

MACFARLANE FERGUSON & McMULLEN

ATTORNEYS AND COUNSELORS AT LAW

800 HIGHPOINT CENTER
106 EAST COLLEGE AVENUE
TALLAHASSEE, FLORIDA 32301
18501 681 7381 FAX 18501 681 0281

400 NORTH TAMPA STREET, SUITE 2300
P.O. BOX 1531 ZIP 33601
TAMPA, FLORIDA 33602
18131 273 4200 FAX 18131 273 4396

828 COURT STREET
P. O. BOX 1888 ZIP 33757
CLEARWATER, FLORIDA 33756
18131 441 8986 FAX 18131 442 8470

December 16, 1998

IN REPLY REFER TO:

Ansley Watson, Jr.
P. O. Box 1531
Tampa, Florida 33601
e-mail: aw@macfar.com

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

981879-GW

Re: Petition for approval of modifications to Gas Transportation and Supply Agreement and associated tariff modifications by Peoples Gas System

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 modifications to its Gas Transportation and Supply Agreement, and other associated tariff modifications.

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.

AWjr/a
Enclosures

DOCUMENT NUMBER-DATE

14157 020176

FPSC RECORDS/REPORTING

Blanca S. Bayo
December 16, 1998
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cc: Cheryl Bulecza-Banks
J. Brent Caldwell
Angela Llewellyn

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition of Peoples Gas)
System for approval of modifications)
to its Gas Transportation and Supply)
Agreement and conditions for)
transportation of customer-owned gas)

DOCKET NO. 981879

Submitted for Filing:
12-17-98

**PETITION FOR APPROVAL OF
MODIFICATIONS TO GAS TRANSPORTATION AND SUPPLY AGREEMENT
AND ASSOCIATED TARIFF MODIFICATIONS**

Peoples Gas System ("Peoples" or "Company"), by its undersigned attorneys, files its petition for approval of modifications to its existing Gas Transportation and Supply Agreement and portions of its Natural Gas Tariff, Volume No. 1, pursuant to the Commission's tariff approval procedures. The proposed, revised Gas Transportation and Supply Agreement is submitted as Exhibit A to this Petition. The other revised tariff sheets for which Peoples seeks the Commission's approval are attached as Exhibit B. Exhibits C and D reflect the proposed changes to the Gas Transportation and Supply Agreement (and deletion of the Operational Balancing Agreement) and to the other tariff sheets, respectively, in legislative style. Peoples requests that the revised Gas Transportation and Supply Agreement and the associated tariff modifications become effective April 1, 1999.

In support of its petition, the Company states as follows:

1. The name and address of the petitioner are:

Peoples Gas System
702 N. Franklin Street - 7th Floor
Tampa, Florida 33602

2. The persons to whom notices, orders and pleadings in this docket should be addressed are:

DOCUMENT NUMBER-DATE
14157 DEC 17 98
FPC-RECORDS/REPORTING

created and approved at that time in response to industry restructuring following Florida Gas Transmission Company's ("FGT's") implementation of FERC Order 636. FERC Order 636 resulted in local distribution companies, including Peoples, being required to fully undertake the role of obtaining and transporting natural gas supply, functions previously performed by the interstate pipelines (including FGT). In addition, large industrial customers were provided the opportunity to acquire 100% of their own natural gas supply and arrange their own transportation across the interstate pipeline. The GTSA has been revised to update the terms and conditions for transporting gas on the Peoples system based on requests by transport customers and experience gained by Peoples during the past five years. The proposed modifications create a more functional GTSA that reflects current conditions in the natural gas industry.

REVISED TRANSPORTATION AGREEMENT

GTSA Rewritten for Clarity

5. An abbreviated GTSA has been requested by many of Peoples' transport customers who have indicated that the existing Peoples agreements were too long and too cumbersome compared to similar agreements encountered in Florida and other states. The revised GTSA shown in Exhibit A combines into a single new seven-page agreement the previous 30-plus pages of the existing GTSA and OBA. Many terms and conditions have been eliminated, or moved into the general applicability provisions of Peoples' tariff, because they were redundant between or among the GTSA, the OBA, Peoples' tariff or the *Florida Administrative Code*, thus permitting use of a substantially abbreviated agreement while still providing transporters the assurance of tariffed terms and conditions. The nomination form previously attached to the GTSA has been moved into the tariff and is shown on Revised Sheet No. 8.115 (see page 24 of Exhibit A). A

legislative version of the new GTSA is attached as Exhibit C.

Exhibit B contains new tariff sheets 7.101-3 through 7.101-7. These sheets contain the terms and conditions which have been moved from the GTSA and OBA to paragraph F, "Conditions for Transportation of Customer-Owned Gas" under the "General Applicability Provisions" of Section 7 of the Original Volume No. 1 Tariff. Exhibit D shows, in legislative format, the changes made to the "Conditions for Transportation of Customer-Owned Gas" in Peoples' tariff.

Modified Compensation for Imbalances

6. On a daily basis, a transportation customer nominates, and Peoples schedules, a quantity of natural gas to be transported on the FGT system for delivery into Peoples' distribution system for ultimate delivery to the customer's facility. Each day the transportation customer actually consumes, or burns, a quantity of gas which may or may not be equal to the quantity scheduled for that day. At the end of each month, Peoples sums the daily scheduled quantities for that month and sums the actual daily burns for that month. The monthly actual burn quantity is subtracted from the monthly scheduled quantity to arrive at the Monthly Imbalance Amount. If the Monthly Imbalance Amount is positive, the transportation customer is said to have underburned, which means the customer delivered more gas into Peoples' distribution system than the customer took out through burning. Conversely, a transportation customer with a negative Monthly Imbalance Amount has overburned. The process of compensating either the transportation customer for a positive Monthly Imbalance Amount, or the Company (more accurately, the Company's cost recovery through its Purchased Gas Adjustment Clause) for a negative Monthly Imbalance Amount, is called cashout.

Under the tariffs of the interstate pipelines which deliver transportation customers' gas into Peoples' system, Peoples is the "delivery point operator" at each point on its system where gas is received, whether the gas is for the account of a transportation customer or for Peoples' system supply. As the operator of these points, Peoples is responsible to the interstate pipeline for maintaining a balance between the quantities of gas delivered into, and the quantities of gas taken out of, its distribution system. When a transportation customer is out of balance (*i.e.*, delivers or consumes more or less gas than it nominated), Peoples must adjust its own nominations for gas used for its firm and interruptible sales customers in order to keep its entire system in balance. These adjustments have an impact on the cost of gas and pipeline capacity Peoples' recovers through its Purchased Gas Adjustment Clause.

The existing cashout provides a method by which either Peoples (in the case of a positive Monthly Imbalance Amount) pays the transportation customer for the excess gas the customer delivered into the Peoples distribution system during the month, or the customer (in the case of a negative Monthly Imbalance Amount) pays Peoples for the excess gas the customer consumed during the month. Peoples' proposed cashout modifications change the basis for the above compensation in a manner that will assist in preventing transportation customers' imbalances from increasing the costs Peoples recovers through its Purchased Gas Adjustment Clause.

Changes in Positive Imbalance Cashout

7. The cashout process for a positive Monthly Imbalance Amount is being modified in two ways. The first modification eliminates Peoples' refund to transportation customers of reservation charges for nominated, but unused, interstate pipeline capacity. When a customer elects to take transportation service, it becomes responsible for managing its interstate pipeline

capacity needs and the costs associated with pipeline transportation. Refunding reservation charges reassigns a portion of those costs back to the Company's Purchased Gas Adjustment Charge. Peoples believes no other gas utility in the state of Florida refunds reservation charges when cashing out a positive monthly imbalance.

The second change is a revision of the gas price used in compensating a transportation customer for the excess gas delivered to Peoples. The current cashout price for a positive imbalance is based on the average of weekly prices during the month for spot gas delivered into FGT at Mustang Island (Tivoli), Texas (FGT Zone 1), as reported in *Natural Gas Week*. Since the cashout procedure was originally established, the relative prices for gas delivered into the various FGT zones have changed. The price in FGT Zone 1 is no longer necessarily the lowest price, as it once was. In addition, using a monthly index can provide a financial incentive to a transportation customer to put excess gas into the Peoples system when the cashout price exceeds the price at which the customer can acquire gas. Peoples' Purchased Gas Adjustment Clause absorbs this financial impact. Consistent underburns require Peoples to reduce its purchases of gas for system supply in order to stay in balance with the interstate pipelines. Such underburns reduce the quantity of lower-priced, baseload gas that Peoples can secure for its system supply sales customers (who pay the Company's Purchased Gas Adjustment Charge). Moreover, Peoples may be assessed penalty charges from the interstate pipeline if balance of the total system is not achieved.

The Company proposes changing the price of gas used to compensate positive imbalances to the lower of the Company's lowest priced gas supply or the lowest market price. The new gas price for a positive imbalance is the lesser of (1) the lowest priced gas supply package acquired

factor. Using a monthly average index encourages a transportation customer to overburn when the index is lower than the market price of gas. Like the unmodified positive imbalance amount cashout, this approach also fails to recognize the possible impact on Peoples' Purchased Gas Adjustment Clause. A transportation customer could reduce its scheduled quantities during a weather-driven price spike and resell its gas elsewhere for a profit. Peoples would then need to acquire spot gas at an elevated price to make up the transporter's shortfall, with the added cost falling on the Purchased Gas Adjustment.

The Company proposes changing the price of gas used to compensate negative imbalances to the greater of either (1) the applicable Purchased Gas Adjustment Clause factor or (2) the highest average of weekly prices during the month for spot gas delivered to FGT at Mustang Island (Tivoli), Texas (Zone 1), Vermillion Parish, Louisiana (Zone 2), or St. Helena Parish, Louisiana (Zone 3), plus transportation charges based upon FGT FTS-2 reservation and usage charges. The proposed change recognizes that when the transportation customer overburns it is using "system supply" (Purchased Gas Adjustment gas and capacity held for system supply customers) like any other sales service customer. To account for the possibility of the market price of gas exceeding the Purchased Gas Adjustment Charge, the cashout is based upon the greater of the Purchased Gas Adjustment Charge or the market price of gas, plus interstate pipeline transportation. Use of the "greater of" these prices will provide a better incentive for transportation customers to match their takes of gas to the amount they tender to Peoples for transportation, thereby limiting the impact on the Company's Purchased Gas Adjustment Clause which might otherwise result. All other aspects of the negative imbalance cashout procedure remain unchanged. A detailed description of the negative imbalance cashout procedure is

Second, as part of Peoples' installation of a new Gas Management System, the Company will make imbalance reports available on a daily basis within three days following the actual daily consumption. More timely balance information will assist customers in avoiding imbalances. Peoples expects daily imbalance reports to be available by June 1, 1999, or shortly thereafter. Peoples may incur additional costs associated with providing daily balance information, and may choose in the future to seek approval for a fee to cover such costs.

The modified cashout procedures are contained on tariff sheets 7.101-6 through 7.101-7 (pages 4 and 5 of Exhibit B). The cashout language shown on the tariff sheets was originally contained in Section 3.3 of the Operational Balancing Agreement. It has been moved to the tariff sheets attached as Exhibit B, and revised to reflect the changes discussed above.

Compensation for Gas Used by Peoples During Curtailment

11. At times, Peoples must curtail deliveries of gas to its interruptible transportation customers in order to maintain service to its firm customers (e.g., during a period such as February 1996). Section 13.4 of the current GTSA provides that Peoples will purchase from the customer the portion of the customer's scheduled quantities of gas that is curtailed or interrupted (unless customer has no gas flowing at the time of interruption or is unable to deliver gas to the Company). Under the present GTSA, Peoples pays to the customer for any gas purchased a price per MMBtu equal to the sum of (a) the price for spot gas delivered to FGT at St. Helena Parish, Louisiana (Zone 3), as reported in *Natural Gas Week* for the week in which Peoples used the gas, and (b) the 100% load factor rate the customer paid to FGT (or another transporter delivering to the Peoples system) for transportation of such gas.

At the time Peoples' present GTSA was approved, daily market prices for spot gas were

not readily available as a posted index. With the availability of daily published index prices for spot gas, the Company now proposes a more equitable formulation for the price it pays to customers whose gas the Company uses during a curtailment. Under the modified provision, Peoples will purchase the flowing gas at a price per MMBtu equal to the sum of (a) the price for spot gas delivered at FGT Zone 2 (Vermillion Parish, Louisiana), as reported in the "Daily Price Survey" in *Gas Daily* for the day in which the Company uses the gas, and (b) the FGT FTS-1 100% load factor rate for transportation of such gas. Using a daily price of spot gas will provide greater assurance that the customer is fairly compensated at a price for gas that is near or equivalent to the price Peoples would pay during a curtailment event.

The change in the method of calculating compensation for transportation gas used during curtailment is contained in Revised Sheets Nos. 7.101-4 and 7.101-5 (pages 2 and 3 of Exhibit B), in Section F(3)(b). The original language was contained in Section 13.4 of the current GTSA, but has been moved to the tariff sheets attached as Exhibit B, and revised to reflect the new basis for compensation.

Alternatives During Curtailment

12. Peoples attempts to minimize disruption to customers during a curtailment event. The Company, interruptible customers, and even firm customers benefit when alternative sources of gas supply and pipeline capacity allow an interruptible customer to continue receiving gas during a curtailment event. The Company has adopted an operational procedure as an appendix to the revised GTSA that outlines the options and obligations of an interrupted or curtailed customer and the Company during a period of interruption. The procedure is part of an informal plan the Company intends to follow during a curtailment event, and has been defined for some

of the Company's transportation customers through letters of understanding. Peoples now seeks to make the procedure available to all transportation customers as part of the Company's tariff.

Appendix D to the revised GTSA contains four options that may be available during a period of curtailment or interruption. The options do not change a customer's interruptible status, or diminish Peoples' right to interrupt an interruptible customer and use its gas for firm customers. Appendix D merely recognizes that once firm customer needs are met, interruptible customers may be able to operate during a curtailment event if gas and capacity can be made available with reasonable effort. Availability of the options is subject to *force majeure*, commercially reasonable efforts to acquire gas and capacity, and continued ability to provide uninterrupted service to customers with a higher priority level of service.

The options outlined in Appendix D to the GTSA allow a customer to select one or more of the following options during a period of interruption: (a) Peoples continues to deliver gas (in replacement of that interrupted) if replacement gas and capacity can be obtained by the customer; (b) Peoples continues to deliver gas (in replacement of that interrupted) if replacement gas can be obtained by the customer, when Peoples is able to supply primary firm capacity sufficient to deliver the additional quantities to Peoples' distribution system; (c) Peoples continues to deliver gas to the customer if replacement gas and capacity can be obtained by Peoples; or, at the customer's direction or if the options selected from (a) through (c) cannot be implemented, (d) Peoples ceases deliveries to the customer. These options are shown in greater detail in Appendix D to the revised GTSA.

