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REPLY TO:
P.O. BOX 10066
TALLAHASSEE, FLORIDA 32306
TELEPHONE (904) 922-3533
TELECOPIER (904) 922-2126

April 16, 1993

Mr. Steve Tribble, Director
Division of Records and Reporting
Florida Public Service Commission
101 East Gaines Street
Tallahassee, Florida 32399-0850

via Hand Delivery

Re: Application for Determination of Need for an
Intrastate Natural Gas Pipeline; Docket #920807-GP

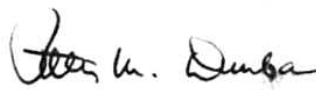
Dear Mr. Tribble:

Enclosed for filing please find an original and fifteen copies of Sunshine Pipeline Parnters Joint Stipulation for the above-referenced docket. You will also find a copy of this letter enclosed and a diskette containing this same information. Please date-stamp the copy of the letter to indicate that the original was filed and return a copy to me.

If you have any questions regarding this matter, please feel free to contact me. Thank you for your assistance in processing this filing.

Respectfully,

HABEN, CULPEPPER, DUNBAR
& FRENCH, P.A.


Peter M. Dunbar

PMD/tmz
Enclosures

cc: All parties of record

No diskette!


FPSC BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

04151 APR 16 93

FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for)
Determination of Need for)
an Intrastate Natural Gas)
Pipeline by SunShine)
Pipeline Partners)
_____)

Docket No.: 920807-GP
Filed: April 16, 1993

**JOINT STIPULATION ON SUNSHINE'S MOTION FOR PROTECTIVE ORDER
AND REQUEST FOR CONFIDENTIAL CLASSIFICATION AND TREATMENT**

COMES NOW, SunShine Pipeline Partners ("SunShine") and Florida Gas Transmission Company ("FGT") pursuant to Rule 25-22.006, Florida Administrative Code, hereby jointly stipulate regarding the production of documents sought by FGT and request an order classifying the documents as confidential and specifying their confidential treatment in future proceedings in this docket. In support therefor, SunShine and FGT state as follows:

1. FGT filed a Request for Production of Documents on SunShine on March 23, 1993. SunShine filed a Motion for Protective Order on March 26, 1993, objecting to the production of documents that SunShine considered proprietary confidential business information.

2. A motion hearing was scheduled for March 29, 1993, at which SunShine and FGT represented to the presiding officer, Commissioner Susan Clark, that the parties had resolved their dispute regarding FGT's request for production of documents, but FGT could move to compel production if it was not satisfied with after inspecting the documents that SunShine had agreed to produce.

3. On April 7, 1993, FGT informed SunShine that it would seek to have SunShine produce two documents that SunShine contends are proprietary and contain confidential business information the

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FPSC-RECORDS/REPORTING

disclosure of which would cause harm to the business operations of SunShine. These documents are attached as Exhibits A and B and are identified as follows:

Exhibit A: Letters from Mr. Charles M. Oglesby of ANR Southern Pipeline Company ("ANRS") to Mr. Stephen Watsey of Florida Power Corporation ("FPC"), dated February 12, 1993, pertaining to the terms and conditions of FPC's appointment of ANRS as FPC's exclusive agent to acquire, hold and manage natural gas transportation capacity for FPC (hereinafter referred to as the "FPC Letter").

Exhibit B: Agreement between ANRS and Peoples Gas System, Inc., ("PGS") dated April 6, 1993, pertaining to ANRS's obligation to provide replacement energy to a PGS customer, or reimburse for same (hereinafter referred to as the "PGS Agreement").

4. Rule 25-22.006, Florida Administrative Code, provides for the protection of confidential business information which would harm the business operations of a party if it were disclosed.

5. Pursuant to Rule 25-22.006(3)(d), Florida Administrative Code, the FPC Letter and PGS Agreement shall be exempt from Section 119.07(1), Florida Statutes, and will be accorded stringent internal procedural safeguards against public disclosure pending a ruling on a request for confidential classification.

6. SunShine contends that the FPC Letter qualifies for confidential classification and treatment for the following reasons:

a. The first unnumbered paragraph of the FPC Letter identifies a contract term that is the creative work product of SunShine that enhances SunShine's ability to compete for natural gas customers. The disclosure of this information to SunShine's competitors would destroy the competitive advantage that SunShine gains from the use of such innovative terms and conditions. In addition, the contract term is commercially sensitive because SunShine would not and cannot offer the term to every prospective customer. The disclosure of this information to SunShine's customers would prevent SunShine from bargaining for better terms and conditions with new customers and could adversely affect its relations with existing customers.

b. Paragraph 1 of the FPC Letter pertains to the same contract term, but in greater detail. This information qualifies for confidential classification and treatment for the reasons stated in Paragraph (6)(a), above.

