

ORIGINAL

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November 30, 1998

IN REPLY REFER TO:

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VIA FEDERAL EXPRESS

Blanca S. Bayo, Director
Division of Records & Reporting
Florida Public Service Commission
Capital Circle Office Center
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Docket No. 961236-GU -- Petition for approval of experimental Rider FTA, Firm Transportation Supplier Aggregation Service, by Peoples Gas System, Inc.

Dear Ms. Bayo:

Enclosed for filing on behalf of Peoples Gas System, please find the original and 15 copies of Peoples' petition for an order approving a two-year extension of its optional experimental Firm Transportation Supplier Aggregation Service Rider ("Rider FTA"), modifications to the Rider FTA program to permit expansion of participation, and implementation of the modified and expanded Rider FTA program throughout Peoples' service areas.

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- CMY
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- EN
- LF
- OPC
- RBH
- SEC
- WAS
- OTH

I also enclose a diskette containing the petition in Wordperfect 5.1 format.

Please acknowledge your receipt and the date of filing of the enclosures on the duplicate copy of this letter and return the same to the undersigned in the enclosed preaddressed envelope.

Thank you for your usual assistance.

Sincerely,

Ansley Watson, Jr.
ANSLEY WATSON, JR.

RECEIVED & FILED

FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

13454 DEC-1 88

REC'D-ADP-AS REPORTING

Blanca S. Bayo
November 30, 1998
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cc: Mrs. Cheryl Bulecza-Banks
Mr. J. Brent Caldwell

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition for approval of Firm)
Transportation Supplier Aggregation)
(FTA) service rider by Peoples)
Gas System, Inc.)
_____)

Docket No. 961236-GU

Submitted for filing:
12-1-98

**PETITION OF PEOPLES GAS SYSTEM
FOR MODIFICATION AND EXTENSION OF
FIRM TRANSPORTATION
AGGREGATION (FTA) SERVICE RIDER**

Peoples Gas System ("Peoples" or the "Company"), by its undersigned attorneys, files its petition for an order approving a two-year extension of its optional experimental Firm Transportation Supplier Aggregation Service Rider ("Rider FTA"), modifications to the Rider FTA program to permit expansion of participation by more customers and suppliers, and implementation of the modified and expanded Rider FTA program throughout Peoples' service areas, and in support thereof says:

1. The name of the petitioner and the mailing address of its principal office are:

Peoples Gas System
702 North Franklin Street, 7th Floor
Tampa, Florida 33602

2. The names and mailing addresses of the persons authorized to receive notices and communications with respect to this petition are:

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

and

DOCUMENT NUMBER-DATE

13454 DEC-1 98

FPSC-RECORDS/MARTIN

Angela Llewellyn
Peoples Gas System
P. O. Box 2562
Tampa, Florida 33601-2562

BACKGROUND

3. Until December 1996, transportation service was available under Peoples' tariff approved by the Commission for customers using over 500,000 therms per year, at either a single location or multiple locations. The Company had received numerous requests from customers who desired to pool their purchases of gas from a single supplier for the purpose of meeting the 500,000 therm eligibility requirement for transportation service. It had also received requests from suppliers who desired to provide such a pooling service for customers who were presently served by Peoples under a firm sales rate schedule. After evaluating these requests, Peoples sought the Commission's approval for an experimental pilot program pursuant to which customers who were not individually eligible to receive transportation service could do so.

4. The Commission approved the pilot program as the Company's Rider FTA by Order No. PSC-96-1515-FOF-GU, issued December 21, 1996 in this docket. The experimental program was initially approved for a one-year term with an effective date of December 2, 1996. As stated in the initial petition, the purpose of the pilot program was to determine the extent to which aggregated transportation service could be performed efficiently and without detriment to the services the Company provided to its other sales and transportation service customers.

5. By Order No. PSC-98-0270-FOF-GU, issued February 10, 1998, the Commission approved an extension of the experimental rider through March 31, 1999. The Commission's Order No. PSC-98-0489-FOF-GU, issued April 7, 1998, approved modifications permitting a Pool

Manager (previously referred to as a Qualified Aggregating Supplier as defined in the original rider) to supply customers in addition to the 30-customer maximum initially imposed by the rider. This change was approved to accommodate changes of Pool Managers by customers, and to permit continued participation in the program by customers whose Pool Manager ceased to participate in the program. The change did not result in an increase in the number of either the customers or the Pool Managers who were then participating in the experimental program.

6. Currently, Peoples has 170 Rider FTA participating customers receiving gas supply from one of 11 eligible gas marketing companies pursuant to the pilot program. During calendar year 1997, these Rider FTA participants consumed 19.7 million therms of natural gas. During the first 10 months of calendar year 1998, consumption by these participants totaled 19.6 million therms. Peoples expects their consumption for calendar year 1998 to be approximately 23 million therms.

7. In approving the experimental program (as extended and modified), the Commission ordered that this docket remain open pending the issuance of a final order in Docket No. 960725-GU (Unbundling of Natural Gas Services) and that, if a final order had not been issued in that docket prior to the expiration of the rider, Peoples file a petition in the instant docket to end, extend or convert the pilot program to a full program.

8. The pilot program is scheduled to expire March 31, 1999. It is currently in effect only in the areas served by Peoples under its Natural Gas Tariff, Volume No. 1 (*i.e.*, in the areas served by Peoples Gas System, Inc. prior to its merger into Tampa Electric Company). The program is not currently available to customers served by Peoples under its Natural Gas Tariff, Volume No. 2 (*i.e.*, in the areas served by West Florida Natural Gas Company prior to its merger

into Peoples).

9. Peoples and the suppliers and customers participating in the experimental Rider FTA program have now had almost two full years of experience under the program. As a result of this experience, Peoples desires to extend the term of the experimental program, increase the program participation limits to open the program to new Pool Managers and customer participants, and implement the experimental program in areas of the state (Panama City and Ocala) served pursuant to its Tariff Volume No. 2. The modifications for which Peoples seeks approval are designed not only to permit greater participation in the experimental program, but also to avoid possible detriment to sales and transportation service customers of the Company who do not participate in the program.

REQUEST TO EXTEND, EXPAND AND MODIFY PILOT PROGRAM

10. The changes for which Peoples seeks the Commission's approval would extend the term of the experimental program, open it to participation by more customers and suppliers, and enhance the program features for customers and marketers. These modifications balance increased customer and Pool Manager flexibility with reduced impacts on non-participating customers and the Company. Rider FTA, with the changes for which Peoples seeks approval, is attached hereto as Exhibit A. Changes from the current version of Rider FTA are shown in legislative style on Exhibit B.

The changes in the revised Rider FTA may be summarized as follows:

A. Program Extension. As proposed, the pilot program would be extended for two years, through May 31, 2001. A two-year (as opposed to a one-year) extension would provide greater certainty for customers, Pool Managers and the Company.

B. Increased Customer Participation. Peoples seeks the Commission's approval to expand customer participation to permit aggregated transportation service to a total of up to 1,000 customer accounts. This represents more than a five-fold increase in the current 170 customers participating in the pilot program. In addition to increasing the number of customer accounts, Peoples also proposes expanding the classes of customers which may participate in the program to include the Small General Service (SGS), Commercial Street Lighting Service (CSLS), Natural Gas Vehicle Sales Service (NGVSS) and Natural Gas Vehicle Transportation Service (NGVTS) customer classes.

Peoples anticipates that it will be able to effectively administer the modified program for as many as 1,000 customer accounts. Peoples envisions increasing customer participation beyond the 1,000-customer limit as customer and Pool Manager interest, and the impact on the Company and non-participating customers permit. Due to the administrative intensity of transportation service, however, Peoples has reserved the right to close the modified program to additional customer accounts at any time.

C. Increased Supplier Participation. The current pilot program limited participation to those Pool Managers who qualified during the first 60 days after the Commission's initial approval of Rider FTA. In addition, under the current pilot program each Pool Manager was initially permitted to serve a maximum of 30 customers. Under the modified program for which Peoples now seeks approval, a Pool Manager would serve customer accounts within a "Customer Pool." A Customer Pool could have almost any number of customer accounts subject to program limits. A Customer Pool must contain at least 10 customer accounts which, in the aggregate, consume at least 100,000 therms

annually. Pool Managers would be permitted to add accounts to the Customer Pool at any time during the two-year modified program.

There are 11 (five independent) Pool Managers participating in the current pilot program. As modified, as many as 40 independent Customer Pools could be served under Rider FTA. In addition, the Pool Manager administering a Customer Pool would no longer have to be a gas supplier or marketer. As long as it met the modified requirements of Rider FTA, a Pool Manager could be a gas supplier or marketer, a gas customer, or an energy management company. Thus, the modified program would permit entities other than gas marketers, with the requisite gas management experience and qualifications, to serve as a Pool Manager.

D. Simplified Paperwork. The brief "letter of authorization" attached hereto as Exhibit C would supersede and replace the Master Agreement for Gas Service which was used in the initial pilot program, since transportation would be governed by Peoples' tariff. Through the letter of authorization, the customer confirms that it will be taking gas supply under Rider FTA from the Pool Manager and also consents to Peoples' providing the Pool Manager with the customer's natural gas consumption history.

E. Changing Pool Managers. Under the current pilot program, a customer may change its Pool Manager annually (unless the supplier ceases participation in the pilot program). The modified pilot program would permit changes of Pool Manager as often as once a month (subject to Peoples' having at least 30 days to process the change). Customers would be permitted to switch Customer Pools at no charge once per 12-month period. Subsequent switches would be assessed a \$10 administrative fee to be paid by the

Customer.

F. Optional Third-Party Billing. Currently, a Rider FTA customer receives two bills -- one from its Pool Manager and one from Peoples. As a service to customers and Pool Managers, and if requested, Peoples will include the Pool Manager's charges on the customer's bill from Peoples. A Pool Manager would be charged \$5 per bill for this optional service.

11. As previously stated, the modifications for which Peoples seeks approval are designed to permit greater participation in the experimental program in terms of customer accounts served and the number and types of Pool Managers eligible to participate. To avoid possible detriment to the Company's sales and transportation service customers who do not participate in the program, approval for the following changes is also requested.

A. Capacity Release. Under the initial program, a Pool Manager was required to accept, pursuant to a Master Capacity Release Agreement, a temporary release of Peoples' FTS-1 capacity on the Florida Gas Transmission Company ("FGT") interstate pipeline system at the maximum FTS-1 rate under FGT's tariff on file with the Federal Energy Regulatory Commission ("FERC"). Under the modified pilot program, the Master Capacity Release Agreement has been modified to require the Pool Manager to accept a temporary release of Peoples' FTS-2 capacity on the FGT system discounted to the weighted average cost of firm interstate transportation capacity contracted by Peoples. The weighted average cost of capacity is used because it reflects the complete mix of interstate pipeline capacity Peoples has contracted to serve its customers. Due to FERC rules capping the price of released capacity, FGT FTS-2 capacity must be released to

capture this cost.

The impact on capacity costs recovered through the Purchased Gas Adjustment Clause is reduced by requiring Pool Managers to acquire capacity held by Peoples at the weighted average cost. Based on Peoples' current mix of interstate pipeline capacity, the weighted average cost of capacity, if released at a constant quantity every month in 1999, would be \$0.4241 per MMBtu. The monthly weighted average cost rates per MMBtu, estimated for 1999, will vary slightly between a low of \$0.4142 in November and December and \$0.4379 in the summer, and will change as Peoples' mix of capacity changes.

FERC rules require that capacity released at a discount be posted for competitive bidding. The capacity will be posted for a monthly release with the weighted average cost set as the minimum acceptable bid. The Pool Manager for a Customer Pool will be required to match the highest bid for the posted capacity.

Peoples considered the option of releasing pro rata portions of the firm interstate pipeline capacity it holds (FGT FTS-1 and FTS-2, and Sonat/South Georgia), each at max rate, but that approach is impractical. Pro rata releases would require four times as many capacity releases, contracts, nominations and daily confirmations. The pro rata method was rejected because it would have increased costs without increasing benefits.

B. Quantity of Capacity Released/Nominated. Under the current pilot program, Peoples specifies the amount of its firm capacity a Pool Manager must accept in order to deliver gas to Peoples for further transportation to the customers served by the Pool Manager. In addition, under the Firm Delivery and Operational Balancing

Agreement ("Firm Delivery Agreement") which each Pool Manager must enter into with Peoples, Peoples specifies that the quantity to be nominated for delivery on a daily basis to the customers served by such Pool Manager must equal the quantity of capacity released by Peoples. Pool Managers in the existing program have expressed dissatisfaction with this approach.

Under the program as modified, the Pool Manager will be allowed to determine on a monthly basis the amount of capacity to be released by Peoples for the purpose of serving the Customer Pool. The Pool Manager will still be required to nominate and deliver that quantity of gas each day equal to the level of released capacity. Peoples will also continue to retain the right to require the Pool Manager to increase or decrease its nomination by up to 10% of the amount nominated. Under the modified program, however, Peoples' exercise of this right will be limited to days when a pipeline has declared an alert day or limitation day or has issued an operational flow order.

