

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Request for Rate Increase by City) Docket No. 000768-GU
Gas Company of Florida)
) Filed: December 5, 2000
)
_____)

CITY GAS COMPANY OF FLORIDA
REQUEST FOR CONFIDENTIAL CLASSIFICATION

EXHIBIT "C"

TWO REDACTED COPIES OF
RESPONSE TO STAFF'S REQUEST FOR
PRODUCTION OF DOCUMENTS NOS. 25 & 26

DOCUMENT NUMBER-DATE

15575 DEC-58

FPSC-RECORDS/REPORTING

Question 2 P0025

Provide copies of all signed contracts or letters of intent associated with the Clewiston Expansion Project.

①

	<u>FACILITY</u>	<u>CONFIDENTIALITY AGREEMENT TENDERED</u>	<u>CONFIDENTIALITY AGREEMENT EXECUTED</u>	<u>LETTER AGREEMENT TENDERED</u>	<u>LETTER AGREEMENT EXECUTED</u>	<u>DEFINITIVE AGREEMENT</u>	
1			Will not sign	11/19/98			
2			10/15/98	10/29/98			
3			Will not sign	1/12/99			
4							
5							
6				8/10/98	10/29/98		
7				Mark returned to Paul Chymiy.	10/29/98		
8			N/A			3/8/99	
9				N/A	Mark said they didn't do, they have their own form letter which he will e-mail to me 1-15-99		
10							
11							
12							
13			Tendered, but must check authority of signature.	9/15/98	10/29/98		
14				There is none.			
15				Mark returned to Paul Chymiy	11/19/98		



November 19, 1998

1 [REDACTED]
2 [REDACTED]
3 [REDACTED]
4 [REDACTED]

RE. Natural Gas Service Agreement

5 [REDACTED]
6 As per our discussion, enclosed is a Letter Agreement outlining the terms pursuant to which City Gas
7 Company of Florida or an affiliate of NUI Corporation may provide natural gas service to [REDACTED].
The arrangement is structured such that you actually purchase the natural gas commodity from any vendor you choose and have it delivered to NUI at a proposed new interconnection between Florida Gas Transmission and NUI in Palm Beach County.

Based on current natural gas pricing, your cost for natural gas delivered to the sugar mill assuming you purchased the commodity delivered to the city gate from a third party and that service is provided by City Gas are estimated as follows:

NATURAL GAS	\$0.240/therm
FGT*	\$0.038/therm
City Gas**	\$0.08252/therm
TOTAL COSTS	\$0.36052/therm

NOTE * BASED ON FLORIDA GAS TRANSMISSIONS (FGT) FTS-1 RATE

NOTE ** BASED ON CITIES GAS COMPANY'S CURRENT RATE FOR CI-LVT SERVICE

8 The intent of the proposal is to displace your fuel oil usage at the [REDACTED]. Under this City Gas rate
9 schedule, [REDACTED] is eligible for fuel oil price matching if it is documented that fuel
oil can be delivered to your facility for a lower cost than natural gas. Additionally, we are currently
10 evaluating this gas cost compared to [REDACTED].

11 [REDACTED] That evaluation will be completed shortly. After you have had time to review the terms
of the Letter Agreement, I will contact you to schedule a meeting to discuss and answer any of your
questions. If you have any questions, please do not hesitate to contact me.

Best Regards

Mark D Casaday

TERM SHEET

CUSTOMER: [REDACTED]

SERVICE: NATURAL GAS TRANSPORTATION SERVICE

CONTRACT VOLUME: TAKE OR PAY VOLUME: 30,590 THERM PER MONTH

2 ANNUAL CONTRACT VOLUME: [REDACTED]

INITIAL TERM: 10 YEARS

RATE SCHEDULE: If service is provided by City Gas Company, pursuant to City Gas' CI-LVT Rate schedule. The current rate is \$0.08252 PER THERM WITH ALTERNATIVE FUEL MATCHING CLAUSE AT CITY GAS COMPANY'S OPTION

SPECIAL CONDITIONS: ANNUAL VOLUME (1,800,180 therms) RECIEVED OVER 5 MONTH PERIOD FROM NOVEMBER 1 THROUGH MARCH 31

This Term Sheet is for discussion purposes only and is not intended to be complete and all inclusive of the terms of the related transaction, which are subject to further negotiations between the parties. This is not an offer by or commitment of NUI Corporation. The information in this Term Sheet is confidential and proprietary and is not to be released and is subject to the terms of the Confidentiality Agreement between the parties.



550 Route 202-206
P.O. Box 760
Bedminster, NJ 07921-0760
Tel: (908) 781-0500
Fax: (908) 781-0718
www.nui.com

NUI Corporation (NYSE: NUI)

November 19, 1998

1
2
3
4

Re: Natural Gas Service

5

6 Atlantic Sugar Association, Inc. ("Customer") and City Gas Company of Florida, a division of NUI Corporation ("NUI") have been engaged in certain discussions concerning NUI providing natural gas sales and/or transportation services ("Services") to Customer at Customer's facility in ("Facility"). Any transportation services provided by NUI would be from a proposed point of interconnection between NUI and Florida Gas Transmission in Palm Beach County, Florida to Customer's facility. These discussions have included and contemplated, among other things, the construction of a natural gas pipeline by NUI and receipt by Customer of Services from NUI through such pipeline ("Project").

This Letter Agreement and the attached Term Sheet set forth the primary terms and conditions under which the parties will negotiate a definitive Gas Purchase and Sales and/or Gas Transportation Agreement (referred to herein singularly or collectively as "Agreement") with respect to the Services. Customer acknowledges and agrees that NUI's obligations under this Letter Agreement and the Agreement shall be expressly contingent upon and subject to, among other things, NUI's ability to obtain, on a timely basis and all in form and substance acceptable to NUI in NUI's sole discretion, (a) all necessary governmental and regulatory approvals necessary for NUI to provide the Services, and (b) a sufficient level of binding commitments for Services and to the Project from other potential customers. Further, NUI reserves the right to terminate this Letter Agreement and the Agreement and to withdraw any requests or applications for regulatory approval if, among other things, NUI determines that the Project or Services would be uneconomical for NUI to pursue and/or that NUI will not be able to obtain the necessary easements, rights-of-way, leases and other property rights to construct the Project on a timely basis under terms acceptable to NUI.

Customer also understands and agrees that the Services may ultimately be provided by a subsidiary or affiliate of NUI, and that for all purposes within this letter agreement, the term NUI shall mean and include any subsidiaries or affiliates of NUI Corporation.

In consideration of the promises and covenants contained in this Letter Agreement, Customer and NUI hereby agree as follows:

1. Customer and NUI shall work diligently to negotiate and execute the Agreement within sixty (60) days following the later of: (i) the date of execution of this Letter Agreement by the last party executing same, or (ii) the date of notification in writing by NUI to Customer of a level of commitment by third parties acceptable solely in NUI's discretion to justify a preliminary decision to proceed with the Project. Such sixty day period may be extended by mutual agreement of the parties in writing. Also, in the event that NUI is subject to any strikes, lockouts, or industrial disturbances of any type during the sixty day period, such period shall be automatically extended by an amount of time equal to the period of any such strike, lockout, or other industrial disturbance.
2. The Agreement shall include, but not be limited to, the terms and conditions set forth above in this Letter Agreement as well as the following terms and conditions:
 - a) If the Services are provided by NUI's City Gas Company of Florida division ("City Gas"), the Services shall be subject to the terms and conditions of City Gas' Natural Gas Tariff ("Tariff") as filed with and approved by the Florida Public Service Commission, as the same may be amended or modified from time-to-time, including, but not limited to, the Rules and Regulations contained in the Tariff. In addition, the Services shall be provided by City Gas under Rate Schedule(s) IL, CI-LV, CI or Transportation Rate Schedules CI-LVT, CI-TS, ITS, depending on Customer's qualifications, or, if necessary in City Gas' opinion, any new rate schedule that may be required for City Gas to provide the Services. If Customer qualifies for service under more than one of the aforementioned rate schedules, Customer shall have the option of choosing the rate schedule that it feels best meets its requirements, subject to the approval of City Gas, which shall not be unreasonably withheld. In addition to the foregoing, the Services shall be provided by City Gas to Customer in accordance with the terms and conditions of the Agreement. Should the terms and conditions of the Agreement vary from the terms of Tariff and/or the aforementioned rate schedules and/or should the Agreement, in NUI's opinion, require the approval of the FPSC, City Gas' obligations under the Agreement shall be expressly subject to receipt of such approval from the FPSC of the Agreement on terms and conditions acceptable to City Gas. In the event Services are provided by other than City Gas, the rates and charges for service shall be mutually agreed to by NUI and Customer and shall be subject to any necessary approvals.
 - b) An initial term of ten years ("Initial Term") beginning on the date that NUI is prepared to provide Service and evergreening from year-to-year thereafter, subject to termination by either party in accordance with notice provisions to be contained in the Agreement. During the Initial Term and any evergreen period, Customer agrees that Customer will not receive or permit the receipt of any natural gas deliveries to the Facilities other than through facilities owned and operated by NUI regardless of any other natural gas pipelines that may be built in the area.