Penalty for Unauthorized Underburns

13. Section 13.5 of the GTSA currently contains a penalty for unauthorized overruns

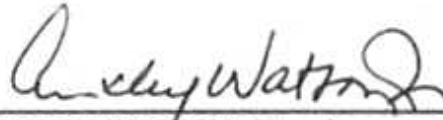
Charge.

Both the Company and its transportation customers should benefit from the abbreviated and clarified GTSA. Transport customers will also benefit by receiving a price for their gas which more closely approximates the market price when Peoples must use their gas during a curtailment event. Both transport customers and the Company may also benefit from Peoples' making available options which may permit the customers' continued operation during a curtailment event.

Finally, Peoples believes the modified procedures for cashing out positive and negative Monthly Imbalance Amounts, and the new penalty for unauthorized underburns, will reduce the possible detrimental effect on the Company's Purchased Gas Adjustment Clause by providing incentives to transportation customers to balance their takes of gas with the quantities they nominate, while having no adverse effect on transportation customers who stay in balance.

WHEREFORE, Peoples respectfully requests the Commission will enter its order permitting (A) the revised Gas Transportation and Supply Agreement attached hereto as Exhibit A and the revised conditions applicable to transportation of customer-owned gas shown in Exhibit B to become effective on April 1, 1999, and (B) providing for the continued application of Peoples' current cashout procedures (in lieu of the modified cashout procedures shown in Exhibit B) during the proposed two-month "grace period."

Respectfully submitted,



ANSLEY WATSON, JR., of
Macfarlane Ferguson & McMullen
P. O. Box 1531
Tampa, Florida 33601
(813) 273-4321
Attorneys for Peoples Gas System

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

First Revised Sheet No. 8.114-1
Cancels Original Sheet No. 8.114-1

sales to Shipper in lieu of the transportation of Gas contemplated by this Agreement.

Section 3.2 Full Requirements. During the term hereof, all Gas used in the Facility will, at Shipper's option, either be purchased from or transported by PGS on PGS's distribution system, except to the extent Shipper's requirements for the Facility are not delivered by PGS in accordance with this Agreement.

Section 3.3 Telemetry and Other Required Equipment. Telemetry and other equipment which PGS must install to provide service hereunder (the "Equipment"), if any, and the anticipated cost thereof, are listed in Appendix C. Shipper shall reimburse PGS for all costs incurred for the Equipment on receipt of PGS's invoice therefor. Unless the parties agree otherwise, all facilities used to provide service to Shipper hereunder (including without limitation the Equipment), except facilities owned by Transporter, shall be installed, owned, operated and maintained by PGS.

ARTICLE IV - NOMINATIONS

Section 4.1 General. For each Day Shipper desires service hereunder, Shipper shall provide a Nomination to PGS pursuant to Section 4.2 and/or Section 4.3. Quantities confirmed by PGS for delivery shall be Scheduled Quantities. If requested by Shipper, PGS will allow increases or decreases in Scheduled Quantities after the Nomination deadlines set forth in this article, if the same can be confirmed by PGS, Transporters and Suppliers, and can be accomplished without detriment to services then scheduled on such Day for other shippers. The maximum quantity PGS shall be obligated to make available for delivery to Shipper on any Day (which shall not exceed the MDQ) is the sum of (a) the Transportation Quantity and (b) the Sales Quantity established pursuant to this article.

Section 4.2 Nomination for Purchase. Unless otherwise agreed, Shipper shall Nominate Gas for purchase hereunder not less than seven (7) Business Days prior to the first Day of any Month in which Shipper desires to purchase Gas. Daily notices shall be given to PGS at least two (2) Business Days (but not less than forty-eight (48) hours) prior to the commencement of the Day on which Shipper desires delivery of the Gas. If Shipper has timely Nominated a quantity for a particular Month, PGS shall confirm to Shipper the quantity PGS will tender for purchase by Shipper (the "Sales Quantity," which shall also be a "Scheduled Quantity") no later than 5:00 p.m. Eastern Time on the Business Day immediately preceding each Day during such Month.

Section 4.3 Nomination for Transportation. Unless otherwise agreed, Shipper shall, for each Month, and each Day during such Month that Shipper seeks to change any aspect of a prior Nomination, notify PGS by providing a completed Nomination. Shipper's Nomination for Gas to be made available for delivery on the first Day of any Month shall be given by 10 a.m. on the second Business Day prior to the Day on which a nomination must be delivered to Transporter for receipt of deliveries at the PGS Receipt Point(s) on such Day. Daily Nominations for Gas to be made available for delivery other than on the first Day of a Month shall be given to PGS by 10 a.m. on the Business Day prior to the Day on which a nomination must be delivered to Transporter for the receipt of deliveries at the PGS Receipt Point(s) on such Day, and PGS shall confirm to Shipper the quantity PGS will make available for redelivery on such Day (the "Transportation Quantity," which shall also be a "Scheduled Quantity") no later than 5:00 p.m. Eastern Time on the Business Day immediately preceding such Day. PGS has no obligation to confirm a quantity Nominated by Shipper pursuant to this section greater than the quantity which, in PGS's reasonable judgment, equals the Facility's likely consumption for a Day plus Retainage, less any Sales Quantities confirmed for delivery on such Day.

Section 4.4 Other Responsibilities. Shipper shall promptly notify PGS in writing of any change in the Sales Quantity or Transportation Quantity for any Day, and PGS will use commercially reasonable efforts to accept any such requested change as soon as practicable.

Peoples Gas System
a Division of Tampa Electric Company
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First Revised Sheet No. 8.114-2
Cancels Original Sheet No. 8.114-2

Section 4.5 Confirmation. If Transporter asks PGS to verify a nomination for Shipper's account, PGS shall confirm the lesser of such nomination, the Transportation Quantity or, in the case of non- or partial operation of the Facility, that quantity which in PGS's reasonable judgment (after consultation with Shipper) is likely to be consumed at the Facility. PGS has no obligation with respect to verification or rejection of quantities not requested by Shipper.

ARTICLE V - TRANSPORTATION AND OTHER CHARGES

Section 5.1 Transportation Charges; Purchase Price. Shipper shall pay PGS each Month for transportation service rendered by PGS, and/or for Gas scheduled for purchase from PGS, in accordance with the then applicable transportation and/or sales rate schedule in PGS's FPSC Tariff. Currently, Rate Schedule ___ is applicable to transportation, and Rate Schedule ___ is applicable to sales.

Section 5.2 Changes in Tariff. If the applicable rates or rate schedules change or are amended or superseded, the newly applicable rates or rate schedules shall be applicable to service hereunder. Nothing contained herein shall prevent PGS from filing with the FPSC (or Shipper from opposing) changes to the rates and other provisions in PGS's FPSC Tariff.

ARTICLE VI - BILLING AND PAYMENT

Section 6.1 Billing. PGS will bill Shipper each Month for all Scheduled Quantities established during the preceding Month (less any portion thereof purchased by PGS from Shipper pursuant to an interruption or curtailment order), and for any other amounts due hereunder. The bill shall show a credit for the estimated amount due Shipper for any purchase(s) made by PGS pursuant to an interruption or curtailment order during the Month. If the estimated amount owed by PGS to Shipper exceeds the amount Shipper owes PGS, PGS shall pay Shipper the net amount estimated to be due Shipper at the time PGS bills Shipper.

Section 6.2 Payment. Shipper shall pay such bills, minus disputed amounts, at the address specified in the invoice by the 20th Day following the date of PGS's mailing or other delivery of the bill. All sums not so paid by Shipper (or credited or paid by PGS) shall be considered delinquent.

Section 6.3 Billing Disputes. In the event of a bona fide billing dispute, Shipper or PGS, as the case may be, shall pay (or credit) to the other party all amounts not in dispute, and the parties shall negotiate in good faith to resolve the amount in dispute as soon as reasonably practicable. If a party has withheld payment (or credit) of a disputed amount, and the dispute is resolved in favor of the other party, the non-prevailing party shall pay to the other party the amount determined to be due such other party, plus interest thereon at an annual rate equal to the prime interest rate of Citibank, N.A., New York, New York, plus one percent (1%), calculated on a daily basis from the date due until paid (or credited).

Section 6.4 Errors or Estimates. If an estimate is used to determine the amount due Shipper for purchases by PGS pursuant to an interruption or curtailment order, PGS shall make any adjustment necessary to reflect the actual amount due Shipper on account of such purchases in the next bill rendered to Shipper after determination of the actual amount due. An error in any bill, credit or payment shall be corrected in the next bill rendered after the error is confirmed.

ARTICLE VII - FAILURE TO MAKE PAYMENT

Section 7.1 Late Payment Charges. If any amount due from either party is delinquent, a late payment charge shall apply to any unpaid balance in accordance with PGS's FPSC Tariff.

Section 7.2 Other Remedies. If Shipper fails to remedy a delinquency in any payment within five (5) Days after written notice thereof by PGS, PGS, in addition

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a Division of Tampa Electric Company
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First Revised Sheet No. 8.114-4
Cancels Original Sheet No. 8.114-4

Payment:
Attention: Vice President - Accounting
Telephone: (813) 228-4592
Facsimile: (813) 228-4643

Invoices:
Attention: _____
Telephone: _____
Facsimile: _____

Section 8.7 Amendments. This Agreement may not be amended except by an instrument in writing signed by the party against which enforcement of the amendment is sought. A change in (a) the place to which notices hereunder must be sent or (b) the individual designated as Contact Person shall not be deemed nor require an amendment hereof provided such change is communicated pursuant to Section 8.6.

Section 8.8 Legal Fees. In the event of litigation between the parties hereto arising out of or in connection with this Agreement, then the reasonable attorneys' fees and costs of the party prevailing in such litigation shall be paid by the other party.

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

PEOPLES GAS SYSTEM, a division of
TAMPA ELECTRIC COMPANY

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

APPENDIX A -
GAS TRANSPORTATION AND SUPPLY AGREEMENT

PGS RECEIPT POINT(S)

Maximum Transportation Quantity: _____ MMBtu per Day plus the Retainage

PGS will accept Gas from Shipper, or for its account, for transportation pursuant to this Agreement at the following points:

The above point(s) may be changed by PGS from time to time on written notice to Shipper.

APPENDIX B -
GAS TRANSPORTATION AND SUPPLY AGREEMENT
PGS DELIVERY POINT(S)

Gas transported or sold pursuant to this Agreement shall be delivered by PGS to Shipper at the following point:

NAME	PGS METER #	MAXIMUM DELIVERY QUANTITY
Meter at the Facility	_____	_____ MMBtu per Day

Issued By: William N. Cantrell, President
Issued On: December 16, 1998

Effective: April 1, 1999

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

First Revised Sheet No. 8.114-5
Cancels Original Sheet No. 8.114-5

APPENDIX C -
GAS TRANSPORTATION AND SUPPLY AGREEMENT

EQUIPMENT

APPENDIX D -
GAS TRANSPORTATION AND SUPPLY AGREEMENT

ALTERNATIVES DURING PERIODS OF INTERRUPTION OR CURTAILMENT

Shipper may select one or more of the "Options" hereinafter described prior to or during a period of curtailment or interruption. The Options set forth below describe means through which PGS will attempt to continue deliveries to Shipper during such a period if PGS can do so in a manner that is consistent with the order of priorities of service set forth in its curtailment plan on file with the FPSC and that will not impair service to customers in higher priorities of service than Shipper. The Options do not change the interruptible character of Shipper's service under the Agreement, or diminish PGS's right to curtail or interrupt deliveries to Shipper pursuant to the Agreement and PGS's FPSC Tariff.

If PGS is entitled under this Agreement or PGS's FPSC Tariff to interrupt deliveries to Shipper for reasons other than Force Majeure, PGS will notify Shipper to that effect, such notice to include the estimated duration of the interruption and the estimated cost of gas required for PGS to continue deliveries to Shipper during the period of interruption. Shipper shall notify PGS within two (2) hours after receipt of PGS's notice of interruption of the option (from Options A through C below) Shipper elects during the period of interruption. If Shipper fails to respond to PGS's notice within the aforesaid two-hour period, it shall be conclusively presumed that Shipper has elected the Option(s) (if any) previously selected by Shipper in writing. If Shipper has failed to make any election, either prior to PGS's notice or during the two-hour period, it shall be conclusively presumed that Shipper has elected Option D. The Options are as follows:

Option A: Shipper desires PGS to continue deliveries during the period of interruption and Shipper agrees to make available for its account (i.e., to make all arrangements necessary to cause the delivery of) at the PGS Receipt Point(s) additional quantities of Gas equal to those quantities which PGS is entitled to interrupt.

Option B: Shipper desires PGS to continue deliveries during the period of interruption and agrees to make available for its account (i.e., to make all arrangements necessary to cause the delivery of) at the applicable point(s) of receipt into FGT's pipeline system additional quantities of Gas (including the Retainage) equal to those quantities which PGS is entitled to interrupt, and desires PGS to release to Shipper (or to a Supplier designated by Shipper), for the duration of the period of interruption and at the maximum rate applicable to the capacity released, primary firm capacity on FGT sufficient to transport such additional quantities of Gas to the PGS Receipt Point(s). By election of this Option B, Shipper agrees to be responsible for the payment of all charges imposed by FGT with respect to the capacity so released by PGS to Shipper (or Shipper's Supplier), or the use of such capacity, for the period during which such release is effective. If Shipper elects to continue deliveries during the period of interruption pursuant to this Option B, PGS agrees to release the capacity requested by Shipper if PGS determines in its sole discretion that (i) such capacity is available for release to Shipper during the period of interruption, (ii) such release can be accomplished readily and without detriment to PGS's system operations, and (iii) such release is practicable within the time constraints and requirements of FGT's FERC Tariff and the ready availability of PGS staff and resources.

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a Division of Tampa Electric Company
Original Volume No. 1

First Revised Sheet No. 8.114-6
Cancels Original Sheet No. 8.114-6

Option C: Shipper desires PGS to continue deliveries during the period of interruption, appoints PGS as its agent to acquire (at the PGS Receipt Point(s)) additional quantities of Gas at market-based price, equal to those quantities which PGS is entitled to interrupt, to be used by Shipper during the period of curtailment, and agrees to reimburse PGS, in addition to all amounts otherwise payable for Gas pursuant to this Agreement, for the incremental additional per-Therm costs incurred by PGS (as Shipper's agent) to acquire for the account of Shipper, at the PGS Receipt Point(s), Gas to be used by Shipper during the period of interruption. As used in this Option C, "incremental additional costs" shall mean the weighted average per-Therm costs incurred by PGS to acquire, for the accounts of Shipper and other interruptible customers of PGS who have elected this Option C during a particular period of interruption, the additional quantities of Gas mentioned above to be used by Shipper and such other interruptible customers of PGS during such period of interruption, including but not limited to commodity, transportation, storage and other charges incurred by PGS.

Option D: Shipper agrees to cease taking Gas pursuant to PGS's notice during the period of interruption.

If Shipper has elected to continue deliveries pursuant to Option A, Option B or Option C, PGS will, in implementing its interruption notice, take and pay for Shipper's Gas as provided in PGS's FPSC Tariff, but will not discontinue deliveries to Shipper unless (i) if Shipper has elected Option A, Shipper fails to make additional Gas available at the PGS Receipt Point(s), or (ii) if Shipper has elected Option B, either (a) PGS has no primary firm capacity on FGT available for release to Shipper (or Shipper's Supplier) during the period of interruption without detriment to service required by PGS's customers in a curtailment category having a higher priority than Shipper's curtailment category under PGS's curtailment plan, or (b) PGS determines either that the release of capacity contemplated by Option B would not result in Shipper's (or Shipper's Supplier's) being able to make the additional quantities of Gas available at the PGS Receipt Point(s) for delivery to Shipper during the period of interruption or that the release of capacity cannot be made pursuant to Option B, or (iii) if Shipper has elected Option C, PGS, having exercised commercially reasonable efforts, is unable to acquire for Shipper's account, at the PGS Receipt Point(s), additional Gas for delivery to Shipper during the period of interruption. In the event of the occurrence of any of the circumstances described in items (i) through (iii), PGS will provide Shipper with not less than two (2) hours' notice to cease taking Gas during the period of interruption, and Shipper shall not have the benefit of Options A through C above.

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

First Revised Sheet No. 8.114-8
Cancels Original Sheet No. 8.114-8

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

First Revised Sheet No. 8.114-9
Cancels Original Sheet No. 8.114-9

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First Revised Sheet No. 8.114-22
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ATTENTION: NOMINATIONS
TELEPHONE: (813) 228-6666
FACSIMILE: (813) 228-1175

TECO
Peoples Gas
NOMINATION FORM

PREPARED BY:	TELEPHONE:	FACSIMILE:	START DATE:	END DATE:	SHIPPER (Customer)
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REN RECEIPT	FOR PPE	FACILITY DESCRIPTION	MARKETER PROCESS	SPRINKLER CONTRACT #	CONTRACT/CONTACT NUMBER	RECEIPTS FROM	RECEIPTS TO	FOR CONTRACT NUMBER
					Numberless 134446	0	0	
COMMENTS:								
TOTAL RECEIPTS						0	0	
FOR 6.5% FUEL (4.89%)						0	0	
TOTAL NET RECEIVED						0	0	

REN DELIVERY	FACILITY DESCRIPTION	CUSTOMER CONTACT NAME/PHONE NUMBER	RECEIPTS FROM	RECEIPTS TO	FOR CONTRACT NUMBER
			0	0	
TOTAL DELIVERIES			0	0	

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

First Revised Sheet No. 8.115-2
Cancels Original Sheet No. 8.115-2

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Issued By: William M. Cantrell, President
Issued On: December 16, 1998

Effective: April 1, 1999

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

First Revised Sheet No. 8.115-3
Cancels Original Sheet No. 8.115-3

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Issued By: William N. Cantrell, President
Issued On: December 16, 1998

Effective: April 1, 1999

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

First Revised Sheet No. 8.115-4
Cancels Original Sheet No. 8.115-4

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

First Revised Sheet No. 8.115-6
Cancels Original Sheet No. 8.115-6

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Issued By: William N. Cantrell, President
Issued On: December 16, 1998

Effective: April 1, 1999

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

First Revised Sheet No. 8.115-7
Cancels Original Sheet No. 8.115-7

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Issued By: William N. Cantrell, President
Issued On: December 16, 1998

Effective: April 1, 1999

GENERAL APPLICABILITY PROVISIONS (continued)

"Transportation Component" means the total per-Therm charge payable by Customer to Company for service (excluding the resolution of Operational Imbalance Amounts) provided pursuant to the Gas Transportation and Supply Agreement.

"Transporter" means any gas pipeline company delivering Gas to the PGS Receipt Point(s) for Customer's account for use in Customer's Facility (as defined in the Gas Transportation and Supply Agreement).

"Transporter's FERC Tariff" means the tariff of Transporter on file with the Federal Energy Regulatory Commission which is applicable to deliveries for the account of Customer at the PGS Delivery Point(s) (as defined in the Gas Transportation and Supply Agreement).

- (3) Interruption. If Customer receives transportation service pursuant to an interruptible rate schedule, Company makes no guarantee against, and assumes no liability for, interruptions of service.
- (a) Company shall be deemed in control and possession of all Gas from the time of its receipt at the PGS Receipt Point(s) (as defined in the Gas Transportation and Supply Agreement) until such Gas is delivered to Customer at the PGS Delivery Point(s) (as defined in the Gas Transportation and Supply Agreement), after which Customer shall be deemed in control and possession of such Gas. Customer shall have no responsibility with respect to any Gas after it has been delivered to Company at the PGS Receipt Point(s) on account of anything which may be done, happen or arise with respect to such Gas, until said Gas is delivered to Customer at the PGS Delivery Point(s). Company shall have no responsibility with respect to any Gas prior to its delivery to Company at the PGS Receipt Point(s) or after its delivery to Customer at the PGS Delivery Point(s) on account of anything which may be done, happen or arise with respect to such Gas prior to such receipt at the PGS Receipt Point(s) or after such delivery at the PGS Delivery Point(s). Company may commingle Gas delivered to it for Customer's account with Gas delivered for the accounts of Company and/or other Customers.
- (b) Right to Use Customer's Gas Supply. If deliveries to Customer hereunder are curtailed or interrupted, Customer shall sell to Company, and Company shall purchase from Customer, that portion of Scheduled Quantities of Customer's Gas that is curtailed or interrupted; but Customer shall have no obligation to sell if Customer has no Gas flowing at the time interruption or curtailment is noticed, or is otherwise unable to deliver Gas to Company; and provided further that, after receiving a PGS curtailment or interruption notice, unless Company otherwise directs, Customer shall not cause or permit any of its Scheduled Quantities to be curtailed or redirected so as to reduce the quantities delivered at the PGS Receipt Point(s). For all Gas sold by Customer pursuant to this Section F(3)(b), Company shall pay Customer an amount per MMBtu equal to the sum of (a) either (i) if the Gas was purchased by Customer pursuant to a contract with an initial term of five (5) or more years providing for firm

GENERAL APPLICABILITY PROVISIONS (continued)

purchases and sales of Gas, the price at which Customer purchased such Gas, or (ii) in all other cases, the price for spot Gas delivered to Transporter at FGT Zone 2, as reported in the "Daily Price Survey" in Gas Daily for the Day in which Company purchased the Gas, and (b) the FGT FTS-1 100% load factor rate for transportation of such Gas. If Company is required to pay Customer an amount determined pursuant to (a) (i) above, Customer shall furnish to Company a copy of the applicable contract(s) or other suitable evidence of the term(s) thereof and the price(s) thereunder upon request. Company warrants that it will not exercise its right to use Customer's Gas supply pursuant to this provision based solely upon a determination that Customer's Gas is less expensive than Gas which is, at the time of the exercise of such right, otherwise available to Company.

- (c) Excess Gas Taken by Customer During Interruption. Any Gas taken by Customer in excess of the volume of Gas allocated to it by Company during a period of curtailment or interruption under this Paragraph (3) shall be considered to be unauthorized overrun Gas. Company has the right to bill Customer for such unauthorized overrun Gas, in addition to all other charges payable by Customer under the Gas Transportation and Supply Agreement, at a price equal to the greater of (i) \$1.50 per Therm or (ii) if Company incurs overrun charges or penalties from Transporter, the rate per Therm charged Company by Transporter. Payment of an overrun penalty shall not give Customer the right to take unauthorized overrun Gas, nor shall it preclude or limit any other remedies available to Company for Customer's failure to comply with interruption or curtailment orders issued by Company.
- (d) Company agrees to give Customer as much advance notice of a curtailment or interruption of service as is reasonably practicable, which notice shall, in non-emergency circumstances, be at least four (4) hours.
- (4) Service under any particular individual transportation rate schedule is subject to review by Company on an annual basis, or at any other time at the Customer's request. If reclassification to another rate schedule is determined by the Company to be appropriate, such reclassification shall be prospective.
- (5) Establishing Credit. Customer shall establish credit with Company pursuant to Section III of Company's Rules and Regulations prior to service commencing under the Gas Transportation and Supply Agreement and shall maintain such credit during the term of such agreement.
- (6) Customer's Responsibilities. Company has no responsibility in connection with Customer's arrangements with its supplier(s). Customer shall timely provide to Company (i) good faith estimates of the daily quantities it is likely to nominate for purchase or transportation as far in advance as reasonably practicable and (ii) all information requested by Company in order to comply with Transporter's FERC Tariff and determine Scheduled Quantities. Customer shall designate in writing an individual, who is duly authorized to act for Customer with respect to all operational matters arising under the Gas Transportation and Supply Agreement

GENERAL APPLICABILITY PROVISIONS (continued)

and accessible to Company at all times each Day during the term of the Gas Transportation and Supply Agreement, to act as Customer's "Contact Person". In performing under the Gas Transportation and Supply Agreement, Company shall be entitled to rely upon any instruction or consent given by such Contact Person with respect to operational matters arising under the Gas Transportation and Supply Agreement or under the Transporter Agreement (as defined in the Gas Transportation and Supply Agreement).

- (7) Warranty of Title. As between Customer and Company, Customer warrants that it will have good title to all Gas delivered for the account of Customer to Company for transportation under the Gas Transportation and Supply Agreement, that such Gas will be free and clear of all liens, encumbrances and claims whatsoever, and that it will indemnify and save Company harmless from any suit, action, debt, account, damage, cost, loss and expense arising from or out of adverse claims of any person to said Gas. As between Customer and Company, Company warrants that it will (a) indemnify and save Customer harmless from any suit, action, debt, account, damage, cost, loss and expense arising from adverse claims of any person to Gas delivered to Company for Customer's account for transportation under the Gas Transportation and Supply Agreement, which arise from Company's transportation of the Gas on Company's distribution system; and (b) have good title to all Gas confirmed for delivery to Customer pursuant to the Gas Transportation and Supply Agreement, that such Gas will be free and clear of any lien, encumbrance or claim whatsoever, and that it will indemnify and save Customer harmless from any suit, action, debt, account, damage, cost, loss and expense arising from adverse claims of any person to said Gas.
- (8) Deliveries of Gas. All Gas delivered under the Gas Transportation and Supply Agreement shall be delivered at rates of flow as constant as operationally feasible throughout each Day. Company has no obligation on any Day to deliver on other than a uniform hourly basis in relation to the Scheduled Quantities. The point of delivery for all Gas confirmed by Company for delivery under the Gas Transportation and Supply Agreement shall be at the outlet side of such billing meter(s) as shall be installed at the PGS Delivery Point(s). Measurement of the Gas delivered shall be in accordance with Section V of Company's Rules and Regulations.
- (9) Correction of Imbalances. All Daily Imbalance Amounts arising under the Gas Transportation and Supply Agreement shall be resolved as of the end of each Month. The sum of all Daily Imbalance Amounts incurred during a Month (the "Monthly Imbalance Amount") shall be resolved in cash as follows:
- (a) If a Monthly Imbalance Amount is Positive (i.e., Scheduled Quantities exceed Actual Takes), Company shall purchase the same from Customer (and Customer shall sell the same to Company) at a price per Therm (the "Unit Price") equal to the sum of (1) the lowest of the average of weekly prices for spot gas delivered to FGT at Mustang Island (Tivoli), Texas, Vermillion Parish, Louisiana, or St. Helena Parish, Louisiana, as reported in *Natural Gas Week*, or Company's lowest supplier commodity rate, for the Month in which such Monthly Imbalance Amount was incurred, multiplied by the applicable factor set forth below:

GENERAL APPLICABILITY PROVISIONS (continued)

Transporter's system), and Customer's Scheduled Quantities exceed Customer's Actual Takes for such Day, Customer shall pay to Company (in addition to any other amounts payable to Company) a penalty of \$1.50 per Therm for such excess of Customer's Scheduled Quantities over its Actual Takes on such Day.

- (11) Allocation Statements. Gas will be measured at the PGS Receipt Point(s) by the measuring devices of Transporter. Customer shall provide any measurement information it receives to Company within two (2) Business Days of Customer's receipt thereof. Company shall determine the quantity of Gas delivered to Company for Customer's account at the PGS Receipt Point(s), and will provide to Customer a copy of, or applicable excerpt from, each allocation statement received by Company from Transporter within two (2) Business Days of Company's receipt thereof. Final allocation statements provided by Customer's supplier(s) and Transporter shall be conclusive for all purposes under the Gas Transportation and Supply Agreement, including without limitation, determining daily quantities actually delivered at the PGS Receipt Point(s) for Customer's account; provided, however, that in the case of any discrepancy between allocation statements, Customer and Company will cooperate to determine which statement is correct; and provided further, however, that unless such discrepancy is resolved to the satisfaction of Company and Transporter, as between Company and Customer, Transporter's allocation statement shall control and shall provide the quantity to be used for all calculations and adjustments under the Gas Transportation and Supply Agreement.
- (12) Inspection. Each of Customer and Company shall have the right during the term of the Gas Transportation and Supply Agreement and for a period of three (3) years thereafter, upon reasonable prior notice and during normal business hours, to examine the records and documents of the other party to such agreement to the extent necessary to verify the accuracy of any statement or charge made thereunder. Each party to such agreement shall keep each such record and document for a period of three (3) years from the date the same is created or any entry or adjustment thereto is made.
- (13) Nominations required by the Gas Transportation and Supply Agreement shall be submitted electronically in accordance with instructions furnished by the Company, or in the form set forth on Sheet No. 8.115.

G. MAIN AND SERVICE EXTENSION AMORTIZATION SURCHARGE. In cases where the estimated actual cost of extending necessary Main and Service facilities exceeds the Maximum Allowable Construction Cost (MACC); and where the Company determines, in its reasonable discretion and in accord with Section VI of the Company's Rules and Regulations, that there is a reasonable likelihood that an extension of Main or Service facilities will produce sufficient revenues to justify the necessary investment in such facilities; and where the Company determines that the creditworthiness of the party or parties requesting the extension is satisfactory to assure recovery of the additional investment above the MACC, the Company may provide for the recovery of estimated extension costs in excess of the MACC via a Main and Service Extension Amortization Surcharge (MSEA Surcharge). In such cases, in lieu of a Construction Deposit Agreement, the party or parties requesting an extension subject to the MSEA Surcharge shall enter into a guaranty agreement

GENERAL APPLICABILITY PROVISIONS (continued)

with the Company by which said party or parties shall agree to pay to the Company any remaining unamortized balance of the amount subject to the MSEA Surcharge at the end of the Amortization Period.

Where the MSEA Surcharge is applied, the MSEA Surcharge shall be paid only by customers in the area served by the extended Main and Service facilities for which the MSEA Surcharge is levied. The MSEA Surcharge shall be expressed in cents per therm and shall be calculated according to the following formula.

MSEA Surcharge = MSEA Revenue Requirement divided by Projected Therm Sales,

where the following definitions apply:

MSEA Surcharge means the MSEA Surcharge, in cents per therm, to be paid by customers located in the specific area (a) served by the extended Main and Service facilities.

MSEA Revenue Requirement means the revenue requirement necessary to amortize the excess of the cost of the main and service facilities extension above the applicable MACC, while yielding the Company's overall rate of return approved by the Florida Public Service Commission in the Company's last rate proceeding before completing the extension guaranty agreement, and taking into account the projected year-by-year therm sales to be made through the extension.

Projected Therm Sales means the Company's estimate of the total therm sales within the area served by the extended facilities in each year over the Amortization Period. Projected therm sales for any year shall not be less than the annual therm sales projected or assumed for purposes of calculating the MACC applicable to the particular extension of facilities.

Amortization Period means the period, in years, over which the MSEA Surcharge for a given area will be collected. The Amortization Period will be negotiated on a case-by-case basis by the Company and the party or parties requesting the extension; provided, however, that the amortization period will not exceed ten (10) years.

If gas sales develop more rapidly than anticipated in the calculation of the MSEA Surcharge, additional net revenues (revenues from sales less the cost of gas) shall be applied to reduce the remaining principal balance of the amount being amortized. If the principal balance is fully amortized before the Amortization Period ends, the MSEA Surcharge for the specific area shall terminate immediately, and any over-collections shall be promptly credited to the affected Customers. If gas sales over the Amortization Period are insufficient to fully amortize the principal amount being amortized, then the party or parties requesting the extension shall pay to the Company the remaining amount due pursuant to the guaranty agreement referenced above.

GAS TRANSPORTATION AND SUPPLY AGREEMENT

This Gas Transportation and Supply Agreement (the "Agreement") is made and entered into this 1st day of October, 1993, by and between Peoples Gas System, Inc., a division of Tampa Electric Company, a Florida corporation ("PGS"), and _____, a _____ corporation ("Shipper"), who

~~W I T N E S S E T H~~

~~WHEREAS, Shipper owns and operates a _____ facility which consumes Gas and is located in _____, Florida (the "Facility");~~

~~WHEREAS, Shipper intends to enter into agreements with one or more suppliers of Gas (collectively, "Suppliers");~~

~~WHEREAS, Shipper has arranged for the interstate transportation of its supplies of Gas to the PGS Receipt Point(s);~~

~~WHEREAS, Shipper desires that, upon delivery by Transporter of Gas for Shipper's account at the PGS Receipt Point(s), PGS cause such Gas to be redelivered on an interruptible basis to Shipper at the PGS Delivery Point(s) named on Appendix D attached hereto;~~

~~WHEREAS, Shipper may also desire to purchase Gas from PGS on an interruptible basis at the PGS Delivery Point(s) named on Appendix D attached hereto; and~~

~~WHEREAS, PGS is willing to provide the services described above pursuant to PGS's tariff on file with the FPC and the terms and conditions of this Agreement;~~

~~NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein, the parties hereto, intending to be legally bound, hereby agree as follows:~~

ARTICLE I - DEFINITIONS

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

~~"Actual Take" shall mean, for a Day or other specified period of time (as the context may require), the quantity of Gas delivered at and passing through the meter(s) at the PGS Delivery Point(s) of Shipper on such Day or during such other specified period of time (as the case may be);~~

~~"Agreement" shall mean this Gas Transportation and Supply Agreement, including the appendices attached hereto, as the same may be amended from time to time;~~

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

~~"Business Day" shall have the meaning given for the term means "working day" as defined in FGT's effective TRANSPORTER'S FERC Tariff tariff applicable to service under the FGT Agreement, as such tariff may be amended from time to time during the term of this Agreement or, if such term is not defined in FGT's FERC tariff, shall mean any Monday, Tuesday, Wednesday, Thursday and Friday (excluding any holiday recognized by FGT falling on any such Day).~~

~~"Maximum Sales Quantity" shall mean the maximum quantity of Gas that PGS will confirm, pursuant to Sections 5.1 and 5.2(a) of this Agreement, for purchase by Shipper pursuant to Section 3.1(a) of this Agreement, which quantity is set forth on Appendix B to this Agreement. Such quantity may be increased or decreased from time to time pursuant to the provisions of Appendix B.~~

~~"Maximum Transportation Quantity" or "MTQ" means shall mean the maximum amount of Gas that Shipper may tender, or cause to be tendered, to PGS, and that PGS is shall be obligated to receive, pursuant to the terms of this Agreement on any given Day at the PGS Receipt Point(s), and is stated in Appendix A provided such Maximum Transportation Quantity shall not exceed MMBtu per Day of Gas plus Retainage (except as such quantity may be increased or decreased as provided in Section 7.1 of this Agreement).~~

~~"Mcf" shall mean 1,000 Cubic Feet of Gas.~~

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

~~"Month" shall have the meaning given for such term in FGT's currently effective FERC tariff applicable to service under the FGT Agreement, as such tariff may be amended from time to time during the term of this Agreement, provided, however, that on and after the date on which the term "Delivery Month" is defined in FGT's effective FERC tariff applicable to service under the FGT Agreement, "Month" shall have the meaning given for the term "Delivery Month" in FGT's effective FERC tariff applicable to service under the FGT Agreement, as such tariff may be amended from time to time during the term of this Agreement.~~

~~"Nomination" means shall mean a notice delivered by Shipper to PGS in the form and with content set forth specified in PGS's FPSC Tariff, specifying (in MMBtu) the quantity of Gas Shipper desires to purchase, or to have PGS receive, transport and redeliver, at the PGS Delivery Point(s) tariff from time to time and, until such form and content is set forth in PGS's FPSC tariff, in the form attached hereto as Appendix F. To "nominate" shall mean "Nominates" means to deliver a nomination completed Nomination.~~

~~"Operational Balancing Agreement" shall mean that certain Operational Balancing Agreement between PGS and Shipper dated as of even date herewith, as the same may be amended from time to time.~~

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

~~"p.s.i.a." shall mean pounds per square inch absolute.~~

~~"PGS Delivery Point(s)" shall mean means the point(s) specified listed in Appendix B attached hereto at which Gas transported or sold hereunder will be delivered to Shipper for use at the Facility.~~

~~"PGS Receipt Point(s)" shall mean means the point(s) identified of physical interconnection between Transporter and PGS listed in Appendix A attached hereto at which Transporter will deliver and PGS will receive Gas for Shipper's account. Shipper understands and agrees that such point(s) shall be identical to the point(s) listed from time to time in Exhibit B to the FGT Agreement, and that Appendix C hereto shall be deemed to have been amended (without any further action by the parties to this Agreement) upon the effective date of any amendment to Exhibit B to the FGT Agreement. Immediately following any amendment to Exhibit B to the FGT Agreement, PGS shall furnish to Shipper, for attachment to this Agreement, a revised Appendix C hereto, which shall reflect the effective date thereof.~~

~~"PGS's FPSC Tariff" means PGS's tariff on file with the FPSC, as such tariff may be amended from time to time.~~

~~"Retainage" shall have the meaning given for such term in Section 4.3 of this Agreement.~~

~~"Scheduled Quantities" shall mean, for a Day or other specified period of time (as the context may require), the amounts of Gas confirmed by PGS for transportation on behalf of, and/or for purchase by, Shipper hereunder (less the amount of any Retainage applicable thereto).~~

~~"Sales Quantity" shall mean a daily quantity of Gas, confirmed by PGS pursuant to the provisions of Sections 5.1 and 5.2 of this Agreement, to be purchased for use in the Facility at the PGS Delivery Point(s).~~

~~"Secondary Term" shall have the meaning given to such term in Section 2.1 of this Agreement.~~

~~"Shipper" shall mean _____, a _____ corporation, and its successors and assigns.~~

~~"Supplier(s)" shall mean any means person(s) (other than PGS) that from which Shipper engages to supply purchases Gas transported hereunder for use in the Facility.~~

~~"Termination Date" shall mean the beginning of the Day occurring on _____, 199____.~~

~~"Therm" shall mean a unit of heat equal to 100,000 Btu's.~~

~~"Transportation Quantity" shall mean a daily quantity of Gas, confirmed by PGS pursuant to the provisions of Section 5.3 of this Agreement, up to the Maximum Transportation Quantity, for receipt by PGS for the account of Shipper at the PGS Receipt Point(s) and redelivery to the PGS Delivery Point(s) for use at the Facility.~~

~~"Transporter" shall mean any gas pipeline transmission company providing transportation services to the PGS Receipt Point(s) with respect to Gas purchased by or on behalf of Shipper for use in the Facility.~~

ARTICLE II - TERM

~~Section 2.1 Term. This Agreement shall become ig effective on the date first written above. The term of this Agreement shall commence on said date at the beginning of the Day commencing on _____ and shall continue unless earlier terminated pursuant to the provisions of this Agreement, until the beginning of the Day commencing on _____ (the "Termination Date"), (the "Initial Term"). [PROVISIONS AGREEABLE TO COMPANY PGS AND SHIPPER WITH RESPECT TO ANY EXTENDED OR "SECONDARY" TERM]~~

~~Section 2.2 Early Termination. This Agreement may be terminated by Shipper, in its sole discretion and on giving thirty (30) Days' prior written notice to PGS, if both the City Gate Agreement and the Capacity Release Agreement (if any) are terminated. Any termination of this Agreement pursuant to this Section 2.2 shall become effective on the last to occur of~~

~~(a) the Day on which Shipper's return to PGS (pursuant to subsection 2.2 of the Capacity Release Agreement) of the FGT Capacity (as defined in the Capacity Release Agreement) becomes effective (if PGS has released the FGT Capacity to Shipper), or~~

~~(b) the expiration of the thirty (30) Day notice period provided in this Section 2.2.~~

~~(c) (ADDITIONAL TERMS WITH RESPECT TO TERMINATION, AS MAY BE AGREED BETWEEN COMPANY AND SHIPPER).~~

~~If this Agreement is terminated pursuant to this Section 2.2, neither party shall have any further liability to the other hereunder (except as to obligations which have accrued prior to such termination).~~

ARTICLE III - SALES AND TRANSPORTATION SERVICE

Section 3.1 ~~Sales of Gas Services.~~ PGS desires to sell and Shipper desires to purchase from PGS, from time to time, for use in the Facility (but not for resale)-

~~(a) Gas in quantities which, of up to the Maximum Sales Quantity set forth on Appendix B, and~~

~~(b) at Shipper's request, Gas (in addition to Gas purchased by Shipper pursuant to paragraph (a) above) in quantities which PGS may, in its sole discretion, agree to sell to Shipper.~~

~~Shipper also engages PGS, and PGS accepts such engagement, to receive Gas for Shipper's account, up to the MxQ, at the PGS Receipt Point(s), and to cause an equivalent quantity, less the Retainage, to be redelivered to Shipper. Such sales and transportation shall be governed by PGS's FPEC Tariff and this Agreement. If there is sales service under this Agreement shall be provided in accordance with the rates and other terms and conditions of PGS's applicable rate schedule specified in Article VIII hereof on file with the FPEC (as amended or superseded from time to time) and the provisions of this Agreement at the rate specified in Article VIII of this Agreement. In the event of a conflict between the provisions of the tariff and the provisions hereof this Agreement, the provisions of the tariff shall control. Subject to the provisions hereof, PGS shall deliver quantities of Gas nominated by Shipper, and confirmed by PGS, for purchase, to Shipper at the PGS Delivery Point(s). Sales and transportation hereunder are interruptible. Shipper may select one or more of the options described in Appendix D, which may enable Shipper to continue receiving delivery of Gas during periods of curtailment or interruption.~~

~~Section 3.2 Interruptibility. All sales service by PGS hereunder shall be fully interruptible and will be subject to the availability of supply and capacity in PGS's distribution system sufficient to provide such service without detriment or disadvantage to PGS's customers who are dependent on its general supply system. Notwithstanding any provision of this Agreement, PGS has shall have no obligation to provide make sales service to Shipper in lieu of the transportation of Gas to the PGS Delivery Point(s) contemplated by this Agreement.~~

~~Section 3.2 Full Requirements. During the term hereof, all Gas used in the Facility will, at Shipper's option, either be purchased from or transported by PGS on PGS's distribution system, except to the extent Shipper's requirements for the Facility are not delivered by PGS in accordance with this Agreement.~~

~~Section 3.3 Telemetry and Other Required Equipment. Telemetry and other equipment which PGS must install to provide service hereunder (the "Equipment"), if any, and the anticipated cost thereof, are listed in Appendix C. Shipper shall reimburse PGS for all costs incurred for the Equipment on receipt of PGS's invoice therefor. Unless the parties agree otherwise, all facilities used to provide service to Shipper hereunder (including without limitation the Equipment), except facilities owned by transporter, shall be installed, owned, operated and maintained by PGS.~~

ARTICLE IV - TRANSPORTATION SERVICE

~~Section 4.1 Fees. Shipper hereby engages PGS, and PGS hereby accepts such engagement, to receive and deliver Gas on behalf of Shipper up to the Maximum Transportation Quantity. Transportation services under this Agreement shall be provided in accordance with the rates and the other terms and conditions of PGS's applicable rate schedule specified in Article VIII hereof on file with the FPEC (as amended or superseded from time to time) and the provisions of this Agreement. In the event of a conflict between the provisions of the rate schedule and the provisions hereof, the provisions of the rate schedule~~

~~(b) of this section) for purchase hereunder until Shipper requires a change in such uniform daily purchase quantity. If Shipper has timely Nominated nominated a purchase quantity pursuant to Section 3.1(a) for a particular Day Month, then PGS shall confirm to Shipper the quantity of such Gas that PGS will tender for purchase by Shipper at the PGS Delivery Point(s) on such Day (the "Sales Quantity," which shall also be a "Scheduled Quantity") by not no later than 5:00 p.m. Eastern Time on the Business Day immediately preceding such each Day during such Month. Shipper shall promptly notify PGS in writing of any change in such Sales Quantity for any Day, and PGS will use commercially reasonable efforts to accept any such requested change as soon as practicable after notification. Such Sales Quantity shall be considered a Scheduled Quantity. Except as provided in Article XIII hereof or as provided in the Operational Balancing Agreement, PGS will not change the Sales Quantity established pursuant to this paragraph (a) during any Day except upon four (4) hours' prior notice to Shipper. Unless otherwise agreed in advance by PGS, Shipper shall receive from PGS at the PGS Delivery Point(s), on a uniform hourly basis, that quantity of Gas that has been established as the Sales Quantity hereunder. Shipper shall provide to PGS good faith estimates of the daily quantities of Gas it is likely to nominate for purchase from PGS pursuant to Section 3.1(a) of this Agreement as far in advance as reasonably practicable.~~

~~(b) Subject to the terms hereof and except as the parties may otherwise agree, Shipper shall nominate Gas for purchase pursuant to Section 3.1(b) of this Agreement by notifying PGS in writing of the daily quantity of Gas in MMBtu Shipper desires to purchase at the PGS Delivery Point(s) not less than seven (7) Business Days prior to the first Day of any Month in which Shipper desires to purchase Gas. Daily notices shall be given to PGS at least two (2) Business Days (but in no event less than forty eight (48) hours) in advance of the beginning of the Day on which Shipper desires the delivery of such Gas at the PGS Delivery Point(s). PGS and Shipper may establish a uniform daily purchase quantity in which instance Shipper shall not be required to nominate daily quantities of Gas (other than Gas to be nominated pursuant to paragraph (a) of this section) for purchase hereunder until Shipper requires a change in such uniform purchase quantity. If Shipper has nominated a purchase quantity pursuant to Section 3.1 (b) for a particular Month, then PGS shall confirm to Shipper the quantity of Gas that PGS will tender for purchase by Shipper at the PGS Delivery Point(s) (the "Sales Quantity") by not later than 5:00 p.m. Eastern Time on the Business Day immediately preceding each such Day during such Month. Shipper shall promptly notify PGS in writing of any change in such Sales Quantity, and PGS will use commercially reasonable efforts to accept any such requested change as soon as practicable after notification. Such Sales Quantity shall be considered a Scheduled Quantity. Except as provided in Article XIII hereof or as provided in the Operational Balancing Agreement, PGS will not change the Sales Quantity established pursuant to this paragraph (b) during any Day except upon four (4) hours' prior notice to Shipper. Unless otherwise agreed in advance by PGS, Shipper shall receive from PGS at the PGS Delivery Point(s), on a uniform hourly basis, that quantity of Gas that has been established as the Sales Quantity hereunder. Shipper shall provide to PGS good faith estimates of the daily quantities of Gas it is likely to nominate for purchase from PGS pursuant to Section 3.1(b) of this Agreement as far in advance as reasonably practicable.~~

~~Section 4.3 5.3 Nomination for Transportation. On any Day, Shipper may not nominate quantities pursuant to this Section 5.3 unless it has nominated the Maximum Sales Quantity (if any) pursuant to Section 5.2(a). Except as the parties may Unless otherwise agree agreed, during the term of this Agreement Shipper shall, for each Month, and each Day during such Month that Shipper seeks to change any aspect of any a prior nomination Nomination, notify PGS in writing of by providing a completed Nomination.~~

- ~~(1) the daily quantity of Gas in MMBtu that Shipper has nominated for purchase from Supplier(s);~~
- ~~(11) the daily quantity of Gas in MMBtu (not to exceed the Maximum Transportation Quantity) to be made available for delivery for Shipper's account at the PGS Receipt Point(s) and~~

- ~~(1) the name(s) of the Transporter(s);~~
 - ~~(2) the transportation contract number(s);~~
 - ~~(3) the name(s) of the shipper(s) and the shipper(s)'s authorized contact persons;~~
 - ~~(4) the authorized allocation format, protocol, agreement, or arrangement at each upstream point where Gas flow is or may be allocated to or for the account of Shipper, and the identity of the person performing such allocation;~~
 - ~~(5) the upstream contract number from which Gas is being allocated to or for the account of Shipper; and~~
 - ~~(6) Shipper's PGS contract number; and~~
- ~~(iii) the daily quantity of Gas in MMBtu that it desires to have made available for redelivery at the PGS Delivery Point(s), which, except for~~
- ~~(1) Retainage;~~
 - ~~(2) PGS authorized and mutually identified imbalance correction quantities; and~~
 - ~~(3) PGS authorized sales of Gas to Shipper;~~
- ~~shall equal the quantities confirmed at the PGS Receipt Point(s).~~

Shipper's Nomination for notice with respect to Gas to be made available for delivery on the first Day of any Month shall be given by 10 a.m. on the second Business Day prior to the Day on which a nomination must be delivered to Transporter for the receipt of deliveries at the PGS Receipt Point(s) on such Day. Daily Nominations for notices with respect to Gas to be made available for delivery on a Day other than on the first Day of a Month shall be given to PGS by 10 a.m. on the Business Day prior to the Day on which a nomination must be delivered to Transporter for the receipt of deliveries at the PGS Receipt Point(s) on such Day. PGS and Shipper may establish a uniform daily redelivery quantity in which instance Shipper shall not be required to nominate daily quantities of Gas for transportation hereunder until Shipper requires a change in such uniform daily redelivery quantity. If Shipper has nominated a redelivery quantity for a particular Day, and then PGS shall confirm to Shipper the quantity of Gas that it PGS will make use to be made available for redelivery at the PGS Delivery Point(s) on such Day (the "Transportation Quantity," which shall also be a "Scheduled Quantity") by not no later than 5:00 p.m. Eastern Daylight Time on the Business Day immediately preceding such Day. PGS has shall have no obligation to confirm a quantity of Gas nominated Nominated by Shipper pursuant to this Section 5.3 section greater than the quantity (determined by PGS in the exercise of reasonable judgment) which, in PGS's reasonable judgment, equals the Facility's likely consumption of Gas for a Day plus the Retainage applicable thereto, less any the sum of the Sales Quantities confirmed for delivery on such Day.

Section 4.4 Other Responsibilities. Shipper shall promptly notify PGS in writing of any change in even the Sales Quantity or Transportation Quantity for any Day, and PGS will use commercially reasonable efforts to accept any such requested change as soon as practicable after notification. The Transportation Quantity shall be considered a Scheduled Quantity. Except as provided in Article XIII hereof or as provided in the Operational Balancing Agreement, PGS will not change the Transportation Quantity during any Day except upon four (4) hours' prior notice to Shipper. Unless otherwise agreed in advance by PGS, Shipper shall receive from PGS at the PGS Delivery Point(s), on a uniform hourly basis, that quantity of Gas that has been established as the Transportation Quantity hereunder. Shipper shall provide to PGS good faith estimates of the daily quantities of Gas it is likely to nominate for transportation pursuant to this Section 5.3 as far in advance as

~~ARTICLE VII - QUANTITIES~~

~~Section 7.1 Maximum Quantity at the PGG Receipt Point(s). The maximum quantity of Gas that Shipper may tender, or cause to be tendered, to PGG hereunder on any given Day of Facility operation at the PGG Receipt Point(s) is the Maximum Transportation Quantity as set forth on Appendix C attached hereto, provided, however, that such Maximum Transportation Quantity may be changed from time to time upon mutual agreement of the parties if PGG determines in its reasonable discretion that such change will not have an adverse effect on the operation of its distribution system. Any such change in the Maximum Transportation Quantity as to which the parties agree shall be reflected by an appropriate amendment to this Agreement.~~

~~Section 7.2 Maximum Delivery Quantity. The maximum quantity of Gas that PGG shall be obligated to make available for delivery to Shipper on any given Day at the PGG Delivery Point(s) is the sum of (a) the Transportation Quantity, (b) the Sales Quantity established pursuant to Section 5.1(a), and (c) the Sales Quantity established pursuant to Section 5.1(b), which sum shall not exceed the Maximum Delivery Quantity set forth in Appendix D to this Agreement.~~

~~Section 7.3 Measurement of Quantities. PGG shall measure the Gas delivered to Shipper each Day at the PGG Delivery Point(s) in accordance with the measurement provisions set forth in Appendix A to this Agreement.~~

ARTICLE VIII - TRANSPORTATION AND OTHER CHARGES

~~Section 5.1 8-1 Transportation Charges; Purchase Price. The amount to be paid by Shipper shall pay to PGG each Month for transportation service rendered by PGG, and/or for Gas scheduled for purchase from PGG, hereunder shall be determined in accordance with PGG's then applicable interruptible transportation and/or sales rate schedule filed with and approved by the in PGG's FPSC Tariff. Based upon the quantities of Gas it is anticipated will be transported and sold by PGG hereunder, the parties agree that Currently, Rate Schedule _____ (Transportation Service) is currently applicable to transportation, and Rate Schedule _____ is applicable to sales.~~

~~Section 5.2 Purchase Price. The amount to be paid by Shipper to PGG each Month for Gas scheduled for purchase from PGG pursuant to Section 3.1 of this Agreement shall be determined in accordance with PGG's then applicable interruptible sales rate schedule filed with and approved by the FPSC. Based upon the quantities of Gas it is anticipated will be transported and sold by PGG hereunder, the parties agree that Rate Schedule _____ (Service) is currently applicable.~~

~~Section 5.3 4-3 Changes in Applicable Tariff. PGG and Shipper recognize that (i) if the applicable interruptible rates or rate schedules may change from time to time due to changes in Shipper's operations or its Gas requirements and (ii) that the aforesaid or otherwise applicable interruptible rates and rate schedules may be revised, or are amended or superseded, from time to time subject to the approval of the FPSC, PGG and Shipper agree that in any such case, the newly applicable rates or rate schedules shall be applicable to service hereunder interruptible rate schedule or the interruptible rate schedule that supersedes any applicable interruptible rate schedule or the revised or amended interruptible rate schedule, as the case may be, shall apply to this Agreement.~~

~~Section 5.4 Rights of PGG and Shipper. Nothing contained herein in this Agreement shall prevent PGG from proposing to, and filing with, the FPSC, (i) or Shipper from opposing) changes and revisions to any effective rate schedule, (ii) superseding rate schedules, or (iii) any other modifications to its tariff for the purpose of changing the rates, and other provisions in PGG's FPSC Tariff changes and other provisions applicable to the service~~

~~provided under this Agreement. PGS agrees to give Shipper prompt notice of (a) all filings (except filings in FPGC Docket No. 930003-GU, In Re: Purchased Gas Adjustment (PGA) True Up, and successor dockets thereto) which PGS makes with the FPGC and (b) all other FPGC proceedings or which PGS becomes aware, which PGS (in the exercise of reasonable judgment) determines would affect PGS's rates or the services to be performed by PGS under this Agreement. Nothing contained in this Agreement shall prevent Shipper from opposing any changes, revisions or modifications contained in any proposal or filing made by PGS to or with the FPGC that affect the charges or other provisions applicable to service provided under this Agreement, or from pursuing any other available legal remedy with respect to such changes, revisions or modifications.~~

ARTICLE VI IX - BILLING AND PAYMENT

~~Section 6.1 9-1 Billing. PGS will bill provide Shipper with a bill by the tenth day of each Month for all Scheduled Quantities established pursuant to Article V of this Agreement during each Day of the preceding Month (less any such portion thereof, if any, as has been purchased by PGS from Shipper pursuant to Section 13.4 of this Agreement an interruption or curtailment order), and for any other amounts due hereunder. if, during the preceding Month, PGS has purchased Gas from Shipper pursuant to Section 13.4 of this Agreement, such The bill shall show a credit for the estimated amount due Shipper from PGS on account of such for any purchase(s) made by PGS pursuant to an interruption or curtailment order during the Month. If the estimated amount owed by PGS to Shipper exceeds the amount Shipper owes to PGS, PGS shall pay to Shipper the net amount estimated to be due Shipper at the time PGS provides the bill to bills Shipper.~~

~~Section 6.2 9-2 Payment. Shipper shall pay the such bills rendered by PGS pursuant to Section 9-1 hereof, minus any disputed amounts, to PGS by wire transfer to the account and bank at the address specified in the invoice on or before by the 20th twentieth Day following the date of PGS's mailing (as signified by the postmark) or other delivery of such the bill. All sums not so paid by Shipper (or credited or paid by PGS) shall be considered delinquent.~~

~~Section 6.3 9-3 Billing Disputes. In the event of a bona fide billing dispute, Shipper or PGS, as the case may be, shall (i) pay (or credit) to the other party all amounts not in dispute, and (ii) pay any disputed amount into an escrow account established for the benefit of PGS and Shipper with an escrow agent and pursuant to terms reasonably acceptable to PGS and Shipper. PGS and Shipper shall exercise commercially reasonable efforts the parties shall negotiate in good faith to resolve any such billing the amount in dispute as soon as reasonably practicable. Any amounts deposited into the escrow account (together with any interest accrued thereon) shall be paid by the escrow agent to the party in whose favor if a party has withheld payment (or credit) of a disputed amount, and the dispute is resolved. Failure by a party to pay a disputed amount into the applicable escrow account shall be deemed a conclusive resolution of the dispute in favor of the other party, the non-prevailing party shall pay to the other party the amount determined to be due such other party, plus interest thereon at an annual rate equal to the prime interest rate of Citibank, N.A., New York, New York, plus one percent (1%), calculated on a daily basis from the date due until paid (or credited).~~

~~Section 6.4 9-4 Errors or Estimates. In any case where if an estimate is has been used to determine the amount due Shipper for on account of purchases of Gas by PGS pursuant to Section 13.4 of this Agreement an interruption or curtailment order, PGS shall make any adjustment necessary to reflect the actual amount due Shipper on account of such purchases in the next bill rendered to Shipper after determination of the actual amount due for such purchases is determined. An if an error is discovered in any bill, rendered (or credit given or payment made) hereunder, or in any of the information used in the calculation of such bill (or such credit or payment), PGS shall~~

~~be corrected to the extent practicable, make an adjustment to correct such error in the next bill rendered after the date on which the error is confirmed. The provisions of this section shall survive the termination of this Agreement.~~

ARTICLE VII E - FAILURE TO MAKE PAYMENT

~~Section 7.1 10-3 Late Payment Charges Interest. If any amount due hereunder from either party is delinquent, a late payment charge shall apply to any unpaid balance in accordance with PGS's FPC Tariff interest shall be calculated on the overdue amount at an annual rate of interest equal to the prime interest rate of Citibank, N.A., published in New York, New York, plus one percent (1%), calculated from the date that such amount was due until the date that it is paid (or credited).~~

~~Section 7.2 10-3 Other Remedy of PGS Remedies. If Shipper fails to make remedy a delinquency in any payment when due and such failure is not remedied by or on behalf of Shipper within five (5) thirty (30) Days after written notice of such default in payment thereof by PGS, then PGS, in addition to any other remedy it may have, may, without incurring any liability to Shipper damage and without terminating this Agreement, suspend further deliveries of Gas to Shipper until such the delinquent amount is paid, provided, however, that but PGS shall not suspend deliveries of Gas to Shipper do so if the (i) Shipper's failure to pay is the result of a bona fide billing dispute, (ii) Shipper has paid PGS for and all undisputed amounts not in dispute and (iii) the dispute is being resolved in accordance with Section 9.3 of this Agreement have been paid.~~

~~Section 10.3 Other Remedy of Shipper. If PGS is required pursuant to Section 9.1, but fails, to remedy a delinquency in providing provide a credit (or make making payment) to Shipper with respect to Gas purchased by for PGS purchases from Shipper pursuant to an interruption or curtailment order Section 13.4 of this Agreement, and such failure is not remedied by or on behalf of PGS within five (5) thirty (30) Days after Shipper's written notice of such default thereof, then Shipper, in addition to any other remedy it may have, may, without incurring liability to PGS damage and without terminating this Agreement, suspend PGS's right to retain and purchase Shipper's Gas pursuant to Section 13.4, provided, however, that an interruption or curtailment order, but Shipper shall not suspend PGS's right to retain and purchase Shipper's Gas pursuant to Section 13.4 do so if (i) PGS's failure to provide a credit (or make payment) to Shipper as required by Section 9.1 is the result of a bona fide billing dispute, (ii) PGS has provided a credit (or made payment) to Shipper for and all undisputed amounts not in dispute and (iii) the dispute is being resolved in accordance with Section 9.3 of this Agreement have been credited or paid by PGS.~~

ARTICLE XI - DEPOSITS

~~Section 11.1 Establishing Credit; New Deposits. Shipper shall establish credit prior to the commencement by PGS of transportation service hereunder (and shall maintain credit during the term hereof) by either: (i) making a cash deposit with PGS, or (ii) furnishing an irrevocable letter of credit from a bank, or a surety bond issued by a company holding a certificate of authority as an acceptable surety on Federal bonds. (Such companies are listed in Circular 570, published annually as of July 1 by the Financial Management Service, U.S. Department of the Treasury. Interim changes in Circular 570 are published in the Federal Register as they occur.) The amount of such cash deposit, irrevocable letter of credit or surety bond, as the case may be, shall be equal to two (2) times the estimated average monthly bill for service provided by PGS. PGS may require of Shipper, upon written notice of not less than thirty (30) Days (unless service has been discontinued for cause), such request or notice being separate and apart from any bill for service hereunder, a new deposit, where previously waived or~~

~~returned, or an additional deposit, in order to secure payment of current bills, provided, however, that the total amount of the deposit(s) required hereunder shall not exceed in the aggregate an amount equal to the average actual service provided by PGS for two (2) billing periods for the twelve (12) Month period immediately prior to the date of notice, multiplied by the current charges for such service, plus the monthly customer charge and any applicable taxes. If transportation service pursuant to this Agreement has been provided for less than twelve (12) Months, then PGS will base any new or additional deposit upon two (2) times the greater of the average actual monthly service provided, or two (2) times PGS's reasonable estimate of Shipper's monthly use of PGS's services hereunder.~~

~~Section 11.3 Record of Deposit or Other Security. PGS will keep records reflecting: (i) the manner in which Shipper has complied with the provisions of this Article, (ii) the amount of any deposit, letter of credit or surety bond paid or furnished by Shipper to PGS, (iii) the date thereof and (iv) each transaction concerning a deposit (such as the payment or crediting of interest).~~

~~Section 11.3 Interest on Deposit. PGS will pay interest annually on any cash deposit at the simple interest rate per annum approved from time to time by the FPSC, which, as of the date first written above, is nine percent (9%). Payment shall be made either in cash or by a credit on a bill rendered to Shipper pursuant to this Agreement. Shipper shall receive no interest on a cash deposit until six (6) Months after making the deposit. Thereafter, Shipper shall be entitled to receive interest from the date of the deposit.~~

~~Section 11.4 Refund of Deposit. Upon termination of this Agreement, PGS shall credit the amount of any cash deposit and accrued interest thereon against the final amount due PGS from Shipper hereunder, and the balance, if any, shall be returned to Shipper no later than fifteen (15) days after the final bill for service hereunder is rendered.~~

~~ARTICLE XII — POINT OF DELIVERY~~

~~The point of delivery for all Gas sold or redelivered hereunder shall be at the outlet side of such billing meter(s) so shall be installed at the PGS Delivery Point(s).~~

~~ARTICLE XIII — OBLIGATIONS, CURTAILMENT AND INTERRUPTION~~

~~Section 13.1 Obligations and Limitations. With respect to Gas received by PGS from (or for the account of) Shipper for redelivery hereunder, Shipper shall bear the sole responsibility for any and all costs incurred for such Gas and the delivery thereof to the PGS Receipt Point(s). The receipt and delivery of Gas by PGS hereunder is subject to curtailment or interruption of service as provided in Section 13.3 hereof. PGS shall be deemed to be in control and possession of all Gas from the time of its receipt at the PGS Receipt Point(s) until such Gas has been delivered to Shipper at the PGS Delivery Point(s), after which Shipper shall again be deemed to be in control and possession of such Gas. Shipper shall have no responsibility with respect to any Gas after it has been delivered to PGS at the PGS Receipt Point(s) on account of anything which may be done, happen or arise with respect to such Gas, until said Gas is delivered to Shipper at the PGS Delivery Point(s). PGS shall have no responsibility with respect to any Gas prior to its delivery to PGS at the PGS Receipt Point(s) or after its delivery to Shipper at the PGS Delivery Point(s) on account of anything which may be done, happen or arise with respect to such Gas prior to such receipt at the PGS Receipt Point(s) or after such delivery at the PGS Delivery Point(s). PGS reserves the right to commingle Gas delivered to it by (or for the account of) Shipper with Gas delivered by (or for the account of) other shippers and with PGS's other supplies of Gas.~~

~~Section 13.3 Changes to Tariff or Curtailment Plan. If the FPSC or any~~

~~per them paid by or due from PGG to Transporter. The payment of an overrun penalty shall not, under any circumstances, be considered as giving Shipper the right to take unauthorized overrun Gas, nor shall such payment be considered to preclude or limit any other remedies available to PGG against Shipper for failure to comply with interruption or curtailment orders issued by PGG hereunder.~~

~~Section 13.6 Notice of Curtailment. PGG agrees to give Shipper as much advance notice of a curtailment or interruption of service as is reasonably practicable, which notice shall, in non-emergency circumstances, be at least four (4) hours.~~

ARTICLE XIV — FACILITIES

~~Section 14.1 Installation of Facilities. If, prior to the commencement of service hereunder, it will be necessary for PGG to purchase, install, construct and/or upgrade certain of its equipment, devices and facilities (collectively, the "Facilities") to provide the services contemplated by this Agreement and to provide accurate and up to date communication of the volume and the Btu content of the Gas flowing through the PGG Receipt Point(s) and the PGG Delivery Point(s), a description of the Facilities, together with the anticipated cost for the purchase, installation, construction and/or upgrading thereof, is set forth on Appendix B attached hereto.~~

~~Section 14.2 Reimbursement of PGG. Shipper shall reimburse PGG for all of the costs incurred and paid by PGG with respect to the purchase, installation, construction and/or upgrading of such Facilities (except for costs to upgrade or expand any existing electronic measurement and data communications equipment on existing meters). The total cost of the Facilities to be reimbursed to PGG by Shipper pursuant to this section (if any) is set forth on Appendix B hereto. Shipper shall make reimbursement thereof by paying said amount to PGG upon receipt of PGG's invoice therefor.~~

~~Section 14.3 Ownership of Facilities. Unless the parties agree otherwise, all facilities used to provide service to Shipper hereunder, including without limitation the Facilities (but specifically excluding facilities owned by Transporter), shall be designed, constructed, installed, owned, controlled, operated and maintained by PGG.~~

ARTICLE XV — WARRANTY OF TITLE

~~Section 15.1 By Shipper. As between the parties hereto, Shipper warrants that it will have good title to all Gas delivered for the account of Shipper to PGG for transportation hereunder, that such Gas will be free and clear of all liens, encumbrances and claims whatsoever, and that it will indemnify PGG and save it harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of adverse claims of any and all persons to said Gas.~~

~~Section 15.2 By PGG. As between the parties hereto, PGG agrees:~~

~~(a) that it will indemnify Shipper and save it harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of adverse claims of any and all persons to Gas delivered for the account of Shipper to PGG for transportation hereunder, which arise from or relate to PGG's transportation of said Gas on PGG's distribution system; and~~

~~(b) that it will have good title to all Gas confirmed for delivery to Shipper pursuant to Section 5.3 of this Agreement, that such Gas will be free and clear of all liens, encumbrances and claims whatsoever, and that it will indemnify Shipper and save it harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of adverse claims of any and all persons to said Gas.~~

~~ARTICLE XVI INCORPORATION OF APPENDICES~~

~~The provisions of the appendices attached hereto, as the same may be amended from time to time, are hereby incorporated into this Agreement by this reference.~~

ARTICLE ~~VIII~~ XVII - MISCELLANEOUS

~~Section 17.1 Independent Parties. PGS and Shipper shall perform hereunder as independent parties and neither PGS nor Shipper is in any way or for any purpose, by nature of this Agreement or otherwise, a partner, joint venturer, agent, employer or employee of the other. Nothing in this Agreement shall be for the benefit of any third person for any purpose, including without limitation, the establishing of any type of duty, standard of care or liability with respect to any third person.~~

~~Section 8.1 17.2 Assignment and Transfer. No assignment of this Agreement by either Neither party may be made assign this Agreement without the prior written approval consent of the other party (which shall not be unreasonably withheld) and the assignee's written assumption of unices the assigning or transferring party's assignee or transferee shall expressly assume, in writing, the duties and obligations hereunder under this Agreement of the assigning or transferring party, and upon such assignment or transfer and assumption of the duties and obligations, the assigning or transferring party shall furnish or cause to be furnished to the other party a true and correct copy of such assignment or transfer and assumption of duties and obligations. [SUCH EXCEPTIONS TO THE FOREGOING AS TO WHICH THE PARTIES MAY AGREE]~~

~~Section 8.2 17.3 Governing Law. This Agreement and any dispute arising hereunder shall be governed by and interpreted in accordance with the laws of the state of Florida and shall be subject to all applicable laws, rules, and orders and regulations of any Federal, state or local governmental authority having jurisdiction over the parties, their facilities or the transactions contemplated. The venue Venue for any action, at law or in equity, commenced by either party against the other and arising out of or in connection with this Agreement shall be in a court, of the located within the State of Florida, having jurisdiction.~~

~~Section 17.4 Headings. All article headings, section headings and subheadings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.~~

~~Section 8.3 17.5 Severability. If any provision of this Agreement hereof becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement shall continue in full force and effect without said provision, provided, however, that if such severability materially changes the economic benefits of this Agreement to either party, the parties shall negotiate an equitable adjustment in the provisions of this Agreement in good faith.~~

~~Section 8.4 17.6 Entire Agreement; Appendices. This Agreement, including the appendices attached hereto sets forth the full and complete understanding of the parties as of the date first written above stated, and it supersedes any and all prior negotiations, agreements and understandings with respect to the subject matter hereof. No party shall be bound by any other obligations, conditions or representations with respect to the subject matter of this Agreement. The appendices attached hereto are an integral part hereof. All capitalized terms used and not otherwise defined in the appendices shall have the meanings given to such terms herein.~~

~~Section 8.5 17.7 Waiver. No waiver of any of the provisions of this Agreement hereof shall be deemed to be, nor shall it constitute, a waiver of any other provision whether similar or not. No single waiver shall constitute a continuing waiver. No waiver shall be binding on a party unless~~

PGS:

Peoples Gas System
702 N. FINELAND Street, 7th Floor
P. O. Box 3852
Tampa, Florida 33601-2852

Administrative Matters:
Attention: Vice President - Marketing
Telephone: (813) 278-4533
Facsimile: (813) 278-4533

Payment:
Attention: Vice President - Accounting
Telephone: (813) 278-4572
Facsimile: (813) 278-4533

Shipper:

Administrative Matters:
Attention:
Telephone:
Facsimile:

Invoices:
Attention:
Telephone:
Facsimile:

~~(b) Shipper shall designate in writing an individual to act as its "Contact Person", which individual shall be (i) duly authorized by Shipper to act for Shipper with respect to all operational matters arising under this Agreement and (ii) accessible to PGS at all times during each Day during the term of this Agreement. In the performance of its obligations hereunder, PGS shall be entitled to rely upon any instruction, consent or acknowledgement given by such Contact Person with respect to operational matters arising hereunder or under the PGT Agreement.~~

~~Section 8.7 17-10 Amendments. This Neither this Agreement nor any of the terms hereof may not be terminated, amended, supplemented, waived or modified except by an instrument in writing signed by the party against which the enforcement of the termination, amendment, supplement, waiver or modification shall be sought. A change in (a) the place to which notices pursuant to this Agreement hereunder must be sent or (b) the individual designated as Contact Person pursuant to Section 17.9(b) shall not be deemed nor require an amendment of this Agreement hereof provided such change is communicated in accordance with pursuant to Section 17.9(a) of this Agreement 8.6.~~

~~Section 17.11 Counterparts. This Agreement may be executed in two (2) or more counterparts, all of which taken together shall constitute one and the same instrument and each of which shall be deemed an original instrument as against any party who has signed it.~~

~~Section 8.8 17-12 Legal Fees. In the event of litigation between the parties hereto arising out of or in connection with this Agreement, then the reasonable attorneys' fees and costs of the party prevailing in such litigation shall be paid by the other party.~~

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

_____ of

PEOPLES GAS SYSTEM, INC. a division
TAMPA ELECTRIC COMPANY

By: _____
Name:
Title:

By: _____
Name:
Title:

~~APPENDIX A — GAS TRANSPORTATION AND SUPPLY AGREEMENT~~

~~SECTION I — DEFINITIONS~~

~~All capitalized terms not otherwise defined herein shall have the meaning given to such terms in the Gas Transportation and Supply Agreement.~~

~~SECTION II — QUALITY~~

~~1. All Gas delivered by PGG to Shipper shall be merchantable and shall, upon delivery, conform to each of the following quality specifications:~~

~~a. be commercially free of objectionable substances, including without limitation, dust, solids, liquids, gums and gum-forming constituents;~~

~~b. contain not more than 200 grains of total sulphur, or 15 grains of hydrogen sulphide per Mcf, and~~

~~c. have a gross heating value of not less than 950 Btu per Cubic Foot of Gas, measured at 14.73 p.s.i.a. at 60°F, on a dry basis.~~

~~2. The specifications and heating value of the Gas shall be determined by a method generally used by PGG, or in the absence of such method, a standard method in use in the natural gas pipeline industry. In addition to any other remedies available to Shipper, Shipper shall have the right to refuse to accept at the PGG Delivery Point(s) any Gas which fails to conform to the quality specifications and heating value set forth above.~~

~~3. All Gas which Shipper causes to be received by PGG for Shipper's account at the PGG Receipt Point(s) for transportation and delivery by PGG shall conform to the quality and heating value specifications set forth or incorporated in Transporter's tariff. In addition to any other remedies available to PGG, PGG shall have the right to refuse to accept at the PGG Receipt Point(s) any Gas which fails to conform to such quality and heating value specifications.~~

~~SECTION III — MEASUREMENTS~~

~~1. Facilities and equipment necessary to receive and measure the quantities of Gas delivered or redelivered to Shipper hereunder shall be located at the PGG Delivery Point(s). Measurement of the Gas received at the PGG Delivery Point(s) shall be conducted using primary measurement devices of standard manufacture installed and operated in accordance with the applicable specifications in Report No. 3 or Report No. 7 of the Gas Measurement Committee of the American Gas Association, as amended from time to time, or standards in the industry, whichever may apply. The determination of the volume of Gas received by Shipper at the PGG Delivery Point(s) hereunder shall be calculated from the measurements taken at the meter and corrected for pressure, temperature and specific gravity in accordance with standard methods and practices in use in the natural gas pipeline industry.~~

~~2. The transportation and sales unit of Gas shall be the Therm. Shipper's Actual Take shall be determined by multiplying the number of Cubic Feet of Gas received by Shipper at the PGG Delivery Point(s) as the transportation and/or sales volume (at 14.73 p.s.i.a. and 60°F.) by the total heating value of such gas (in Btu's) and dividing the product by 100,000. Unless determined to be otherwise by a gravity balance, the specific gravity of the flowing Gas shall be assumed to be 0.5. The total heating value of the Gas received by Shipper shall be that reported monthly by PGG, provided such value is applicable to the Gas delivered to Shipper, or such value shall~~

be determined by PGS by use of a calorimeter or other instrument suitable for heating value determination. The total heating value shall be corrected to and expressed as that contained in the unit of transportation and/or sales volume as defined above. The average absolute atmospheric pressure for purposes of determining absolute static pressure for chart computations shall be assumed to be 14.73 p.s.i.a., irrespective of actual elevation or location of the point of delivery above sea level, or variations in such atmospheric pressure from time to time. The temperature of the Gas measured shall be determined by the continuous use of a recording thermometer and correcting indices or temperature compensating meters. Where recording or compensating devices are not installed, the temperature of the Gas shall be assumed to be the climatological standard normal average monthly temperature as established by the nearest applicable National Oceanic and Atmospheric Administration Weather Bureau.

3. PGS will maintain and operate, at or near the PGS Delivery Point(s), measuring stations properly equipped to measure Shipper's Actual Takes. PGS shall grant Shipper access to such measuring stations at reasonable times and on reasonable prior notice. Shipper may install, maintain and operate beyond the PGS Delivery Point(s), at its expense, such operating equipment, pressure regulators and check measuring equipment as Shipper shall desire, provided, however, that such equipment shall not be installed or operated in a manner that would affect the accuracy or operation of the measurement facility maintained by PGS. Shipper shall grant access to such check measuring equipment at reasonable hours, but the reading, calibrating and adjusting thereof, and any changing of charts shall be done only by Shipper.

4. Measurements on PGS's meter(s) shall be conclusive on both parties except where the meter is defective or fails to register (in either of which cases PGS shall repair or replace the meter at its expense). If the meter is found defective or fails to register, the quantity of Gas delivered while the meter was out of order or failed to register shall be estimated:

- a. By using the registration of any check meter, if installed and accurately registering, or in the absence thereof;
- b. By correcting the error if the percentage of error is ascertainable by calibration, test or mathematical calculation, or, in the absence of both (a) and (b), then
- c. By estimating the quantities delivered from deliveries during periods under similar conditions when the meter was registering accurately.

An appropriate billing adjustment shall be made for such period during which PGS's meter was defective or failed to register.

5. PGS shall maintain its meter or meters in good working order and will make Monthly tests of each such meter to ensure that it accurately measures the Gas delivered to Shipper. If Shipper is dissatisfied with the accuracy of the meter at any time, PGS will have the meter tested, and if a test has not been made within one Month, will make such test without charge. If the meter has been tested within one Month, PGS will nevertheless make the test required, but if the meter, when tested, is proved to be accurate within plus or minus two percent (2%), Shipper will pay PGS for the costs incurred in conducting such test.

SECTION IV — FORCE MAJEURE

1. If either party hereto is rendered unable, wholly or in part, by Force Majeure to carry out its obligations under this Agreement, other than to make payments due hereunder, it is agreed that the obligations of the party giving such notice, so far as they are affected by such Force Majeure, shall be suspended during the continuation of any inability so caused but for no longer period, and such cause shall as far as possible be remedied with

~~all reasonable dispatch, provided, however, that no party hereto shall be required against its will to adjust any labor dispute.~~

~~2. The term "Force Majeure" shall mean acts of God, strikes, lockouts, or other industrial disturbances, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, sinkholes, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accident to machinery, generating equipment, or lines of pipe, the necessity for maintenance of or making repairs or alterations to machinery, generating equipment, or lines of pipe, freezing of wells or lines of pipe, failure or depletion of wells, loss or interruption of supply, not the result of an act or omission of the party claiming Force Majeure, interruption or unavailability of transportation due to an event constituting Force Majeure under Transporter's tariff, and any other causes, whether of the kind herein enumerated or otherwise, not within the control of the party claiming suspension and which, in each of the above cases, by the exercise of due diligence such party is unable to prevent or overcome, such term shall likewise include the inability of either party to acquire, or delays on the part of such party in acquiring at reasonable cost and by the exercise of reasonable diligence, servitudes, rights of way, grants, permits, permissions, licenses, materials or supplies which are required to enable such party to fulfill its obligations hereunder.~~

SECTION V — DELIVERY PRESSURES

~~Shipper and PGS agree that the pressure at which PGS shall be obligated to deliver Gas hereunder, shall be as set forth in Appendix C to the Agreement.~~

APPENDIX B — GAS TRANSPORTATION AND SUPPLY AGREEMENT

MAXIMUM SALES QUANTITY

~~All capitalized terms not otherwise defined in this Appendix B shall have the meanings given to such terms in the Gas Transportation and Supply Agreement.~~

~~The Maximum Sales Quantity shall be _____ MMBtu per Day.~~

APPENDIX A G - GAS TRANSPORTATION AND SUPPLY AGREEMENT

PGS RECEIPT POINT(S)

~~All capitalized terms not otherwise defined in this Appendix C shall have the meanings given to such terms in the Gas Transportation and Supply Agreement.~~

Maximum Transportation Quantity: _____ MMBtu per Day plus the Retainage

PGS will accept Gas from Shipper, or for its account, for transportation pursuant to this Agreement at the following point(s):

The above point(s) may be changed by PGS from time to time on written notice to Shipper.

by Shipper in writing. If Shipper has failed to make any election, either prior to PGS's notice or during the two-hour period, it shall be conclusively presumed that Shipper has elected Option D. The Options are as follows:

Option A: Shipper desires PGS to continue deliveries during the period of interruption and Shipper agrees to make available for its account (i.e., to make all arrangements necessary to cause the delivery of) at the PGS Receipt Point(s) additional quantities of Gas equal to those quantities which PGS is entitled to interrupt.

Option B: Shipper desires PGS to continue deliveries during the period of interruption and agrees to make available for its account (i.e., to make all arrangements necessary to cause the delivery of) at the applicable point(s) of receipt into PGT's pipeline system additional quantities of Gas (including the Retainage) equal to those quantities which PGS is entitled to interrupt, and desires PGS to release to Shipper (or to a Supplier designated by Shipper), for the duration of the period of interruption and at the maximum rate applicable to the capacity released, primary firm capacity on PGT sufficient to transport such additional quantities of Gas to the PGS Receipt Point(s). By election of this Option B, Shipper agrees to be responsible for the payment of all charges imposed by PGT with respect to the capacity so released by PGS to Shipper (or Shipper's Supplier), or the use of such capacity, for the period during which such release is effective. If Shipper elects to continue deliveries during the period of interruption pursuant to this Option B, PGS agrees to release the capacity requested by Shipper if PGS determines in its sole discretion that (i) such capacity is available for release to Shipper during the period of interruption, (ii) such release can be accomplished readily and without detriment to PGS's system operations, and (iii) such release is practicable within the time constraints and requirements of PGT's FERC Tariff and the ready availability of PGS staff and resources.

Option C: Shipper desires PGS to continue deliveries during the period of interruption, appoints PGS as its agent to acquire (at the PGS Receipt Point(s)) additional quantities of Gas at market-based prices, equal to those quantities which PGS is entitled to interrupt, to be used by Shipper during the period of curtailment, and agrees to reimburse PGS, in addition to all amounts otherwise payable for Gas pursuant to this Agreement, for the incremental additional per-therm costs incurred by PGS (as Shipper's agent) to acquire for the account of Shipper, at the PGS Receipt Point(s), Gas to be used by Shipper during the period of interruption. As used in this Option C, "incremental additional costs" shall mean the weighted average per-therm costs incurred by PGS to acquire, for the accounts of Shipper and other interruptible customers of PGS who have elected this Option C during a particular period of interruption, the additional quantities of Gas mentioned above to be used by Shipper and such other interruptible customers of PGS during such period of interruption, including but not limited to commodity, transportation, storage and other charges incurred by PGS.

Option D: Shipper agrees to cease taking Gas pursuant to PGS's notice during the period of interruption.

If Shipper has elected to continue deliveries pursuant to Option A, Option B or Option C, PGS will, in implementing its interruption notice, take and pay for Shipper's Gas as provided in PGT's FERC Tariff, but will not discontinue deliveries to Shipper unless (i) if Shipper has elected Option A, Shipper fails to make additional Gas available at the PGS Receipt Point(s), or (ii) if Shipper has elected Option B, either (a) PGS has no primary firm capacity on PGT available for release to Shipper (or Shipper's Supplier) during the period of interruption without detriment to service required by PGT's customers in a curtailment category having a higher priority than Shipper's curtailment category under PGS's curtailment plan, or (b) PGS determines either that the release of capacity contemplated by Option B would not result in Shipper's (or Shipper's Supplier's) being able to make the additional quantities of Gas available at the PGS Receipt Point(s) for delivery to Shipper during the period of interruption or that the release of capacity cannot be made pursuant to Option B, or (iii) if Shipper has elected Option C, PGS, having exercised commercially reasonable efforts, is unable to

acquire for Shipper's account, at the PGS Receipt Point(s), additional Gas for delivery to Shipper during the period of interruption. In the event of the occurrence of any of the circumstances described in items (i) through (iii), PGS will provide Shipper with not less than two (2) hours' notice to cease taking Gas during the period of interruption, and Shipper shall not have the benefit of Options A through C above.

~~difference between the Scheduled Quantities and the Actual Takes, calculated by subtracting the Actual Takes from the Scheduled Quantities for each Day or other period of time.~~

~~"Operational Imbalance Amount" shall mean the amount of an Operational Imbalance.~~

~~"PGS Transportation Agreement" shall mean that certain Amended and Restated Gas Transportation and Supply Agreement dated as of even date herewith between PGS and Shipper.~~

~~"Positive", with respect to an Operational Imbalance Amount, shall mean that the Scheduled Quantities (for a Day or other specified period of time, as the content may require) exceed the Actual Takes (on such Day or during such other specified period of time, as the case may be).~~

~~"Scheduled Quantities" shall mean, for a Day or other specified period of time (as the content may require), the amounts of Gas for which PGS is entitled to bill Shipper pursuant to Section 9.1 of the PGS Transportation Agreement.~~

~~"Transportation Component" shall mean the total per Therm charge payable by Shipper to PGS for service provided pursuant to the PGS Transportation Agreement.~~

~~"Zone 1 Price" shall mean the monthly average price for spot gas delivered to FGT at Tivoli, Texas, as reported in Natural Gas Week, converted to an equivalent price per Therm.~~

~~"Zone 2 Price" shall mean the monthly average price for spot gas delivered to FGT at St. Helena Parish, Louisiana, as reported in Natural Gas Week, converted to an equivalent price per Therm.~~

ARTICLE II — TERM

~~This Agreement shall become effective on the date first written above. The term of this Agreement shall commence on said date and shall continue until the termination of the PGS Transportation Agreement, provided, however, that the provisions of this Agreement shall apply to any Operational Imbalance existing as of the date on which the PGS Transportation Agreement terminates.~~

ARTICLE III — NOMINATIONS, RESOLUTION OF OPERATIONAL IMBALANCES

~~Section 3.1 Nominations. — Nominations by Shipper of quantities of Gas to be made available for delivery to or for the account of Shipper at the PGS Receipt Point(s) and at the PGS Delivery Point(s) during a Day or other specified period of time, as well as the confirmation of such quantities and changes thereto during any such period, shall be governed by the provisions of the PGS Transportation Agreement.~~

~~Section 3.2 Measurement. — Measurement of quantities of Gas for purposes of this Agreement shall be governed by the provisions of the PGS Transportation Agreement. If, at any time or from time to time, PGS does not possess the ability to monitor Actual Takes on a daily basis, Shipper shall provide to PGS its best available information with respect to such Actual Takes, on a daily basis, within two (2) Business Days following the date of such Actual Takes, provided, however, that nothing in this Agreement shall require Shipper to install metering devices where none currently exist.~~

~~Section 3.3 Resolution of Monthly Operational Imbalance Amounts. It is the intent of the parties hereto that all Daily Imbalance Amounts shall be resolved as of the end of each Billing Period. At the end of each Billing Period, all Daily Imbalance Amounts incurred during such Billing Period shall~~

be summed, and the result shall be the Monthly Imbalance Amount, which shall be resolved in cash as follows:

(a) If a Monthly Imbalance Amount is Positive, PGG shall purchase from Shipper (and Shipper shall sell to PGG) such Monthly Imbalance Amount at a price per Therm (the "Unit Price") equal to the sum of (i) the average Zone 3 Price for the Billing Period in which such Monthly Imbalance Amount was incurred, multiplied by the applicable factor set forth below:

Imbalance Level	Factor
0¢ to 5¢	1.00
Greater than 5¢ to 20¢	0.90
Greater than 20¢	0.80

plus (2) an amount equal to the sum of (i) the usage rate (including, but not limited to, usage charges, surcharges, fuel reimbursement charges, and other charges, taxes, assessments and fees) paid to Transporter by Shipper and (ii) the one hundred percent (100%) load factor equivalent of the lesser of the reservation charge paid to Transporter by Shipper or the FTS-1 reservation charge of PGT. If, due to Force Majeure (as defined in the PGG Transportation Agreement), Shipper is unable (by adjusting its Scheduled Quantities and/or Actual Takes) to correct any Positive Daily Imbalance Amount (a), the Unit Price to be paid to Shipper by PGG for such Monthly Imbalance Amount shall also include the Transportation Component. The total amount due Shipper pursuant to this Section 3.3(a) shall be the product of the Unit Price (calculated as set forth herein) and such Monthly Imbalance Amount. The Imbalance Level shall be calculated by dividing the Monthly Imbalance Amount by the Scheduled Quantities for the Billing Period in which such Monthly Imbalance Amount accumulated.

(b) If a Monthly Imbalance Amount is Negative, PGG shall sell to Shipper (and Shipper shall purchase from PGG) such Monthly Imbalance Amount at a price per Therm (the "Unit Price") equal to the sum of (i) the average Zone 3 Price for the Billing Period in which such Monthly Imbalance Amount accumulated, multiplied by the applicable factor set forth below:

Imbalance Level	Factor
0¢ to 5¢	1.00
Greater than 5¢ to 20¢	1.10
Greater than 20¢	1.20

plus (2) an amount equal to the sum of (i) the usage rate (including, but not limited to, usage charges, surcharges, fuel reimbursement charges, and other charges, taxes, assessments and fees) paid to Transporter by PGG, (ii) the one hundred percent (100%) load factor equivalent of the FTS-1 reservation charge of PGT and (iii) the Transportation Component. The total amount due PGG pursuant to this Section 3.3(b) shall be the product of the Unit Price (calculated as set forth herein) and such Monthly Imbalance Amount. The Imbalance Level shall be calculated by dividing the Monthly Imbalance Amount by the Scheduled Quantities for the Billing Period in which such Monthly Imbalance Amount accumulated.

~~Section 3.4 Units of Measure.~~ Notwithstanding the manner in which a Transporter's usage rate or reservation charge is expressed, all calculations of amounts due either party pursuant to this Agreement shall be converted to an equivalent rate per Therm.

ARTICLE IV BILLING AND PAYMENT

~~Section 4.1 Amounts Payable.~~ For any Billing Period in which an Operational Imbalance Amount is required by Section 3.3 to be purchased by PGG, the amount payable to Shipper shall be credited by PGG to Shipper pursuant to Section 4.3. For any Billing Period in which an Operational Imbalance Amount is required by Section 3.3 to be purchased by Shipper, the amount payable to PGG shall be billed by PGG and paid by Shipper pursuant to Section 4.3.

shall not suspend PGS's right to retain and purchase Shipper's Gas pursuant to Section 4.4 of the PGS Transportation Agreement if (i) PGS's failure to provide a credit to Shipper as required by Section 4.3 is the result of a bona fide dispute, (ii) PGS has provided a credit to Shipper for all amounts not in dispute and (iii) the dispute is being resolved in accordance with Section 4.4 of this Agreement.

ARTICLE VI — WARRANTY OF TITLE

~~Section 6.1 By Shipper.~~ Shipper warrants that it will have good title to all Gas sold to PGS hereunder, that such Gas will be free and clear of all liens, encumbrances and claims whatsoever, and that it will indemnify PGS and save it harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of adverse claims of any and all persons to said Gas.

~~Section 6.2 By PGS.~~ PGS warrants that it will have good title to all Gas sold to Shipper hereunder, that such Gas will be free and clear of all liens, encumbrances and claims whatsoever, and that it will indemnify Shipper and save it harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of adverse claims of any and all persons to said Gas.

ARTICLE VII — INCORPORATION OF PGS TRANSPORTATION AGREEMENTS

The provisions of Appendix A to the PGS Transportation Agreement, as the same may be amended from time to time, are hereby incorporated into this Agreement by this reference.

ARTICLE VIII — MISCELLANEOUS

~~Section 8.1 Assignment and Transfer.~~ No assignment of this Agreement by either party may be made without the prior written approval of the other party (which shall not be unreasonably withheld) and unless the assigning or transferring party's assignee or transferee shall expressly assume, in writing, the duties and obligations under this Agreement of the assigning or transferring party, and upon such assignment or transfer and assumption of the duties and obligations, the assigning or transferring party shall furnish or cause to be furnished to the other party a true and correct copy of such assignment or transfer and assumption of duties and obligations.

~~Section 8.2 Governing Law.~~ This Agreement and any dispute arising hereunder shall be governed by and interpreted in accordance with the laws of the state of Florida and shall be subject to all applicable laws, rules, orders and regulations of any Federal, state or local governmental authority having jurisdiction over the parties, their facilities or the transactions contemplated. The venue for any action, at law or in equity, commenced by either party against the other and arising out of or in connection with this Agreement shall be in a court of the State of Florida having jurisdiction.

~~Section 8.3 Headings.~~ All article headings, section headings and subheadings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

~~Section 8.4 Severability.~~ If any provision of this Agreement becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement shall continue in full force and effect without said provision.

~~Section 8.5 Entire Agreement.~~ This Agreement sets forth the full and complete understanding of the parties as of the date above stated with respect to the resolution of Operational Imbalance Amounts, and supersedes

~~Invoice~~

Attention: _____
Telephone: _____
Facsimile: _____

~~(b) The provisions of Section 17.0 (b) of the PGC Transportation Agreement are incorporated herein and made a part hereof by reference.~~

~~Section 8.9 Amendments. Neither this Agreement nor any of the terms hereof may be terminated, amended, supplemented, waived or modified except by an instrument in writing signed by the party against which the enforcement of the termination, amendment, supplement, waiver or modification shall be sought. A change in (a) the place to which notices pursuant to this Agreement must be sent or (b) the individual designated as Contact Person pursuant to Section 17.0 (b) of the PGC Transportation Agreement shall not be deemed nor require an amendment of this Agreement provided such change is communicated in accordance with Section 8.8 (a) of this Agreement.~~

~~Section 8.10 Counterparts. This Agreement may be executed in two (2) or more counterparts, all of which taken together shall constitute one and the same instrument and each of which shall be deemed an original instrument as against any party who has signed it.~~

~~Section 8.11 Legal Fees. In the event of litigation between the parties hereto arising out of or in connection with this Agreement, then the reasonable attorneys' fees and costs of the party prevailing in such litigation shall be paid by the other party.~~

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

PEOPLES GAS SYSTEM, INC.

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

**CHANGES MADE BY REVISED TARIFF SHEETS TO
SECTION F OF GENERAL APPLICABILITY PROVISIONS**

F. **CONDITIONS FOR TRANSPORTATION OF CUSTOMER-OWNED GAS.** The following provisions shall apply to each Customer which receives transportation service provided by Company (regardless of whether such Customer also purchases Gas from Company pursuant to a rate schedule providing for sales service):

- (1) Each prospective customer desiring to receive transportation service provided by Company shall submit a written application, in form acceptable to Company, prior to the initiation of transportation service. Upon receipt of such written application, Company will, if it determines it is able to provide the service requested, tender to the prospective customer a Gas Transportation and Supply Agreement. A Gas Transportation and Supply Agreement (the basic form of which is set forth on Sheets Nos. 8.114 through ~~8.114-23~~ 8.114-6) ~~and an Operational Balancing Agreement (the basic form of which is set forth on Sheets Nos. 8.301 through 8.307)~~ accepted by Company, ~~are conditions is a~~ condition precedent for the Company's provision of transportation service. The Gas Transportation and Supply Agreement shall specify the term for which it shall be effective, and shall contain such reasonable provisions for termination as to which Company and Customer may agree. ~~The Operational Balancing Agreement shall be in effect during the term of the Gas Transportation and Supply Agreement.~~

- (2) Definitions. As used in this Paragraph F and in the Gas Transportation and Supply Agreement, the following terms have the meanings set forth below:

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

"Daily Imbalance Amount" means the Operational Imbalance Amount determined for a Day.

"Day" means "Delivery Gas Day" as defined in Transporter's FERC Tariff (as hereinafter defined).

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

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

"Operational Imbalance Amount" means, for a given period of time, the positive or negative whole number determined by subtracting the Actual Takes for the period from the Scheduled Quantities for the period.

"Retainage" means one-half of one percent (0.5%) of Gas received by Company for the account of Customer at the FGS Receipt Point(s) (as defined in the Gas Transportation and Supply Agreement), which Company shall retain at no cost to Company.

"Scheduled Quantities" means, for a given period of time, the amount of Gas confirmed by Company for transportation and/or purchase under the Gas Transportation and Supply Agreement (less any Retainage applicable thereto).

"Transportation Component" means the total per-Therm charge payable by Customer to Company for service (excluding the resolution of Operational Imbalance Amounts) provided pursuant to the Gas Transportation and Supply Agreement.

"Transporter" means any gas pipeline company delivering Gas to the FGS Receipt Point(s) for Customer's account for use in Customer's Facility (as defined in the Gas Transportation and Supply Agreement).

"Transporter's FERC Tariff" means the tariff of Transporter on file with the Federal Energy Regulatory Commission which is applicable to deliveries for the account of Customer at the FGS Delivery Point(s) (as defined in the Gas Transportation and Supply Agreement).

(3) Interruption. If Customer receives transportation service pursuant to an interruptible rate schedule, Company makes no guarantee against, and assumes no liability for, interruptions of service.

(a) Company shall be deemed in control and possession of all Gas from the time of its receipt at the FGS Receipt Point(s) (as defined in the Gas Transportation and Supply Agreement) until such Gas is delivered to Customer at the FGS Delivery Point(s) (as defined in the Gas Transportation and Supply Agreement), after which Customer shall be deemed in control and possession of such Gas. Customer shall have no responsibility with respect to any Gas after it has been delivered to Company at the FGS Receipt Point(s) on account of anything which may be done, happen or arise with respect to such Gas, until said Gas is delivered to Customer at the FGS Delivery Point(s). Company shall have no responsibility with respect to any Gas prior to its delivery to Company at the FGS Receipt Point(s) or after its delivery to Customer at the FGS Delivery Point(s) on account of anything which may be done, happen or arise with respect to such Gas prior to such receipt at the FGS Receipt Point(s) or after such delivery at the FGS Delivery Point(s). Company may commingle Gas delivered to it for Customer's account with Gas delivered for the accounts of Company and/or other Customers.

(b) Right to Use Customer's Gas Supply. If deliveries to Customer hereunder are curtailed or interrupted, Customer shall sell to Company, and Company shall purchase from Customer, that portion of Scheduled Quantities of Customer's Gas that is curtailed or interrupted; but Customer shall have no obligation to sell if Customer has no Gas flowing at the time interruption or curtailment is noticed, or is otherwise unable to deliver Gas to Company; and provided further that, after receiving a FGS curtailment or interruption notice, unless Company otherwise directs, Customer shall not cause or permit any of its Scheduled Quantities to be curtailed or redirected so as to reduce the quantities delivered at the FGS Receipt Point(s). For all Gas sold by Customer pursuant to this section F(3)(b), Company shall pay Customer an amount per Mbtu equal to the sum of (a) either (i) if the Gas was purchased by Customer pursuant to a contract with an initial term of five (5) or more years providing for firm purchases and sales of Gas, the price at which Customer purchased such Gas, or (ii) in all other cases, the price for spot Gas delivered to Transporter at FGS Zone 1, as reported in the "Daily Price Survey" in Gas Daily for the day in which Company purchased the Gas, and (b) the FGS

- (7) Warranty of Title. As between Customer and Company, Customer warrants that it will have good title to all Gas delivered for the account of Customer to Company for transportation under the Gas Transportation and Supply Agreement, that such Gas will be free and clear of all liens, encumbrances and claims whatsoever, and that it will indemnify and save Company harmless from any suit, action, debt, account, damage, cost, loss and expense arising from or out of adverse claims of any person to said Gas. As between Customer and Company, Company warrants that it will (a) indemnify and save Customer harmless from any suit, action, debt, account, damage, cost, loss and expense arising from adverse claims of any person to Gas delivered to Company for Customer's account for transportation under the Gas Transportation and Supply Agreement, which arise from Company's transportation of the Gas on Company's distribution system; and (b) have good title to all Gas confirmed for delivery to Customer pursuant to the Gas Transportation and Supply Agreement, that such Gas will be free and clear of any lien, encumbrance or claim whatsoever, and that it will indemnify and save Customer harmless from any suit, action, debt, account, damage, cost, loss and expense arising from adverse claims of any person to said Gas.
- (8) Delivering of Gas. All Gas delivered under the Gas Transportation and Supply Agreement shall be delivered at rates of flow as constant as operationally feasible throughout each Day. Company has no obligation on any Day to deliver on other than a uniform hourly basis in relation to the Scheduled Quantities. The point of delivery for all Gas confirmed by Company for delivery under the Gas Transportation and Supply Agreement shall be at the outlet side of such billing meter(s) as shall be installed at the POC Delivery Point(s). Measurement of the Gas delivered shall be in accordance with Section V of Company's Rules and Regulations.
- (9) Correction of Imbalances. All Daily Imbalance Amounts arising under the Gas Transportation and Supply Agreement shall be resolved as of the end of each Month. The sum of all Daily Imbalance Amounts incurred during a Month (the "Monthly Imbalance Amount") shall be resolved in cash as follows:

- (a) If a Monthly Imbalance Amount is Positive (i.e., Scheduled Quantities exceed Actual Takes), Company shall purchase the same from Customer (and Customer shall sell the same to Company) at a price per Therm (the "Unit Price") equal to the sum of (1) the lowest of the average of weekly prices for spot gas delivered to POC at Mustang Island (Tivoli), Texas, Vermillion Parish, Louisiana, or St. Helena Parish, Louisiana, as reported in Natural Gas Week, or Company's lowest supplier commodity rate, for the Month in which such Monthly Imbalance Amount was incurred, multiplied by the applicable factor set forth below:

Imbalance Level	Factor
01 to 24	0.10
Greater than 24 to 204	0.15
Greater than 204	0.20

plus (2) the Transportation Component. The total amount due Customer pursuant to this subparagraph (a) shall be the product of the Unit Price (calculated as set forth herein) and such Monthly Imbalance Amount. The Imbalance Level shall be calculated by dividing the Monthly Imbalance Amount by the Scheduled Quantities for the Month in which the Monthly Imbalance Amount accumulated.

- (b) If a Monthly Imbalance Amount is Negative (i.e., Actual Takes exceed Scheduled Quantities), Company shall sell the

the PGS Receipt Point(s) for Customer's account; provided, however, that in the case of any discrepancy between allocation statements, Customer and Company will cooperate to determine which statement is correct; and provided further, however, that unless such discrepancy is resolved to the satisfaction of Company and Transporter, as between Company and Customer, Transporter's allocation statement shall control and shall provide the quantity to be used for all calculations and adjustments under the Gas Transportation and Supply Agreement.

- (12) Inspection. Each of Customer and Company shall have the right during the term of the Gas Transportation and Supply Agreement and for a period of three (3) years thereafter, upon reasonable prior notice and during normal business hours, to examine the records and documents of the other party to such agreement to the extent necessary to verify the accuracy of any statement or charge made thereunder. Each party to such agreement shall keep each such record and document for a period of three (3) years from the date the same is created or any entry or adjustment thereto is made.
- (13) Nominations required by the Gas Transportation and Supply Agreement shall be submitted electronically in accordance with instructions furnished by the Company, or in the form set forth on Sheet No. 8.115.