7. SunShine contends that the PGS Agreement qualifies for confidential classification and treatment for the following reasons:

a. Paragraph 1, "Differential," on pages 2 and 3 of the PGS Agreement identifies a contract term that is the creative work product of SunShine that enhances SunShine's ability to compete for natural gas customers. The disclosure of this information to SunShine's competitors would destroy the competitive advantage that SunShine gains from the use of such innovative terms and conditions. In addition, the contract term is commercially

sensitive because SunShine would not and cannot offer the term to every prospective customer. The disclosure of this information to SunShine's customers would prevent SunShine from bargaining for better terms and conditions with new customers and could adversely affect its relations with existing customers.

b. The definition following "Interstate Facilities" on page 3 of the PGS Agreement is confidential business information which, if disclosed, could lead to the disclosure of the contract term described in a, above.

c. Paragraph 2(e) on page 5 of the PGS Agreement identifies a contract term that is the creative work product of SunShine that enhances SunShine's ability to compete for natural gas customers. The disclosure of this information to SunShine's competitors would destroy the competitive advantage that SunShine gains from the use of such innovative terms and conditions. In addition, the contract term is commercially sensitive because SunShine would not and cannot offer the term to every prospective customer. The disclosure of this information to SunShine's customers would prevent SunShine from bargaining for better terms and conditions with new customers and could adversely affect its relations with existing customers.

d. Paragraph 5 on page 7 of the PGS Agreement contains another contract term that is the creative work product of SunShine that enhances SunShine's ability to compete for natural gas customers. The disclosure of this information to SunShine's competitors would destroy the competitive advantage that SunShine

gains from the use of such innovative terms and conditions. In addition, the contract term is commercially sensitive because SunShine would not and cannot offer the term to every prospective customer. The disclosure of this information to SunShine's customers would prevent SunShine from bargaining for better terms and conditions with new customers and could adversely affect its relations with existing customers.

e. Paragraph 6(i) on page 7 of the PGS Agreement contains another contract term that is the creative work product of SunShine that enhances SunShine's ability to compete for natural gas customers. The disclosure of this information to SunShine's competitors would destroy the competitive advantage that SunShine gains from the use of such innovative terms and conditions. In addition, the contract term is commercially sensitive because SunShine would not and cannot offer the term to every prospective customer. The disclosure of this information to SunShine's customers would prevent SunShine from bargaining for better terms and conditions with new customers and could adversely affect its relations with existing customers.

f. Appendix A of the PGS Agreement (four pages) provides further details of the contract term described in Paragraph 5. This information is the creative work product of SunShine that enhances SunShine's ability to compete for natural gas customers. The disclosure of this information to SunShine's competitors would destroy the competitive advantage that SunShine gains from the use of such innovative terms and conditions. In

addition, the contract term is commercially sensitive because SunShine would not and cannot offer the term to every prospective customer. The disclosure of this information to SunShine's customers would prevent SunShine from bargaining for better terms and conditions with new customers and could adversely affect its relations with existing customers.

g. Appendix B, line 2, of the PGS Agreement contains a contract term that is the creative work product of SunShine that enhances SunShine's ability to compete for natural gas customers. The disclosure of this information to SunShine's competitors would destroy the competitive advantage that SunShine gains from the use of such innovative terms and conditions. In addition, the contract term is commercially sensitive because SunShine would not and cannot offer the term to every prospective customer. The disclosure of this information to SunShine's customers would prevent SunShine from bargaining for better terms and conditions with new customers and could adversely affect its relations with existing customers.

h. Appendix B, Paragraph 2, of the PGS Agreement contains a contract term that is the creative work product of SunShine that enhances SunShine's ability to compete for natural gas customers. The disclosure of this information to SunShine's competitors would destroy the competitive advantage that SunShine gains from the use of such innovative terms and conditions. In addition, the contract term is commercially sensitive because SunShine would not and cannot offer the term to every prospective

customer. The disclosure of this information to SunShine's customers would prevent SunShine from bargaining for better terms and conditions with new customers and could adversely affect its relations with existing customers.

i. Appendix B, Page 3 (signature block) of the PGS Agreement identifies the guarantor involved in the Agreement whose identity is confidential for the reasons stated above.

8. The FPC Letter and PGS Agreement were intended to be private and have not been disclosed by SunShine to any person other than the contracting parties.

9. Pursuant to Rule 25-22.006(4), Florida Administrative Code, copies of the FPC letter (Exhibit A) and PGS Agreement (Exhibit B) are attached and marked to highlight the information that SunShine contends is confidential. Additional copies of the documents are attached with the confidential information blocked out with an opaque marker (Exhibit A-Edited Copy and Exhibit B-Edited Copy, respectively).

10. SunShine and FGT have conferred about the disclosure of the FPC letter and PGS Agreement and have reached a resolution that is satisfactory to both parties. SunShine and FGT stipulate as follows:

a. Upon execution of this Joint Stipulation on SunShine's Motion for Protective Order and Request for Confidential Classification and Treatment and the non-disclosure oath set forth hereafter by William L. Hyde and Paul R. Carpenter, SunShine shall

immediately provide copies of the FPC Letter and PGS Agreement to Mr. William Hyde, local counsel for FGT.

b. FGT shall not oppose SunShine's claim that the FPC letter and PGS Agreement qualify for confidential classification and treatment by the Commission.

c. FGT shall not oppose the confidential treatment of the FPC letter and PGS Agreement as specifically requested in Paragraph a, below, nor shall it oppose their confidential classification and treatment under other terms and conditions that may be ordered by the Commission.

11. SunShine requests an order by the Commission that classifies the FPC Letter and PGS Agreement as confidential and specifies the following reasonable conditions for the treatment of the documents in this docket:

a. The documents shall bear on the first page the legend "PROTECTED DOCUMENTS SUBJECT TO COMMISSION ORDER IN SUNSHINE PIPELINE PARTNERS DOCKET NO. 92-0807-GP," and on each page thereof the legend "CONFIDENTIAL - DO NOT RELEASE."

b. The documents shall only be used in this docket.

c. The documents shall be sealed and shall remain sealed to protect the information from public disclosure.

d. The documents shall be exempt from Section 119.07(1), Florida Statutes.

e. Reasonable precautions shall be taken to segregate any confidential information that is entered in the record.