While the Pool Manager determines the quantity of Peoples' capacity it acquires to serve the Customer Pool, Peoples expects the Pool Manager to acquire the amount needed to serve the entire monthly load of the Customer Pool. To encourage adequate utilization of Peoples' capacity and protect non-participating customers, the Pool Manager will be assessed a charge, as part of the imbalance cashout, when the actual takes of the Customer Pool exceed the quantity of acquired capacity by more than 5%. If the difference is greater than 5%, the Pool Manager will be required to pay Peoples the FGT FTS-2 100% load factor maximum rate for the difference. Two examples of this charge are shown on the following page.

	Charge Assessed	No Charge Assessed
Pool Volume (MMBtu)	1,000	1,000
Acquired Capacity (MMBtu)	900	960
105% of Acquired	945	1,008
105% > Actual?	No	Yes
Penalty Volume	100	0
FGT FTS-2 Reservation	\$0.8157	\$0.8157
Charge	\$81.57	\$0.00

Peoples is also proposing to make the Firm Delivery Agreement a part of its tariffs on file with the Commission. This agreement will constitute tariff sheets 8.119 through 8.119-9 of Peoples' Tariff Volume No. 1 (attached hereto as Exhibit D).

C. Balancing of Receipts and Deliveries. The Firm Delivery Agreement for the current pilot program requires each Pool Manager to purchase from Peoples any gas taken by customers in excess of the aggregate quantities nominated for such customers during a month. Conversely, the Firm Delivery Agreement requires the Pool Manager to sell to Peoples any gas delivered to Peoples for the Pool Manager's customers' accounts in excess of the aggregate quantities taken by such customers during a month. Under the current Firm Delivery Agreement, these purchases and sales are "cashed out."

Under the modified pilot program, Peoples would modify the balancing provisions of the Firm Delivery Agreement by:

- (1) changing the commodity rate reimbursed when customers burn less gas than was delivered to Peoples for their accounts during a month from (i) the average FGT Zone 1 price for the month, to (ii) the lesser of the average of

weekly prices for spot gas delivered to FGT at Mustang Island (Tivoli), Texas, Vermillion Parish, Louisiana, or St. Helena Parish, Louisiana, as reported in *Natural Gas Week*, or Peoples' lowest supplier commodity rate for the month; and

(2) changing the commodity rate charged by Peoples when customers burn more gas than was delivered to Peoples for their accounts during a month from (i) the average FGT Zone 3 price for the month, plus the 100% load factor equivalent of FGT's FTS-1 reservation charge, to (ii) the greater of Peoples' applicable purchased gas adjustment charge, or the highest average of weekly prices for spot gas delivered to FGT at Mustang Island (Tivoli), Texas, Vermillion Parish, Louisiana, and St. Helena Parish, Louisiana, as reported in *Natural Gas Week*, for the month, plus the 100% load factor equivalent of FGT's FTS-2 reservation and usage charges.

These changes reflect the concept that an overburn is effectively PGA gas and that an underburn may force Peoples to undertake a portion of the gas contracted for the PGA to avoid pipeline penalties. They also bring the cashout procedures in line with other local distribution companies in the state.

D. Pool Manager Disqualification. Currently, Pool Manager performance is enforceable through the imposition of financial penalties. As the pilot program expands, a Pool Manager's failure to perform has an increased potential for significant detrimental impact on Peoples' customers who do not participate in the program. Additionally, expansion of the number of Pool Managers reduces Peoples' ability to monitor each pool individually. For these reasons, Peoples proposes to add disqualification as an additional

penalty for a Pool Manager's nonperformance. If a Pool Manager fails to supply 100% of the daily quantity required to serve its Customer Pool for three days during a three-month period, Peoples may notify the Pool Manager that it is disqualified from further participation in the pilot program. If a Pool Manager is disqualified, Peoples will immediately halt confirmation of the gas nominated by the Pool Manager. The Pool Manager will remain responsible for any other financial penalties incurred. A Pool Manager may also be disqualified for failure to pay financial penalties incurred, or for an excessive number of delinquencies in payment of other amounts due.

12. A list of the highlights of the current pilot program, with notations regarding the changes for which Peoples seeks the Commission's approval, is attached hereto as Exhibit E.

TIMING OF THE MODIFICATIONS

13. As Peoples stated in its petition for approval of the initial pilot program, there are additional administrative efforts required to manage the arrangements and services inherent in providing transportation service. Peoples will be unable to accommodate the increased participation in its pilot program which will result from the modifications in Rider FTA for which it seeks approval until such time as the Company's new gas management system has been installed and is fully operational. Peoples expects the system to be available June 1, 1999. Thus, Peoples is requesting June 1, 1999 for commencement of the modified program. In the event that the gas management system is delayed beyond June 1, 1999, Peoples will notify the Commission staff and participants of the actual start date.

INTERIM EXTENSION OF CURRENT RIDER FTA

14. Peoples also requests that the existing pilot program, and current Rider FTA, be

permitted to continue in effect until the fully modified experimental program becomes effective June 1, 1999.

TERRITORIAL EXPANSION OF PILOT PROGRAM

15. As indicated previously, the currently approved experimental Rider FTA program is available only to customers served by Peoples pursuant to its Natural Gas Tariff, Original Volume No. 1. As a step toward providing uniform services in all areas served by the Company, Peoples also seeks approval to implement Rider FTA in its Natural Gas Tariff, Original Volume No. 2, so as to make aggregated firm transportation service available to customers of the Company in Panama City and Ocala. The version of Rider FTA which Peoples seeks authority to add to its Natural Gas Tariff, Original Volume No. 2, is attached hereto as Exhibit F. It differs from the modified rider to be included in Peoples Tariff No. 1 only to the extent of differences in the terminology used in the two tariffs. The proposed letter of authorization for inclusion in Peoples' Tariff No. 2, which is the same as that for Tariff No. 1, is attached hereto as Exhibit G. The Firm Delivery Agreement to be included in Tariff No. 2 is attached as Exhibit H.

FUTURE MODIFICATIONS

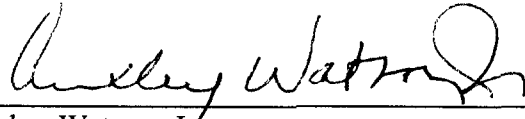
16. Peoples reserves the right to file a petition to modify the pilot program during the two year extension. An example of a circumstance that would dictate such a filing is a final ruling by the Federal Energy Regulatory Commission ("FERC"). FERC has issued a notice of proposed rulemaking ("NOPR") and a notice of inquiry ("NOI") to examine the treatment of short-term releases of interstate capacity. Comments are due January 22, 1999 in the NOPR, with a final order expected by mid-1999. FERC has not indicated its intent or timetable regarding

issues raised in the NOI. The final rule may have a significant impact on the procedures and pricing for the short term release of capacity.

17. While Peoples is requesting approval for several modifications to the pilot program, the program is remaining fundamentally the same. Peoples requests that the changes for which approval is sought by this petition be considered and approved as a cohesive total package. The modifications represent a balance between enhanced customer and Pool Manager participation and flexibility, and protection of Peoples' non-participating customers, through improved cost assignment. Peoples believes that significant variation from the proposed modifications may undermine this balance and restrict Peoples' ability to support an expansion of the program at all.

WHEREFORE, Peoples respectfully requests that the Commission grant this petition, and issue its order approving (A) a two-year extension of the Firm Transportation Aggregation Service Rider pilot program, (B) the modifications to the program, effective on June 1, 1999 or such later date as may be required for Peoples' new gas management system to be operational, (C) continuation of the current program until the time Peoples' new gas management system is operational and the program, as modified, becomes effective, and (D) authority to implement the pilot program, as modified, in Peoples Natural Gas Tariff, Original Volume No. 2.

Respectfully submitted this 1st day of December, 1998.



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Attorneys for Peoples Gas System

Peoples Gas System
a Division of Tampa Electric Company
Original Volume No. 1

Second Revised Sheet No. 7.803
Cancels First Revised Sheet No. 7.803

**FIRM TRANSPORTATION AGGREGATION SERVICE
Experimental Tariff
Rider FTA**

Availability:

Limited in time and scope, on an experimental basis during the period from June 1, 1999 through May 31, 2001, and subject to the special conditions set forth herein, to any Customer account for which gas service is received from Company and (a) for which service hereunder is requested as a part of a Customer Pool (as herein defined), (b) for which Gas is purchased as a part of Gas purchased from or through a Pool Manager (as herein defined) for a Customer Pool administered by such Pool Manager, and (c) which would otherwise qualify for service under Rate Schedule SGS, GS, CSLS, GSLV-1, GSLV-2, GTSLV-2, NGVSS or NGVTS. No more than 40 independent Customer Pools (including those established under Company's Natural Gas Tariff, Original Volume No. 2) may receive service pursuant to this Rider. Service pursuant to this Rider is available throughout the service areas of the Company (including those served pursuant to the Company's Natural Gas Tariff, Original Volume No. 2) when such service can be made available without detriment to service to the Company's other customers.

Applicability:

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

Monthly Rate:

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

Special Conditions:

1. This Rider implements the Company's modified pilot program designed to test the feasibility of providing simplified transportation service to firm customers in a manner that will permit monitoring, feedback and an opportunity to modify the terms and conditions of this Rider in order to determine whether to continue such service or expand its availability to additional Customer accounts.
2. If Company determines that the modified pilot program implemented by this Rider is operating successfully, Company may, at any time after the effective date of this Rider, by providing written notice to the Commission, each then participating Pool Manager, and any other person who has notified the Company in writing that it desires to participate in the modified program, modify this Rider by increasing the number of Customer accounts and/or Pool Managers eligible to participate in such program. Any such future modification by Company shall become effective 30 days after the later to occur of the aforesaid notice required of Company and the filing by Company of revised tariff sheets reflecting such modification.
3. For purposes of this Rider, "Customer Pool" means a group of not less than 10 Customer accounts which, in the aggregate, have annual Gas consumption of at least 100,000 Therms. Company shall have the right, exercisable in its sole discretion at any time on

Issued By: William N. Cantrell, President
Issued On: November 30, 1998

Effective: June 1, 1999

Peoples Gas System
a Division of Tampa Electric Company
Original Volume No. 1

First Revised Sheet No. 7.803-1
Cancels Original Sheet No. 7.803-1

FIRM TRANSPORTATION AGGREGATION SERVICE (continued)

written notice to the Commission, each then participating Pool Manager, and each Customer receiving service hereunder, to close this Rider to participation by additional Customer accounts. Any such notice by Company shall be effective as of the day following the day on which it is sent by Company.

4. For purposes of this Rider, "Pool Manager" means a person or entity which has:
 - a. Entered into agreements to sell Gas to, or procure Gas for, Customer accounts desiring to receive service pursuant to this Rider as part of a Customer Pool;
 - b. Executed and delivered to Company after January 1, 1999 an unmodified Firm Delivery and Operational Balancing Agreement (in the form set forth on Sheets 8.119 through 8.119-9 of this tariff) for an initial term of not less than one year, obligating such person or entity to deliver Gas to Company on a firm basis (in a minimum aggregate amount of 100,000 therms annually) for the accounts which are part of a Customer Pool, resolve directly with the Company imbalances between (i) the quantities of Gas delivered to Company for the accounts in the Customer Pool and (ii) the quantities of Gas taken by such Customer Pool, and establish and maintain credit pursuant to the terms of such agreement; and
 - c. Executed and delivered to Company after January 1, 1999 an unmodified Master Capacity Release Agreement providing for such person's or entity's acquisition from Company of primary firm interstate pipeline transportation capacity to be used for the transportation and delivery to Company of Gas purchased by a Customer Pool receiving service pursuant to this Rider.

Subject to the provisions of Special Conditions 3 and 5, additional Customer accounts may be added to a Customer Pool administered by a Pool Manager at any time. A Pool Manager may be disqualified by Company from providing service hereunder in accordance with the Firm Delivery and Operational Balancing Agreement.

5. To initiate service pursuant to this Rider, a Customer shall execute and deliver to a Pool Manager (for delivery by such Pool Manager to Company) (i) a letter of authorization in the form set forth on Sheets 8.118 through 8.118-1 of this tariff and (ii) a copy of a recent Company invoice for service for each account for which the Customer desires to receive service pursuant to this Rider. Service by Company to a Customer account pursuant to this Rider will commence on the first day of the month following (but not less than 30 days after) the Pool Manager's delivery to Company of a properly completed letter of authorization and the required invoice(s). Company will provide written notice, not less than two weeks prior to the scheduled commencement of service hereunder, to each Pool Manager, and to each Customer having an account to be served hereunder by such Pool Manager, regarding their respective eligibility to participate in service pursuant to this Rider.
6. Subject to Special Condition 7 hereof and Availability (above), the initial period of service to each Customer account hereunder

Peoples Gas System
a Division of Tampa Electric Company
Original Volume No. 1

First Revised Sheet No. 7.803-2
Cancels Original Sheet No. 7.803-2

FIRM TRANSPORTATION AGGREGATION SERVICE (continued)

shall be one year from the date such service commences.

7. Company shall have the right, exercisable on written notice to the Commission, each participating Pool Manager, and each Customer receiving service hereunder, given not less than 90 days prior to the date on which this Rider has been in effect for one year, to terminate this Rider as it applies to each participating Customer account (effective as of the end of the initial period of service hereunder to such Customer account). Thereafter, Company shall also have the right, exercisable on written notice to the Commission, each participating Pool Manager, and each Customer receiving service hereunder, to terminate this Rider as it applies to each participating Customer account, to extend the effectiveness of this Rider on an experimental basis, to expand or reduce the scope of (or otherwise modify) this Rider, or to make this Rider permanent, any such action by Company to become effective as of the date specified in such notice.
8. A Customer account receiving service under this Rider may terminate service hereunder by its then serving Pool Manager and commence service hereunder (within the time and in the manner provided in Special Condition 5) by a different Pool Manager. There shall be no charge by Company to Customer for the first such change of Pool Managers for an account within a 12-month period. A Customer shall pay to Company for each subsequent change in Pool Managers for any account an administrative fee of \$10.00.
9. A Customer receiving service under this Rider may at any time discontinue service hereunder by giving Company 90 days written notice.
10. For purposes of curtailment or interruption by Company, each individually billed account receiving service hereunder shall be treated by the Company in accordance with the curtailment provisions found in the rate schedule (i.e., SGS, GS, CSLS, GSLV-1, GSLV-2, GTSLV-2, NGVSS or NGVTS) otherwise applicable to such account.
11. Amounts payable to Company by Customer pursuant to the rate schedule applicable to each individually billed account shall be subject to the operation of the Company's Tax and Fee Adjustment Clause (set forth on Sheet No. 7.101-1), Energy Conservation Cost Recovery Clause (set forth on Sheet No. 7.101-1), and Competitive Rate Adjustment Clause (set forth on Sheets Nos. 7.101-1 through 7.101-3).
12. If requested by a Customer account and the Pool Manager administering service hereunder to such account, Company will bill the Pool Manager's charges for service provided hereunder to such account. Company shall charge a Pool Manager \$5.00 per bill for such optional service.
13. Except as modified by the provisions set forth above, service under this Rider shall be subject to the Rules and Regulations set forth in this tariff.

FIRM TRANSPORTATION SUPPLIER AGGREGATION SERVICE
Experimental Tariff
Rider FTA

Availability:

Limited in time and scope, on an experimental basis during the period from June 1, 1999 through May 31, 2001, and subject to the special conditions set forth herein, to any Customer who ~~(a) requests service hereunder, (b) purchases Gas from account for which gas service is received from Company and (a) for which service hereunder is requested as a part of a Customer Pool (as herein defined), (b) for which Gas is purchased as a part of Gas purchased from or through a Pool Manager Qualified Aggregating Supplier (as herein defined), (c) for a Customer Pool administered by such Pool Manager, and (c) which~~ would otherwise qualify for service under Rate Schedule SGS, GS, CSLS, GSLV-1, GSLV-2, or GTSLV-2, NGVSS or NGVTS and ~~(d) commences service hereunder no later than the first day of the third month following the effective date of this Rider. No more than 40 independent Customer Pools (including those established under Company's Natural Gas Tariff, Original Volume No. 2) may receive service pursuant to this Rider.~~ Service pursuant to this Rider is available throughout the service areas of the Company (including those served pursuant to the Company's Natural Gas Tariff, Original Volume No. 2) when such service can be made available without detriment to service to the Company's other customers.

~~Availability is limited to the addition, by each participating Qualified Aggregating Supplier, of a maximum of 10 customers at the beginning of each of the first two months after the effective date of this Rider and additional customers, up to an aggregate maximum of 30 customers per participating Qualified Aggregating Supplier, at the beginning of the third month after the effective date of this Rider. Subject to the provisions of Special Conditions 2 and 12, no additional customers may be added by any Qualified Aggregating Supplier after the first day of the third month after the effective date of this Rider.~~

Applicability:

To transportation of Gas delivered to Company by a Qualified Aggregating Supplier Pool Manager for a Customer the account of ~~Customer~~ pursuant to this Rider.

Monthly Rate:

The Monthly Rate for transportation service applicable to each individually billed ~~facility of Customer~~ account shall be the Monthly Rate applicable to such individually billed facility account under Rate Schedule SGS, GS, CSLS, GSLV-1, GSLV-2, or GTSLV-2, NGVSS or NGVTS, based upon the annual therm usage ~~at~~ of such separately metered facility account.

Special Conditions:

1. This Rider implements the Company's modified pilot program designed to test the feasibility of providing simplified transportation service to firm customers in a manner that will permit monitoring, feedback and an opportunity to modify the terms and conditions of this Rider in order to determine whether to continue such service or expand its availability to additional customers Customer accounts.

2. If Company determines that the modified pilot program implemented by this Rider is operating successfully, Company may, at any time after the effective date of this Rider, by providing written notice to the Commission, each then participating Qualified Aggregating Supplier Pool Manager, and any other Gas supplier person who has notified the Company in writing that it desires to participate in the modified program, modify this Rider by increasing the number of customers Customer accounts and/or Pool Managers Qualified Aggregating Suppliers eligible to participate in such program. Any such future modification by Company shall become effective 30 days after the later to occur of the aforesaid notice required of Company and the filing by Company of revised tariff sheets reflecting such modification.
3. For purposes of this Rider, "Customer Pool" means a group of not less than 10 Customer accounts which, in the aggregate, have annual Gas consumption of at least 100,000 Therms. Company shall have the right, exercisable in its sole discretion at any time on written notice to the Commission, each then participating Pool Manager, and each Customer receiving service hereunder, to close this Rider to participation by additional Customer accounts. Any such notice by Company shall be effective as of the day following the day on which it is sent by Company.
4. For purposes of this Rider, "Pool Manager" "Qualified Aggregating Supplier" means a Gas supplier who person or entity which has within 60 days following the effective date of this Rider:
 - a. Entered into agreements to sell Gas to, or procure Gas for, Customer accounts Customers desiring to receive service pursuant to this Rider as part of a Customer Pool;
 - b. Executed and delivered to Company after January 1, 1999 an unmodified Firm Delivery and Operational Balancing Agreement (in the form set forth on Sheets 8.119 through 8.119-9 of this tariff) for an initial term of not less than one year, obligating such supplier person or entity to deliver Gas to Company on a firm basis (in a minimum aggregate amount of 100,000 therms annually) for the accounts of customers on a firm basis which are part of a Customer Pool, resolve directly with the Company imbalances between (i) the quantities of Gas delivered to Company for the accounts of customers in the Customer Pool and (ii) the quantities of Gas taken by such customers directly with the Company Customer Pool, and establish and maintain credit pursuant to the terms of such agreement; and
 - c. Executed and delivered to Company after January 1, 1999 an unmodified Master Capacity Release Agreement providing for such supplier's person's or entity's acquisition from Company of primary firm interstate pipeline transportation capacity to be used for the transportation and delivery to Company of Gas purchased by customers a Customer Pool receiving service pursuant to this Rider.

provided, however, that Company reserves the right to limit the number of Qualified Aggregating Suppliers if Company reasonably determines that the number of such suppliers would cause the

Company to be unable to effectively perform or administer service pursuant to this Rider Subject to the provisions of Special Conditions 3 and 5, additional Customer accounts may be added to a Customer Pool administered by a Pool Manager at any time. A Pool Manager may be disqualified by Company from providing service hereunder in accordance with the Firm Delivery and Operational Balancing Agreement.

5. 4- To initiate service pursuant to this Rider, a Customer shall execute and deliver to a Pool Manager (for delivery by such Pool Manager to Company) (i) a letter of authorization in Master Agreement for Gas Services, the basic form of which is set forth on Sheets 8.116 8.118 through 8.116-2 8.118-1 of this tariff, setting forth the terms and conditions of service to be provided by Company, and identifying Customer's Qualified Aggregating Supplier and (ii) a copy of a recent Company invoice for service for each account for which the Customer desires to receive service pursuant to this Rider. Service by Company to a Customer account pursuant to this Rider will commence on the first day of the month following (but not less than 30 days after) the Pool Manager's delivery to Company of a properly completed letter of authorization and the required invoice(s). Company will provide written notice, not less than two weeks prior to the scheduled commencement of service hereunder, to each Pool Manager, and to each Customer having an account to be served hereunder by such Pool Manager, regarding their respective eligibility to participate in service pursuant to this Rider.
6. 5- Subject to Special Condition 6 7 hereof and Availability (above), the initial period of service to each Customer account hereunder shall be one year from the date such service commences.
7. 6- Company shall have the right, exercisable on written notice to the Commission, each participating Qualified Aggregating Supplier Pool Manager, and each Customer receiving service hereunder, given not less than 90 days prior to the date on which this Rider has been in effect for one year, to terminate this Rider as it applies to each participating Customer account (effective as of the end of the initial period of service hereunder to such Customer account). Thereafter, Company shall also have the right, exercisable on written notice to the Commission, each participating Qualified Aggregating Supplier Pool Manager, and each Customer receiving service hereunder, to terminate this Rider as it applies to each participating Customer account, to extend the effectiveness of this Rider on an experimental basis, to expand or reduce the scope of (or otherwise modify) this Rider, or to make this Rider permanent, any such action by Company to become effective as of the date specified in such notice.
8. 7- A Customer account receiving service under this Rider may effective as of the commencement of any one year extension of the term of its agreement for terminate service hereunder, change its Qualified Aggregating Supplier by executing and delivering to the Company a new or amended Master Agreement for Gas Services not less than 15 days prior to the commencement of the month in which such new or amended Master Agreement for Gas Services is to become effective by its then serving Pool Manager and commence

service hereunder (within the time and in the manner provided in Special Condition 5) by a different Pool Manager. There shall be no charge by Company to Customer for the first such change of Pool Managers for an account within a 12-month period. A Customer shall pay to Company for each subsequent change in Pool Managers for any account an administrative fee of \$10.00.

9. ~~8-~~ A Customer receiving service under this Rider may, at any time during the first year following the effective date of this Rider, discontinue service hereunder by giving Company ~~15 days~~ written notice prior to the first day of the month in which such Customer desires to discontinue such service, and upon such discontinuance return to service under the otherwise applicable firm sales service rate schedule. After the end of the first year following the effective date of this Rider, a Customer receiving service hereunder may discontinue such service by giving Company 90 days written notice prior to the end of the term of the Master Agreement for Gas Services between Customer and Company.
10. ~~9-~~ For purposes of curtailment or interruption by the Company, each individually billed facility account receiving service hereunder shall be treated by the Company in accordance with the curtailment provisions found in the rate schedule (i.e., SGS, GS, CSLs, GSLV-1, GSLV-2, or GTSLV-2, NGVSS or NGVTS) otherwise applicable to such facility account.
11. ~~10-~~ Amounts payable to Company by Customer pursuant to the rate schedule applicable to each individually billed facility account shall be subject to the operation of the Company's Tax and Fee Adjustment Clause (set forth on Sheet No. 7.101-1), Energy Conservation Cost Recovery Clause (set forth on Sheet No. 7.101-1), and Competitive Rate Adjustment Clause (set forth on Sheets Nos. 7.101-1 through 7.101-3).
12. If requested by a Customer account and the Pool Manager administering service hereunder to such account, Company will bill the Pool Manager's charges for service provided hereunder to such account. Company shall charge a Pool Manager \$5.00 per bill for such optional service.
13. ~~11-~~ Except as modified by the provisions set forth above, service under this Rider shall be subject to the Rules and Regulations set forth in this tariff.
- ~~12.~~ ~~If a customer participating in this pilot program elects to change its Qualified Aggregating Supplier in accordance with the provisions of Special Condition 7 or if the customer is notified by its serving Qualified Aggregating Supplier that the supplier will, for any reason, cease to supply the customer's gas supply under this pilot program, the customer may elect to change to any Qualified Aggregating Supplier then participating in the program. To accommodate such changes, the newly selected replacement Qualified Aggregating Supplier may exceed the otherwise applicable aggregate maximum limit of 30 customers.~~

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Original Sheet No. 8.118

LETTER OF AUTHORIZATION
RIDER FTA PILOT PROGRAM

Letter of Authorization

(date)

Peoples Gas System ("PGS")
P. O. Box 2562
Tampa, Florida 33601-2562

TO WHOM IT MAY CONCERN:

This letter constitutes a formal request by the undersigned ("Customer") for gas transportation service pursuant to PGS's Rider FTA and other applicable provisions of PGS's applicable Natural Gas Tariff, as the same may be amended from time to time.

Customer hereby authorizes PGS to release to the "Pool Manager" named below, information with respect to service heretofore provided by PGS for Customer, including, but not limited to, the historical consumption of gas under the following PGS customer account number(s):

ACCOUNT NUMBER(S):

POOL MANAGER:

Name: _____
Address: _____
City, State, Zip Code: _____
Phone: _____
Fax: _____
E-mail Address: _____

Customer has entered, or intends to enter, into one or more agreement(s) with Pool Manager providing for Pool Manager's delivery of the gas purchased by Customer from or through Pool Manager to PGS pursuant to the Firm Delivery and Operational Balancing Agreement between PGS and Pool Manager (the "Firm Delivery Agreement").

Provided the Firm Delivery Agreement is in effect at the time gas is tendered to PGS by or on behalf of Pool Manager for Customer's account(s) listed above, PGS will transport gas delivered for such account(s) (up to the DCQ for each set forth in the Firm Delivery Agreement) pursuant to Rider FTA and the applicable provisions of PGS's tariff on file with the Florida Public Service Commission ("FPSC"), as the same may be amended from time to time.

Subject to the terms of Rider FTA and the Firm Delivery Agreement, (i) service provided by PGS for the above account(s) pursuant to Rider FTA is effective from the Implementation Date until the Termination Date (the "Initial Term"), and (ii) the term of such service shall be extended for periods of one (1) year, each ending on an anniversary of the Termination Date, unless Customer or PGS gives written notice to the other of the termination of such service in accordance with Rider FTA. If the Firm Delivery Agreement is terminated for any reason as it applies to any Gas to be delivered for Customer's account(s) for transportation by PGS, PGS shall have the right to immediately terminate service to the above account(s) under Rider FTA.

Customer understands that the aforesaid service to be provided by PGS is part of a pilot program, which may be extended, modified or terminated in accordance with its terms.

Customer agrees to pay PGS in accordance with the applicable rate schedule for the transportation of gas for Customer's account(s). Customer understands that it is responsible for the payment of all bills rendered to Customer by Pool Manager, and that each Pool Manager's bill for gas purchased by Customer will be rendered separately from PGS's bill for transportation service, unless Customer and Pool Manager request that PGS also bill Customer for gas consumed by such account(s).

Sincerely,

(name of Customer)

By: _____

Issued By: William N. Cantrell, President
Issued On: November 30, 1998

Effective: June 1, 1999

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LETTER OF AUTHORIZATION
RIDER FTA PILOT PROGRAM

The undersigned Pool Manager agrees that it will keep confidential, and not use or disclose to any person not named herein, information released pursuant to the above authorization, or information received from the above Customer, except to the extent necessary to deliver gas to PGS for transportation to the above Customer account(s), or as may be required by law (in which case Pool Manager will provide notice to PGS prior to making such disclosure).

(name of Pool Manager)

By: _____

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FIRM DELIVERY AND OPERATIONAL BALANCING AGREEMENT

This Firm Delivery and Operational Balancing Agreement (the "Agreement") is made and entered into as of the ____ day of _____, 19____, by and between Peoples Gas System, a division of Tampa Electric Company, a Florida corporation ("PGS"), and _____, a _____ corporation ("Pool Manager").

W I T N E S S E T H:

WHEREAS, PGS operates a natural gas distribution system in the State of Florida, and transports Gas for industrial and commercial customers;

WHEREAS, PGS has enabled Pool Manager to enter into contract(s) pursuant to which Pool Manager will sell Gas to Customer Accounts comprising the Customer Pool (as hereinafter defined) by agreeing to transport such Gas from such points of receipt on PGS's distribution system to Customer Accounts on a Firm basis without requiring such accounts to install and pay for telemetry, or to individually balance Gas received and delivered by PGS for such accounts;

WHEREAS, Pool Manager has entered into a Master Capacity Release Agreement with PGS providing for PGS's release to Pool Manager of Firm FTS-2 transportation capacity rights on the interstate pipeline system of Florida Gas Transmission Company ("FGT") for use by Pool Manager in delivering Gas to PGS for the Customer Accounts;

WHEREAS, in order to maintain the operational integrity of its system, PGS must assure that Gas to be transported to the accounts in the Customer Pool is delivered to PGS at the times and in the quantities desired by such accounts, and that for each Month Pool Manager's ADCQ (as herein defined) equals the quantity of Gas consumed by the Customer Pool; and

WHEREAS, PGS will transport Gas sold by Pool Manager and received by PGS for the Customer Pool to the Customer Accounts.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, PGS and Pool Manager hereby agree as follows:

ARTICLE I - DEFINITIONS

As used herein, the following terms have the meanings set forth below. Capitalized terms used, but not otherwise defined, herein have the meanings given in PGS's FPSC Tariff.

"Actual Takes" means, for a specified period of time, the quantity of Gas passing through the meter(s) at the PGS Delivery Point(s) for the Customer Pool during such specified period of time.

"ADCQ" or "Aggregate Daily Contract Quantity" means, for each Day, the aggregate of the DCQs set forth in Appendix A, as the same may be adjusted by PGS pursuant to requests made in accordance with Section 4.1(a).

"Alert Day" means an Alert Day as defined in FGT's FERC Tariff.

"Capacity Release Agreement" means the Master Capacity Release Agreement between PGS and Pool Manager dated as of even date herewith, as the same may be amended from time to time.

Issued By: William N. Cantrell, President
Issued On: November 30, 1998

Effective: June 1, 1999

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"Customer" means the person or entity responsible for a Customer Account.

"Customer Account" means each of the accounts identified in Appendix A.

"Customer Pool" means, collectively, the Customer Accounts identified in Appendix A.

"DCQ" or "Daily Contract Quantity" means, for each Customer Account, the Daily Contract Quantity set forth in Appendix A.

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

"FGT's FERC Tariff" means FGT's FERC Gas Tariff, Third Revised Volume No. 1, as amended, supplemented or superseded from time to time, as such tariff applies to transportation service under FGT's Rate Schedule FTS-2.

"Firm" means: (i) with respect to the sale and purchase of Gas, that Pool Manager is obligated to sell and deliver and a Customer is obligated to purchase and receive the quantity of Gas specified, except as excused by an event of Force Majeure, and (ii) with respect to transportation, that the transporter of Gas is obligated to make available a quantity of pipeline capacity, without interruption except as excused by an event of force majeure under such transporter's tariff, sufficient to enable Pool Manager to perform its obligations under this Agreement.

"Gas" means "Gas" as defined in FGT's FERC Tariff.

"Imbalance Level", as used in Section 5.3, means the percentage determined by dividing the Monthly Imbalance Amount for the Month by the sum of the ADCQs for the Customer Pool for the Month in which the Monthly Imbalance Amount accumulated.

"Limitation Day" means a Limitation Day as defined in the FERC tariff of Southern Natural Gas Company and South Georgia Natural Gas Company.

"Monthly Imbalance Amount" means, for a Month, the positive or negative whole number difference determined by subtracting the Actual Takes for such Month from the sum of the ADCQs for such Month.

"OFO" means an Operational Flow Order as defined in FGT's FERC Tariff.

"Primary FGT Delivery Point(s)" means the FGT Delivery Point(s) identified in Appendix A, subject to modification by PGS from time to time.

ARTICLE II - TERM; SUSPENSION OF POOL MANAGER'S OBLIGATIONS

Section 2.1 Term. This Agreement shall be effective on the date first written above. The term of this Agreement, with respect to each Customer Account, shall commence at the beginning of the Day commencing on the date set forth in Appendix A as the Effective Date for such Customer Account and shall continue, unless earlier terminated pursuant to this Agreement, until the beginning of the Day commencing on the date set forth in Appendix A as the Termination Date for such Customer Account (as to each such Customer Account, the "Initial Term"). Subject to the other terms of this Agreement, Pool Manager may extend the term of this Agreement as to a Customer Account by giving PGS written notice of such extension not less than thirty (30) Days prior to the expiration of the Initial Term (or any extended term).

Section 2.2 Early Termination. Pool Manager understands that PGS is entering into this Agreement as part of a pilot program, the initial term of which (with respect to each Customer Account) will end on the Termination Date set forth in Appendix A for such Facility. PGS reserves the right, exercisable on ninety (90) days' notice to Pool Manager, to terminate the pilot program (and this Agreement), extend the term of the pilot program, modify its terms and conditions (including the terms and conditions of this Agreement), or modify the program to comply with a program which has been approved by the FPSC. Notwithstanding any other provision of this Agreement, PGS's obligations hereunder shall at all times be subject to the lawful orders, rules and regulations of the FPSC, and to

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the terms and conditions of PGS's FPSC Tariff.

ARTICLE III - CHANGES TO APPENDIX A

PGS and Pool Manager recognize that changes may be required from time to time in certain of the information contained in Appendix A. Such changes may include the addition or deletion of one or more Customer Accounts, a change in the DCQ for a Customer Account, or a change in the Primary FGT Delivery Point(s). Pool Manager may add or delete a Customer Account, or change the DCQ for a Customer Account, only by tendering to PGS, not less than thirty (30) Days before the first Day of the Month in which such addition, deletion or change (as the case may be) is to become effective, a revised Appendix A reflecting such addition, deletion or change. PGS may change the Primary FGT Delivery Point(s) at any time, such change to become effective as specified by PGS (but in no event less than 24 hours following PGS's tendering to Pool Manager a revised Appendix A reflecting such change. Changes in Appendix A contemplated by this article shall be made by amendment to this Agreement and, absent such amendment, the information contained in Appendix A shall be binding on the parties hereto for all purposes of this Agreement.

ARTICLE IV - FIRM DELIVERY

Section 4.1 Pool Manager's Obligation. (a) Subject to the provisions of Section 2.2, on each Day during the term of this Agreement, unless excused by Force Majeure, Pool Manager agrees to cause to be delivered to PGS, on a Firm basis, the ADCQ for the Customer Pool; provided, however, that if PGS receives an Alert Day Notice, OFO, or Limitation Day Notice, PGS shall have the right to request, and Pool Manager shall be obligated to cause to be delivered as aforesaid, a quantity of Gas (as specified by PGS) of from ninety percent (90%) to one hundred ten percent (110%) of the ADCQ for the Customer Pool. Delivery of all such Gas shall be at the Primary FGT Delivery Point(s).

(b) Pool Manager shall deliver to PGS daily, via facsimile, a nomination of the quantity of Gas to be delivered at the Primary FGT Delivery Point(s) for the Customer Pool and shall specify the amount of such Gas for each Customer Account. Such nomination shall be given by Pool Manager (i) unless the aforesaid delivery is to be made on the first Day of a Month, by 9:00 a.m. local time in Tampa, Florida, on the Day preceding the Day on which such delivery is to occur, and (ii) if the aforesaid delivery is to be made on the first Day of a Month, by 9:00 a.m. local time in Tampa, Florida, seven (7) Business Days prior to the first Day of such Month.

(c) Pool Manager shall deliver to PGS each Month in the form of Appendix A, at least ten (10) Days prior to FGT's deadline for posting capacity releases for the first Day of the following Month, the ADCQ for such following Month.

Section 4.2 Pool Manager's Failure to Perform. (a) If (unless excused by Force Majeure) Pool Manager fails to cause to be delivered on any Day any portion (the "Shortfall Quantity") of the quantity of Gas required to be delivered to PGS pursuant to Section 4.1, Pool Manager shall pay to PGS (in dollars per MMBtu), for the Shortfall Quantity, an amount equal to five (5) times the highest price, for the calendar day on which such Day commences, for spot gas delivered to a Gulf Coast pipeline, as published in *Gas Daily*.

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(b) If Pool Manager causes to be delivered on any Day a quantity of Gas exceeding the quantity required to be delivered to PGS pursuant to Section 4.1, Pool Manager shall sell to PGS, and PGS shall purchase from Pool Manager, such excess Gas (the "Excess Quantity") at a purchase price equal to:

(i) fifty percent (50%) of the price reported in Natural Gas Week for the beginning of the Month in which Pool Manager delivered such Excess Quantity, for spot gas delivered to FGT at Tivoli, Texas; minus

(ii) the sum of any balancing, scheduling, alert day, OFO, or other penalties or charges incurred by PGS as a result of Pool Manager's delivery of the Excess Quantity; minus

(iii) a fee of \$0.15 per MMBtu as a liquidated amount representing incidental damages.

Pool Manager agrees that it will not bill any Customer for any Excess Quantity which is purchased by PGS from Pool Manager pursuant to this paragraph (b).

(c) Billing and payment of any amounts due either party pursuant to this section shall be in accordance with Article VI.

Section 4.3 Termination. If (i) in any three-Month period, unless excused by Force Majeure, Pool Manager fails to cause to be delivered on any three (3) Days any portion of the quantity of Gas required to be delivered to PGS pursuant to Section 4.1, or (ii) Pool Manager's Imbalance Level, as determined for any portion of a Month, exceeds twenty percent (20%), or (iii) Pool Manager fails to timely pay any amount due PGS pursuant to Section 4.2, or (iv) Pool Manager is delinquent in making payment of other amounts due hereunder more than three (3) times in any 12-Month period, PGS may, in its sole discretion, without incurring any liability to Pool Manager or any Customer, terminate this Agreement by facsimile notices of termination to Pool Manager and each Customer Account in the Customer Pool, such termination to be effective at the end of the Day on which such notices are transmitted by PGS; provided, however, that PGS's exercise of the remedy set forth in this section shall not be construed as a waiver of PGS's rights under either of Section 4.2 or Section 5.3.

Section 4.4 Establishment of Credit. (a) Pool Manager shall establish credit prior to commencing deliveries of Gas hereunder (and shall maintain such credit during the term hereof) by one of the following methods:

(i) making a cash deposit with PGS;

(ii) furnishing an irrevocable letter of credit from a bank, or a surety bond issued by a company with an A.M. Best Rating Service rating of B/VI or higher for bonds up to \$50,000 in amount and a rating of A-/VII or higher for bonds over \$50,000 in amount;

(iii) possessing and maintaining a Standard & Poor's Long Term Debt Rating of A- or better, a Moody's rating of A3 or better, or a comparable rating by another nationally recognized rating organization acceptable to PGS;

(iv) if Pool Manager's debt is not rated, by demonstrating to PGS (pursuant to the provisions of paragraph (b) below) Pool Manager's creditworthiness (i.e., that Pool Manager's financial strength and stability are adequate); or

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(v) if Pool Manager's parent company establishes credit pursuant to subparagraphs (iii) or (iv) above, such parent company may serve as guarantor of Pool Manager's obligations under this Agreement.

(b) If Pool Manager seeks to establish credit pursuant to paragraph (a) (iv) above, Pool Manager shall furnish to PGS Pool Manager's audited financial statements (accompanied by the opinion of independent certified public accountants or chartered accountants of recognized national or regional standing) for at least the two most recently completed fiscal years. In evaluating Pool Manager's creditworthiness, PGS will consider Pool Manager's tangible net worth, interest coverage ratio, ratio of long term debt to tangible net worth, net cash flow, and other known factors relating to Pool Manager's creditworthiness. If credit is established by Pool Manager pursuant to paragraph (a) (iv) above, (i) PGS may periodically review its determination of creditworthiness to assure that no material adverse changes in Pool Manager's financial condition have occurred, and (ii) Pool Manager shall annually during the term of this Agreement, within ninety (90) days following the end of Pool Manager's fiscal year, furnish to PGS Pool Manager's audited financial statements for the year most recently ended (accompanied by the opinion of independent certified public accountants or chartered accountants of recognized national or regional standing). If Pool Manager's credit rating or financial statements are, or during the term of this Agreement become, unacceptable to PGS, or Pool Manager makes any payment required by this Agreement with a check which is dishonored by a bank, Pool Manager may establish credit only pursuant to paragraph (a) (i) or (a) (ii) above.

(c) The amount of any cash deposit, letter of credit or surety bond (collectively, "Security") furnished pursuant to paragraph (a) (i) or (a) (ii) above shall be equal to the product of (i) the ADCQ (in MMBtu) and (ii) \$150.00. PGS may require of Pool Manager, upon written notice of not less than fifteen (15) Days, new Security (if previously waived or returned), or additional Security, in order to more accurately reflect the amounts which may become due PGS from Pool Manager under Section 4.2, the amount of such Security to be determined as stated above.

(d) Upon termination of this Agreement, PGS shall credit the amount of any cash deposit against the final amount (if any) due PGS from Pool Manager hereunder, and the balance, if any, shall be returned to Pool Manager no later than fifteen (15) Days after the final bill hereunder is rendered (or was to be rendered).

(e) In no event will PGS confirm nominations of Pool Manager unless Pool Manager has established, and continues to maintain, credit as required by this Section 4.4.

ARTICLE V - IMBALANCES; INTERRUPTION OF DELIVERIES

Section 5.1 Interruption of Deliveries. Pool Manager recognizes that PGS is entitled to curtail or interrupt deliveries of Gas to the Customer Pool pursuant to PGS's FPSC Tariff. Pool Manager agrees that it will not bill any Customer for any quantities of Gas which are not consumed by such Customer due to interruption by PGS. If deliveries of Gas to a Customer Account are curtailed or interrupted pursuant to PGS's FPSC Tariff, Pool Manager shall sell to PGS, and PGS shall purchase from Pool Manager, that portion of the ADCQ that is curtailed or interrupted. PGS shall notify Pool Manager with respect to each notice of curtailment or interruption issued pursuant to PGS's FPSC Tariff. After receiving such notice from PGS, unless otherwise directed by PGS, Pool Manager shall not curtail,

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cause to be curtailed, redirect, or cause to be redirected, any of the Customer Pool's ADCQ in a manner which would have the effect of reducing the quantities of Gas delivered at the Primary FGT Delivery Point(s). For all Gas sold by Pool Manager to PGS pursuant to this section, PGS shall pay to Pool Manager an amount per MMBtu equal to the sum of (a) the price for spot Gas delivered to FGT at Vermillion Parish, Louisiana, as reported in the "Daily Price Survey" in Gas Daily for the Day in which PGS purchased the Gas, and (b) the 100% load factor rate at which Pool Manager acquired the Transporter Capacity (as defined in the Capacity Release Agreement) from PGS pursuant to the Capacity Release Agreement. PGS warrants that it will not at any time exercise its right to interrupt deliveries of Gas to the Customer Pool pursuant to PGS's FPSC Tariff based solely on a determination that Gas being delivered by Pool Manager to the Primary FGT Delivery Point(s) is less expensive than Gas which is, at the time of PGS's exercise of such right, otherwise available to PGS. For any Month in which PGS purchases Gas from Pool Manager pursuant to this section, PGS shall make payment of the amount payable to Pool Manager on or before the last Day of the Month following the Month in which PGS purchased such Gas.

Section 5.2 Rights of PGS. Pool Manager shall use its best efforts to achieve a balance between deliveries pursuant to Article IV and the Actual Takes of the Customer Pool on a monthly basis. PGS reserves the right to require Pool Manager to balance such deliveries and Actual Takes, or to require a reasonably uniform daily delivery rate of Gas which, at the end of a Month, will equal the Actual Takes of the Customer Pool for such Month.

Section 5.3 Correction of Imbalances. PGS and Pool Manager intend that all Monthly Imbalance Amounts shall be resolved as of the end of each Month. At the end of each Month, the Monthly Imbalance Amount (if any) incurred during such Month shall be resolved in cash as follows:

(a) **Positive Imbalances.** If a Monthly Imbalance Amount is Positive (i.e., the sum of the ADCQs of the Customer Pool for the Month exceeds the Actual Takes of the Customer Pool for such Month), PGS shall purchase from Pool Manager (and Pool Manager shall sell to PGS) such Monthly Imbalance Amount at a price per Therm (the "Unit Price") equal to the lesser of the average of weekly prices for spot gas delivered to FGT at Mustang Island (Tivoli), Texas, Vermillion Parish, Louisiana, and St. Helena Parish, Louisiana, as reported in *Natural Gas Week*, or PGS's lowest supplier commodity rate, for the Month in which such Monthly Imbalance Amount was incurred, multiplied by the applicable factor set forth below:

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

The total amount due Pool Manager pursuant to this paragraph (a) shall be the product of the Unit Price (calculated as set forth herein) and such Monthly Imbalance Amount.

(b) **Negative Imbalances.** If a Monthly Imbalance Amount is Negative (i.e., Actual Takes of the Customer Pool exceed the sum of the ADCQs of the Customer Pool for such Month), PGS shall sell to Pool Manager (and Pool Manager shall purchase from PGS) such Monthly Imbalance Amount at a price per Therm (the "Unit Price") equal to the greater of (1) PGS's applicable Purchased Gas Adjustment Charge, multiplied by the applicable factor set forth below, or (2) the sum of (i) the highest average of weekly prices for spot gas delivered to FGT at Mustang Island (Tivoli), Texas, Vermillion Parish, Louisiana, and St. Helena Parish, Louisiana, as reported in *Natural Gas Week*, for the Month in which such Monthly Imbalance Amount accumulated, multiplied by the applicable factor set forth below:

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Issued On: November 30, 1998

Effective: June 1, 1999

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

plus (ii) an amount equal to the sum of (A) the FGT FTS-2 usage rate (including, but not limited to, usage charges, surcharges, fuel reimbursement charges, and other applicable charges, taxes, assessments and fees) and (B) the 100% load factor equivalent of FGT's FTS-2 reservation charge. The total amount due PGS pursuant to this paragraph (b) shall be the product of the Unit Price (calculated as set forth herein) and such Monthly Imbalance Amount.

(c) Failure to Acquire Sufficient Capacity. For any Month in which the Actual Takes of the Customer Pool exceed 105% of the product of (i) the quantity of the Released Capacity (as defined in the Capacity Release Agreement) and (ii) the number of Days in such Month, Pool Manager shall pay to PGS a sum equal to the amount of such excess times the FGT FTS-2 maximum reservation charge.

(d) For any Month in which a Monthly Imbalance Amount is required by paragraph (a) to be purchased by PGS, PGS shall make payment of the amount payable to Pool Manager on or before the last Day of the Month following the Month in which the Monthly Imbalance Amount accumulated. For any Month in which an Operational Imbalance Amount is required by paragraph (b) to be purchased by Pool Manager, or in which Pool Manager is required to make payment to PGS pursuant to paragraph (c), the amount payable to PGS shall be billed by PGS and paid by Pool Manager pursuant to Article VI.

ARTICLE VI - BILLING AND PAYMENT

Section 6.1 Amounts Due PGS. When any amounts are payable by Pool Manager pursuant to Articles IV or V, PGS shall, as soon as practicable after such amounts are determined, deliver a bill to Pool Manager for such amounts. Pool Manager shall pay any such bill rendered by PGS, minus any disputed amounts, to PGS at the address specified in the invoice on or before the twentieth Day following the date of PGS's mailing or other delivery of such bill. If Pool Manager fails to make any payment to PGS when due and such failure is not remedied by or on behalf of Pool Manager within five (5) Days after written notice by PGS of such default in payment, then PGS, in addition to any other remedy it may have, may, without incurring any liability to Pool Manager and without terminating this Agreement, suspend further deliveries of Gas to the Customer Pool until such amount is paid; provided, however, that PGS shall do so if (i) Pool Manager's failure to pay is the result of a bona fide billing dispute, (ii) Pool Manager has paid all amounts not in dispute, and (iii) the parties are negotiating in good faith to resolve the dispute.

Section 6.2 Amounts Due Pool Manager. Any amounts due Pool Manager from PGS pursuant to Section 4.2(b) shall be paid to Pool Manager on or before the twentieth (20th) Day of the Month following the Month in which PGS purchased any Excess Quantity from Pool Manager pursuant to Section 4.2(b). If PGS fails to make any payment to Pool Manager when due and such failure is not remedied by or on behalf of PGS within five (5) Days after written notice by Pool Manager of such default in payment, then Pool Manager, in addition to any other remedy it may have, may, without incurring any liability to PGS and without terminating this Agreement, suspend payment of any amounts due PGS pursuant to this Agreement until such amount is paid; provided, however, that Pool Manager shall not do so if (i) PGS's failure

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to pay is the result of a bona fide billing dispute, (ii) PGS has paid all amounts not in dispute, and (iii) the parties are negotiating in good faith to resolve the dispute.

ARTICLE VII - FORCE MAJEURE

To the extent provided in this article, Pool Manager shall be excused from delivering, on any Day, the amount of Gas required under Article IV, if (and only to the extent) such delivery is prevented by a Force Majeure event. For purposes of this Agreement, "Force Majeure" events shall be limited to those which directly cause the failure of Firm transportation of Gas to the Primary FGT Delivery Point(s), where the cause of such failure constitutes an event of force majeure pursuant to the terms of FGT's FERC Tariff. If, at the time of any such failure, Pool Manager is delivering Gas to or for the account of persons other than the Customer Accounts in the Customer Pool, the quantity of Gas as to which Pool Manager shall be excused from delivering pursuant to Article IV will be no more than a proportionate amount of the total deliveries curtailed by FGT due to the Force Majeure event. Pool Manager is responsible for establishing, to the reasonable satisfaction of PGS, Pool Manager's entitlement to the excuse from performance provided by this article. Any quantities of Gas which Pool Manager is excused from delivering pursuant to this article shall be made up by Pool Manager as soon as possible at a rate of delivery reasonably established by PGS, and Pool Manager shall pay to PGS, for any such quantities which have not been made-up by Pool Manager within thirty (30) Days following the Day on which they were to have been delivered by Pool Manager pursuant to Article IV, an amount equal to \$15.00 per MMBtu. Billing and payment of any amounts payable by Pool Manager to PGS pursuant to this article shall be in accordance with Article VI.

ARTICLE VIII - MISCELLANEOUS

Except for Gas purchased by PGS from Pool Manager pursuant to Section 5.3(a), nothing in this Agreement shall be construed as vesting in PGS title to any Gas delivered by Pool Manager hereunder.

Neither PGS nor Pool Manager 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 is intended to be for the benefit of, or to create any duty or liability to, any person not a party hereto.

This Agreement may not be assigned by Pool Manager without the prior written consent of PGS.

Performance of this Agreement and the interpretation thereof shall be in accordance with the laws of the State of Florida.

Venue for any action between the parties hereto arising out of this Agreement shall be in a court, located in the State of Florida, having jurisdiction. In any such action, the reasonable attorneys' fees and costs of the party prevailing in such action shall be recovered by such party from the other party.

Any notice concerning this Agreement, except for those specifically required or permitted to be provided by facsimile, shall be given in writing and mailed by first-class mail to the party being notified at the address for such party stated below:

Issued By: William N. Cantrell, President
Issued On: November 30, 1998

Effective: June 1, 1999

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If to PGS:

Peoples Gas System
702 N. Franklin Street, 7th Floor
P. O. Box 2562
Tampa, Florida 33601-2562
Attention:

If to Pool Manager:

Each party shall keep confidential and will not use, or disclose to any person not a party hereto, the information contained in Appendix A, or information received from any Customer during the performance of this Agreement, except to the extent such disclosure is necessary for the party's performance hereunder or is required by law. In the case of any disclosure required by law to be made by a party, such party shall, prior to making such disclosure, provide written notice to the other party of the disclosure to be made in order that such other party may seek a protective order or other means of protecting the confidentiality of the information to be disclosed. The parties' obligations under this paragraph shall expire two (2) years from the date of termination of this Agreement.

IN WITNESS WHEREOF, PGS and Pool Manager have executed this Agreement on the date first written above.

"PGS"
PEOPLES GAS SYSTEM, a division of
TAMPA ELECTRIC COMPANY

"Pool Manager"

By _____
Name:
Title:

By _____
Name:
Title:

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APPENDIX A
FIRM DELIVERY AND OPERATIONAL BALANCING AGREEMENT

<u>Customer</u>	<u>Account No.</u>	<u>Rate Schedule</u>	<u>Effective Date</u>	<u>Termination Date</u>	<u>DCQ (in MMBtu)</u>	<u>Primary FGT Delivery Point(s)</u>
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Issued By: William N. Cantrell, President
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**Features of Modified Rider FTA Pilot Program
Compared to Original Program**

Key Points of the Program:

	<u>Current</u>	<u>Proposed</u>
Type of Service behind Gate	Firm Category (1-4) (non-residential)	No change
Pool Volume (Therms/year)	100,000	No change
Curtable	No	No change
LDC Obligated to Serve if t-gas doesn't show	Yes	No change
Subject to Allocations & Penalties	No	No change
Primary Capacity Required	Yes	No change
LDC's capacity must be acquired	Yes	No change
Capacity release	FTS-1 max rate	FTS-2 @ weighted average of PGS capacity portfolio
Capacity Quantity Defined By	Peoples	Pool Manager
Capacity Quantity	Monthly Average	Defined by Pool Manager
Capacity Shortfall Penalty	Not Applicable	FTS-2 max rate applied to difference between actual takes and released capacity with 5% tolerance.

Key Points of the Program (Cont'd):

	<u>Current</u>	<u>Proposed</u>
Pool Manager must nom/confirm LDC specified quantity	Yes	Not applicable
Daily Nomination Must Equal Released Capacity	Yes	No change
LDC can require +/- 10% change in quantity	Yes	Only during pipeline compliance days
Customer chooses Pool Manager from approved list	Annually	Monthly, \$10 for each occurrence after first
Pool Manager signs Firm Delivery & Balancing Agmt with LDC	Yes	No change
Pool Manager must meet LDC creditworthiness standard	Yes	No change
LDC may bill Pool Manager's commodity charge	No	Optional, \$5 per bill
Balance with Pool Manager - Monthly cashout with LDC	Yes	No change
LDC can non-qualify Pool Manager for repeated non-performance	Yes	No change

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Third Revised Sheet No. 7.528
Cancels Second Revised Sheet No. 7.528

FIRM TRANSPORTATION AGGREGATION SERVICE
Experimental Tariff
Rider FTA

Availability:

Limited in time and scope, on an experimental basis during the period from June 1, 1999 through May 31, 2001, and subject to the special conditions set forth herein, to any Customer account for which gas service is received from Company and (a) for which service hereunder is requested as a part of a Customer Pool (as herein defined), (b) for which Gas is purchased as a part of Gas purchased from or through a Pool Manager (as herein defined) for a Customer Pool administered by such Pool Manager, and (c) which would otherwise qualify for service under Rate Schedule CS, LCS, FIS, TFIS or LCT. No more than 40 independent Customer Pools (including those established under Company's Natural Gas Tariff, Original Volume No. 1) may receive service pursuant to this Rider. Service pursuant to this Rider is available throughout the service areas of the Company (including those served pursuant to the Company's Natural Gas Tariff, Original Volume No. 1) when such service can be made available without detriment to service to the Company's other customers.

Applicability:

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

Monthly Rate:

The Monthly Rate for transportation service applicable to each individually billed Customer account shall be the Monthly Rate applicable to such individually billed account under Rate Schedule CS, LCS, FIS, TFIS or LCT based upon the annual therm usage of such separately metered account.

Special Conditions:

1. This Rider implements the Company's modified pilot program designed to test the feasibility of providing simplified transportation service to firm customers in a manner that will permit monitoring, feedback and an opportunity to modify the terms and conditions of this Rider in order to determine whether to continue such service or expand its availability to additional Customer accounts.
2. If Company determines that the modified pilot program implemented by this Rider is operating successfully, Company may, at any time after the effective date of this Rider, by providing written notice to the Commission, each then participating Pool Manager, and any other person who has notified the Company in writing that it desires to participate in the modified program,

Issued by: **President, William N. Cantrell**
Issued on: **November 30, 1998**

Effective on: June 1, 1999

FIRM TRANSPORTATION AGGREGATION SERVICE (continued)

modify this Rider by increasing the number of Customer accounts and/or Pool Managers eligible to participate in such program. Any such future modification by Company shall become effective 30 days after the later to occur of the aforesaid notice required of Company and the filing by Company of revised tariff sheets reflecting such modification.

3. For purposes of this Rider, "Customer Pool" means a group of not less than 10 Customer accounts which, in the aggregate, have annual Gas consumption of at least 100,000 Therms. Company shall have the right, exercisable in its sole discretion at any time on written notice to the Commission, each then participating Pool Manager, and each Customer receiving service hereunder, to close this Rider to participation by additional Customer accounts. Any such notice by Company shall be effective as of the day following the day on which it is sent by Company.
4. For purposes of this Rider, "Pool Manager" means a person or entity which has:
 - a. Entered into agreements to sell Gas to, or procure Gas for, Customer accounts desiring to receive service pursuant to this Rider as part of a Customer Pool;
 - b. Executed and delivered to Company after January 1, 1999 an unmodified Firm Delivery and Operational Balancing Agreement (in the form set forth on Sheets 8.033 through 8.044 of this tariff) for an initial term of not less than one year, obligating such person or entity to deliver Gas to Company on a firm basis (in a minimum aggregate amount of 100,000 therms annually) for the accounts which are part of a Customer Pool, resolve directly with the Company imbalances between (i) the quantities of Gas delivered to Company for the accounts in the Customer Pool and (ii) the quantities of Gas taken by such Customer Pool, and establish and maintain credit pursuant to the terms of such agreement; and
 - c. Executed and delivered to Company after January 1, 1999 an unmodified Master Capacity Release Agreement providing for such person's or entity's acquisition from Company of primary firm interstate pipeline transportation capacity to be used for the transportation and delivery to Company of Gas purchased by a Customer Pool receiving service pursuant to this Rider.

Subject to the provisions of Special Conditions 3 and 5, additional Customer accounts may be added to a Customer Pool administered by a Pool Manager at any time. A Pool Manager may be disqualified by Company from providing

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Second Revised Sheet No. 7.529
Cancels First Revised Sheet No. 7.529

FIRM TRANSPORTATION AGGREGATION SERVICE (continued)

service hereunder in accordance with the Firm Delivery and Operational Balancing Agreement.

5. To initiate service pursuant to this Rider, a Customer shall execute and deliver to a Pool Manager (for delivery by such Pool Manager to Company) (i) a letter of authorization in the form set forth on Sheets 8.031 through 8.032 of this tariff and (ii) a copy of a recent Company invoice for service for each account for which the Customer desires to receive service pursuant to this Rider. Service by Company to a Customer account pursuant to this Rider will commence on the first day of the month following (but not less than 30 days after) the Pool Manager's delivery to Company of a properly completed letter of authorization and the required invoice(s). Company will provide written notice, not less than two weeks prior to the scheduled commencement of service hereunder, to each Pool Manager, and to each Customer having an account to be served hereunder by such Pool Manager, regarding their respective eligibility to participate in service pursuant to this Rider.
6. Subject to Special Condition 7 hereof and Availability (above), the initial period of service to each Customer account hereunder shall be one year from the date such service commences.
7. Company shall have the right, exercisable on written notice to the Commission, each participating Pool Manager, and each Customer receiving service hereunder, given not less than 90 days prior to the date on which this Rider has been in effect for one year, to terminate this Rider as it applies to each participating Customer account (effective as of the end of the initial period of service hereunder to such Customer account). Thereafter, Company shall also have the right, exercisable on written notice to the Commission, each participating Pool Manager, and each Customer receiving service hereunder, to terminate this Rider as it applies to each participating Customer account, to extend the effectiveness of this Rider on an experimental basis, to expand or reduce the scope of (or otherwise modify) this Rider, or to make this Rider permanent, any such action by Company to become effective as of the date specified in such notice.
8. A Customer account receiving service under this Rider may terminate service hereunder by its then serving Pool Manager and commence service hereunder (within the time and in the manner provided in Special Condition 5) by a different Pool Manager. There shall be no charge by Company to Customer for the first such change of Pool Managers for an account within a 12-month period. A Customer shall pay to Company for each subsequent change in Pool Managers for any account an administrative fee of \$10.00.

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Second Revised Sheet No. 7.530
Cancels First Revised Sheet No. 7.530

FIRM TRANSPORTATION AGGREGATION SERVICE (continued)

9. A Customer receiving service under this Rider may at any time discontinue service hereunder by giving Company 90 days written notice.
10. For purposes of curtailment or interruption by Company, each individually billed account receiving service hereunder shall be treated by the Company in accordance with the curtailment provisions found in the rate schedule (i.e., CS, LCS, FIS, TFIS or LCT) otherwise applicable to such account.
11. Amounts payable to Company by Customer pursuant to the rate schedule applicable to each individually billed account shall be subject to the operation of the Company's Tax and Fee Adjustment Clause (set forth on Sheet No. 7.102), Energy Conservation Cost Recovery Clause (set forth on Sheet No. 7.103), and Firm Rate Adjustment (set forth on Sheets Nos. 7.103 through 7.105).
12. If requested by a Customer account and the Pool Manager administering service hereunder to such account, Company will bill the Pool Manager's charges for service provided hereunder to such account. Company shall charge a Pool Manager \$5.00 per bill for such optional service.
13. Except as modified by the provisions set forth above, service under this Rider shall be subject to the Rules and Regulations set forth in this tariff.

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Original Sheet No. 8.031

LETTER OF AUTHORIZATION
RIDER FTA PILOT PROGRAM

Letter of Authorization

(date)

Peoples Gas System ("PGS")
P. O. Box 2562
Tampa, Florida 33601-2562

TO WHOM IT MAY CONCERN:

This letter constitutes a formal request by the undersigned ("Customer") for gas transportation service pursuant to PGS's Rider FTA and other applicable provisions of PGS's applicable Natural Gas Tariff, as the same may be amended from time to time.

Customer hereby authorizes PGS to release to the "Pool Manager" named below, information with respect to service heretofore provided by PGS for Customer, including, but not limited to, the historical consumption of gas under the following PGS customer account number(s):

ACCOUNT NUMBER(S): _____

POOL MANAGER: Name: _____
Address: _____
City, State, Zip Code: _____
Phone: _____
Fax: _____
E-mail Address: _____

Customer has entered, or intends to enter, into one or more agreement(s) with Pool Manager providing for Pool Manager's delivery of the gas purchased by Customer from or through Pool Manager to PGS pursuant to the Firm Delivery and Operational Balancing Agreement between PGS and Pool Manager (the "Firm Delivery Agreement").

Provided the Firm Delivery Agreement is in effect at the time gas is tendered to PGS by or on behalf of Pool Manager for Customer's account(s) listed above, PGS will transport gas delivered for such account(s) (up to the DCQ for each set forth in the Firm Delivery Agreement) pursuant to Rider FTA and the applicable provisions of PGS's tariff on file with the Florida Public Service Commission ("FPSC"), as the same may be amended from time to time.

Subject to the terms of Rider FTA and the Firm Delivery Agreement, (i) service provided by PGS for the above account(s) pursuant to Rider FTA is effective from the Implementation Date until the Termination Date (the "Initial Term"), and (ii) the term of such service shall be extended for periods of one (1) year, each ending on an anniversary of the Termination Date, unless Customer or PGS gives written notice to the other of the termination of such service in accordance with Rider FTA. If the Firm Delivery Agreement is terminated for any reason as it applies to any Gas to be delivered for Customer's account(s) for transportation by PGS, PGS shall have the right to immediately terminate service to the above account(s) under Rider FTA.

Customer understands that the aforesaid service to be provided by PGS is part of a pilot program, which may be extended, modified or terminated in accordance with its terms.

Issued by: **President, William N. Cantrell**
Issued on: **November 30, 1998**

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Original Sheet No. 8.032

LETTER OF AUTHORIZATION
RIDER FTA PILOT PROGRAM

Customer agrees to pay PGS in accordance with the applicable rate schedule for the transportation of gas for Customer's account(s). Customer understands that it is responsible for the payment of all bills rendered to Customer by Pool Manager, and that each Pool Manager's bill for gas purchased by Customer will be rendered separately from PGS's bill for transportation service, unless Customer and Pool Manager request that PGS also bill Customer for gas consumed by such account(s).

Sincerely,

(name of Customer)

By: _____

The undersigned Pool Manager agrees that it will keep confidential, and not use or disclose to any person not named herein, information released pursuant to the above authorization, or information received from the above Customer, except to the extent necessary to deliver gas to PGS for transportation to the above Customer account(s), or as may be required by law (in which case Pool Manager will provide notice to PGS prior to making such disclosure).

(name of Pool Manager)

By: _____

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Original Sheet No. 8.033

FIRM DELIVERY AND OPERATIONAL BALANCING AGREEMENT

This Firm Delivery and Operational Balancing Agreement (the "Agreement") is made and entered into as of the ___ day of _____, 19___, by and between **Peoples Gas System, a division of Tampa Electric Company**, a Florida corporation ("PGS"), and _____, a _____ corporation ("Pool Manager").

W I T N E S S E T H:

WHEREAS, PGS operates a natural gas distribution system in the State of Florida, and transports Gas for industrial and commercial customers;

WHEREAS, PGS has enabled Pool Manager to enter into contract(s) pursuant to which Pool Manager will sell Gas to Customer Accounts comprising the Customer Pool (as hereinafter defined) by agreeing to transport such Gas from such points of receipt on PGS's distribution system to Customer Accounts on a Firm basis without requiring such accounts to install and pay for telemetry, or to individually balance Gas received and delivered by PGS for such accounts;

WHEREAS, Pool Manager has entered into a Master Capacity Release Agreement with PGS providing for PGS's release to Pool Manager of Firm FTS-2 transportation capacity rights on the interstate pipeline system of Florida Gas Transmission Company ("FGT") for use by Pool Manager in delivering Gas to PGS for the Customer Accounts;

WHEREAS, in order to maintain the operational integrity of its system, PGS must assure that Gas to be transported to the accounts in the Customer Pool is delivered to PGS at the times and in the quantities desired by such accounts, and that for each Month Pool Manager's ADCQ (as herein defined) equals the quantity of Gas consumed by the Customer Pool; and

WHEREAS, PGS will transport Gas sold by Pool Manager and received by PGS for the Customer Pool to the Customer Accounts.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, PGS and Pool Manager hereby agree as follows:

ARTICLE I - DEFINITIONS

As used herein, the following terms have the meanings set forth below.

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Issued on: **November 30, 1998**

Effective on: **June 1, 1999**

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Capitalized terms used, but not otherwise defined, herein have the meanings given in PGS's FPSC Tariff.

"Actual Takes" means, for a specified period of time, the quantity of Gas passing through the meter(s) at the PGS Delivery Point(s) for the Customer Pool during such specified period of time.

"ADCQ" or "Aggregate Daily Contract Quantity" means, for each Day, the aggregate of the DCQs set forth in Appendix A, as the same may be adjusted by PGS pursuant to requests made in accordance with Section 4.1(a).

"Alert Day" means an Alert Day as defined in FGT's FERC Tariff.

"Business Day" means "working day" as defined in FGT's FERC Tariff.

"Capacity Release Agreement" means the Master Capacity Release Agreement between PGS and Pool Manager dated as of even date herewith, as the same may be amended from time to time.

"Customer" means the person or entity responsible for a Customer Account.

"Customer Account" means each of the accounts identified in Appendix A.

"Customer Pool" means, collectively, the Customer Accounts identified in Appendix A.

"Day" means "Delivery Gas Day" as defined in FGT's FERC Tariff.

"DCQ" or "Daily Contract Quantity" means, for each Customer Account, the Daily Contract Quantity set forth in Appendix A.

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

"FGT's FERC Tariff" means FGT's FERC Gas Tariff, Third Revised Volume No. 1, as amended, supplemented or superseded from time to time, as such tariff applies to transportation service under FGT's Rate Schedule FTS-2.

"Firm" means: (i) with respect to the sale and purchase of Gas, that Pool Manager is obligated to sell and deliver and a Customer is obligated to purchase and receive the quantity of Gas specified, except as excused by an event of Force Majeure, and (ii) with respect to transportation, that the transporter of Gas is obligated to make available a quantity of pipeline capacity, without interruption except as excused by an event of force majeure under such transporter's tariff, sufficient to enable Pool Manager to perform its obligations under this Agreement.

"Gas" means "Gas" as defined in FGT's FERC Tariff.

"Imbalance Level", as used in Section 5.3, means the percentage determined by dividing the Monthly Imbalance Amount for the Month by the sum of the ADCQs for the Customer Pool for the Month in which the Monthly Imbalance Amount accumulated.

"Limitation Day" means a Limitation Day as defined in the FERC tariff of Southern Natural Gas Company and South Georgia Natural Gas Company.

"Month" means "Delivery Month" as defined in FGT's FERC Tariff.

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"Monthly Imbalance Amount" means, for a Month, the positive or negative whole number difference determined by subtracting the Actual Takes for such Month from the sum of the ADCQs for such Month.

"OFO" means an Operational Flow Order as defined in FGT's FERC Tariff.

"Primary FGT Delivery Point(s)" means the FGT Delivery Point(s) identified in Appendix A, subject to modification by PGS from time to time.

ARTICLE II - TERM; SUSPENSION OF POOL MANAGER'S OBLIGATIONS

Section 2.1 Term. This Agreement shall be effective on the date first written above. The term of this Agreement, with respect to each Customer Account, shall commence at the beginning of the Day commencing on the date set forth in Appendix A as the Effective Date for such Customer Account and shall continue, unless earlier terminated pursuant to this Agreement, until the beginning of the Day commencing on the date set forth in Appendix A as the Termination Date for such Customer Account (as to each such Customer Account, the "Initial Term"). Subject to the other terms of this Agreement, Pool Manager may extend the term of this Agreement as to a Customer Account by giving PGS written notice of such extension not less than thirty (30) Days prior to the expiration of the Initial Term (or any extended term).

Section 2.2 Early Termination. Pool Manager understands that PGS is entering into this Agreement as part of a pilot program, the initial term of which (with respect to each Customer Account) will end on the Termination Date set forth in Appendix A for such Facility. PGS reserves the right, exercisable on ninety (90) days' notice to Pool Manager, to terminate the pilot program (and this Agreement), extend the term of the pilot program, modify its terms and conditions (including the terms and conditions of this Agreement), or modify the program to comply with a program which has been approved by the FPSC. Notwithstanding any other provision of this Agreement, PGS's obligations hereunder shall at all times be subject to the lawful orders, rules and regulations of the FPSC, and to the terms and conditions of PGS's FPSC Tariff.

ARTICLE III - CHANGES TO APPENDIX A

PGS and Pool Manager recognize that changes may be required from time to time in certain of the information contained in Appendix A. Such changes may include the addition or deletion of one or more Customer Accounts, a change in the DCQ for a Customer Account, or a change in the Primary FGT Delivery Point(s). Pool Manager may add or delete a Customer Account, or change the DCQ for a Customer Account, only by tendering to PGS, not less than thirty (30) Days before the first Day of the Month in which such addition, deletion or change (as the case may be) is to become effective, a revised Appendix A reflecting such addition, deletion or change. PGS may change the Primary

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FGT Delivery Point(s) at any time, such change to become effective as specified by PGS (but in no event less than 24 hours following PGS's tendering to Pool Manager a revised Appendix A reflecting such change. Changes in Appendix A contemplated by this article shall be made by amendment to this Agreement and, absent such amendment, the information contained in Appendix A shall be binding on the parties hereto for all purposes of this Agreement.

ARTICLE IV - FIRM DELIVERY

Section 4.1 Pool Manager's Obligation. (a) Subject to the provisions of Section 2.2, on each Day during the term of this Agreement, unless excused by Force Majeure, Pool Manager agrees to cause to be delivered to PGS, on a Firm basis, the ADCQ for the Customer Pool; provided, however, that if PGS receives an Alert Day Notice, OFO, or Limitation Day Notice, PGS shall have the right to request, and Pool Manager shall be obligated to cause to be delivered as aforesaid, a quantity of Gas (as specified by PGS) of from ninety percent (90%) to one hundred ten percent (110%) of the ADCQ for the Customer Pool. Delivery of all such Gas shall be at the Primary FGT Delivery Point(s).

(b) Pool Manager shall deliver to PGS daily, via facsimile, a nomination of the quantity of Gas to be delivered at the Primary FGT Delivery Point(s) for the Customer Pool and shall specify the amount of such Gas for each Customer Account. Such nomination shall be given by Pool Manager (i) unless the aforesaid delivery is to be made on the first Day of a Month, by 9:00 a.m. local time in Tampa, Florida, on the Day preceding the Day on which such delivery is to occur, and (ii) if the aforesaid delivery is to be made on the first Day of a Month, by 9:00 a.m. local time in Tampa, Florida, seven (7) Business Days prior to the first Day of such Month.

(c) Pool Manager shall deliver to PGS each Month in the form of Appendix A, at least ten (10) Days prior to FGT's deadline for posting capacity releases for the first Day of the following Month, the ADCQ for such following Month.

Section 4.2 Pool Manager's Failure to Perform. (a) If (unless excused by Force Majeure) Pool Manager fails to cause to be delivered on any Day any portion (the "Shortfall Quantity") of the quantity of Gas required to be delivered to PGS pursuant to Section 4.1, Pool Manager shall pay to PGS (in dollars per MMBtu), for the Shortfall Quantity, an amount equal to five (5) times the highest price, for the calendar day on which such Day commences, for spot gas delivered to a Gulf Coast pipeline, as published in *Gas Daily*.

(b) If Pool Manager causes to be delivered on any Day a quantity of Gas exceeding the quantity required to be delivered to PGS pursuant to Section 4.1, Pool Manager shall sell to PGS, and PGS shall purchase from Pool Manager, such excess Gas (the "Excess Quantity") at a purchase price equal to:

(i) fifty percent (50%) of the price reported in *Natural Gas Week* for the beginning of the Month in which Pool Manager delivered such Excess Quantity, for spot gas delivered to FGT at Tivoli, Texas; minus

(ii) the sum of any balancing, scheduling, alert day, OFO, or other penalties or charges incurred by PGS as a result of Pool Manager's delivery of the Excess Quantity; minus

(iii) a fee of \$0.15 per MMBtu as a liquidated amount representing incidental damages.

Pool Manager agrees that it will not bill any Customer for any Excess Quantity which is purchased by PGS from Pool Manager pursuant to this paragraph (b).

(c) Billing and payment of any amounts due either party pursuant to this section shall be in accordance with Article VI.

Section 4.3 Termination. If (i) in any three-Month period, unless excused by Force Majeure, Pool Manager fails to cause to be delivered on any three (3) Days any portion of the quantity of Gas required to be delivered to PGS pursuant to Section 4.1, or (ii) Pool Manager's Imbalance Level, as determined for any portion of a Month, exceeds twenty percent (20%), or (iii) Pool Manager fails to timely pay any amount due PGS pursuant to Section 4.2, or (iv) Pool Manager is delinquent in making payment of other amounts due hereunder more than three (3) times in any 12-Month period, PGS may, in its sole discretion, without incurring any liability to Pool Manager or any Customer, terminate this Agreement by facsimile notices of termination to Pool Manager and each Customer Account in the Customer Pool, such termination to be effective at the end of the Day on which such notices are transmitted by PGS; provided, however, that PGS's exercise of the remedy set forth in this section shall not be construed as a waiver of PGS's rights under either of Section 4.2 or Section 5.3.

Section 4.4 Establishment of Credit. (a) Pool Manager shall establish credit prior to commencing deliveries of Gas hereunder (and shall maintain such credit during the term hereof) by one of the following methods:

(i) making a cash deposit with PGS;

(ii) furnishing an irrevocable letter of credit from a bank, or a surety bond issued by a company with an A.M. Best Rating Service rating of B/VI or higher for bonds up to \$50,000 in amount and a rating of A-VII or higher for bonds over \$50,000 in amount;

(iii) possessing and maintaining a Standard & Poor's Long Term Debt Rating of A- or better, a Moody's rating of A3 or better, or a comparable rating by another nationally recognized rating organization acceptable to PGS;

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(iv) if Pool Manager's debt is not rated, by demonstrating to PGS (pursuant to the provisions of paragraph (b) below) Pool Manager's creditworthiness (*i.e.*, that Pool Manager's financial strength and stability are adequate); or

(v) if Pool Manager's parent company establishes credit pursuant to subparagraphs (iii) or (iv) above, such parent company may serve as guarantor of Pool Manager's obligations under this Agreement.

(b) If Pool Manager seeks to establish credit pursuant to paragraph (a) (iv) above, Pool Manager shall furnish to PGS Pool Manager's audited financial statements (accompanied by the opinion of independent certified public accountants or chartered accountants of recognized national or regional standing) for at least the two most recently completed fiscal years. In evaluating Pool Manager's creditworthiness, PGS will consider Pool Manager's tangible net worth, interest coverage ratio, ratio of long term debt to tangible net worth, net cash flow, and other known factors relating to Pool Manager's creditworthiness. If credit is established by Pool Manager pursuant to paragraph (a)(iv) above, (i) PGS may periodically review its determination of creditworthiness to assure that no material adverse changes in Pool Manager's financial condition have occurred, and (ii) Pool Manager shall annually during the term of this Agreement, within ninety (90) days following the end of Pool Manager's fiscal year, furnish to PGS Pool Manager's audited financial statements for the year most recently ended (accompanied by the opinion of independent certified public accountants or chartered accountants of recognized national or regional standing). If Pool Manager's credit rating or financial statements are, or during the term of this Agreement become, unacceptable to PGS, or Pool Manager makes any payment required by this Agreement with a check which is dishonored by a bank, Pool Manager may establish credit only pursuant to paragraph (a)(i) or (a)(ii) above.

(c) The amount of any cash deposit, letter of credit or surety bond (collectively, "Security") furnished pursuant to paragraph (a)(i) or (a)(ii) above shall be equal to the product of (i) the ADCQ (in MMBtu) and (ii) \$150.00. PGS may require of Pool Manager, upon written notice of not less than fifteen (15) Days, new Security (if previously waived or returned), or additional Security, in order to more accurately reflect the amounts which may become due PGS from Pool Manager under Section 4.2, the amount of such Security to be determined as stated above.

(d) Upon termination of this Agreement, PGS shall credit the amount of any cash deposit against the final amount (if any) due PGS from Pool Manager hereunder, and the balance, if any, shall be returned to Pool Manager no later than fifteen (15) Days after the final bill hereunder is rendered (or was to be rendered).

(e) In no event will PGS confirm nominations of Pool Manager unless Pool Manager has established, and continues to maintain, credit as required by this Section 4.4.

ARTICLE V - IMBALANCES; INTERRUPTION OF DELIVERIES

Section 5.1 Interruption of Deliveries. Pool Manager recognizes that PGS is entitled to curtail or interrupt deliveries of Gas to the Customer Pool pursuant to PGS's FPSC Tariff. Pool Manager agrees that it will not bill any Customer for any quantities of Gas which are not consumed by such Customer due to interruption by PGS. If deliveries of Gas to a Customer Account are curtailed or interrupted pursuant to PGS's FPSC Tariff, Pool Manager shall sell to PGS, and PGS shall purchase from Pool Manager, that portion of the ADCQ that is curtailed or interrupted. PGS shall notify Pool Manager with respect to each notice of curtailment or interruption issued pursuant to PGS's FPSC Tariff. After receiving such notice from PGS, unless otherwise directed by PGS, Pool Manager shall not curtail, cause to be curtailed, redirect, or cause to be redirected, any of the Customer Pool's ADCQ in a manner which would have the effect of reducing

the quantities of Gas delivered at the Primary FGT Delivery Point(s). For all Gas sold by Pool Manager to PGS pursuant to this section, PGS shall pay to Pool Manager an amount per MMBtu equal to the sum of (a) the price for spot Gas delivered to FGT at Vermillion Parish, Louisiana, as reported in the "Daily Price Survey" in *Gas Daily* for the Day in which PGS purchased the Gas, and (b) the 100% load factor rate at which Pool Manager acquired the Transporter Capacity (as defined in the Capacity Release Agreement) from PGS pursuant to the Capacity Release Agreement. PGS warrants that it will not at any time exercise its right to interrupt deliveries of Gas to the Customer Pool pursuant to PGS's FPSC Tariff based solely on a determination that Gas being delivered by Pool Manager to the Primary FGT Delivery Point(s) is less expensive than Gas which is, at the time of PGS's exercise of such right, otherwise available to PGS. For any Month in which PGS purchases Gas from Pool Manager pursuant to this section, PGS shall make payment of the amount payable to Pool Manager on or before the last Day of the Month following the Month in which PGS purchased such Gas.

Section 5.2 Rights of PGS. Pool Manager shall use its best efforts to achieve a balance between deliveries pursuant to Article IV and the Actual Takes of the Customer Pool on a monthly basis. PGS reserves the right to require Pool Manager to balance such deliveries and Actual Takes, or to require a reasonably uniform daily delivery rate of Gas which, at the end of a Month, will equal the Actual Takes of the Customer Pool for such Month.

Section 5.3 Correction of Imbalances. PGS and Pool Manager intend that all Monthly Imbalance Amounts shall be resolved as of the end of each Month. At the end of each Month, the Monthly Imbalance Amount (if any) incurred during such Month shall be resolved in cash as follows:

(a) Positive Imbalances. If a Monthly Imbalance Amount is Positive (*i.e.*, the sum of the ADCQs of the Customer Pool for the Month exceeds the Actual Takes of the Customer Pool for such Month), PGS shall purchase from Pool Manager (and Pool

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Manager shall sell to PGS) such Monthly Imbalance Amount at a price per Therm (the "Unit Price") equal to the lesser of the average of weekly prices for spot gas delivered to FGT at Mustang Island (Tivoli), Texas, Vermillion Parish, Louisiana, and St. Helena Parish, Louisiana, as reported in *Natural Gas Week*, or PGS's lowest supplier commodity rate, for the Month in which such Monthly Imbalance Amount was incurred, multiplied by the applicable factor set forth below:

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

The total amount due Pool Manager pursuant to this paragraph (a) shall be the product of the Unit Price (calculated as set forth herein) and such Monthly Imbalance Amount.

(b) Negative Imbalances. If a Monthly Imbalance Amount is Negative (*i.e.*, Actual Takes of the Customer Pool exceed the sum of the ADCQs of the Customer Pool for such Month), PGS shall sell to Pool Manager (and Pool Manager shall purchase from PGS) such Monthly Imbalance Amount at a price per Therm (the "Unit Price") equal to the greater of (1) PGS's applicable Purchased Gas Adjustment Charge, multiplied by the applicable factor set forth below, or (2) the sum of (i) the highest average of weekly prices for spot gas delivered to FGT at Mustang Island (Tivoli), Texas, Vermillion Parish, Louisiana, and St. Helena Parish, Louisiana, as reported in *Natural Gas Week*, for the Month in which such Monthly Imbalance Amount accumulated, multiplied by the applicable factor set forth below:

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

plus (ii) an amount equal to the sum of (A) the FGT FTS-2 usage rate (including, but not limited to, usage charges, surcharges, fuel reimbursement charges, and other applicable charges, taxes, assessments and fees) and (B) the 100% load factor equivalent of FGT's FTS-2 reservation charge. The total amount due PGS pursuant to this paragraph (b) shall be the product of the Unit Price (calculated as set forth herein) and such Monthly Imbalance Amount.

(c) Failure to Acquire Sufficient Capacity. For any Month in which the Actual Takes of the Customer Pool exceed 105% of the product of (i) the quantity of the Released Capacity (as defined in the Capacity Release Agreement) and (ii) the number of Days in such Month, Pool Manager shall pay to PGS a sum equal to the amount of such excess times the FGT FTS-2 maximum reservation charge.

(d) For any Month in which a Monthly Imbalance Amount is required by paragraph (a) to be purchased by PGS, PGS shall make payment of the amount payable to Pool Manager on or before the last Day of the Month following the Month in which the

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Monthly Imbalance Amount accumulated. For any Month in which an Operational Imbalance Amount is required by paragraph (b) to be purchased by Pool Manager, or in which Pool Manager is required to make payment to PGS pursuant to paragraph (c), the amount payable to PGS shall be billed by PGS and paid by Pool Manager pursuant to Article VI.

ARTICLE VI - BILLING AND PAYMENT

Section 6.1 Amounts Due PGS. When any amounts are payable by Pool Manager pursuant to Articles IV or V, PGS shall, as soon as practicable after such amounts are determined, deliver a bill to Pool Manager for such amounts. Pool Manager shall pay any such bill rendered by PGS, minus any disputed amounts, to PGS at the address specified in the invoice on or before the twentieth Day following the date of PGS's mailing or other delivery of such bill. If Pool Manager fails to make any payment to PGS when due and such failure is not remedied by or on behalf of Pool Manager within five (5) Days after written notice by PGS of such default in payment, then PGS, in addition to any other remedy it may have, may, without incurring any liability to Pool Manager and without terminating this Agreement, suspend further deliveries of Gas to the Customer Pool until such amount is paid; provided, however, that PGS shall do so if (i) Pool Manager's failure to pay is the result of a bona fide billing dispute, (ii) Pool Manager has paid all amounts not in dispute, and (iii) the parties are negotiating in good faith to resolve the dispute.

Section 6.2 Amounts Due Pool Manager. Any amounts due Pool Manager from PGS pursuant to Section 4.2(b) shall be paid to Pool Manager on or before the twentieth (20th) Day of the Month following the Month in which PGS purchased any Excess Quantity from Pool Manager pursuant to Section 4.2(b). If PGS fails to make any payment to Pool Manager when due and such failure is not remedied by or on behalf of PGS within five (5) Days after written notice by Pool Manager of such default in payment, then Pool Manager, in addition to any other remedy it may have, may, without incurring any liability to PGS and without terminating this Agreement, suspend payment of any amounts due PGS pursuant to this Agreement until such amount is paid; provided, however, that Pool Manager shall not do so if (i) PGS's failure to pay is the result of a bona fide billing dispute, (ii) PGS has paid all amounts not in dispute, and (iii) the parties are negotiating in good faith to resolve the dispute.

ARTICLE VII - FORCE MAJEURE

To the extent provided in this article, Pool Manager shall be excused from delivering, on any Day, the amount of Gas required under Article IV, if (and only to the extent) such delivery is prevented by a Force Majeure event. For purposes of this Agreement, "Force Majeure" events shall be limited to those which directly cause the

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failure of Firm transportation of Gas to the Primary FGT Delivery Point(s), where the cause of such failure constitutes an event of force majeure pursuant to the terms of FGT's FERC Tariff. If, at the time of any such failure, Pool Manager is delivering Gas to or for the account of persons other than the Customer Accounts in the Customer Pool, the quantity of Gas as to which Pool Manager shall be excused from delivering pursuant to Article IV will be no more than a proportionate amount of the total deliveries curtailed by FGT due to the Force Majeure event. Pool Manager is responsible for establishing, to the reasonable satisfaction of PGS, Pool Manager's entitlement to the excuse from performance provided by this article. Any quantities of Gas which Pool Manager is excused from delivering pursuant to this article shall be made up by Pool Manager as soon as possible at a rate of delivery reasonably established by PGS, and Pool Manager shall pay to PGS, for any such quantities which have not been made-up by Pool Manager within thirty (30) Days following the Day on which they were to have been delivered by Pool Manager pursuant to Article IV, an amount equal to \$15.00 per MMBtu. Billing and payment of any amounts payable by Pool Manager to PGS pursuant to this article shall be in accordance with Article VI.

ARTICLE VIII - MISCELLANEOUS

Except for Gas purchased by PGS from Pool Manager pursuant to Section 5.3(a), nothing in this Agreement shall be construed as vesting in PGS title to any Gas delivered by Pool Manager hereunder.

Neither PGS nor Pool Manager 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 is intended to be for the benefit of, or to create any duty or liability to, any person not a party hereto.

This Agreement may not be assigned by Pool Manager without the prior written consent of PGS.

Performance of this Agreement and the interpretation thereof shall be in accordance with the laws of the State of Florida.

Venue for any action between the parties hereto arising out of this Agreement shall be in a court, located in the State of Florida, having jurisdiction. In any such action, the reasonable attorneys' fees and costs of the party prevailing in such action shall be recovered by such party from the other party.

Any notice concerning this Agreement, except for those specifically required or permitted to be provided by facsimile, shall be given in writing and mailed by first-class mail to the party being notified at the address for such party stated below:

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If to PGS:

Peoples Gas System
702 N. Franklin Street, 7th Floor
P. O. Box 2562
Tampa, Florida 33601-2562
Attention:

If to Pool Manager:

Each party shall keep confidential and will not use, or disclose to any person not a party hereto, the information contained in Appendix A, or information received from any Customer during the performance of this Agreement, except to the extent such disclosure is necessary for the party's performance hereunder or is required by law. In the case of any disclosure required by law to be made by a party, such party shall, prior to making such disclosure, provide written notice to the other party of the disclosure to be made in order that such other party may seek a protective order or other means of protecting the confidentiality of the information to be disclosed. The parties' obligations under this paragraph shall expire two (2) years from the date of termination of this Agreement.

IN WITNESS WHEREOF, PGS and Pool Manager have executed this Agreement on the date first written above.

"PGS"
**PEOPLES GAS SYSTEM, a division of
TAMPA ELECTRIC COMPANY**

"Pool Manager"

By _____
Name:
Title:

By _____
Name:
Title:

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APPENDIX A
FIRM DELIVERY AND OPERATIONAL BALANCING AGREEMENT

Customer Account No. Rate Schedule Effective Date Termination Date DCQ (in MMBtu) Primary FGT Delivery Point(s)