended from time to time.
5. Alert Day penalties imposed on the ITS Customer Pool of which Shipper is a part shall be paid by Agent; provided, however, that if Agent fails to pay such penalties within sixty (60) days after the date on which they are imposed by PGS, Shipper shall be responsible for, and pay to PGS, such Alert Day penalties (if any) as would have been payable by Shipper for such Alert Day in the absence of this Agreement.
6. Shipper shall remain liable to PGS (a) with respect to any act or omission of Agent in the performance of the functions identified above and, (b) to the extent not paid by Agent for the ITS Customer Pool of which Shipper is a part, all charges arising under the Gas Transportation Agreement(s) between PGS and Shipper. Shipper shall indemnify, hold harmless and defend PGS from and against any and all acts or omissions of Agent.

SHIPPER INFORMATION (Full Company Legal Name)	AGENT INFORMATION (Full Company Legal Name)
SHIPPER:	AGENT:
DUNS NO:	DUNS NO:
PGS ACCOUNT NO:	PGS ACCOUNT NO:
MAILING ADDRESS:	MAILING ADDRESS:
CITY:	CITY:
STATE AND ZIP CODE:	STATE AND ZIP CODE:
CONTACT PERSON:	CONTACT PERSON:
TELEPHONE NO:	TELEPHONE NO:
FAX NO:	FAX NO:
E-MAIL:	E-MAIL:

SIGNED BY: _____

SIGNED BY: _____

TITLE: _____

TITLE: _____

ACCEPTED FOR PGS BY: _____ DATE: _____

Issued By: William N. Cantrell, President
Issued On: June 27, 2006

Effective: