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(727) 441-8966 FAX (727) 442-8470

April 26, 2000

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

000502-64

00 APR 27 AM 10 45
RECEIVED
SERVICES DIVISION
FLORIDA PUBLIC SERVICE COMMISSION

Re: Petition for approval of special contract with Max-Pak Corporation by Peoples Gas System

Dear Ms. Bayo:

We enclose for filing on behalf of Peoples Gas System, the original and 15 copies of the petition referenced above, and request **confidential treatment** of a portion of Exhibit 1 thereto.

This request is made pursuant to Section 366.093, Florida Statutes, for the reasons detailed in the document entitled "Peoples Gas System's Request for Confidential Treatment," the original and 11 copies of which are also enclosed herewith for filing. The sensitive information contained in Exhibit 1 to the enclosed petition has been highlighted in yellow on the single unredacted copy of such exhibit enclosed herewith.

We enclose a high density computer diskette containing both the petition (minus the exhibits) and the enclosed request (in WordPerfect 8.0) as required by the Commission's rules.

Finally, in the original and all 15 "public" copies of the petition identified above, the sensitive information in Exhibit 1 has been redacted (*i.e.*, "whited out").

Please acknowledge your receipt and filing of the enclosures by stamping the duplicate copy of this letter which is enclosed and returning the same to the undersigned in the preaddressed envelope which is also enclosed.

DOCUMENT NUMBER-DATE

05175 APR 27 8

FPSC-RECORDS/REPORTING

Blanca S. Bayo, Director
April 26, 2000
Page 2

Thank you for your usual assistance.

Sincerely,

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

ANSLEY WATSON, JR.

AWjr/a
Enclosures

cc: Mr. J. Brent Caldwell

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition for approval of special)
contract with Max-Pak Corporation)
by Peoples Gas System)
_____)

Docket No. 000502-6U

Submitted for Filing:
4-27-00

PETITION OF PEOPLES GAS SYSTEM

Peoples Gas System ("Peoples" or the "Company"), by its undersigned attorneys, petitions the Commission for approval of a special contract with Max-Pak Corporation ("Max-Pak"), designed to retain the present and future load of Max-Pak's corrugated box manufacturing facility in Lakeland, Florida, on the Peoples system. In support of its petition, Peoples states:

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

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

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

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

and

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

3. Petitioner's substantial interests will be affected by the Commission's determination with respect to the relief sought by petitioner herein, as will be more fully set forth hereinafter.

DOCUMENT NUMBER-DATE

05175 APR 27 8

FPSC-RECORDS/REPORTING

4. Natural gas is an extremely competitive energy market. Often, a customer may elect to switch to alternative energy sources including propane, electric, fuel oil, diesel, waste oil, residual oil, etc. In situations where a customer can easily switch to an alternative fuel, and investment has already been made by the Company, the rates for natural gas service need to be flexible. By this petition, and for the reasons hereinafter set forth, Peoples seeks an order of the Commission approving the Negotiated Contract for Gas Service between Peoples and Max-Pak, a copy of which (excluding portions thereof subject to Peoples' request for confidential treatment) is attached hereto as Exhibit 1 (the "special contract"). The special contract is necessary to ensure that Max-Pak uses natural gas, in lieu of its alternate fuel, for the operation of its manufacturing facility.

5. Max-Pak owns and operates a corrugated box manufacturing facility in Lakeland, Florida (the "Plant"), which it acquired in September 1998 from Union Camp Corporation. Peoples has served the current Max-Pak location since December 1980 and has invested in pipe, regulators, meters, and other facilities to serve the existing location. Max-Pak is presently a customer of Peoples, and receives natural gas service on the Company's General Service Large Volume 1 tariff rate. Max-Pak also participates in aggregated transportation service, as a part of a customer pool under Peoples' experimental Rider FTA. Max-Pak has existing, functioning alternate fuel equipment to enable it to operate its Plant using a fuel other than natural gas, and in December 1999 switched to and began operating on its alternative fuel. The Plant is capable of operating using either natural gas or the alternate fuel without any production loss or down time, and the actual switch from natural gas to the alternate fuel consists of merely turning a valve.

6. Max-Pak's current natural gas requirements – assuming no use of its alternate fuel to operate the Plant – total approximately 130,000 therms annually. However, customer demand for

Max-Pak's products has increased to the extent that Max-Pak is considering the addition of a second production shift at the Plant. The addition of another shift would result in a substantial increase in the Plant's requirements for natural gas (to approximately 300,000 therms annually according to Max-Pak), all of which Max-Pak is willing to consume through the Peoples distribution system under the special contract. Peoples desires to continue providing gas service to Max-Pak and believes doing so is in the best interests of the Company and its customers. However, if Peoples is not willing to do so at a lesser rate, Max-Pak has stated that it will continue to operate its Plant using its alternate fuel. See Affidavit of Scott J. McBride, Vice President and General Manager of Max-Pak, attached hereto as Exhibit 2.