12. A copy of this Stipulation on SunShine's Motion for Protective Order and Request for Confidential Classification and Treatment will be provided to persons on the service list with edited exhibits only.

RESPECTFULLY SUBMITTED this 16th day of April, 1993.

William L. Hyde
William L. Hyde, Esq.
Peoples, Earl & Blank, P.A.
250 South Monroe Street
Suite 350
Tallahassee, Florida 32399

Peter M. Dunbar, Esq.
Peter M. Dunbar, Esq.
Bram D. E. Canter, Esq.
Haben, Culpepper, Dunbar
& French, P.A.
306 North Monroe Street
Tallahassee, Florida 32301

I, William L. Hyde, do solemnly swear and affirm that I will not disclose nor discuss with anyone other than Paul R. Carpenter of Incentives Research, Inc., in whole or in part, by specific or general description, the contents of the FPC letter and Peoples agreement as identified herein.

William L. Hyde
William L. Hyde

I, Paul R. Carpenter, do solemnly swear and affirm that I will not disclose nor discuss with anyone other than William L. Hyde, in whole or in part, by specific or general description, the contents of the FPC Letter and Peoples Agreement as identified herein.

Paul R. Carpenter
Paul R. Carpenter

CERTIFICATE OF SERVICE
DOCKET NO. 920807-GP

I HEREBY CERTIFY that a true and correct copy of the foregoing has been served by U.S. Mail or hand delivery(*) on this 16th day of April, 1993, to the following parties of record:

*William L. Hyde, Esq.
Peeples, Earl & Blank, P.A.
215 South Monroe Street
Suite 350
Tallahassee, FL 32301

Mr. James P. Fama
Florida Power Corporation
Post Office Box 14042
3201 34th Street South
St. Petersburg, FL 33733

*Martha Carter Brown
Florida Public Service Comm.
101 East Gaines Street
Tallahassee, FL 32399-0863

Gary C. Smallridge
Assistant General Counsel
Department of
Environmental Regulation
Twin Towers Office Building
2600 Blair Stone Road
Tallahassee, FL 32399-2400

Wayne L. Schiefelbein
Gatlin, Woods, Carlson
& Cowdery
1709-D Mahan Drive
Tallahassee, FL 32308

Anthony V. Policastro
Assistant County Attorney
Pasco County
Room 203, 7530 Little Road
New Port Richey, FL 34654

Samuel P. Steffey, II
Growth Management Administrator
Pasco County Sterling Center
7432 Little Road
New Port Richey, FL 34654

Barrett G. Johnson
Rebecca S. Conlan
315 S. Calhoun Street
750 Barnett Bank Bldg.
Tallahassee, FL 32301

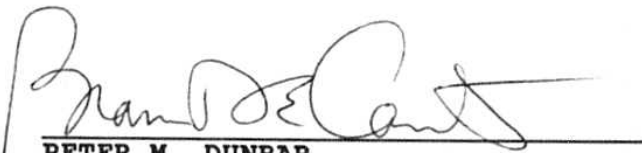

On Peter M. Dunbar
PETER M. DUNBAR

EXHIBIT A - EDITED COPY



Coastal
The Energy People

CHARLES AL OGLESBY
EXECUTIVE VICE PRESIDENT
NATURAL GAS GROUP
ANR PIPELINE COMPANY

February 12, 1993

Mr. Stephen Watsey
Vice President, Purchasing and Stores
Florida Power Corporation
3201 Thirty-Fourth Street South
St. Petersburg, Florida 33711

Dear Steve:

Over the course of the past year, FPC and ANR Southern have worked together in attempting to ensure that FPC receives the lowest possible aggregate transportation rates for the volumes provided in those certain Precedent Agreements being executed contemporaneously herewith between ANR Southern Pipeline Company ("ANR Southern") and Florida Power Corporation ("FPC") for the firm transportation of natural gas on ANR Southern's proposed new interstate and intrastate natural gas pipeline systems, respectively known as SunShine Interstate Transmission Company ("SITCO") and SunShine Pipeline Company ("SunShine"). FPC has requested ANR Southern

[REDACTED]

The purpose of this letter is to set forth that agreement between the parties concerning the Aggregate Rate Cap and the assurance of maintaining the lowest possible aggregate transportation rates on SunShine, SITCO and upstream systems, to wit:

