

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Emergency Petition by)
the Florida Division of Chesapeake)
Utilities Corporation for approval)
of a Gas Transportation Agreement)
with Polk Power Partners, L.P.)

930543-GU

EMERGENCY PETITION FOR APPROVAL OF A
GAS TRANSPORTATION AGREEMENT

The Florida Division of Chesapeake Utilities Corporation (Florida Division), pursuant to Section 366.06, Florida Statutes, and Rule 25-9.034 and 25-22.036, Florida Administrative Code, petitions the Commission for approval of a Gas Transportation Agreement. In support of its Petition, the Florida Division states as follows:

1. The principal business address of the Florida Division is P.O. Box 960, Winter Haven, Florida 33882.
2. The name and address of the person authorized to receive notices and communications with respect to this Petition is:

Wayne L. Schiefelbein
Gatlin, Woods, Carlson & Cowdery
1709-D Mahan Drive
Tallahassee, Florida 32308
(904) 877-7191

3. The Florida Division is a natural gas distribution company subject to the regulatory jurisdiction of this Commission as prescribed in Chapter 366, Florida Statutes. Its substantial interests will be affected by the Commission's disposition of this Petition in that such disposition will determine whether the Florida Division will be permitted to provide large volume contract

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transportation service on terms agreeable to it and to Polk Power Partners, L.P.

4. The Florida Division requests emergency treatment of this Petition to enable Polk Power Partners, L.P. sufficient time to arrange financing for its cogeneration facility with its creditors. The Gas Transportation Agreement provides for an August 1, 1993 deadline for receiving Commission approval in order for the contract to remain in effect. Therefore, so as not to nullify the agreement reached by the parties, the Florida Division respectfully requests the Commission to approve this Petition prior to August 1, 1993.

5.(a) The Florida Division has entered into a Gas Transportation Agreement (Exhibit 1), in accordance with the Large Volume Contract Transportation Service provisions of its tariff, providing for additional large volume transportation service to Polk Power Partners, L.P. (PPP), or its assignee under the agreement. PPP or its assignee (the customer) will be operating a cogeneration facility supplying power to Florida Power Corporation, beginning no earlier than January, 1994.

(b) In April, 1992, the Commission approved the Florida Division's petition for the addition of a Large Volume Contract Transportation Service to its tariff, as well as a gas transportation agreement between the Florida Division and PPP, formerly known as Mulberry Energy Company, Inc. (Docket No. 920156-GU, Order No. PSC-92-0201-FOF, GU). Under the agreement approved on April 14, 1992 and amended on September 21, 1992 and February 3,

(\$0.025 per dekatherm) for each unit of gas received, transported, and redelivered under the terms and conditions of the agreement.

7. The charges specified in the agreement notwithstanding, the applicable Large Volume Contract Transportation Service (LVCTS) Schedule in the Florida Division's tariff provides that the transportation rate charged would never fall below the fully allocated cost of service as determined in a base rate proceeding, therefore ensuring that the benefits of the contract will always accrue to the general body of ratepayers.

8.(a) The Florida Division performed two cost of service studies for the additional transportation service to the customer; one on an "incremental" basis, the second being on a "rolled-in" basis; that is, added to the cost of service established by the Commission in the Florida Division's last base rate proceeding (Docket No. 891179-GU, Order No. 23166, issued July 10, 1990) as revised in the Florida Division's petition for approval of the October 18, 1991 agreement with PPP (Docket No. 920156-GU, Order No. PSC-92-0201-FOF-GU, issued April 14, 1992). A copy of the studies, together with a statement of the assumptions made, is included herewith as Exhibit 2.

(b) The incremental cost to serve calculation includes an estimation of only those costs incidental to serving the additional load required by the customer. We feel that this methodology is the most appropriate method to utilize in evaluating the agreement. For an incremental annual cost to serve of approximately \$64,000, the Florida Division will be able to increase its throughput by up

to 71.9 million therms per year. The addition of this load will approximately double the Florida Division's existing throughput. Furthermore, the negotiated rate for this agreement exceeds the incremental cost of service by \$0.015 per dekatherm resulting in a benefit to the remaining ratepayers.

(c) The rolled-in cost of service was computed 1) to estimate the impact on the existing customer classes when, during the next base rate proceeding, the large volume contract transportation rate schedule will be rolled-in with the other customer groups, and 2) to compare the rolled-in cost of service with the first year annualized expected revenues. The Florida Division did not have any transportation customers at the time that the last cost of service study was established (Docket No. 891179-GU). The rolled-in calculation presented here uses the Commission-approved cost of service as the starting point, including the same cost classification and allocation methodology, and adds the proposed large volume contract transportation customer class, which at this time includes only the two agreements with PPP.

(d) The following table compares the cost to serve PPP's incremental transportation agreement with the first year annualized transportation revenues expected to be collected from the customer under this agreement.

<u>Methodology</u>	<u>Annual Cost of Service</u>	<u>First Year Revenues</u>	<u>Excess</u>
Incremental:	\$64,448	\$161,868	\$97,420
Rolled-in:	\$116,014	\$161,868	\$45,854

EXHIBIT 1

GAS TRANSPORTATION AGREEMENT

GAS TRANSPORTATION AGREEMENT

THIS AGREEMENT, entered into this 22ND day of April, 1993; between CENTRAL FLORIDA GAS COMPANY, a Division of Chesapeake Utilities Corporation, a Delaware corporation, ("Transporter"), and POLK POWER PARTNERS, L.P., a Delaware limited partnership, authorized to do business in Florida as Polk Power Partners, Ltd. ("Shipper"). Transporter and Shipper shall be referred to collectively as the "Parties".