7. In return for a reduction of its rate for gas service, Max-Pak is willing to:
 - a. commit to use natural gas for all of the Plant's operations, including any future requirements associated with the operation of the Plant;
 - b. commit to interrupt its use of natural gas at the Plant when requested to do so by Peoples in order to maintain the operational integrity of its distribution system, or when an event of force majeure occurs which affects the operation of the Peoples system; and
 - c. commit to test its alternate fuel equipment quarterly, in order to ensure its capability of operating properly in the event Peoples requests that Max-Pak cease using natural gas at the Plant during the periods mentioned above, and to coordinate the dates and duration of such tests with Peoples.

8. Because the special contract between Peoples and Max-Pak contains a rate and other conditions set forth above which differ from the rate and conditions for service which would otherwise be applicable under Peoples' Commission-approved tariff, Peoples is seeking the

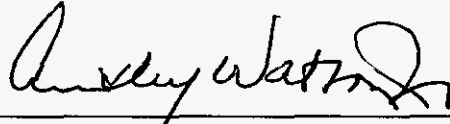
Commission's approval of the special contract before it is implemented.

9. The special contract is designed to keep Max-Pak's current annual throughput of approximately 130,000 therms, and its potentially greater throughput as its business expands, on the Peoples system. Approval of the special contract will benefit Peoples and its customers by recovering a contribution to fixed costs from Max-Pak. As set forth in the attached affidavit, absent the special contract, the customer would burn alternate fuel in lieu of natural gas. The revenue received by Peoples from the customer pursuant to the special contract will make a positive contribution to Peoples' cost of service, thereby benefitting all of Peoples' other ratepayers. Max-Pak will continue to be responsible for payment of applicable charges associated with conservation cost recovery, fees and taxes, and any other charges applicable to Peoples' sales or transportation service.

10. To eliminate any possible adverse impact on the Company's other customers which might result from this special contract, Peoples does not seek to recover the differential in revenues resulting from the special contract.

WHEREFORE, Peoples respectfully requests that the Commission grant the relief sought by this petition, and enter its order approving the Negotiated Contract for Gas Service attached hereto as Exhibit 1, such approval to become effective as of the date of the Commission's vote.

Respectfully submitted,



Ansley Watson, Jr.
Macfarlane Ferguson & McMullen
P. O. Box 1531
Tampa, Florida 33601-1531
Telephone: (813) 273-4200 or -4321
Facsimile: (813) 273-4396 or -4397
Attorneys for Peoples Gas System

NEGOTIATED CONTRACT FOR GAS SERVICE

This Negotiated Contract for Gas Service (the "Agreement"), made and entered into as of the ____ day of April, 2000, by and between Peoples Gas System, a division of Tampa Electric Company, a Florida corporation ("PGS"), and Max-Pak Inc., a Florida corporation ("Customer").

W I T N E S S E T H:

WHEREAS, Customer owns and operates a corrugated box manufacturing facility which consumes Gas and is located in Lakeland, Florida (the "Facility");

WHEREAS, PGS has pipes, pipelines, regulators, meters and appurtenant facilities in place to provide Gas Service to the Facility;

WHEREAS, PGS currently provides aggregated transportation service for Customer, as a part of a Customer Pool, under PGS's experimental Rider FTA;

WHEREAS, Customer has installed alternate fuel equipment at the Facility, and has used alternate fuel, in lieu of Gas, for the operation of the Facility;

WHEREAS, Customer has requested that PGS provide Gas Service at a rate less than the currently applicable rate set forth in PGS's FPSC Tariff based on Customer's ability to utilize alternate fuel at all times or from time to time for the operation of the Facility; and

WHEREAS, subject to the prior receipt of all necessary governmental approvals and authorizations on terms and conditions acceptable to PGS, PGS is willing to provide Gas Service for the Facility at a reduced rate and pursuant to PGS's tariff on file with the FPSC 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 have the meanings set forth below. Capitalized terms used, but not otherwise defined, herein have the meanings given in PGS's FPSC Tariff, as the same may be amended or revised from time to time during the term of this Agreement.

"Effective Date" has the meaning given in Article II.

"Facility" means Customer's paperboard container manufacturing facility located in Lakeland, Florida.

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

"Gas" or "Gas Service" means natural gas (purchased by Customer from PGS or a person other than PGS) delivered to the Facility through a network of pipes and pipelines.

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

EXHIBIT 1

ARTICLE II - TERM

This Agreement is effective upon approval by FPSC. The term shall commence on Customer's meter reading date in the Month following the Month in which this Agreement is approved by the FPSC (the "Effective Date"), and continue until the beginning of the Day commencing on the third anniversary of the Effective Date. In the event the FPSC denies approval of this Agreement, this Agreement shall terminate and be of no further force or effect.

ARTICLE III - GAS SERVICE

Section 3.1 Services. As of the date of this Agreement, Customer is receiving Gas Service under PGS's experimental transportation program, Rider FTA. On and after the Effective Date, and subject to the terms and conditions of this Agreement, Customer will continue to qualify for Gas Service under Rider FTA (if it is in effect as of the Effective Date). Customer acknowledges that, as an experimental program, Rider FTA may be modified, terminated or otherwise superseded at any time with FPSC approval. Customer acknowledges and agrees that Gas Service pursuant to this Agreement will be subject to any modifications to Rider FTA or to the provisions and charges applicable under any succeeding transportation program implemented by PGS and approved by the FPSC. During the term, and subject to the terms and conditions, of this Agreement, Customer may elect to receive from PGS the type of Gas Service hereunder for which it qualifies under PGS's FPSC Tariff. If there is a conflict between the tariff and this Agreement, the provisions of the tariff shall control except as provided in Sections 3.2, 3.3 and Appendix A, in which case this Agreement shall control.

Section 3.2 Full Requirements. During the term hereof, and except as provided in Section 3.3, Customer agrees to utilize Gas (in lieu of any alternate fuel) for the operation of the Facility and for all human need requirements at the Facility (both as the Facility currently exists and as the same may be modified or expanded during the term of this Agreement).

Section 3.3 Alternate Fuel. Customer covenants and agrees that it will, during the term of this Agreement, and notwithstanding any provision to the contrary in PGS's FPSC Tariff:

(a) at the request of, and for the time specified by PGS, utilize Customer's alternate fuel in lieu of Gas at the Facility (i) when deemed necessary by PGS in order to maintain the operational integrity of PGS's distribution system, and (ii) in the event of a Force Majeure affecting the PGS distribution system; and

(b) operate the Facility using alternate fuel in lieu of Gas, on dates and for durations approved by PGS, on a quarterly basis to ensure that the Facility continues to be capable of operating using alternate fuel during periods when PGS requests that Customer cease using Gas at the Facility.

ARTICLE IV - CHARGES FOR GAS SERVICE

Customer shall pay PGS each Month for Gas Service rendered by PGS in accordance with the provisions of Appendix A to this Agreement. If Customer purchases natural gas for the Facility from a person other than PGS, Customer shall be responsible for the payment of all bills rendered to Customer by the seller of such natural gas, and understands that such seller's bills will be rendered separately from bills rendered by PGS for Gas Service hereunder. Billing and payment of amounts due PGS hereunder shall be governed by the provisions of PGS's FPSC Tariff.

ARTICLE V - CUSTOMER'S FAILURE TO PERFORM

In the event Customer fails to perform any of its obligations under Article III of this Agreement, Customer shall pay to PGS, in addition to any amounts previously paid or then due and owing to PGS, an amount equal to the product of (a) the Facility's total consumption of Gas (in therms) from the Effective Date through the date of Customer's failure to perform and (b) the difference between (i) the non-gas energy charge which would be applicable to Gas Service performed by PGS for Customer in the absence of this Agreement and (ii) the non-gas energy charge set forth in Appendix A to this Agreement. Payment of the aforesaid amount shall be made by Customer within 30 days after the date of PGS's invoice therefor.

ARTICLE VI - MISCELLANEOUS

Section 6.1 Assignment and Transfer. Neither party may assign this Agreement without the prior written consent of the other (which shall not be unreasonably withheld) and the assignee's written assumption of the assigning party's obligations hereunder.

Section 6.2 Governing Law. This Agreement and any dispute arising hereunder shall be governed by and interpreted in accordance with the laws of Florida and shall be subject to all applicable laws, rules and orders of any Federal, state or local governmental authority having jurisdiction over the parties, their facilities or the transactions contemplated. 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, located within the State of Florida, having jurisdiction.

Section 6.3 Severability. If any provision 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.

Section 6.4 Entire Agreement; Appendices. This Agreement sets forth the complete understanding of the parties as of the date first written above, and supersedes any and all prior negotiations, agreements and understandings with respect to the subject matter hereof. 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 6.5 Waiver. No waiver of any of the provisions hereof shall be deemed to be a waiver of any other provision whether similar or not. No waiver shall constitute a continuing waiver. No waiver shall be binding on a party unless executed in writing by that party.

Section 6.6 Notices. All notices and other communications hereunder shall be in writing and be deemed duly given on the date of delivery if delivered personally or by a recognized overnight delivery service, or on the fifth day after mailing if mailed by first class United States mail, registered or certified, return receipt requested, postage prepaid, and properly addressed to the party as set forth below.