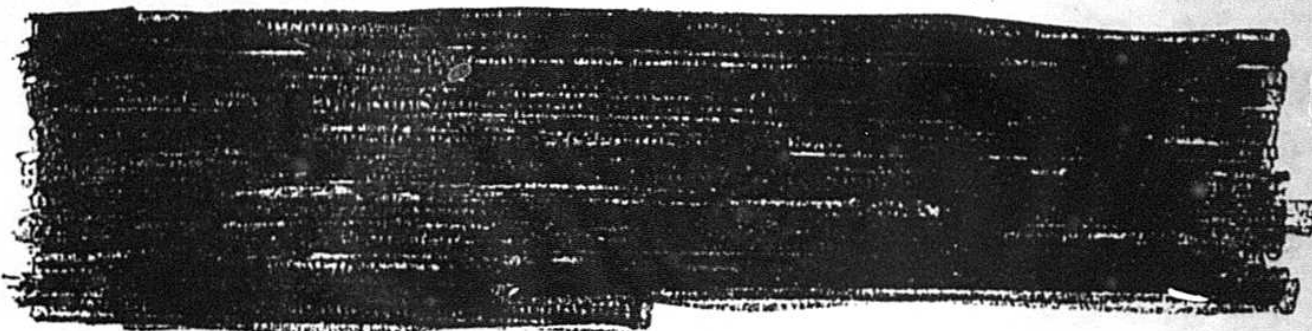
1. FPC hereby agrees to appoint ANR Southern as its exclusive agent for the first twenty (20) years of the Initial Term to acquire, hold and manage transportation capacity upstream of SITCO on third party systems for FPC's natural gas requirements up to a volume of 300,000 MMBtu. FPC and ANR Southern shall promptly negotiate the terms and provisions of a definitive agency agreement which shall include, without limitation, provisions for FPC to generally direct the activities of ANR Southern as its agent and for FPC's prior approval of agreements made on its behalf, with such approval not to be unreasonably withheld or delayed.

2. [REDACTED]

ANR Pipeline Company

A SUBSIDIARY OF THE COASTAL CORPORATION
COASTAL TOWER • P. O. GREENWAY PLZ • HOUSTON, TX 77066-0005 • 713-577-2926

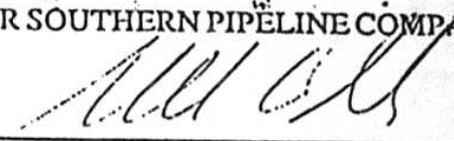

Mr. Stephen Watsey
Florida Power Corporation
February 12, 1993
Page 2



If you are in agreement with the foregoing, please indicate your acceptance by executing the duplicate originals of this letter in the space provided below and return one copy to the undersigned for our records.

Very truly yours,

ANR SOUTHERN PIPELINE COMPANY

By 
Charles M. Oglesby 

watsey3a.ltr

Accepted and Agreed to
this 12th day of February, 1993

FLORIDA POWER CORPORATION

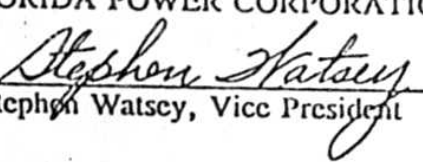
By 
Stephen Watsey, Vice President

EXHIBIT B - EDITED COPY

PRECEDENT AGREEMENT SIDE AGREEMENT

This Precedent Agreement Side Agreement (the "Agreement") is made and entered into as of April 6, 1993, by and between ANR Southern Pipeline Company, a Delaware corporation ("ANRS"), and Peoples Gas System, Inc., a Florida corporation ("PGS").

W I T N E S S E T H :

WHEREAS, ANRS and PGS have, contemporaneously with the execution of this Agreement, entered into two (2) Precedent Agreements (collectively, the "PGS Precedent Agreements"), each dated April 6, 1993, covering the provision of firm transportation service by ANRS for PGS, subject to the satisfaction or waiver of certain enumerated conditions precedent, of (a) a maximum daily quantity ("MDQ") of 25,000 MMBtu of Gas on the ANRS Facilities (as hereinafter defined) on a year-round basis commencing on the initial in-service date of the ANRS Facilities (the "Primary MDQ"), (b) additional MDQs (i) of 12,500 MMBtu of Gas on the ANRS Facilities on a year-round basis subject to special provisions with respect to balancing (the "Flexible MDQ") and (ii) of 12,500 MMBtu of Gas on the ANRS Facilities during the Summer Season (as hereinafter defined), commencing on the initial in-service date of the ANRS Facilities (the "Summer MDQ"), and (c) an additional MDQ of 25,000 MMBtu of Gas on the ANRS Facilities on a year-round basis commencing January 1, 1997 (the "Optional MDQ"); and

WHEREAS, PGS has executed the PGS Precedent Agreements with ANRS in support of ANRS's Application for a Determination of Need filed with the Florida Public Service Commission (the "FPSC") pursuant to the Natural Gas Transmission Pipeline Siting Act, §§403.9401-403.9425, Florida Statutes (1992 Supp.), and its Application for a Certificate of Public Convenience and Necessity filed with the Federal Energy Regulatory Commission (the "FERC") pursuant to Section 7(c) of the Natural Gas Act (as amended) and Section 157.14 of the FERC's regulations thereunder; and

WHEREAS, PGS had the opportunity to obtain comparable firm transportation service from Gas pipelines other than ANRS, and the conditions of this Agreement constitute a portion of the consideration for PGS's entering into the PGS Precedent Agreements; and

WHEREAS, in view of PGS's having elected to obtain firm transportation service from ANRS rather than from other competing pipelines, PGS and ANRS desire to provide, subject to the provisions of this Agreement, for the construction and operation of the ANRS Facilities notwithstanding certain of the conditions precedent thereto enumerated in the PGS Precedent Agreements.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements included herein, the parties hereby agree as follows:

1. Definitions. As used in this Agreement, the following terms shall have the following definitions:

"Agreement" shall mean this Precedent Agreement Side Agreement, as the same may be amended from time to time.