WITNESSETH:

WHEREAS, Transporter operates facilities for the distribution of natural gas in the State of Florida; and

WHEREAS, Shipper and Transporter are parties to that certain Gas Transportation Agreement, dated October 18, 1991, as amended by letter agreement dated September 21, 1992, superseded by letter agreement dated February 3, 1993, pursuant to which Transporter has agreed to receive certain quantities of gas purchased by Shipper from sources other than Transporter to be delivered to Transporter for transportation on the pipeline system of Florida Gas Transmission Company ("FGT") and thereafter on Transporter's distribution system for redelivery to Shipper's Cogeneration Facility located at Noralyn Commerce Industrial Park, Polk County, Florida; and

WHEREAS, Shipper has requested that Transporter receive certain additional quantities of gas purchased by Shipper from sources other than Transporter to be received by Transporter from FGT, as provided herein, transported on Transporter's

distribution system and redelivered to Shipper's Cogeneration Facility, and Transporter is agreeable to providing such additional transportation service in accordance with the terms hereof;

NOW, THEREFORE, in consideration of the premises and mutual covenants and agreements set forth herein, the Parties agree as follows:

I. POINTS OF DELIVERY AND REDELIVERY

1.1 Shipper shall make all necessary arrangements with other parties for transportation of Shipper's gas prior to delivery to Transporter. Shipper shall cause FGT to deliver to Transporter the quantities of gas to be transported by Transporter hereunder at the Bartow, Florida, delivery point on FGT's system (hereinafter referred to as "the Delivery Point"). Transporter shall have no responsibility for transportation of Shipper's gas prior to receipt of such gas from FGT at the Delivery Point. Transporter shall redeliver such quantities to Shipper's Cogeneration Facility located in the Noralyn Commerce Industrial Park, Polk County, Florida, (hereinafter referred to as the "Redelivery Point" or "Shipper's Cogeneration Facility").

1.2 In order to provide service under this Agreement it will be necessary for Transporter to incur additional facilities costs to allow gas flows of up to 1,521 dekatherms ("dt") per hour or 25,350 dt per day from the Delivery Point to the Redelivery Point. Transporter shall not incur such costs or commence construction of such facilities until Shipper shall

II. QUANTITIES

2.1 Subject to the terms and conditions of this Agreement, Transporter agrees to receive from FGT daily at the Delivery Point a quantity of gas up to Shipper's Maximum Daily Quantity ("MDQ"), and Transporter agrees to redeliver equivalent quantities to Shipper at the Redelivery Point. Shipper's MDQ under this Agreement shall be 19,710 dt of gas per day; provided, however, that Transporter's aggregate total deliveries to Shipper's Cogeneration Facility on any day under this Agreement and the October 18, 1991 Agreement, as amended, shall not exceed 25,350 dt.

2.2 The Parties recognize that it may be physically impossible to stay in zero balance with respect to deliveries and redeliveries hereunder. As between the Parties to this Agreement, Transporter shall be responsible for any imbalance costs or penalties which FGT may assess upon Shipper or Transporter, pursuant to such tariff provisions as the FERC may approve in FGT's FERC Docket No. RS92-16-000, and which are attributable to Transporter's unexcused failure to take delivery of quantities of gas, up to Shipper's MDQ, nominated by Shipper and tendered by FGT at the Delivery Point, and Shipper shall be responsible for any imbalance costs or penalties which FGT may assess upon Transporter or Shipper and which are attributable to Shipper's takes of more or less gas than FGT delivered for Shipper's account at the Delivery Point. In addition, any daily and monthly imbalances, on Transporter's

distribution system, will be reconciled by applying the same principles and mechanisms used to allocate responsibility for imbalances on FGT's system and the Parties agree to negotiate such terms and conditions governing reconciliation of imbalances on Transporter's system within ninety (90) days after the FERC's approval of FGT's compliance filing in Docket No. RS92-16-000. Any monthly imbalance carried forward to the next month shall be eliminated as quickly as operating conditions will reasonably permit; provided, however, any imbalances must be eliminated prior to the end of the term of this Agreement. In the event the quantities of gas received and redelivered are not in balance at the end of the term hereof, then a balance shall be achieved by extending deliveries or redeliveries as applicable at the appropriate points of receipt or redelivery until such balance is achieved or by such other method as is then mutually agreed upon by the Parties hereto. Should this Agreement terminate or be cancelled prior to the end of the primary term for any reason, including action or inaction of any governmental body, state or federal, any imbalance shall be eliminated immediately as practical, as provided in the preceding paragraph.

2.3 Shipper shall have a minimum annual transportation quantity obligation under this Agreement of 3,887,040 dt for each of four successive twelve-month periods, the first such period commencing on the in-service date of Shipper's Cogeneration Facility. Should Shipper deliver to Transporter under this Agreement less than the minimum quantity during any such

twelve-month period, Shipper shall pay Transporter a Deficiency charge calculated as follows:

Deficiency Charge = (Minimum Annual Transportation Quantity minus the Actual Transportation Quantity) multiplied by the Central Florida Gas Delivery Charge as specified in Section 7.1 of this Agreement.

The Deficiency Charge will be calculated at the end of each such twelve-month period and included in Shipper's next monthly bill.

2.4 Shipper's minimum annual transportation quantity and deficiency charge obligation under Section 2.3 are based upon Transporter's incurring additional facilities construction and interest costs of \$388,704.00 in order to provide service under this Agreement. Shipper's minimum annual transportation quantity obligation under Section 2.3 shall terminate as soon as Shipper has paid Transporter a total of \$388,704.00, or such other total actual facilities construction and interest costs as Seller may have incurred to provide service under this Agreement, whether or not the four twelve-month periods referred to in Section 2.3 have expired. In the event that this Agreement is terminated for any reason after Transporter has incurred such facilities costs and before Shipper has paid Transporter a total of \$388,704.00, or such other total actual facilities construction and interest costs as Seller may have incurred to provide service under this Agreement, Shipper shall pay Transporter, within thirty (30) days after such termination becomes effective, a sum equal to the difference between

V. CURTAILMENT

5.1 Pursuant to the General Rules and Regulations of Transporter's Natural Gas Tariff, it may be necessary, to curtail deliveries to Shipper under this Agreement, and Transporter shall not be liable for any loss or damage that may be sustained by Shipper by reason of such curtailment of service under this Agreement.

5.2 Whenever curtailment of service under this Agreement is required, Transporter shall issue a curtailment order to Shipper specifying the quantity to be curtailed and the time at which such curtailment is to be made. Transporter shall provide notice of curtailment to Shipper as soon as practicable. When curtailment is required solely in order to perform routine or scheduled maintenance on Transporter's system, and not as a result of a force majeure event, as defined in Section 9 of the General Rules and Regulations of Transporter's Natural Gas Tariff, or as a result of a curtailment action taken by FGT for any reason, Transporter shall use commercially reasonable efforts to provide notice of such curtailment to Shipper forty-eight (48) hours before the curtailment order is to be effective. When restoration of service is permissible, Transporter shall similarly issue a restoration order specifying the quantity of gas to be restored and the time at which such restoration is to be made.

5.3 Shipper shall provide Transporter with the names, addresses, and telephone numbers for those individuals who will be Shipper's designated contact persons during the occurrence

of curtailment. The curtailment and restoration orders shall be issued by telephone and followed with written orders by telefax within one (1) business day after the telephonic notification.

VI. TITLE, CONTROL AND INDEMNIFICATION

6.1 Shipper warrants that it will have good and merchantable title to all gas delivered by it to Transporter at the Delivery Point. Shipper will indemnify Transporter and save it harmless from all suits, actions, debts, accounts, damages, costs including reasonable attorney's fees, losses, and expenses arising out of the adverse claim of any person or persons to said gas for any taxes, licenses, fees or charges which are applicable prior to the time of delivery of said gas to Transporter or after redelivery by Transporter to Shipper. Similarly, Transporter will indemnify Shipper and save it harmless from all suits, actions, debts, accounts, damages, costs including reasonable attorney's fees, losses, and expenses arising out of the adverse claim of any person or persons to said gas for any taxes, licenses, fees or charges which are applicable while said gas is in Transporter's possession and control prior to the time of redelivery of said gas to Shipper. In the event any adverse claim in respect to said gas is asserted, or Shipper breaches its warranty herein, Transporter shall not be required to perform or, subject to receipt of any necessary regulatory authorization, to continue service hereunder for Shipper until such claim has been finally determined;

Delivery charge per dt of gas transported and redelivered under this Agreement and does not include any charges for firm transportation service by FGT or any other upstream pipeline transporter transporting Shipper's gas prior to delivery to Transporter at the Delivery Point. The rate provided herein is subject to the continuing jurisdiction of the Florida Public Service Commission and may be adjusted during the term of this Agreement, as provided herein and in Transporter's LVCTS Rate Schedule.

7.2 If, during the term of this Agreement, the Federal Government, or any State, municipality or subdivision of such Government, should increase any present tax or levy any additional tax, relating to the service provided by Transporter under this Agreement, any such additional tax actually paid by Transporter shall be computed on a cents per dt basis and added to the then effective rate hereunder.

7.3 To provide assurance of payment of any Deficiency Charges under Section 2.3 of this Agreement, Shipper shall provide an irrevocable letter of credit from a lending institution acceptable to Transporter. Such letter of credit shall be provided to Transporter within seven (7) business days of written notice by Transporter of approval of this Agreement by the Florida Public Service Commission. Should Shipper not provide a Letter of Credit acceptable to Transporter within such period, either Party may terminate this Agreement with no further obligation to the other Party. The Letter of Credit shall be for a period of five (5) years and shall be in an

amount equal to \$388,700.00, which amount may from time to time be reduced, upon Shipper's request and Transporter's approval, to reflect amounts paid by Shipper to Transporter under this Agreement. In the event Shipper fails to maintain in force such letter of credit, Transporter may, at its sole discretion, suspend deliveries of gas under this Agreement, upon thirty (30) days written notice to Shipper, until a new Letter of Credit is provided. All other provisions of this Agreement shall survive any suspension of deliveries by Transporter.

VIII. TERM

8.1 Subject to all other provisions, conditions, and limitations hereof, this Agreement shall be effective on the date first above written ("Effective Date"), and shall continue in full force and effect through December 31, 2015. Thereafter, the Agreement shall be extended on a year-to-year basis unless terminated by either party, with at least twelve (12) months written notice to the other party prior to the termination date.

8.2 Notwithstanding the foregoing, Shipper or Transporter shall have the right to terminate this Agreement for any reason, provided that (i) written notice of such termination is given to the other Party, and (ii) Shipper has not given Transporter the notice to commence construction required in Section 1.2 above. In addition, should (i) Shipper's Financial Closing not occur by December 31, 1993, or (ii) Shipper's Cogeneration Facility not achieve commercial in-service status

and Specific provisions of this Agreement, the latter shall prevail.

XI. DISPUTE RESOLUTION

11.1 The Parties agree that any dispute arising under this Agreement which is not subject to the exclusive jurisdiction of the FPSC shall be resolved solely by application of the procedures set forth in this Article 11. The procedures set forth herein may be modified by agreement of the Parties with respect to any particular dispute which is subject to these procedures.

11.2 Each Party shall continue to perform its obligations under this Agreement pending final resolution of any dispute which is subject to these procedures. All applicable statutes of limitation and defenses based upon the passage of time shall be tolled while the procedures specified in this Article 11 are pending. The Parties shall take such action, if any, as may be required to effectuate such tolling.

11.3 Commencement of Dispute Resolution Proceeding. A dispute subject to the procedures provided herein shall be resolved in a dispute resolution proceeding (DRP). Such a proceeding shall be commenced by either party giving written notice to the other of the matter in dispute.

11.4 Within ten (10) days after delivery of such notice, the Parties shall meet at a mutually acceptable time and place to exchange relevant information and to attempt to resolve the

dispute through good faith negotiations. Requests for information shall be reasonable; responses shall be prompt and complete. If the matter is not resolved within thirty (30) days after delivery of the notice to commence, the DRP shall proceed to mediation.

11.5 Within forty (40) days after delivery of the notice to commence the DRP, the Parties shall attempt to agree on the selection of a Mediator, or, failing such agreement, the Parties shall select a Mediator from the Center for Public Resources' Panel of Neutrals or other agreed upon registry of persons skilled in dispute resolution. The Parties shall bear equally the costs of the Mediator.

11.6 Within twenty (20) days after selection of the Mediator, the Parties shall meet at a mutually acceptable time and place to present their positions to the Mediator. At least five (5) days prior to such meeting, each Party shall submit to the Mediator and to the other Party a statement of position on the issues remaining in dispute and a summary of the evidence and arguments supporting its position. The Mediator shall prescribe the order of, and appropriate time limits for, the Parties' presentations at the meeting. The Mediator may request the Parties to provide additional information or arguments in support of their positions at or following the meeting. The Mediator, with the agreement of the Parties, may schedule additional mediation meetings. The Mediator may confer jointly and separately with the Parties. The Mediator shall not disclose to either Party any information provided in

directly on allegations that the Mediator's decision should be rejected for reasons of fraud, corruption, misconduct or evident partiality, or (b) the FPSC or a court determines that such disclosure is necessary.

XII. MISCELLANEOUS PROVISIONS

12.1 Any notice, request, demand, statement or payment provided for in this Agreement, unless otherwise specified, shall be sent to the Parties hereto at the following addresses:

Shipper: Polk Power Partners, Ltd.
c/o ARK/CSW Development Partnership
23293 South Pointe Drive
Laguna Hills, California 92653

Attention: Senior Program Manager

Copy To: CSW Development-I, Inc.
1616 Woodall Rodgers Freeway
Dallas, Texas 75202

Attention: President

Transporter: Central Florida Gas Company
Post Office Box 960
Winter Haven, Florida 33882

Attention: Division Manager

12.2 The captions in this Agreement are for the convenience of the Parties in identification of the provisions hereof and shall not constitute a part of the Agreement, nor be considered interpretive thereof.

12.3 This Agreement shall be binding upon and inure to the benefit of the respective successors and permitted assigns of the parties. The respective rights and obligations of either party hereto shall not be assignable without the consent of the other party, and such consent shall not be unreasonably

withheld, except that this Agreement may be assigned without further approval as collateral security to any bank or financial institution providing financing to Shipper in connection with Shipper's Cogeneration Facility.

12.4 The interpretation and performance of this Agreement shall be in accordance with the laws of the State of Florida.

12.5 This Agreement shall be subject to all of the rules, regulations, and orders of any duly constituted federal or state regulatory authorities having jurisdiction hereof. Transporter and Shipper shall comply at all times with all applicable federal, state, municipal, and other laws, ordinances and regulations. Transporter and/or Shipper will furnish any information or execute any documents required by any duly constituted federal or state regulatory authority in connection with the performance of this Agreement. Transporter's and Shipper's obligations under this Agreement shall terminate in the event approval of this Agreement by the Florida Public Service Commission is not granted on terms and conditions acceptable to Transporter and Shipper. Transporter shall pursue such approval with due diligence and in good faith, at its own expense, and give Shipper written notice when such approval is obtained. Notwithstanding anything to the contrary herein, if the Florida Public Service Commission has not approved this Agreement by August 1, 1993, then either Party may terminate this Agreement, without liability to the other, by sending written notice to the other Party.

Sections 2.3 and 2.4 of this Agreement, and Shipper's and Transporter's obligations with respect to indemnification under this Agreement shall survive termination of this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first stated above.

WITNESS:

Wm Malenius
Name: WILLIAM R. MALENIUS

SHIPPER:

POLK POWER PARTNERS, L.P.,
a Delaware limited partnership
authorized to do business in
Florida as Polk Power Partners, Ltd.

By: POLK POWER GP, INC.
Its General Partner

By: [Signature]

Name: ARNOLD R. KENNEDY
Title Vice President

WITNESS:

R Phillips
Name:

TRANSPORTER:

CENTRAL FLORIDA GAS COMPANY,
a Division of Chesapeake
Utilities Corporation

By: [Signature]

Name: President
Title

[Handwritten initials]

EXHIBIT 2

COST OF SERVICE STUDIES

Other:

- Rate of Return of 8.84% - Mid-point of rate of return allowed in last earnings proceeding (Docket No. 920729-GU).
- Used same method approved in last rate case for cost allocations.
- No change in O & M costs from rate case.

"Incremental" Cost of Service - Pure incremental cost of serving the additional load for this customer.

Investment same for both cost of service studies.

Rate of Return - 8.84% mid-point of rate of return allowed in last earnings proceeding (Docket No. 920729-GU).

O & M Expenses are explained in detail on Page 4 of 5 of the Cost of Service estimate. The O & M estimate from the October 1991 agreement has been adjusted for the effects of inflation. Except for the impact of inflation, there will be no incremental O & M expenses to serve the customer's additional load.

Depreciation calculated normally.

Taxes Other Than Income - Explanation in Note 1 on page 3 of 5 of the cost of service estimate.

Interest assumes capitalization in last rate case.

FLORIDA DIVISION
 SCHEDULE A - COST OF SERVICE
 CLASSIFICATION OF RATE BASE

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ROLLED-IN COST OF SERVICE
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RATE CASE PLUS POLK POWER PARTNERS 1 & 2

	TOTAL	CUSTOMER	CAPACITY	COMMODITY	CLASSIFIER
LOCAL STORAGE PLANT	0	0	0	0	100% CAPACITY
INTANGIBLE PLANT:	37,452	0	37,452	0	"
PRODUCTION PLANT	0	0	0	0	"
DISTRIBUTION PLANT:					
374 - Land & Land Rights	6,283	0	6,283	0	"
375 - Struct & Improv	175,423	0	175,423	0	"
376 - Mains	9,109,577	0	9,109,577	0	"
377 - Comp Sta Eq	0	0	0	0	"
378 - M&R Sta. Eq. - Gen.	155,533	0	155,533	0	"
379 - M&R Sta. Eq. - CG.	430,713	0	430,713	0	"
380 - Services	1,661,191	1,661,191	0	0	100% CUSTOMER
381-382 Meters	1,008,553	1,008,553	0	0	"
383-384 House Regulators	372,619	372,619	0	0	"
385 - Ind. M&R Equipment	661,325	0	661,325	0	100% CAPACITY
386 - Property on Cust Premises	0	0	0	0	AC 374-385
387 - Other Equipment	106,467	26,071	80,396	0	AC 374-386
	13,687,684	3,068,434	10,619,250	0	13,687,684
GENERAL PLANT:	1,232,250	616,125	616,125	0	50% CUSTOMER, 50% CAPACITY
PLANT ACQUISITIONS:	123,409	0	123,409	0	100% CAPACITY
GAS PLANT FOR FUTURE USE:	0	0	0	0	"
CWIP:	0	0	0	0	DIST. PLANT
TOTAL PLANT	15,080,795	3,684,559	11,396,236	0	15,080,795

CLASSIFICATION OF RATE BASE'S ACCUMULATED DEPRECIATION

Page 2 of 11

	TOTAL	CUSTOMER	CAPACITY	COMMODITY	CLASSIFIER
LOCAL STORAGE PLANT	0	0	0	0	RELATED PLANT
INTANGIBLE PLANT:	20,334	0	20,334	0	RELATED PLANT ACCOUNT
PRODUCTION PLANT	0	0	0	0	*
DISTRIBUTION PLANT:					*
374 - Land & Land Rights	0	0	0	0	*
375 - Struct & Improv	50,250	0	50,250	0	*
376 - Mains	1,682,905	0	1,682,905	0	*
377 - Comp Sta Eq	0	0	0	0	*
378 - M&R Sta. Eq. - Gen.	15,506	0	15,506	0	*
379 - M&R Sta. Eq. - CG.	43,129	0	43,129	0	*
380 - Services	165,222	165,222	0	0	*
381-382 Meters	229,992	229,992	0	0	*
383-384 House Regulators	56,128	56,128	0	0	*
385 - Ind. M&R Equipment	26,911	0	26,911	0	*
386 - Property on Cust Premises	0	0	0	0	*
387 - Other Equipment	13,380	3,276	10,104	0	*
	2,283,423	454,618	1,828,805	0	2,283,423
GENERAL PLANT:	143,584	71,792	71,792	0	GENERAL PLANT
PLANT ACQUISITIONS:	82,412	0	82,412	0	PLANT ACQUISITIONS
RETIREMENT WORK IN PROGRESS:	(653)	(160)	(493)	0	DIST. PLANT
TOTAL ACCUMULATED DEPRECIATION	2,529,100	526,250	2,002,850	0	2,529,100
NET PLANT (Plant Less A/D)	12,551,695	3,158,309	9,393,386	0	12,551,695
LESS: CUST. ADVANCES	(75,728)	(37,864)	(37,864)	0	50% CUSTOMER, 50% CAPACITY
PLUS: WORKING CAPITAL	296,819	195,423	92,145	9,251	O & M EXPENSES
EQUALS: TOTAL RATE BASE	12,772,786	3,315,868	9,447,667	9,251	12,772,786

	TOTAL	CUSTOMER	CAPACITY	COMMODITY	CLASSIFIER
DEPRECIATION & AMORTIZATION EXP					
Depreciation Expense	563,621	145,098	418,523	0	NET PLANT
Amort. of Other Plant	72,277	0	72,277	0	100% CAPACITY
Amort. of Property Loss	0	0	0	0	-
Amort. of Limited-Term Inv.	0	0	0	0	INTANGIBLE PLANT
Amort. of Acquisition Adj.	3,504	936	2,568	0	INTAN/DIST/GEN
Amort. of Conversion Costs	0	0	0	0	100% COMMODITY
Total Deprec & Amort Expense	639,402	146,034	493,368	0	639,402
TAXES OTHER THAN INCOME					
Revenue Related	108,563	0	0	108,563	100% REVENUE
Other	342,215	86,110	256,105	0	NET PLANT
Total Taxes Other Than Income	450,778	86,110	256,105	108,563	
REV. CRDT TO COS (NEG OF OTHER OP RE	(59,092)	(59,092)	0	0	100% CUSTOMER
RETURN (REQUIRED NOI)	1,129,114	293,123	835,174	618	RATE BASE * 8.84% ROR
INCOME TAXES FACTOR .3594809	405,895	105,372	300,229	294	RETURN (NOI)
TOTAL OVERALL COST OF SERVICE	5,263,328	2,347,376	2,722,214	193,738	5,263,328

FLORIDA DIVISION
 SCHEDULE C - COST OF SERVICE
 CLASSIFICATION OF PURCHASE GAS COSTS

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RATE CASE PLUS POLK POWER PARTNERS 1 & 2	TOTAL	RESIDENTIAL	COMMERCIAL	COMMERCIAL LG. VOLUME	INDUSTRIAL	INTERRUPT.	LG. VOL. CONTRACT TRANSP. SER.
-----	-----	-----	-----	-----	-----	-----	-----
CUSTOMER COSTS:							
No. of Customers	7,306	6,407	824	22	25	26	2
Weighting	N/A	1	2	19	19	44	143
Weighted No. of Customers	10,359	6,407	1,649	416	467	1,144	286
Allocation Factors	1	0.6178995081	0.1590317292	0.0401195872	0.0450380943	0.1103288649	0.0275822162
CAPACITY COSTS:							
Peak & Avg Month Sales Vol (Therm)	14,310,384	256,118	405,188	132,192	456,365	5,659,489	7,399,032
Allocation Factors	1	0.0180371121	0.0283142647	0.0092374880	0.0318904790	0.3954812813	0.5170393750
MAIN ALLOCATION DOLLARS:							
	7,426,672	460,928	723,554	236,058	814,942	4,299,084	892,106
Allocation Factors	1	0.0620638693	0.0974264112	0.0317851657	0.1097317883	0.5788708590	0.1201219066
COMMODITY COSTS:							
Annual Sales Vol (Therm)	154,492,337	1,691,026	4,001,885	1,334,904	5,086,295	59,103,477	83,274,750
Allocation Factors	1	0.0109456950	0.0259034531	0.0086405839	0.0329226362	0.3825657515	0.5390218804
REVENUE-RELATED COSTS:							
Tax on Cust, Cap & Comm	98,508	31,072	11,454	3,378	7,496	36,369	8,738
Allocation Factors	1	0.3154306862	0.1162800601	0.0342877298	0.0760992159	0.3691951066	0.0887072014

ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSES (Page 1 of 3)