- c) Customer's agreement that during the Initial Term Customer shall take delivery of, or pay for if not taken, a minimum quantity of [REDACTED] of gas per month usage, within parameters acceptable to any pipeline(s) transporting the gas.
 - d) Customer assuming responsibility for all work required downstream of the NUI meter and all costs associated therewith including, but not limited to, piping and equipment conversions. Such meter shall be at a location as agreed to by both parties. Any piping installed or other work performed by NUI for the Customer downstream of the meter shall be reimbursed to NUI under a separate agreement. Customer also assumes responsibility for any conversion of existing equipment that may be required to burn gas.
 - e) Customer granting, at no charge to NUI, any and all easements, rights-of-way, or similar property rights on and across any land owned or controlled by Customer and required for construction of the Project and required for NUI to provide the Services.
 - f) Customer acknowledging and agreeing that Customer's commitment alone is insufficient for NUI to justify constructing, owning, and operating the Project and providing the Services and that binding commitments by other potential customers are necessary to make the Project and Services commercially viable and that all of NUI's obligations to Customer are expressly subject to and contingent upon NUI obtaining such binding commitments and, if necessary, regulatory approvals of such commitments, all in form and substance acceptable to NUI, in NUI's sole discretion.
3. Customer agrees that during the term of this Letter Agreement and any extensions hereof, Customer shall not engage in discussions with any third party with respect to any service or the development of any project that may in any way be similar to or compete with the Project or Services described in this Letter Agreement and which have been the subject of discussions between Customer and NUI.
 4. NUI and Customer have previously entered into a Confidentiality Agreement with respect to the Project and Services. This Letter Agreement shall not supersede the Confidentiality Agreement, which shall remain in full force and effect.
 5. Unless terminated as provided for elsewhere herein, Customer and NUI agree that this Letter Agreement shall be in effect for a period of one year from the date that the last party hereto executes this Letter Agreement, unless mutually extended by both parties in writing.
 6. This Letter Agreement may not be modified or amended except in a writing executed by duly authorized representatives of both parties.

7. This Letter Agreement shall be interpreted, construed, and governed by the laws of the State of Florida, excluding provisions regarding the conflict of laws.

If you are in agreement with the foregoing, kindly execute both originals of this Letter Agreement and return one fully executed original to the undersigned.

Agreed to and accepted by:

Customer

NUI Corporation

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

Attest: _____

Attest: _____

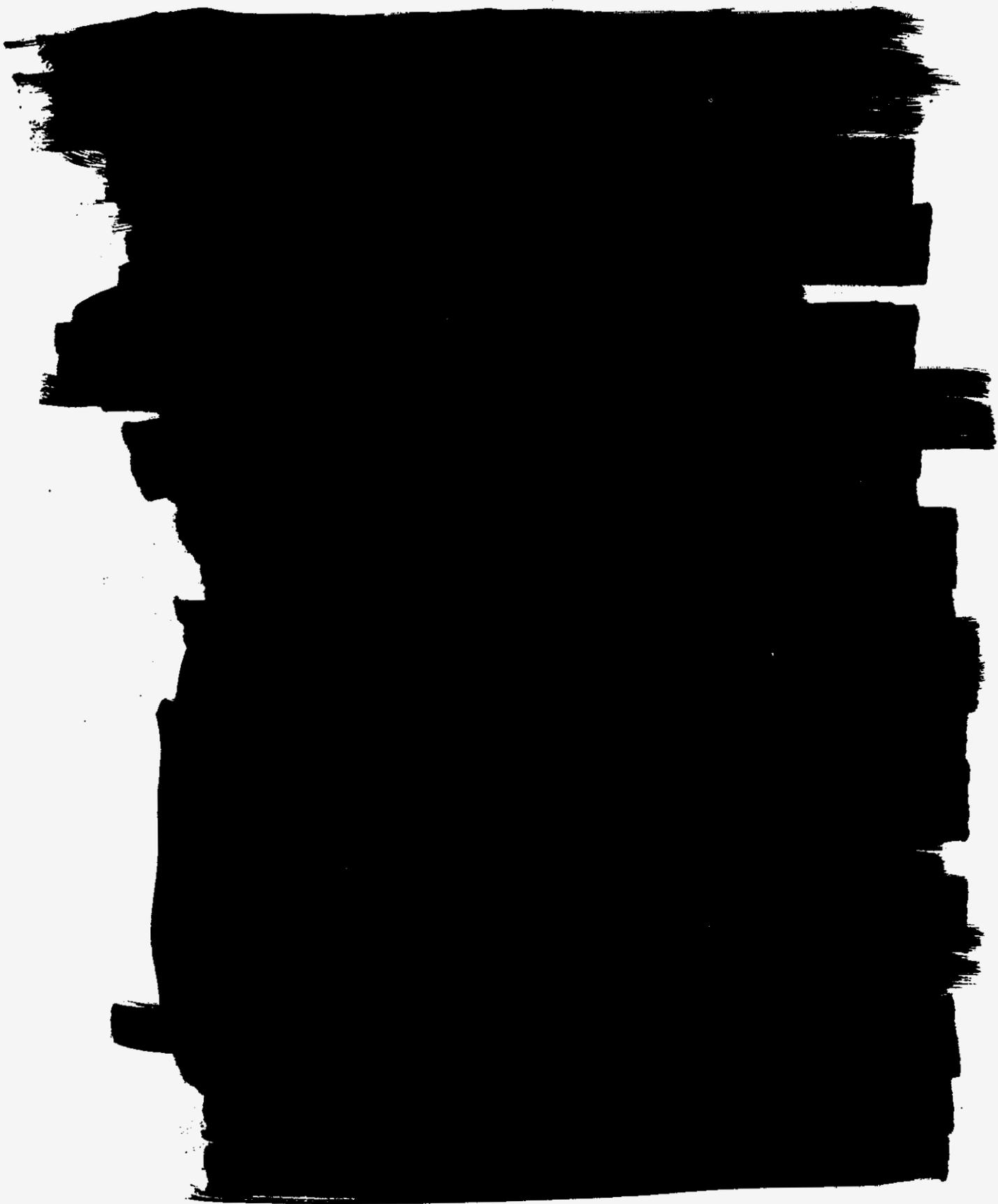
LETTER AGREEMENT

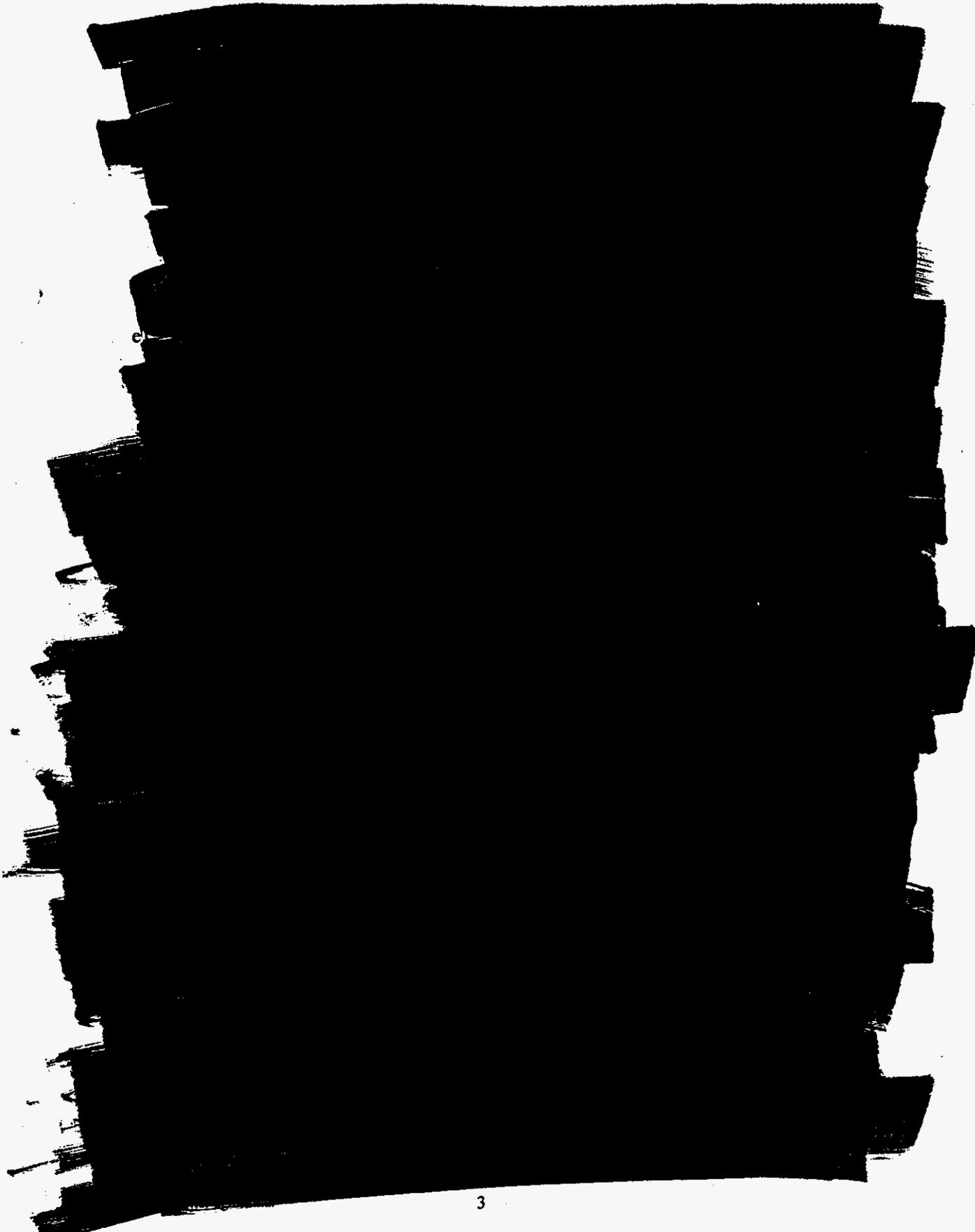
[REDACTED]