"ANRS" shall mean ANR Southern Pipeline Company, a Delaware corporation, and its successors and assigns.



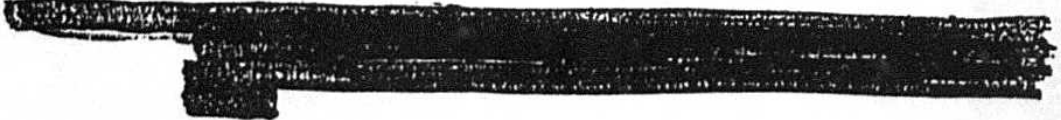
"ANRS Facilities" shall mean, collectively, the Interstate Facilities and the Florida Facilities (as such terms are hereinafter defined).

"British thermal unit" or "Btu" shall mean the amount of heat required to raise the temperature of one pound of water from 59°F. to 60°F. at a constant pressure of 14.73 p.s.i.a.

"Call" shall have the meaning given for such term in Section 3 of this Agreement.

"Contract Year" shall have the meaning given for such term in the PGS Precedent Agreements.

"Demand Charge" shall mean an amount (expressed in dollars per MMBtu) which is equal to the fixed or reservation or demand charges payable by PGS to ANRS for firm transportation service under the PGS Precedent Agreements, together with all applicable surcharges and other charges imposed on such charges, as set forth in ANRS's effective FERC and FPSC tariffs, as such tariffs may be amended from time to time.

"Differential",




[REDACTED]

"FERC" shall mean the Federal Energy Regulatory Commission or any successor agency.

"Flexible MDQ" shall mean the right of PGS to receive, pursuant to the PGS Precedent Agreements, firm transportation service for an MDQ of 12,500 MMBtu on the ANRS Facilities on a year-round basis, subject to special provisions with respect to balancing, all as more particularly described in the PGS Precedent Agreements.

"Florida Facilities" shall mean the Gas pipeline and appurtenant facilities for the transportation of Gas within the State of Florida to be designed, constructed, owned and operated by ANRS, extending from the terminus of the Interstate Facilities (as hereinafter defined) in Florida to various locations in Florida.

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

"FPSC" shall mean the Florida Public Service Commission or any successor agency.

"Gas" shall mean natural gas.

"Interstate Facilities" shall mean the Gas pipeline and appurtenant facilities to be designed, constructed, owned and operated by ANRS, extending from a point near Pascagoula, Mississippi, to an interconnection with the Florida Facilities.

[REDACTED]

"MDQ" means maximum daily quantity, as such term is defined (except as to a specific quantity) and used in the PGS Precedent Agreements.

"MMBtu" shall mean one million (1,000,000) Btu's or ten (10) Therms.

"Optional MDQ" shall mean the right of PGS to receive, pursuant to the PGS Precedent Agreements, firm transportation service for an MDQ of 25,000 MMBtu on the ANRS Facilities commencing January 1, 1997.

"PGS" shall mean Peoples Gas System, Inc., a Florida corporation, and its successors and assigns.

"PGS Precedent Agreements" shall mean, collectively, those certain Precedent Agreements for firm transportation service on the ANRS Facilities dated April 6, 1993, between ANRS and PGS.

"Primary MDQ" shall mean the right of PGS to receive, pursuant to the PGS Precedent Agreements, firm transportation service for an MDQ of 25,000 MMBtu on the ANRS Facilities commencing on the initial in-service date of such facilities.

"Put" shall have the meaning given for such term in Section 3 of this Agreement.

"Summer MDQ" shall mean the right of PGS to receive, pursuant to the PGS Precedent Agreements, firm transportation service for an MDQ of 12,500 MMBtu on the ANRS Facilities during the Summer Season commencing on the initial in-service date of such facilities.

"Summer Season" shall mean the months of May, June, July, August and September during each Contract Year.

"Winter Season" shall mean the months of October, November, December, January, February, March and April during each Contract Year.

2. Conditions for Continuation of the Agreement and PGS Precedent Agreements. The continuation of this Agreement is subject to the satisfaction of the following conditions on or before April 15, 1993:

- (a) ANRS's Board of Directors shall have approved the execution and performance of this Agreement and the PGS Precedent Agreements by ANRS; and
- (b) the Management Committees of SunShine Pipeline Partners, a Florida general partnership and SunShine Interstate Pipeline Partners, a Texas general partnership (the "Partnerships"), shall have approved the acceptance by the Partnerships of an assignment of ANRS's rights and obligations under the PGS Precedent Agreements; and

In the event any of the foregoing conditions are not satisfied by April 15, 1993, then ANRS may terminate this Agreement by giving notice to PGS not later than April 23, 1993 and this Agreement shall terminate on the giving of notice by ANRS.

The continuation of the obligations of PGS under the PGS Precedent Agreements is subject to the satisfaction, or waiver by PGS, of the following conditions on or before April 15, 1993:

- (c) ANRS's Board of Directors shall have approved the execution and performance of this Agreement and the PGS Precedent Agreements by ANRS; and
- (d) the Management Committees of SunShine Pipeline Partners, a Florida general partnership and SunShine Interstate Pipeline Partners, a Texas general partnership (the "Partnerships"), shall have approved the acceptance by the Partnerships of an assignment of ANRS's rights and obligations under the PGS Precedent Agreements; and

(e)



Notwithstanding any provision of the PGS Precedent Agreements or this Agreement, if any condition set forth in paragraph c., d. or e. above has not been satisfied, or waived by PGS, by the applicable date set forth with respect to such condition, PGS may terminate this Agreement and the PGS Precedent Agreements by giving written notice to ANRS not later than April 23, 1993, and this Agreement and the PGS Precedent Agreements shall terminate on the giving of such notice by PGS.