RATE CASE PLUS POLK POWER PARTNERS 1 & 2	TOTAL	RESIDENTIAL	COMMERCIAL	COMMERCIAL LG. VOLUME	INDUSTRIAL	INTERRUPT.	LG. VOL. CONTRACT TRANSP. SER.
OPERATIONS & MAINTENANCE EXPENSE:							
DIRECT & SPECIAL ASSIGNMENTS:							
CUSTOMER							
879 - Meter & House Regs	99,359	61,394	15,801	3,986	4,475	10,962	2,741 wtd cust
893 - Maint Meters & House Reg	20,053	12,391	3,189	805	903	2,212	553 wtd cust
874 - Mains & Services	14,799	9,144	2,354	594	667	1,633	408 wtd cust
892 - Maint. of Services	15,275	9,438	2,429	613	688	1,685	421 wtd cust
All Other	1,626,346	1,004,919	258,640	65,248	73,247	179,433	44,858 wtd cust
TOTAL	1,775,832	1,097,286	282,413	71,246	79,980	195,925	48,981
CAPACITY							
876 - M&R Sta Eq - I	(100)	0	0	(100)	0	0	0 direct
890 - Maint of M&R Sta Eq-I	55,598	0	0	0	3,314	41,081	11,203 peak/avg sales
874 - Mains and Services	73,073	4,535	7,119	2,323	8,018	42,300	8,778 main alloc (direct)
887 - Maint. of Mains	66,954	4,155	6,523	2,128	7,347	38,758	8,043 main alloc (direct)
All Other	841,813	39,833	62,530	20,400	70,427	371,527	77,096 main alloc (direct)
TOTAL	837,338	48,524	76,172	24,751	89,106	493,656	105,119
COMMODITY							
Account #	0	0	0	0	0	0	0
Account #	0	0	0	0	0	0	0
Account #	0	0	0	0	0	0	0
All Other	84,064	1,996	4,724	1,576	6,004	69,765	0 annual sales/direct
TOTAL	84,064	1,996	4,724	1,576	6,004	69,765	0
TOTAL O&M EXPENSES ALLOCATED	2,697,234	1,147,807	363,309	97,572	175,090	759,356	154,100
DEPRECIATION EXPENSE:							
Customer	145,098	89,656	23,075	5,821	6,535	16,008	4,002 wtd cust
Capacity	418,523	25,975	40,775	13,303	45,925	242,271	50,274 main alloc (direct)
TOTAL	563,621	115,631	63,850	19,124	52,460	258,279	54,276
AMORTIZATION OF GAS PLANT:							
Capacity	72,277	2,391	3,753	1,224	4,227	33,113	27,569 peak/avg sales

FLORIDA DIVISION
 SCHEDULE F - COST OF SERVICE
 DERIVATION OF REVENUE DEFICIENCY

06/01/93

Page 10 of 11

RATE CASE PLUS POLK POWER PARTNERS 1 & 2	LG. VOL. CONTRACT						
	TOTAL	RESIDENTIAL	COMMERCIAL	COMMERCIAL LG. VOLUME	INDUSTRIAL	INTERRUPT.	TRANSP. SER.
CUSTOMER COSTS	2,347,379	1,470,822	354,246	95,342	107,021	262,161	57,787
CAPACITY COSTS	2,722,214	153,142	240,398	79,818	279,213	1,570,764	398,879
COMMODITY COSTS	85,176	2,008	4,753	1,585	6,040	70,190	599
REVENUE COSTS	108,563	34,244	12,624	3,722	8,262	40,081	9,630
TOTAL	5,263,331	1,660,216	612,020	180,468	400,535	1,943,196	466,895
less: REV AT PRESENT RATES (in the projected test year)	4,472,493	988,839	806,993	146,905	331,677	2,198,078	0
equals: GAS SALES REVENUE DEFICIENCY	790,838	671,377	(194,973)	33,562	68,858	(254,882)	466,895
plus: DEFICIENCY IN OTHER OPER REV	20,652	12,391	8,261	0	0	0	0
equals: TOTAL BASE-REV DEFICIENCY	811,490	683,768	(186,712)	33,562	68,858	(254,882)	466,895
=====							
UNIT COSTS:							
Customer	26.774555	19.130405	35.825827	361.145381	356.735282	840.258816	2,407.7999
Capacity	0.190226	0.593302	0.593301	0.603801	0.611819	0.277545	0.053910
Commodity	0.000551	0.001188	0.001188	0.001188	0.001188	0.001188	0.000007
 COST OF SERVICE PER SALES THERM		0.981780	0.152933	0.135192	0.078748	0.032878	0.005607

FLORIDA DIVISION
 SCHEDULE E-7 - COST OF SERVICE - METER SET
 EXPLANATION: Provide the Calculation of the Average Cost
 of Meter Set and Service by Rate Class

DATED: 06/01/93

Page 11 of 11

RATE CASE PLUS POLK POWER PARTNERS 1 & 2	RESIDENTIAL	COMMERCIAL	COMMERCIAL LG. VOLUME	INDUSTRIAL	INTERRUPT.	LG. VOL. CONTRACT TRANSP. SER.
SERVICE LINE: PIPE AND PIPING	\$219	\$219	\$2,371	\$2,371	\$1,955	\$0 1/
METER:						
METER COST	34	360	1,522	1,522	2,001	0
METER SET	80	80	2,530	2,530	10,490	
REGULATOR:						
REGULATOR COST	16	45	317	317	908	50,000 4/
REGULATOR INSTALL	1	3	0 2/	0 2/	0 2/	0 2/
TOTAL	\$350	\$707	\$6,740	\$6,740	\$15,354	\$50,000
INDEX 3/	1	2.02	19.26	19.26	43.87	142.85

- 1/ CUSTOMER DOES NOT HAVE SERVICE LINE - IT IS CLASSIFIED AS A MAIN
- 2/ COST OF REGULATOR INSTALL INCLUDED IN METER SET
- 3/ TOTAL AVERAGE COST BY CLASS COMPARED TO THE RESIDENTIAL CLASS
- 4/ TOTAL COST OF METER AND REGULATOR SET, INCLUDING INSTALLATION

FLORIDA DIVISION - POLK POWER PARTNERS
TRANSPORTATION AGREEMENT #2
ESTIMATED INCOME TAXES

Description	Total
1. Rate Base	\$331,365
2. Return On Rate Base (Line 1 x Rate of Return)	\$29,293
3. O&M Expenses	\$1,275
4. Depreciation	\$11,615
5. Taxes Other Than Income	\$8,151
6. Cost of Service Before Income Taxes	\$50,334
7. Interest on Debt	(\$12,827)
8. Adjusted Total Tax Base	\$37,507
9. State Tax @ 5.50%	\$2,063
10. Federal Tax Base	\$35,444
11. Federal Tax @ 34%	\$12,051
12. Combined State & Federal Income Taxes (Ln. 9 - Ln. 11)	\$14,114

FLORIDA DIVISION - POLK POWER PARTNERS
TRANSPORTATION AGREEMENT #2
ESTIMATED CLASSIFICATION OF COST OF SERVICE

Description	Costs	
	Total	

Cost of Service		

Operation & Maintenance	\$	1,275
Depreciation		11,615
Taxes - Other Than Income 1/		8,151
Income Taxes		14,114
Return @ 8.84% 2/		29,293
Total Operating Costs	\$	64,448

Cost of Operating Expenses Per Therm		
\$64,448/64,747,350 therms		\$0.0010

NOTES:

1/ Taxes Other Than Income - Approx. \$226,129 property taxes for 1992 divided by gross plant (13 month average) to arrive at cost per gross plant dollar of property taxes (\$0.0150) times projected gross plant of PPP #2 Contract. Plus revenue related taxes of 1.911% times first year estimated revenue (\$0.0025 x 64,747,350).

2/ 8.84% Return is authorized mid-point return from last earnings proceeding.

May 24, 1993

Page 4 of 5

FLORIDA DIVISION
POLK POWER PARTNERS AGREEMENTS 1 & 2
ESTIMATED O&M EXPENSES

1. Meter - Spin Testing 4 times/yr (labor only)	\$320
2. Meter - Recalibrated every year @\$220/year	220
3. Meter Parts - \$2,000/3 years or \$666.66/year	667
4. Annual Regulator Testing - 4 hours/year @\$22.00/hour	88
5. Cathodic Protection Testing - 4 hours/year @\$20.00/hour	80
6. Leak Testing - @\$20.00/year	20
7. Pipeline Marker Replacements - @\$13.00/hour labor & markers @\$60.00	73
8. Repaint Regulator every 2 years @\$100/year	100
9. Telemetry Monitoring @2 hours/month @\$25.00/hr	600
10. Maintenance on Equipment @8 hours/month @\$22.00/hr	2,112
11. Billing & Customer Accounting @2 hours/month \$25.00/hr	600
12. T&E Person @2 hours/month \$25.00/hr	600
13. Percentage of time allocated from Management and Marketing personnel- @10 hrs/month @\$30.00/hr	3,600
14. Miscellaneous	1,100

TOTAL ESTIMATED O & M EXPENSES FOR BOTH CONTRACTS	\$10,180

LESS O & M EXPENSES INCLUDED IN CONTRACT #1	\$8,905

INCREMENTAL O & M EXPENSES TO SERVE CONTRACT #2	\$1,275
	=====

EXHIBIT 3

AMENDMENTS TO OCTOBER 18, 1991
GAS TRANSPORTATION AGREEMENT
BETWEEN CHESAPEAKE UTILITIES CORPORATION
AND MULBERRY ENERGY COMPANY, INC.

POLK POWER PARTNERS, L.P.
23293 South Pointe Drive, Suite 100
Laguna Hills, California 92653

September 21, 1992

Central Florida Gas Company
1015 6th Street, N.W.
Box 960
Winter Haven, Florida 33882-0960

Re: Amendment to Gas Transportation Agreement Between
Central Florida Gas Company and Polk Power Partners,
L.P., dated October 18, 1991.

Dear Sirs:

This letter agreement ("Amendment") between Polk Power Partners, a Delaware limited partnership ("Buyer") and Central Florida Gas Company, a division of Chesapeake Utilities Corporation, a Delaware corporation ("Seller") amends that certain gas transportation agreement, dated October 18, 1991 ("Transportation Agreement").

Upon the execution of this Amendment by both Buyer and Seller (the "Party" or "Parties"), the following numbered paragraphs shall constitute legally binding and enforceable additions to the Transportation Agreement with respect to the matters set forth therein.

II. Quantities

2.1(a) During the period between the in service date of the Cogeneration Facility and the in service date of FGT's Phase III facilities ("Interim Period"), Seller may from time to time have available firm transportation capacity on FGT, over and above that being made available in Paragraph 2.1 of this Agreement, that is not needed for Seller's system supply requirements ("Incremental Firm Capacity"). Subject to the terms and conditions of this Article II, Seller shall make available said Incremental Firm Capacity to Buyer.

2.1(b) Seller shall notify Buyer in writing by the tenth day of each month during the period specified in Paragraph 2.1(a) above, specifying the Incremental Firm Capacity, if any, available during the following month. In addition, Seller shall specify the receipt points on FGT's system (referred to in this Transportation Agreement as "Delivery Points") at which the Incremental Firm Capacity shall be available subject to the terms and conditions of Seller's FTS-1 Firm Transportation Service Agreement with FGT. Upon

receipt of such written notice, Buyer shall, by the fifteenth day of the month, provide Seller with a written election to utilize the Incremental Firm Capacity during the following month. Buyer may elect to utilize any portion of the Incremental Firm Capacity up to the total amount offered by Seller. Buyer's failure to provide timely written notice shall be deemed a negative response. Should Buyer elect to utilize the Incremental Firm Capacity, Buyer's MDQ shall be adjusted for such month to reflect the utilization of incremental firm transportation capacity from Seller above the level of 56,400 therms per day.

2.1(c) Notwithstanding the foregoing, Seller retains the right, upon twenty-four (24) hours notice to Buyer, to recall all or part of such Incremental Firm Capacity and utilize such capacity for its system supply requirements ("Capacity Recall"). Upon notice of the recall, Seller shall notify Buyer of the extent of the Capacity Recall and the expected duration of said recall. During the period of recall, Seller shall retain the quantity of gas received from Buyer's transporter for transportation using the Incremental Firm Capacity recalled by Seller ("Incremental Gas Supply"), and Seller shall not redeliver such Incremental Gas Supply to Buyer. At any time during a Capacity Recall, Buyer may, upon giving forty-eight (48) hours written notice to Seller, terminate delivery of Incremental Gas Supply to Seller. To the extent Seller receives Incremental Gas Supply under this Article, Seller agrees to pay Buyer each month, or credit to Buyer's account under this Transportation Agreement, the product of (i) Buyer's weighted average cost of gas transported under the Transportation Agreement for said month (in therms), and (ii) the quantity of Incremental Gas Supply (in therms) received by Seller from Buyer during the Capacity Recall. In addition, for the duration of any such Capacity Recall, Buyer shall be relieved of all transportation charges under Article VII of this Agreement for the Incremental Firm Capacity recalled by Seller. Seller shall provide twenty-four (24) hours written notice to Buyer as to the termination of the Capacity Recall. Upon termination of the Capacity Recall, Buyer shall resume utilization of the of the Incremental Firm Capacity for the remainder of the month.