PGS:

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

Administrative Matters:

Attention: Vice President - Marketing
Telephone: (813) 228-4618
Facsimile: (813) 228-4643

Payment:

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

Customer:

Max-Pak Inc.
2808 New Tampa Highway
Lakeland, Florida 33815

Administrative Matters:

Attention: Scott J. McBride
Telephone: (941) 682-0123
Facsimile: (941) 683-7895

Invoices:

Attention: Ann Simms
Telephone: (863) 284-2320
Facsimile: (863) 284-2325


Section 6.7 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 the place to which notices hereunder must be sent shall not be deemed nor require an amendment hereof provided such change is communicated pursuant to Section 6.6.

Section 6.8 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.

MAX-PAK INC.

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

By: 
Name: Scott J. McBride
Title: VP

By: 
Name:
Title:

APPENDIX A - NEGOTIATED CONTRACT FOR GAS SERVICE

GAS SERVICE CHARGES

All capitalized terms not otherwise defined in this Appendix A have the meanings given for such terms in the Negotiated Contract for Gas Service.

The amount to be paid by Customer to PGS each Month for Gas Service hereunder shall be determined under PGS's (1) Rate Schedule GSLV-1 and (2) if PGS is providing Gas Service through aggregated transportation service, the aggregated transportation service rider in PGS's FPSC Tariff which is applicable from time to time; provided, however, that during the term of this Agreement the non-gas energy charge for Gas Service shall be . Customer understands and agrees that PGS's "aggregated transportation service rider" is currently Rider FTA, and that Rider FTA is an experimental program which may be modified, terminated or otherwise superseded with FPSC approval.

AFFIDAVIT OF SCOTT J. McBRIDE

**STATE OF FLORIDA
COUNTY OF POLK**

BEFORE ME, the undersigned authority, on this day personally appeared **Scott J. McBride**, who is personally known to me and who, after taking an oath, states as follows:


I am over 18 years of age and of sound mind and the matters set forth herein are personally known to me.

1. I am employed as Vice President - General Manager of Max-Pak Inc. ("Max-Pak").
2. Max-Pak is presently a customer of Peoples Gas System, a division of Tampa Electric Company ("PGS"), receiving service from PGS pursuant to its Rider FTA at a transportation rate determined under PGS's Rate Schedule GSLV-1 (General Service - Large Volume 1) which currently has a transportation charge of \$0.21860 per therm.
3. Max-Pak has installed alternate fuel equipment to enable it to operate its paperboard container manufacturing facility in Lakeland, Florida (the "Plant"), using a fuel other than natural gas. The Plant is capable of operating using either natural gas or the alternate fuel.
4. Max-Pak desires that PGS continue providing gas transportation service. However, if PGS is not willing to do so at a lesser rate, Max-Pak will operate its Plant using its alternate fuel. In return for a reduction of its transportation rate, Max-Pak is willing to:
 - a. commit to use natural gas for all of the Plant's operations, including any future human need requirements associated with the operation of the Plant;
 - b. commit to interrupt its use of natural gas at the Plant when requested to do so by PGS in order to maintain the operational integrity of its distribution system, or when an event of force majeure occurs which affects the operation of the PGS system; and
 - c. commit to test its alternate fuel equipment quarterly, in order to ensure its capability of operating properly in the event PGS requests that Max-Pak cease using natural gas at the Plant during certain periods as aforesaid, and to coordinate the dates and duration of such tests with PGS.
5. Max-Pak's current natural gas requirements - assuming no use of its alternate fuel to operate the Plant - total approximately 130,000 therms annually. However, customer demand for Max-Pak's products has increased to the extent that Max-Pak is considering the addition of a second production shift at the Plant. The addition of another shift would result in a substantial increase in the Plant's requirements for natural gas (to approximately 300,000 therms annually), all of which Max-Pak is willing to transport on the PGS distribution system.

EXHIBIT 2

6. Had PGS not agreed to seek the approval of the Florida Public Service Commission ("FPSC") for a special contract permitting PGS to provide the transportation service it is currently providing to the Plant at the agreed to rate, Max-Pak would have continued to rely on its alternate fuel (in lieu of natural gas) for the operation of the Plant, including any additional fuel requirements which result from the addition of another shift to the Plant's operation. Max-Pak will likewise rely on its alternate fuel for the operation of the Plant in the event the FPSC does not approve the aforementioned special contract.

FURTHER AFFIANT SAYETH NOT.

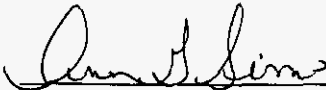


Scott J. McBride

Sworn to and subscribed before
me this 17th day of April, 2000.



Ann G. Sims
MY COMMISSION # CC763614 EXPIRES
October 21, 2002
BONDED THRU TROY FAUN INSURANCE, INC.



Notary Public - State of Florida

Print: Ann G. Sims

Personally known ✓

OR Produced ID _____

Type of ID Produced _____