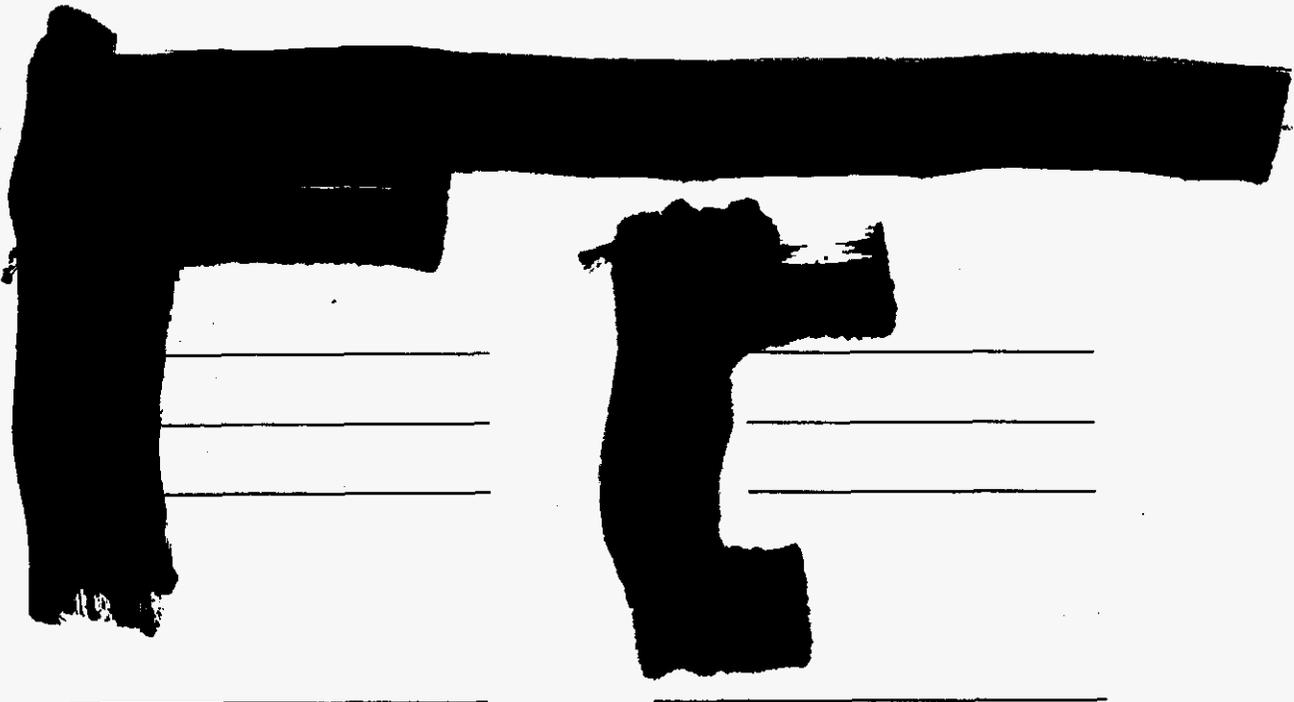
[REDACTED]

[REDACTED]

[REDACTED]







TERM SHEET

[REDACTED]

CONFIDENTIALITY AGREEMENT
(this "Agreement")

This Agreement is made and effective on this 17th day of October, 1998, between NUI Corporation and/or its affiliates or subsidiaries, having offices located at 550 Route 1 202/206, P.O. Box 760, New Jersey 079210760, and [REDACTED] and/or its 2 affiliates or subsidiaries, located at [REDACTED]. In connection with the consideration and discussions of a potential business relationship between NUI 3 Corporation and [REDACTED] each of the parties hereto, subject to the terms and conditions of this Agreement, will be permitted access to and may otherwise be exposed to Confidential Information concerning the other party.

In this Agreement "Confidential Information" shall refer to any information that either party hereto furnishes to the other party for purposes of evaluating the possible transaction. Confidential Information includes, but is not limited to, any financial information, any lists of or information concerning actual or prospective customers and suppliers, methods of business or operations, formulas, pricing, costs, equipment design, manufacturing processes, technology and any trade secrets, in whatever form, manner or medium recorded, including any and all copies thereof and any information learned or furnished while reviewing the respective party's documents, visiting the respective party's facilities or discussing the respective party's business with any of such party's affiliates, directors, officers, employees, agents or advisors (including, attorneys, accountants and financial advisors), or otherwise received directly or indirectly from such party. Notwithstanding the generality of the foregoing, the term "Confidential Information" does not include information which:

- (1) Is or becomes generally available to the public other than as a result of a disclosure by the party acquiring the Confidential Information (the "acquiring party");
- (2) Is or becomes available to the acquiring party other than by or on behalf of the party disclosing the Confidential Information (the "disclosing company") or its advisors, provided that such source obtains and discloses such information lawfully and without breach of any confidentiality agreement with, or obligation to, the disclosing party; or
- (3) Was in the acquiring party's possession prior to its being furnished to the acquiring party by or on behalf of the disclosing party, provided that the source of such information obtained and disclosed such information lawfully and without breach of any confidentiality agreement with, or obligation to, the disclosing party.

As a condition to each party hereto allowing the other party to proceed with its investigation, and in order to induce the disclosing party to disclose information to the acquiring party, each party hereto agrees to treat any and all Confidential Information concerning the other party in accordance with the provisions of this Agreement. Each party hereto agrees that it will use the Confidential Information solely for the purpose of evaluating a business transaction with the other party, that it will use its best efforts to keep the Confidential Information confidential and that it will not knowingly use the Confidential Information in any way which is detrimental

to the other party. Each party may, however, disclose Confidential Information to its affiliates, directors, officers, employees, agents and advisors who need to know such information for the purpose of evaluating a transaction between the parties hereto; provided that, prior to such disclosure, such party agrees to inform such personnel of the confidential nature of such information and that it will cause them to treat such information as confidential. In addition, the restrictions set forth herein regarding the disclosure of Confidential Information shall not apply if a party is required by law, regulation, act or order of any governmental authority or agency to disclose Confidential Information, provided however, that the disclosing party give the other party sufficient advance notice to permit it to seek a protective order or other similar order with respect to the Confidential Information.

Each party hereto further agrees that at any time upon the other party's request it will promptly deliver to the other party all material disclosed or supplied to such party by such other party, its representatives in its possession or under its control containing or reflecting any Confidential Information (whether prepared by the other party or otherwise) and such party will not retain any copies, extracts, summaries or other reproductions in whole or in part of such material. The delivery of any such material to the other party or the destruction thereof shall neither relieve a party of its continuing obligation of confidentiality nor any of its other obligations.

If the Confidential Information includes or otherwise involves intellectual property technical data or know-how, disclosure thereof to an acquiring party by or on behalf of the disclosing party shall not be construed as the grant of any license or of any right to use same, except solely for the limited purposes described herein.

Although each party hereto will endeavor to provide information which it believes is material for the purpose of the other party's investigation, each party hereto understands that neither party hereto nor its representatives makes any representation or warranty as to the accuracy or completeness of any Confidential Information or other information provided to the other party. Each party hereto agrees that neither party hereto nor its representatives shall have any liability to the other party or any of the other parties representatives resulting from the use of such Confidential Information or other information. Nothing in this Agreement shall be construed as obligating either party to provide, or to continue to provide, any information to any person.

This Agreement shall inure to the benefit of and be enforceable by each party hereto.

By executing this Agreement, each party hereto confirms its understanding that any agreement between the parties hereto or their respective affiliates concerning the transaction will exist only when such agreement is in writing and duly executed by the parties thereto.

This Agreement shall expire on July 1, 1999, but may be terminated prior to expiration by either party giving thirty (30) days prior written notice to the other party; provided, however, the obligations to protect Confidential Information shall survive such termination and

shall continue for a period of three (3) years from the effective date of termination of this Agreement.

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

1 [REDACTED]
2 By: [REDACTED]

NUI CORPORATION
By: [Signature]

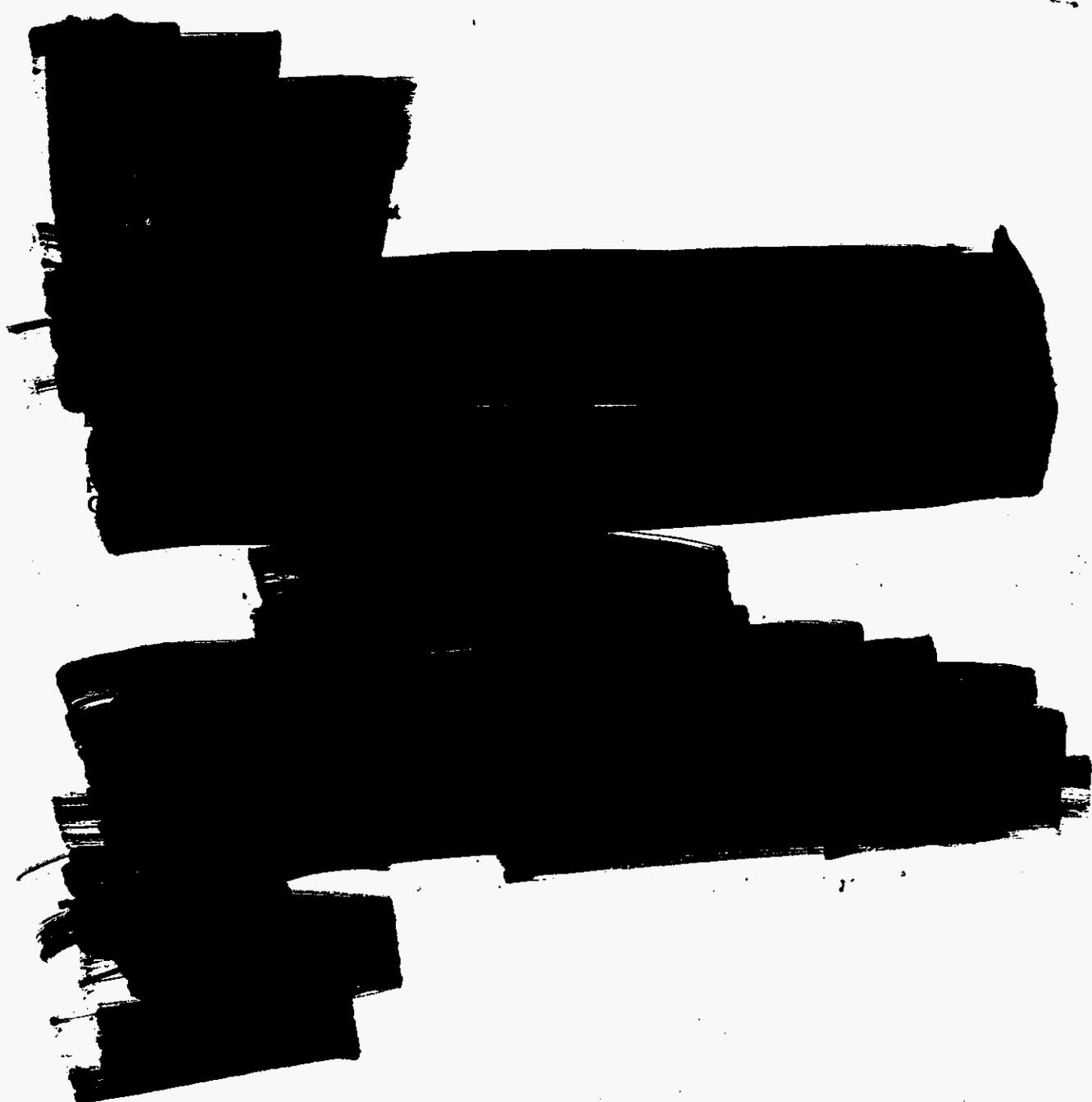
3 Its: [REDACTED]

Its: Vice President, Marketing



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NUI Corporation (NYSE: NUI)



NUI Companies and Affiliates:
City Gas Company of Florida
Elizabethtown Gas

NUI Capital Corp.
NUI Energy
NUI Energy Brokers

TIC Enterprises, LLC
Utility Business Services
Valley Cities Gas



January 12, 1999

1 [REDACTED]
2 [REDACTED]
3 [REDACTED]
4 [REDACTED]

Re: Natural Gas Service

5 [REDACTED]

6 [REDACTED] ("Customer") and City Gas Company of Florida, a division of NUI Corporation ("NUI") have been engaged in certain discussions concerning NUI providing natural gas sales and/or transportation services ("Services") to Customer at Customer's Facility near [REDACTED].
7 [REDACTED] Facility shall be defined collectively as [REDACTED].

8 [REDACTED] Customer represents that it has the legal right to acquire gas services for each component unit of the Facility. Any transportation services provided by NUI would be from a proposed point of interconnection between NUI and Florida Gas Transmission in Palm Beach County, Florida to Customer's facility. These discussions have included and contemplated, among other things, the construction of a natural gas pipeline by NUI and receipt by Customer of Services from NUI through such pipeline ("Project").

This Letter Agreement and the attached Term Sheet set forth the primary terms and conditions under which the parties will negotiate a definitive Gas Purchase and Sales and/or Gas Transportation Agreement (referred to herein singularly or collectively as "Agreement") with respect to the Services. Customer acknowledges and agrees that NUI's obligations under this Letter Agreement and the Agreement shall be expressly contingent upon and subject to, among other things, NUI's ability to obtain, on a timely basis and all in form and substance acceptable to NUI in NUI's sole discretion, (a) all necessary governmental and regulatory approvals necessary for NUI to provide the Services, and (b) a sufficient level of binding commitments for Services and to the Project from other potential customers. Further, NUI reserves the right to terminate this Letter Agreement and the Agreement and to withdraw any requests or applications for regulatory approval if, among other things, NUI determines that the Project or Services would be uneconomical for NUI to pursue and/or that NUI will not be able to obtain the necessary easements, rights-of-way, leases and other property rights to construct the Project on a timely basis under terms acceptable to NUI.

Customer also understands and agrees that the Services may ultimately be provided by a subsidiary or affiliate of NUI, and that for all purposes within this letter agreement, the term NUI shall mean and include any subsidiaries or affiliates of NUI Corporation.

In consideration of the promises and covenants contained in this Letter Agreement, Customer and NUI hereby agree as follows:

1. Customer and NUI shall work diligently to negotiate and execute the Agreement within sixty (60) days following the later of: (i) the date of execution of this Letter Agreement by the last party executing same, or (ii) the date of notification in writing by NUI to Customer of a level of commitment by third parties acceptable solely in NUI's discretion to justify a preliminary decision to proceed with the Project.
2. The Agreement shall include, but not be limited to, the terms and conditions set forth above in this Letter Agreement as well as the following terms and conditions:
 - a) If the Services are provided by NUI's City Gas Company of Florida division ("City Gas"), the Services shall be subject to the terms and conditions of City Gas' Natural Gas Tariff ("Tariff") as filed with and approved by the Florida Public Service Commission, as the same may be amended or modified from time-to-time, including, but not limited to, the Rules and Regulations contained in the Tariff. In addition, the Services shall be provided by City Gas under Rate Schedule(s) IL, CI-LV, CI or Transportation Rate Schedules CI-LVT, CI-TS, ITS, depending on Customer's qualifications, or, if necessary in City Gas' opinion, any other or new rate schedule that may be required for City Gas to provide the Services. If Customer qualifies for service under more than one of the aforementioned rate schedules, Customer shall have the option of choosing the rate schedule that it feels best meets its requirements, subject to the approval of City Gas, which shall not be unreasonably withheld. In addition to the foregoing, the Services shall be provided by City Gas to Customer in accordance with the terms and conditions of the Agreement. Should the terms and conditions of the Agreement vary from the terms of Tariff and/or the aforementioned rate schedules and/or should the Agreement, in NUI's opinion, require the approval of the FPSC, City Gas' obligations under the Agreement shall be expressly subject to receipt of such approval from the FPSC of the Agreement on terms and conditions acceptable to City Gas. In the event Services are provided by other than City Gas, the rates and charges for service shall be mutually agreed to by NUI and Customer and shall be subject to any necessary approvals.
 - b) A primary term ("Primary Term") beginning on the date that NUI is prepared to provide Service and ending when NUI receives payout on its investment in the Project. Upon expiration of the Primary Term, a secondary term of two years (Secondary Term) shall commence. Following the expiration of the Secondary Term, the Agreement shall evergreen from year-to-year thereafter, subject to termination by either party in accordance with notice provisions to be contained in the Agreement. During the Primary and Secondary Terms and any evergreen period, Customer agrees that Customer will not receive or permit the receipt of any natural gas deliveries to the Facility other than through facilities owned and operated by NUI regardless of any other natural gas pipelines that may be built in the area.
 - c) Customer's agreement that in each month during the Primary Term Customer

shall take delivery of, or pay for if not taken the applicable rate, a minimum monthly quantity (MMQ) of gas equal to the product of the number of days in the applicable month times Customer's MDQ, as defined below, within parameters acceptable to NUI and any pipeline(s) transporting the gas. Company and Customer have agreed that Customer's MDQ, which represents the maximum quantity of gas that Company is obligated to deliver to Customer on any day, shall be [REDACTED]. Customer further agrees that the MDQ shall not be subject to reduction irrespective of any change in the component units that comprise the Facility. During the Secondary Term, the Customer shall have no MMQ. Customer's monthly payment obligation shall be calculated in accordance with the terms of Paragraph 4, below.

- d) Customer assuming responsibility for all work required downstream of the NUI meter and all cost associated therewith including, but not limited to, piping and equipment conversions. Such meter shall be at a location as agreed to by both parties. Any piping installed or other work performed by NUI for the Customer downstream of the meter shall be reimbursed to NUI under a separate agreement. Customer also assumes responsibility for any conversion of existing equipment that may be required to burn gas.
 - e) Customer granting, at no charge to NUI, any and all easements, rights-of-way, or similar property rights on and across any land owned or controlled by Customer and required for construction of the Project and required for NUI to provide the Services.
 - f) Customer acknowledging and agreeing that Customer's commitment alone is insufficient for NUI to justify constructing, owning, and operating the Project and providing the Services and that binding commitments by other potential customers are necessary to make the Project and Services commercially viable and that all of NUI's obligations to Customer are expressly subject to and contingent upon NUI obtaining such binding commitments and, if necessary, regulatory approvals of such commitments, all in form and substance acceptable to NUI, in NUI's sole discretion.
 - g) Customer providing NUI with security in an amount and form acceptable to NUI to insure Customer's performance of its obligations under the Agreement.
3. Customer agrees that during the term of this Letter Agreement and any extensions hereof, Customer shall not engage in discussions with any third party with respect to any service or the development of any project that may in any way be similar to or compete with the Project or Services described in this Letter Agreement and which have been the subject of discussions between Customer and NUI.
4. NUI and Customer agree that during the Primary and Secondary Terms of the Agreement, Customer shall have, on a daily basis, a first call on twenty-five percent of the excess pipeline capacity, as defined below, for its own internal use at the Facility. Excess Capacity is defined as the total line design capacity as calculated by NUI less the sum of: (1) NUI's usage, as described in the following sentence, and (2) Customer's MDQ. NUI's usage shall include firm entitlements (MDQs) of other sales and transportation customers served by the pipeline and firm and interruptible sales and transportation natural gas volumes scheduled to move through the pipeline at any given time. The Customer also acknowledges that the quantity of Excess Capacity available for its use will vary

from day-to-day based on a number of factors including, but not limited to, delivery pressure from Florida Gas Transmission. The quantity of Excess Capacity actually used by Customer in a month shall be called Excess Usage and shall equal the quantity of gas transported by Customer during the month minus the MMQ. For service provided during a month in the Primary Term, Customer shall pay NUI an amount equal to the sum of (1) the product of the MMQ times the applicable tariff rate (including any applicable fuel and transportation shrinkage), plus (2) the product of the quantity of Excess Usage times the sum of any applicable fuel and transportation shrinkage charges. If there is no Excess Usage in any given month, the Customer's charge for such month in the Initial Term shall equal the applicable tariff rate times the MMQ, and the Customer's charge for such month in the Secondary Term and evergreen period shall equal the actual quantity transported times the applicable tariff rate. All charges shall be subject to any applicable taxes and surcharges.

5. Unless terminated as provided for elsewhere herein, Customer and NUI agree that this Letter Agreement shall be in effect for a period of one year from the date that the last party hereto executes this Letter Agreement, unless mutually extended by both parties in writing.
6. This Letter Agreement may not be modified or amended except in writing executed by duly authorized representatives of both parties.
7. This Letter Agreement shall be interpreted, construed, and governed by the laws of the State of Florida, excluding provisions regarding the conflict of laws.

If you are in agreement with the foregoing, kindly execute both originals of this Letter Agreement and return one fully executed original to the undersigned.

Agreed to and accepted by:

1. ~~_____~~

NUI Corporation

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

Attest: _____

Attest: _____

CONFIDENTIALITY AGREEMENT

This Agreement is made and effective on this August 10 day of 1998, between NUI Corporation, a corporation of the State of New Jersey, having offices located at 550 Route 202/206, P.O. Box 760, Bedminster, New Jersey 07921-0760

1 (hereinafter referred to as "NUI") [REDACTED]

2 [REDACTED] (hereinafter referred to as [REDACTED])

3 WHEREAS, NUI and [REDACTED] have entered into discussions regarding [REDACTED] receiving natural gas service and energy related services from NUI in conjunction with a natural gas pipeline ("pipeline") that may be constructed in the State of Florida; and,

WHEREAS, a party to this Agreement may disclose certain proprietary and/or confidential information (hereinafter referred to as "confidential information") in its sole discretion in connection with this Agreement.

4 WHEREAS, NUI acknowledges and agrees that [REDACTED]

5 [REDACTED] and, as such, the Florida Public Records Law, Chapter 119, Florida Statutes, is applicable;

WHEREAS, the parties to this Agreement desire to protect from disclosure, subject to Chapter 119, Florida Statutes, confidential information which may be disclosed to the other party;

NOW, THEREFORE, for and in consideration of the mutual promises and covenants herein contained, together with the efforts and resources of the parties extended to satisfy the conditions herein provided and other good and valuable consideration, the

6 receipt and sufficiency of which is hereby acknowledged, NUI and [REDACTED] agree as follows:

ARTICLE I- CONFIDENTIAL INFORMATION

Confidential information means all information, in any form or medium, that is disclosed by either party to this Agreement which relates to the disclosing party's business and/or technical activities, including, but not limited to, past, present or future customers, research, sales, development, purchasing, financing, data processing engineering and marketing activities and information relating to the party's financial results and business prospects. In addition to the foregoing, with respect to NUI, confidential information includes, but is not limited to, information concerning the pipeline and/or the natural gas service and energy related services that NUI may offer to Glades General Hospital. For the purposes of this Agreement, NUI shall mean NUI Corporation, its operating divisions, and its direct or indirect subsidiaries and affiliates.

Subject to the requirements of Chapter 119, Florida Statutes, the parties to this Agreement shall hold all such confidential information in trust and confidence for the other party and also agree that, during the performance and/or after the termination of this Agreement, neither party shall disclose to any person, firm or corporation, or use for its own business or benefit, any information obtained from the other party, other than for the specific purpose set forth in this

Agreement.

The parties to this Agreement further agree that, subject to the requirements of Chapter 119, Florida Statutes:

- a) No copies shall be made of any of the written confidential information supplied, except that a party may provide, subject to the terms of subparagraph (b) of this Article 1, copies of confidential information to those of its employees, attorneys, auditors, and agents who reasonably require the confidential information to evaluate, negotiate, or consummate transactions with the other party related to natural gas service or other energy related services or the pipeline.
- b) Only the employees, attorneys, auditors and agents of the parties shall be granted access to confidential information and each of them shall be required to agree not to disclose confidential information to any third party; and
- c) At the conclusion of discussions or upon demand by either party, all confidential information shall be immediately returned to the party to which it belongs, including any written notes which may have been made regarding such confidential information.

The restrictions set forth in this Article I shall not apply to confidential information which (i) is or becomes public knowledge through no fault of either party; or (ii) is lawfully made available by an independent third party and such lawful availability can be properly demonstrated; or (iii) is already in the receiving party's possession at the time of initial receipt and such prior possession can be properly demonstrated; or (iv) is required by law, regulation, rule, act or order of any governmental authority or agency to be disclosed provided, however, the disclosing party gives the other party sufficient advance written notice to permit it to seek a protective order or other similar order with respect to the confidential information and, thereafter, the disclosing party discloses only the minimum confidential information required to be disclosed in order to comply.

ARTICLE 2

This Agreement shall expire July 1, 1999 from the date hereof, but may be terminated prior to expiration by either party giving thirty (30) days prior written notice to the other party; provided, however, the obligations to protect confidential information shall survive such termination and shall continue for a period of three (3) years from the effective date of termination of this Agreement.

ARTICLE 3

No rights or obligations other than those expressly recited herein are to be implied from this Agreement. No license is hereby granted, directly or indirectly, under any patent or copyright or for any of the information disclosed.

ARTICLE 4

The parties to this Agreement acknowledge that in the event of a breach of this Agreement, damages alone may not be an adequate remedy and hereby stipulate that injunctive relief shall be available to the aggrieved party in such event provided, however, that nothing contained herein shall be construed as prohibiting either party from pursuing any other available legal or equitable remedies.

ARTICLE 5

This Agreement shall be governed by the laws of the State of Florida without regard to any conflict of law principles. Venue for any action shall be in the courts of Palm Beach County.

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

①

1 [Redacted]
2 [Redacted]

3 By [Redacted]

4 Name: [Redacted]

5 Title: [Redacted]

6 Date: [Redacted]

NUI Corporation

By: [Signature]

Name: RL GUBSON

Title: Vice President

Date: 9/2/98

ATTEST:

By: _____

Name: _____

Title: _____

By: [Signature]

Name: LORRAINE GAYGA

Title: ASSOCIATE SECRETARY

1 HEALTH CARE DISTRICT BOARD
2 MEETING DATE
AUGUST 20, 1998

1. Item Description:

3 Confidentiality Agreement between NUI Corporation and [REDACTED]
4 [REDACTED]

2. Summary:

5 [REDACTED] and NUI have entered into discussions regarding the Hospital receiving natural gas and energy related services from NUI in conjunction with a natural gas pipeline that may be constructed in the state of Florida.

6 Since it may disclose certain proprietary and/or confidential information during the bidding process, NUI is requesting that [REDACTED] sign a Confidentiality Agreement.

3. Substantive Analysis:

Confidentiality information is all information that is disclosed by either party to this agreement which relates to the disclosing of party's business and/or technical activities. Neither party shall disclose to any person, firm or corporation, or use for its own business or benefit from any information obtained from the other party.

4. Fiscal Analysis & Economic Impact Statement:

The agreement is effective August 10, 1998 and shall expire July 1, 1999. No rights or financial obligation are implied in the agreement. The agreement may be terminated prior to July 1, 1999 by either party giving thirty (30) days notice. Obligation to protect confidential information will survive the termination for a period of three (3) years.

5. Comments:

7 The agreement was reviewed by [REDACTED]
8 [REDACTED]

6. Recommendation:

We recommend approval of the Confidentiality Agreement between NUI Corporation and

[REDACTED]

Prepared By:

2 [REDACTED]
3 [REDACTED]
4 [REDACTED]
5 [REDACTED]

Approved By:

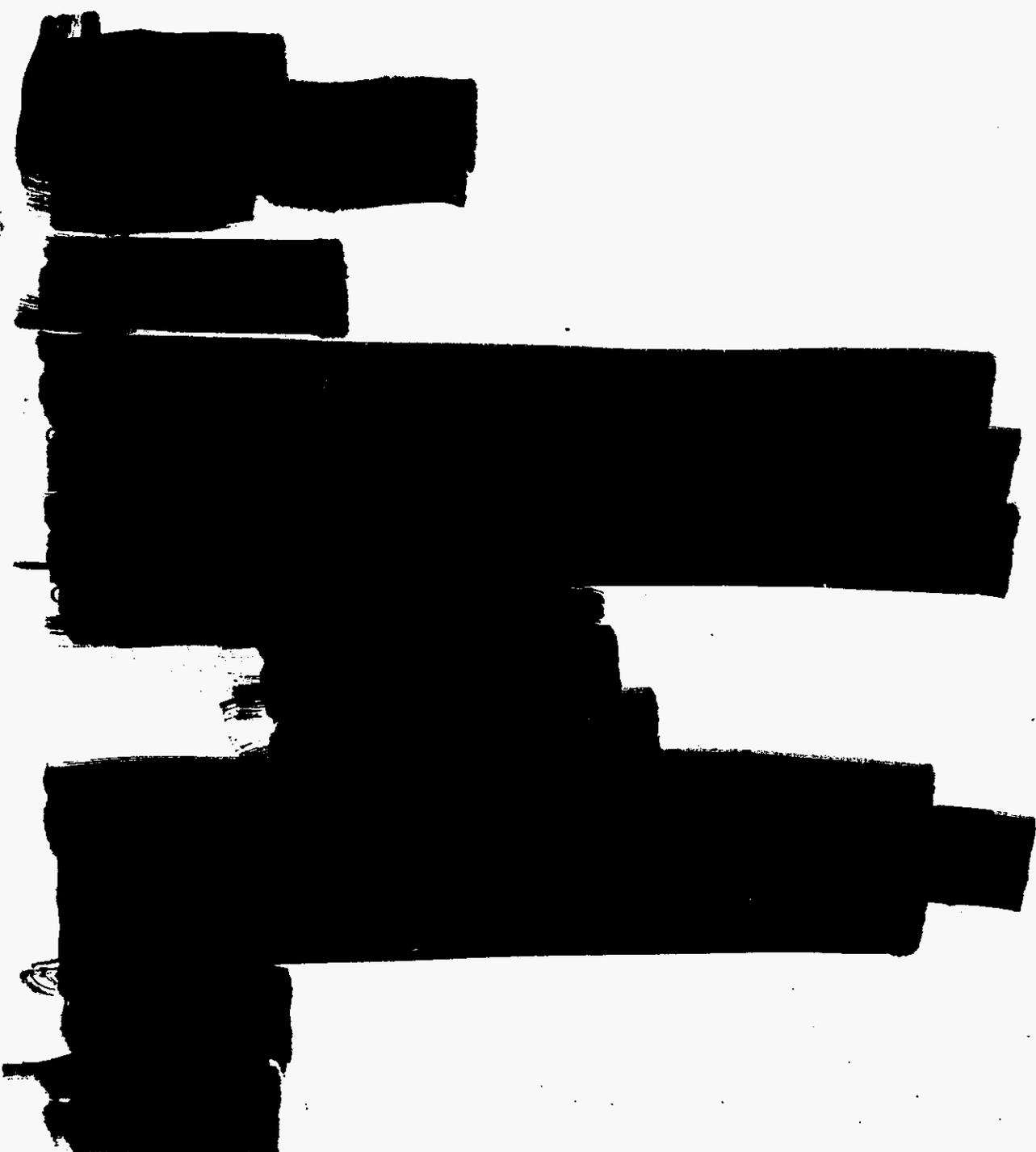
6 [REDACTED]
7 [REDACTED]
8 [REDACTED]
9 [REDACTED]

10 [REDACTED]
11 [REDACTED]
12 [REDACTED]
13 [REDACTED]



550 Route 202-206
P.O. Box 760
Bedminster, NJ 07921-0760
Tel: (908) 781-0500
Fax: (908) 781-0718
www.nui.com

NUI Corporation (NYSE: NUI)



[REDACTED]

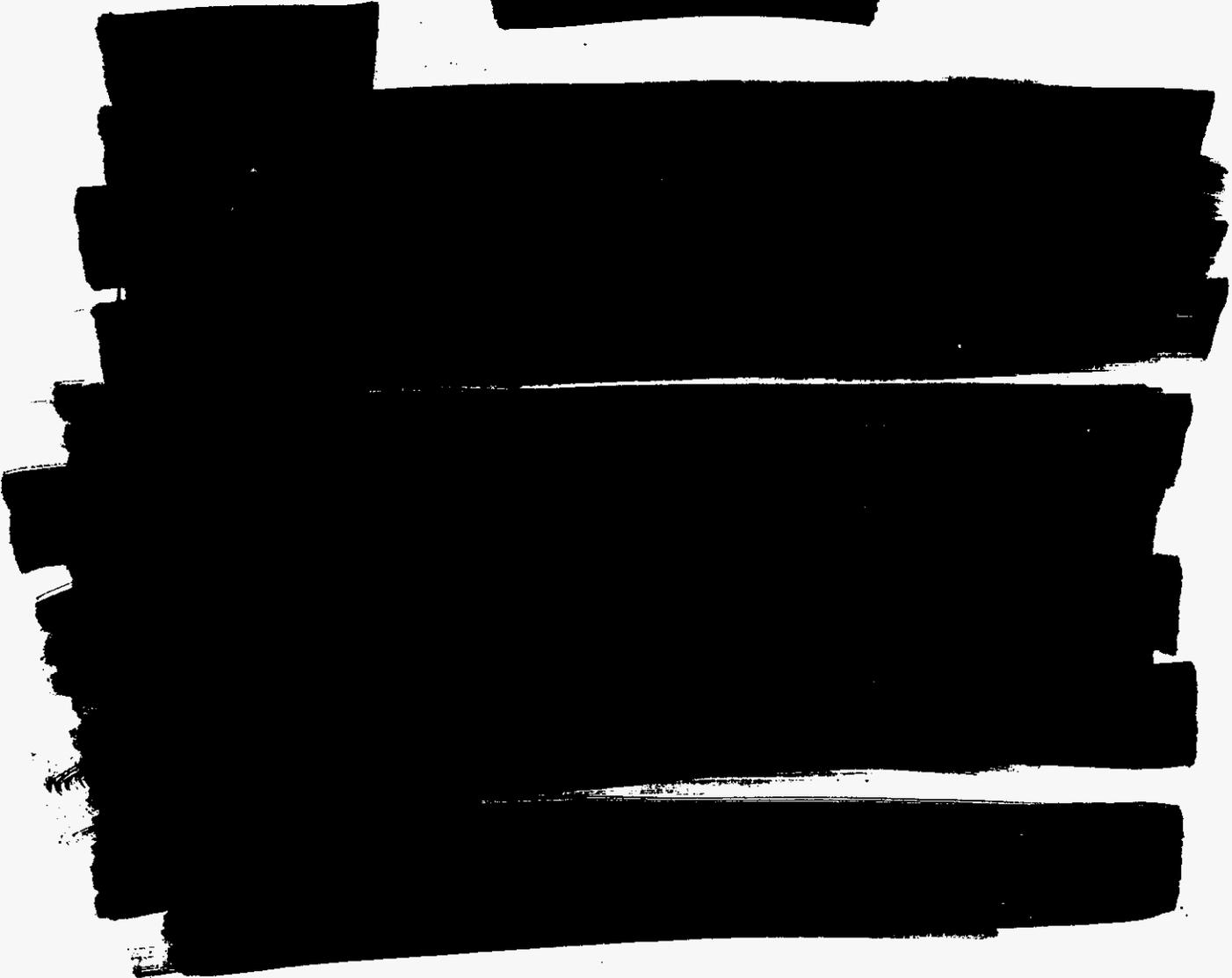
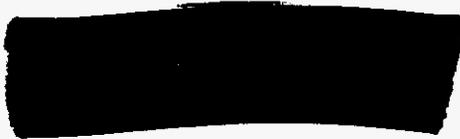
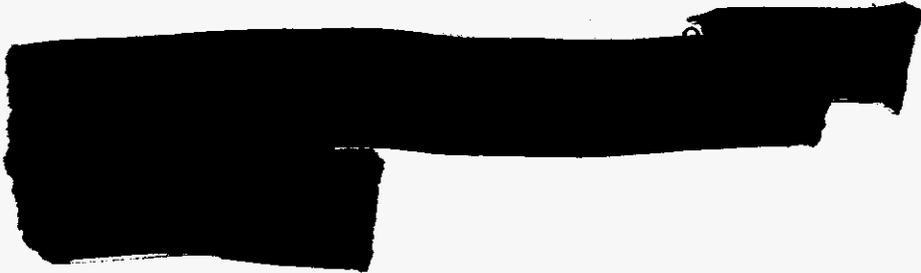
[REDACTED]





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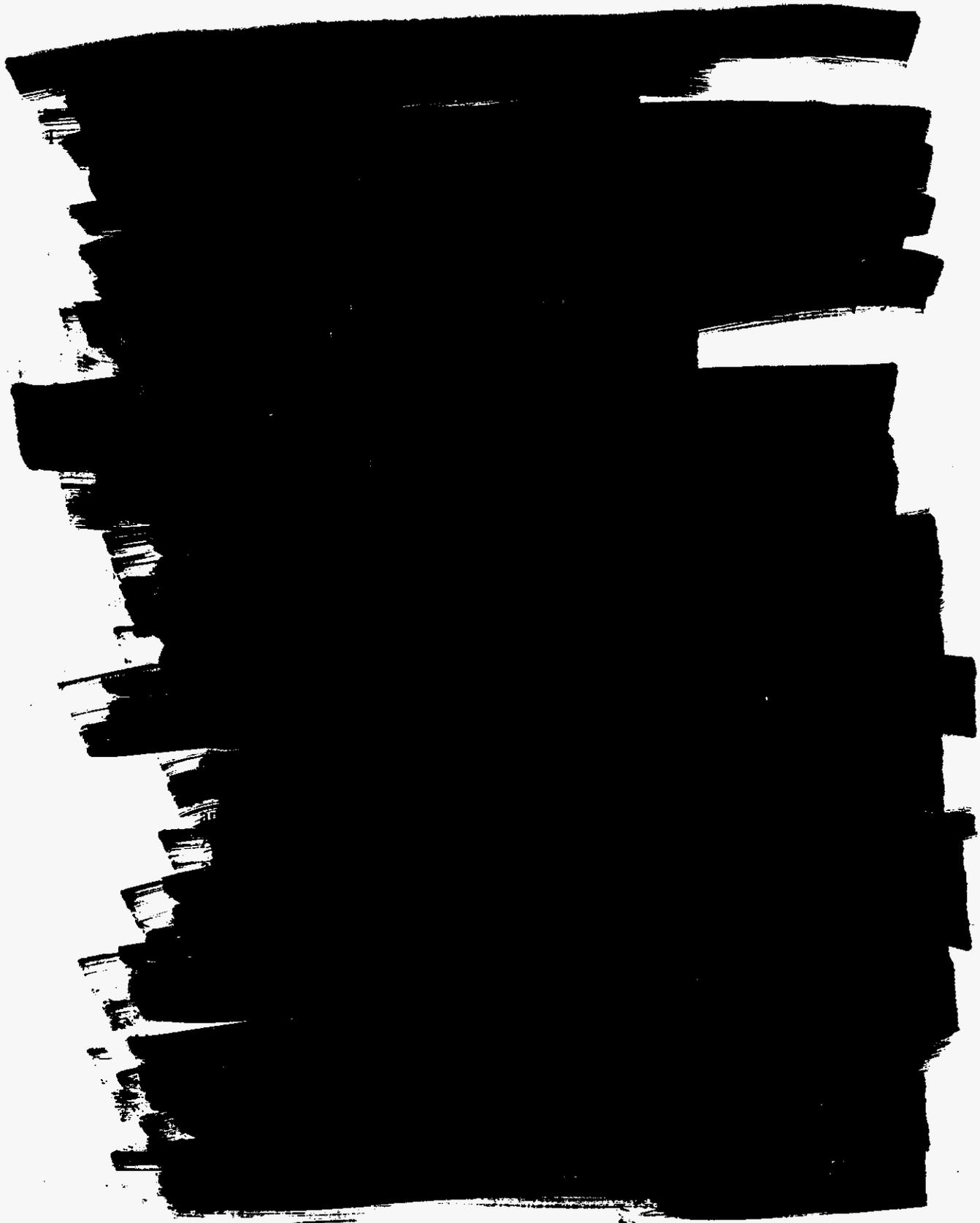
NUI Corporation (NYSE: NUI)

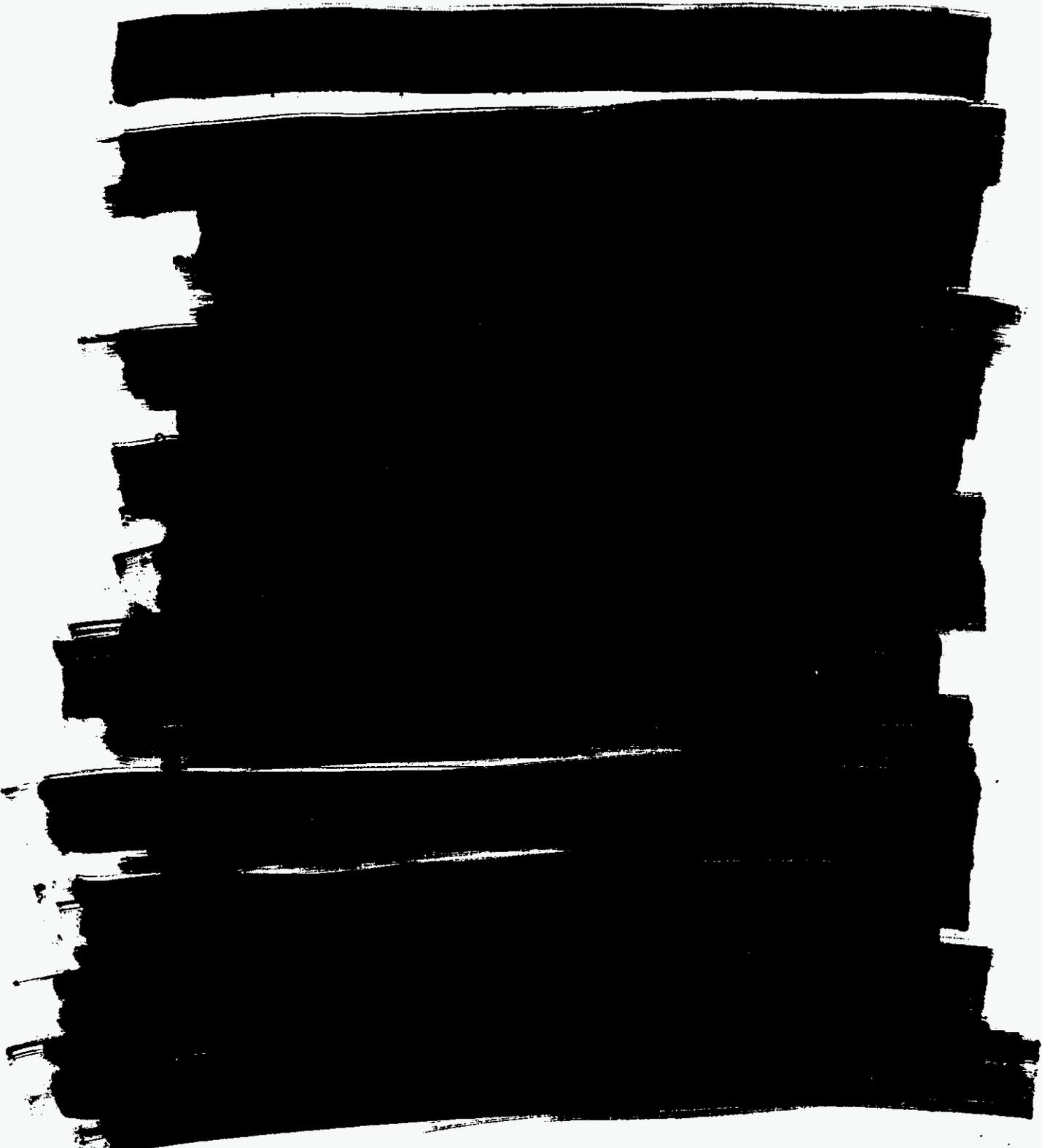


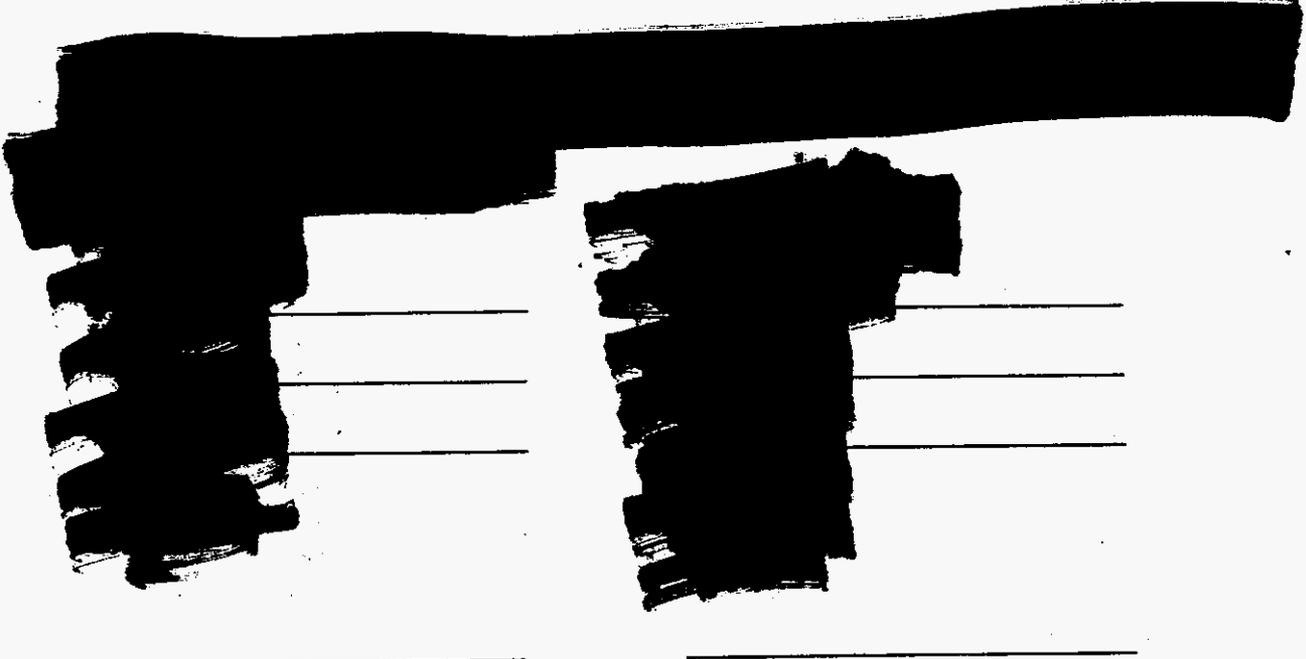
NUI Companies and Affiliates:
City Gas Company of Florida
Elizabethtown Gas
Elkton Gas

NUI Capital Corp.
NUI Energy
NUI Energy Brokers
NUI Energy Solutions
NUI Environmental Group

TIC Enterprises, LLC
Utility Business Services
Valley Cities Gas
Waverly Gas







CONFIDENTIALITY AGREEMENT

This Agreement is made and effective on this 10 day of September 1998, between NUI Corporation, a corporation of the State of New Jersey, having offices located at 550 Route 202/206, P.O. Box 760, Bedminster, New Jersey 07921-0760 (hereinafter referred to as "NUI") and [REDACTED]

WHEREAS, NUI and [REDACTED] have entered into discussions regarding [REDACTED] receiving natural gas service and energy related services from NUI in conjunction with a natural gas pipeline ("pipeline") that may be constructed in the State of Florida; and,

WHEREAS, a party to this Agreement may disclose certain proprietary and/or confidential information (hereinafter referred to as "confidential information") in its sole discretion in connection with this Agreement.