CENTRAL FLORIDA



GAS COMPANY

DIVISION OF CHESAPEAKE UTILITIES CORPORATION
P. O. BOX 960
WINTER HAVEN, FLORIDA 33882-960 • (813) 293-2125

February 3, 1993

Polk Power Partners, L.P.
23293 South Pointe Drive
Suite 100
Laguna Hills, California 92653

Re: Amendment to Gas Transportation Agreement
Between Central Florida Gas Company and
Polk Power Partners, L.P., dated
October 18, 1991

Dear Sir:

This letter agreement ("Amendment") between Polk Power Partners, a Delaware limited partnership ("Buyer") and Central Florida Gas Company, a division of Chesapeake Utilities Corporation, a Delaware corporation ("Seller") further amends that certain gas transportation agreement, dated October 18, 1991, as first amended by letter agreement dated September 21, 1992 ("Transportation Agreement"). Buyer and Seller intend this Amendment to supersede the September 21, 1992 amendment in its entirety.

Upon the execution of this Amendment by both Buyer and Seller (the "Party" or "Parties"), the following numbered paragraphs shall constitute legally binding and enforceable additions to the Transportation Agreement with respect to the matters set forth therein.

II. Quantities

2.1(a) Notwithstanding the provision in Paragraph 2.1 above limiting Buyer's MDQ to 56,400 therms per day, Buyer's MDQ for each month during the period between the in-service date of the Cogeneration Facility and the in-service date of FGT's Phase III facilities ("Interim Period"), shall be as follows:

Polk Power Partners, L.P.
February 3, 1993
Page 2

Therms Per Day

October	93,900
November	77,900
December	56,400
January	45,400
February	49,900
March	78,840
April	81,600
May	53,400
June	59,650
July	72,300
August	66,650
September	67,150

In addition, during such Interim Period, Seller may from time to time have available firm transportation capacity on FGT, over and above the MDQ specified in this Paragraph 2.1(a) for each month during such period, that is not needed for Seller's system supply requirements ("Incremental Firm Capacity"). Subject to the terms and conditions of this Agreement, Seller shall make available said Incremental Firm Capacity to Buyer.

2.1(b) Seller shall notify Buyer in writing by the tenth day of each month during the Interim Period specified in Paragraph 2.1(a) above, specifying the Incremental Firm Capacity, if any, available during the following month. In addition, Seller shall specify the receipt points on FGT's system (referred to in this Transportation Agreement as "Delivery Points") at which the Incremental Firm Capacity shall be available subject to the terms and conditions of Seller's FTS-1 Firm Transportation Service Agreement with FGT. Upon receipt of such written notice, Buyer shall, by the fifteenth day of the month provide Seller with a written election to utilize the Incremental Firm Capacity during the following month. Buyer may elect to utilize any portion of the Incremental Firm Capacity up to the total amount offered by Seller. Buyer's failure to provide timely written notice shall be deemed a negative response. Should Buyer elect to utilize the Incremental Firm Capacity, Buyer's MDQ shall be adjusted for such month to reflect the utilization of incremental firm transportation capacity from Seller above the MDQ specified for such month in Paragraph 2.1(a).

Polk Power Partners, L.P.
February 3, 1993
Page 3

2.1(c) Notwithstanding the foregoing, Seller retains the right, upon twenty-four (24) hours notice to Buyer, to recall all or part of such Incremental Firm Capacity and utilize such capacity for its system supply requirements ("Capacity Recall"). Upon notice of the recall, Seller shall notify Buyer of the extent of the Capacity Recall and the expected duration of said recall. During the period of recall, Seller shall retain the quantity of gas received from Buyer's transporter for transportation using the Incremental Firm Capacity recalled by Seller ("Incremental Gas Supply"), and Seller shall not redeliver such Incremental Gas Supply to Buyer. At any time during a Capacity Recall, Buyer may, upon giving forty-eight (48) hours written notice to Seller, terminate delivery of Incremental Gas Supply to Seller. To the extent Seller receives Incremental Gas Supply under this Article, Seller agrees to pay Buyer each month, or credit to Buyer's account under this Transportation Agreement, the product of (i) Buyer's weighted average cost of gas transported under the Transportation Agreement for said month (in therms), and (ii) the quantity of Incremental Gas Supply (in therms) received by Seller from Buyer during the Capacity Recall. In addition, for the duration of any such Capacity Recall, Buyer shall be relieved of all transportation charges under Article VII of this Agreement for the Incremental Firm Capacity recalled by Seller. Seller shall provide twenty-four (24) hours written notice to Buyer as to the termination of the Capacity Recall. Upon termination of the Capacity Recall, Buyer shall resume utilization of the Incremental Firm Capacity for the remainder of the month.

2.1(d) Effective the first day of the month following the in-service date of FGT's Phase III facilities, Buyer's MDQ under this Agreement shall be 56,400 therms per day.

JUN 17 1993

GATLIN, WOODS, CARLSON & COWDERY

Attorneys at Law

a partnership including professional associations

The Mahan Station
1709-D Mahan Drive
Tallahassee, Florida 32308

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B. KENNETH GATLIN, P.A.
THOMAS F. WOODS
JOHN D. CARLSON
KATHRYN G.W. COWDERY
WAYNE L. SCHIEFELBEIN

June 17, 1993

Mr. Steve Tribble
Director of Records and Reporting
Florida Public Service Commission
101 East Gaines Street
Tallahassee, FL 32399-0870

HAND DELIVERY

RE: Docket No. 930543-GU

Dear Mr. Tribble:

Please correct the docket title assigned to the above as follows:

Emergency Petition by the Florida Division
of Chesapeake Utilities Corporation for Approval
of a Gas Transportation Agreement with Polk Power
Partners, L.P.

Please acknowledge receipt of the foregoing by stamping the enclosed extra copy of this letter and returning same to my attention. Thank you for your assistance.

Done!
js

Sincerely,

Wayne L. Schiefelbein
Wayne L. Schiefelbein

cc: Wayne Makin
Phil Barefoot

WLS/jhg

RECEIVED & FILED

20
EPSC BUREAU OF RECORDS