In the event of termination of this Agreement and the PGS Precedent Agreements pursuant to this Section 2, neither party shall have any further liability to the other with respect to this Agreement, the PGS Precedent Agreements, or any matter arising out of any of such agreements.

3. Obligations of the Parties With Respect to Optional MDQ.

(a) At any time between the date first above written and December 31, 1996, ANRS shall have the option, exercisable in its sole discretion by giving written notice to PGS (the "Call"), to request that PGS transfer to ANRS (or a person designated by ANRS) all or any portion of the Optional MDQ. PGS shall have a period of thirty (30) days from the date of its receipt of the Call within which to either (i) agree in writing to transfer to ANRS (or its designee) the portion of the Optional MDQ specified in the Call or (ii) reject the Call in writing. If PGS agrees in writing to transfer to ANRS (or its designee) all or any portion of the Optional MDQ specified in the Call, PGS shall, within thirty (30) days after transmitting such agreement to ANRS, take such actions as may be necessary to effect the transfer of the portion of the Optional MDQ to which PGS has agreed. On and after the date of any such transfer, ANRS shall indemnify and hold harmless PGS from and

against any and all actions, claims, demands, rates and charges arising out of, or payable to ANRS under the PGS Precedent Agreements with respect to, the portion of the Optional MDQ which has been transferred to ANRS (or its designee).

(b) At any time between the closing of financing for the construction of the ANRS Facilities and December 31, 1996, PGS shall have the option, exercisable in its sole discretion by giving written notice to ANRS (the "Put"), to require that ANRS (or a person designated by ANRS) accept the transfer from PGS of all or any portion of the Optional MDQ; provided, however, that if the closing of financing for the construction of the ANRS Facilities occurs on or after December 1, 1996, PGS shall have a period of thirty (30) days after such closing within which to exercise its option granted herein to transmit such Put to ANRS; and provided further, however, that no Put by PGS may include any portion of the Optional MDQ specified in a Call by ANRS which has been previously rejected by PGS pursuant to paragraph (a) of this Section 3. PGS shall, within thirty (30) days after transmitting such Put to ANRS, take such actions as may be necessary to effect the transfer to ANRS (or its designee) of the portion of the Optional MDQ specified in the Put. On and after the date of any such transfer, ANRS shall indemnify and hold harmless PGS from and against any and all actions, claims, demands, rates and charges arising out of, or payable to ANRS under the PGS Precedent Agreements with respect to, the portion of the Optional MDQ which has been transferred to ANRS (or its designee).

4. Construction and Operation of the ANRS Facilities. Notwithstanding the provisions of Sections 5 and 7 of the PGS Precedent Agreements, ANRS agrees to construct and operate the ANRS Facilities if, on or before March 1, 1995, ANRS shall have been issued and shall have accepted (such acceptance, which shall not be unreasonably withheld, to be within the sole discretion of ANRS) (i) all regulatory authorizations and approvals required under the Florida Statutes and all other necessary regulatory authorizations and approvals from federal, state, local or municipal agencies to construct, own and operate the Florida Facilities and offer the transportation service consistent with the terms of the PGS Precedent Agreements, and (ii) all regulatory authorizations and approvals required by the FERC and all other necessary regulatory authorizations and approvals from federal, state, local or municipal agencies to construct, own and operate the Interstate Facilities and offer the transportation service consistent with the terms of the PGS Precedent Agreements. Except for those authorizations and approvals normally obtained after the authorizations and approvals identified in (i) and (ii) above have been issued and accepted, all such authorizations and approvals shall have become final and subject to no further appeal.

5.

6. Events of Default; Remedies. (a) The occurrence of any of the following events shall be deemed to be an event of default ("Event of Default") as to the non-performing party under this Agreement:

(i) failure by ANRS to make any payment to PGS for [REDACTED] required to be made hereunder, and such failure shall continue for fifteen (15) days after notice from PGS; or

(ii) failure by ANRS to comply in any material respect with any material term or provision of this Agreement, other than the payment of sums to be paid hereunder, and such failure shall continue for thirty (30) days after written notice thereof has been given to ANRS; provided, however, that if such failure cannot reasonably be cured within said thirty (30) days and ANRS shall have commenced to cure such failure within said period and shall thereafter proceed with reasonable diligence and good

faith to cure such failure, then for such longer period, not to exceed ninety (90) days, as shall be necessary for ANRS to cure the same with all reasonable diligence; or

(iii) the dissolution or liquidation of ANRS; or its failure within sixty (60) days to lift any execution, garnishment or attachment of such consequence as may materially impair its ability to carry on its operations; or the failure of ANRS generally to pay its debts as such debts become due; or the making by ANRS of a general assignment for the benefit of creditors (other than an assignment to a lender providing construction or permanent financing for the ANRS Facilities); or the commencement by ANRS (as the debtor) of a voluntary case in bankruptcy under the Federal Bankruptcy Code (as now or hereafter in effect) or any proceeding under any other insolvency law; or the commencement of a case in bankruptcy or any proceeding under any other insolvency law against ANRS (as the debtor) and the entry by a court having jurisdiction of a decree or order for relief against ANRS as the debtor in such case or proceeding, or the consent by ANRS to such case or proceeding or such case or proceeding remains undismissed for a period of sixty (60) days, or the consent or admission by ANRS to the material allegations against it in any such case or proceeding; or the appointment or authorization of a trustee, receiver, custodian, liquidator or agent, however named (other than a lender providing construction or permanent financing for the ANRS Facilities), to take charge of a substantial part of the property of ANRS for the purpose of general administration of such property for the benefit of creditors; or the taking of any corporate action by ANRS for the purpose of effecting any of the foregoing.

(b) Subject to Section 8.10 herein, upon the occurrence and continuation of an Event of Default, PGS may, at its option, and in addition to and cumulatively of any other rights and remedies it may have hereunder, at law, in equity or otherwise, terminate this Agreement upon thirty (30) days' prior written notice to ANRS, or enforce, by all lawful means, its rights hereunder, including without limitation, the collection, as agent, of sums due hereunder, and should it be necessary for PGS to take any legal action in connection with such enforcement, ANRS shall pay PGS all costs and reasonable attorneys' fees so incurred.

(c) As between PGS and ANRS, the provisions of Section 11 of each of the PGS Precedent Agreements shall be of no force or effect in the case of any action by PGS against ANRS seeking the enforcement of PGS's rights or ANRS's obligations under this Agreement.

7. Notices. All notices required or permitted to be given hereunder shall be in writing and shall be deemed given to a party at its address set forth below, or to such other address as any party may designate from time to time by notice to the other party

given in accordance herewith, (i) upon delivery in person, (ii) on the third business day after mailing by registered or certified mail, postage prepaid, (iii) on the next business day after timely delivery to an overnight common carrier service, service fee payable by the sending party, for next-day delivery, or (iv) on the date of facsimile transmission by telephone line provided such transmission is followed by delivery of a copy of such notice within twenty-four (24) hours pursuant to clauses (i) or (iii) of this section:

PGS:

Peoples Gas System, Inc.
111 East Madison Street, 17th Floor
P. O. Box 2562
Tampa, Florida 33601-2562

Attention: Mr. Elliott White

Telephone: (813) 272-0092

Facsimile: (813) 272-0062

ANRS:

ANR Southern Pipeline Company
9 Greenway Plaza
Houston, Texas 77046

Attention: Mr. Charles M. Oglesby

Telephone: (713) 877-7976

Facsimile: (713) 877-7928

or such other address as such party may hereafter specify for the purposes by notice to the other party hereto.

8. Miscellaneous.

8.1 Independent Parties. PGS and ANRS shall perform hereunder as independent parties and neither PGS nor ANRS is in any way or for any purpose, by nature of this Agreement or otherwise, a partner, joint venturer, agent, employer or employee of the other. Nothing in this Agreement shall be for the benefit of any third person for any purpose, including without limitation, the establishing of any type of duty, standard of care or liability with respect to any third person.

8.2 No Waiver. No waiver of any of the provisions of this Agreement shall be deemed to be, nor shall it constitute, a waiver

of any other provision whether similar or not. No single waiver shall constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.

8.3 Amendments. Any provision of this Agreement may be amended or waived if, but only if, such amendment or waiver is in writing and is signed by both of the parties hereto.

8.4 Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof, and supersedes all prior agreements and understandings between the parties.

8.5 Successors and Assigns. No assignment of this Agreement by either party may be made without the prior written consent of the other party and unless the assignee assumes the full obligations of the assignor. Whenever an assignment or a transfer of a party's interest in this Agreement is required to be made with the written consent of the other party, the assigning or transferring party's assignee or transferee shall expressly assume, in writing, the duties and obligations under this Agreement of the assigning or transferring party, and upon such assignment or transfer and assumption of duties and obligations, the assigning or transferring party shall furnish or cause to be furnished to the other party a true and correct copy of such assignment or transfer and assumption of duties and obligations. Subject to the foregoing provisions of this subsection, the terms and provisions of this Agreement and the respective rights and obligations of PGS and ANRS hereunder shall be binding upon, and inure to the benefit of, their respective successors and assigns.

8.6 Governing Law. This Agreement and any dispute arising hereunder shall be governed by and interpreted in accordance with the laws of the state of Florida.

8.7 Applicable Law. This Agreement and each party's performance hereunder shall be subject to all applicable laws, rules, orders and regulations of any federal, state, or local governmental authority having jurisdiction over the parties, their facilities, or the transactions contemplated.

8.8 Severability. Except as specifically provided herein, neither party shall seek to terminate this Agreement or request or support administrative or judicial modification of any term hereof without the other party's prior written consent and, in the event such termination or modification is requested by any other person, each of the parties shall exercise reasonable commercial and legal efforts in opposition thereto. If any provision of this Agreement becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement shall continue in full force and effect without said provision.

8.9 Inspection. ANRS shall have the right throughout the term of this Agreement and for a period of three (3) years thereafter, upon reasonable prior notice and during normal business hours, to examine the books, records and documents of PGS to the extent necessary to verify the accuracy of any statement, charge, computation or demand made pursuant to this Agreement. PGS shall keep any and all such books, records and documents for a period of three (3) years from the date such book, record or document is created or any entry or adjustment thereto is made.

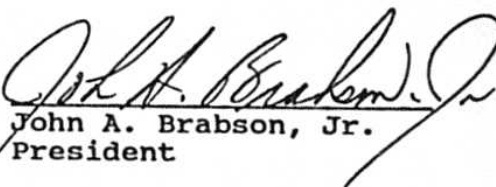
8.10 Legal Fees. In the event of litigation between the parties hereto arising out of or in connection with this Agreement, then the reasonable attorneys' fees and costs of the party prevailing in such litigation shall be paid by the other party.

8.11 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective duly authorized officers as of the date first written above.

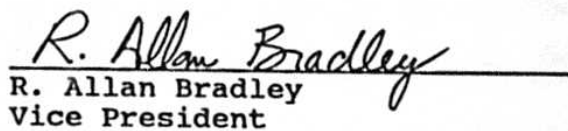
PEOPLES GAS SYSTEM, INC.

By:


John A. Brabson, Jr.
President

ANR SOUTHERN PIPELINE COMPANY

By:


R. Allan Bradley
Vice President

APPENDIX A

APPENDIX B

GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT, made and entered into this _____ day of April, 1993, by and between _____ (the "Guarantor") and Peoples Gas System, Inc., a Florida corporation ("PGS") witnesseth:

WHEREAS, ANR Southern Pipeline Company ("ANRS") and PGS have entered into Precedent Agreements dated April 6, 1993 providing for firm transportation service on ANRS's Florida Facilities and Interstate Facilities (the "ANRS Facilities") in such volumes and pursuant to such terms and conditions as are provided therein; and

WHEREAS, ANRS and PGS have contemporaneous with entering the Precedent Agreements executed a Precedent Agreement Side Agreement ("Side Agreement") setting forth further agreements and understandings between the ANRS and PGS regarding the service and obligations provided in the Precedent Agreements;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is acknowledged by the Guarantor and PGS, such parties hereby agree with one another as follows:

1. Guaranty. Guarantor unconditionally guarantees to PGS the payment of amounts due and payable by ANRS pursuant to Section 5 of the Side Agreement (such obligations being hereinafter referred to as the "Obligations"); provided, however, that as to Obligations which Guarantor is called upon to honor, Guarantor is and shall be entitled to assert any and all claims, counterclaims, defenses, offsets and other rights with ANRS could assert against PGS with respect to the Obligations, except as provided in paragraph 5. below. In the event ANRS defaults in the payment of any of the Obligations, after thirty days' written notice to Guarantor at the address provided below, Guarantor shall make such payment or otherwise cause same to be paid. PGS shall furnish to Guarantor copies of any and all notices of defaults and events of default of ANRS under the Side Agreement in the same manner and at the same time as such notices are given by PGS to ANRS, except to Guarantor's address for notice set forth in this Guaranty.

2. Capitalization: At all times during the term of the Side Agreement, Guarantor agrees to maintain a coporate capitalization providing for a net worth of not less than _____

3. Waivers. Except as is otherwise provided in the Guaranty, Guarantor waives notice of acceptance of the guaranty contained herein, presentment, demand, notice of dishonor, protest and notice of protest, and prosecution of litigation in connection with the Obligations.

4. Assignment. This Guaranty may not be assigned by Guarantor or PGS without the prior written consent of the other (which consent shall not be unreasonably withheld or delayed). Subject to the foregoing, this Guaranty shall be binding upon and inure to the benefit of the parties hereto and their respective successors, permitted assigns, and legal representatives.

5. Notices. Any notice or other communication required or permitted to be given to Guarantor under this Guaranty shall be deemed to have been given when delivered personally or otherwise actually received or on the tenth (10th) day after being deposited in the United States mail if registered or certified, postage prepaid, or one (1) day after delivery to a nationally recognized overnight courier service, fee prepaid, return receipt requested, if in writing and addressed to Guarantor as follows: Nine Greenway Plaza, Houston, Texas 77046, Attention: Secretary.

6. Effect of Certain Events. Guarantor agrees that Guarantor's liability hereunder will not be released, reduced, impaired or affected by the occurrence of any one or more of the following events:

- a. The insolvency, bankruptcy, reorganization, or disability of ANRS;
- b. The failure, delay, waiver, or refusal by PGS to exercise any right or remedy held by PGS with respect to the Side Agreement;
- c. The sale, encumbrance, transfer or other modification of the ownership of ANRS or the change in the financial condition or management of ANRS; and
- d. The termination of the Precedent Agreements; and as between Guarantor and PGS, the provisions of Section 11 of each of the Precedent Agreements shall be of no force or effect in the case of any action by PGS (i) against ANRS or Guarantor seeking the enforcement of PGS's rights or ANRS's obligations under the Side Agreement, or (ii) against Guarantor seeking the enforcement of PGS's rights or Guarantor's obligations under this Guaranty.

7. Termination. This Guaranty is continuing and irrevocable and shall remain in full force and effect until such time as all of the Obligation have been fully satisfied, performed and discharged.

8. Concerning Law. THIS GUARANTY AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF FLORIDA, AND WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS THEREOF.

IN WITNESS WHEREOF, Guarantor has duly executed this Guaranty effective as of the _____ day of April, 1993.

By: _____

STATE OF FLORIDA
COUNTY OF _____

Sworn to and subscribed before me this _____ day of April, 1993.

Notary Public
State of Florida

My commission expires _____