WHEREAS, the parties to this Agreement desire to protect from disclosure confidential information which may be disclosed to the other party;

NOW, THEREFORE, for and in consideration of the mutual promises and covenants herein contained, together with the efforts and resources of the parties extended to satisfy the conditions herein provided and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, NUI and [REDACTED] agree as follows:

ARTICLE 1- CONFIDENTIAL INFORMATION

Confidential information means all information, in any form or medium, that is disclosed by either party to this Agreement which relates to the disclosing party's business and/or technical activities, including, but not limited to, past, present or future customers, research, sales, development, purchasing, financing, data processing, engineering and marketing activities and information relating to the party's financial results and business prospects. In addition to the foregoing, with respect to NUI, confidential information includes, but is not limited to, information concerning the pipeline and/or the natural gas service and energy related services that NUI may offer to [REDACTED]. For the purposes of this Agreement, NUI shall mean NUI Corporation, its operating divisions, and its direct or indirect subsidiaries and affiliates.

The parties to this Agreement shall hold all such confidential information in trust and confidence for the other party and also agree that, during the performance and/or after the termination of this Agreement, party neither shall disclose to any person, firm or corporation, or use for its own business or

benefit, any information obtained from the other party, other than for the specific purpose set forth in this

Agreement.

The parties to this Agreement further agree that:

a) No copies shall be made of any of the written confidential information supplied, except that a party may provide, subject to the terms of subparagraph (b) of this Article 1, copies of confidential information to those of its employees, attorneys, auditors, and agents who reasonably require the confidential information to evaluate, negotiate, or consummate transactions with the other party related to natural gas service or other energy related services or the pipeline.

b) Only the employees, attorneys, auditors and agents of the parties shall be granted access to confidential information and each of them shall be required to agree not to disclose confidential information to any third party; and

c) At the conclusion of discussions or upon demand by either party, all confidential information shall be immediately returned to the party to which it belongs, including any written notes which may have been made regarding such confidential information.

The restrictions set forth in this Article 1 shall not apply to confidential information which (i) is or becomes public knowledge through no fault of either party; or (ii) is lawfully made available by an independent third party and such lawful availability can be properly demonstrated; or (iii) is already in the receiving party's possession at the time of initial receipt and such prior possession can be properly demonstrated; or (iv) is required by law, regulation, rule, act or order of any governmental authority or agency to be disclosed provided, however, the disclosing party gives the other party sufficient advance written notice to permit it to seek a protective order or other similar order with respect to the confidential information and, thereafter, the disclosing party discloses only the minimum confidential information required to be disclosed in order to comply.

ARTICLE 2

This Agreement shall expire september 10, 1999 from the date hereof, but may be terminated prior to expiration by either party giving thirty (30) days prior written notice to the other party; provided, however, the obligations to protect confidential information shall survive such termination and shall continue for a period of three (3) years from the effective date of termination of this Agreement.

ARTICLE 3

No rights or obligations other than those expressly recited herein are to be implied from this Agreement. No license is hereby granted, directly or indirectly, under any patent or copyright or for any of the information disclosed.

ARTICLE 4

The parties to this Agreement acknowledge that, in the event of a breach of this Agreement, damages alone may not be an adequate remedy and hereby stipulate that injunctive relief shall be available to the aggrieved party in such event provided, however, that nothing contained herein shall be construed as prohibiting either party from pursuing any other available legal or equitable remedies.

ARTICLE 5

This Agreement shall be governed by the laws of the State of Florida without regard to any conflict of law principles.

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

[Redacted signature]

NUI CORPORATION

By _____

By _____

Name:

Name:

Title:

Title:

Date:

Date:

ATTEST:

By _____

By _____

Name:

Name:

Title:

Title:



550 Route 202-206
P.O. Box 760
Bedminster, NJ 07921-0760
Tel: (908) 781-0500
Fax: (908) 781-0718
www.nui.com

NUI Corporation (NYSE: NUI)

September 9, 1998

VIA FEDERAL EXPRESS

1 [REDACTED]
2 [REDACTED]
3 [REDACTED]
4 [REDACTED]
5 [REDACTED]

6 Re: Confidentiality Agreement between NUI Corporation and [REDACTED]
7 [REDACTED]
8 [REDACTED]

Enclosed for your file is one (1) fully executed original of the above referenced agreement.

Very truly yours,

9 [REDACTED]
10 [REDACTED]
11 [REDACTED]

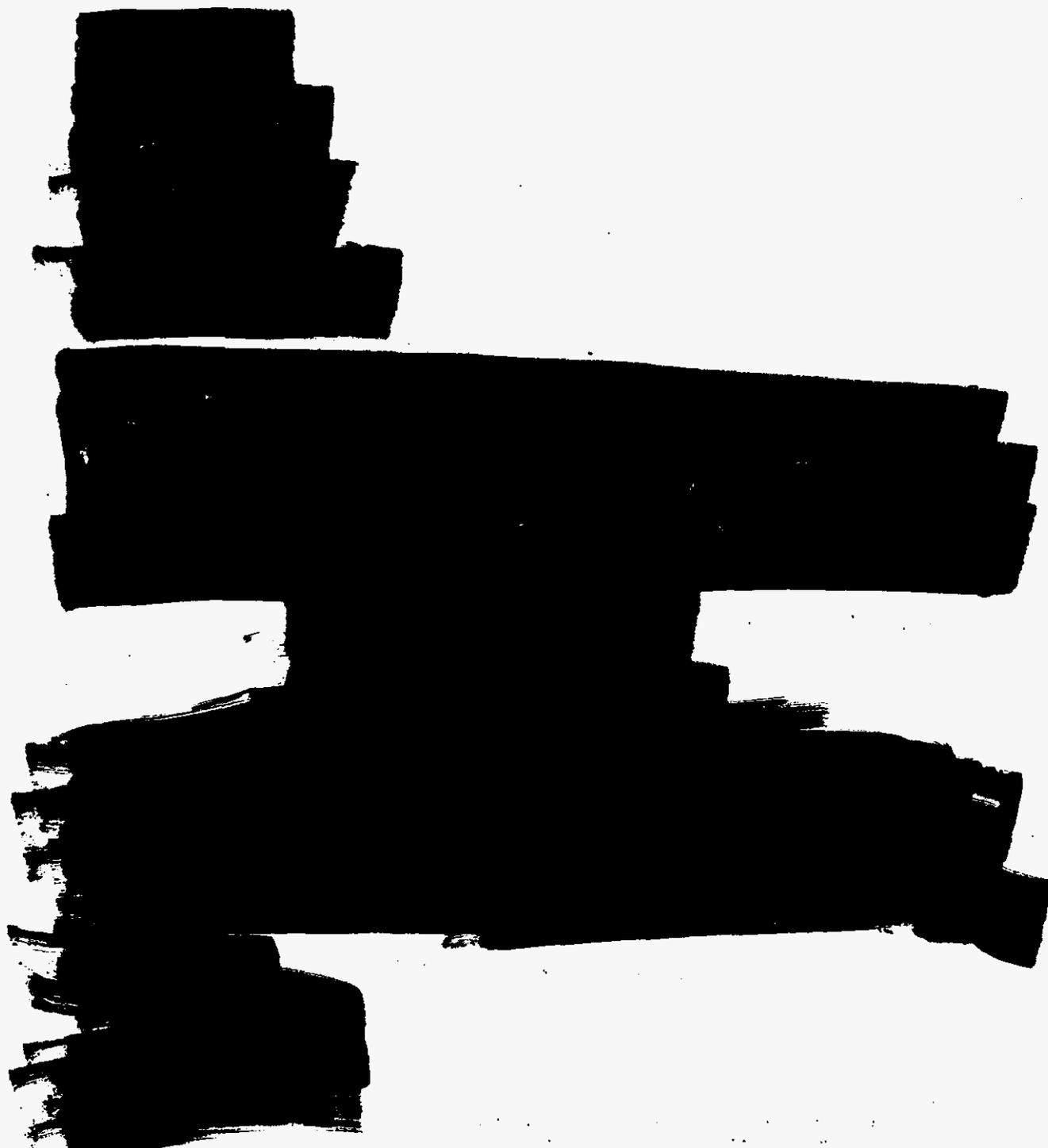
Enclosure

xc: P. Chymiy



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NUI Corporation (NYSE: NUI)



NUI Companies and Affiliates:
City Gas Company of Florida
Elizabethtown Gas
Fikton Gas

NUI Capital Corp.
NUI Energy
NUI Energy Brokers
NUI Energy Solutions

TIC Enterprises, LLC
Utility Business Services
Valley Cities Gas
Waverly Gas

38



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NUI Corporation (NYSE: NUI)



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Elizabethtown Gas
Elkton Gas
North Carolina Gas

NUI Capital Corp.
NUI Energy
NUI Energy Brokers
NUI Energy Solutions
NUI Environmental Group

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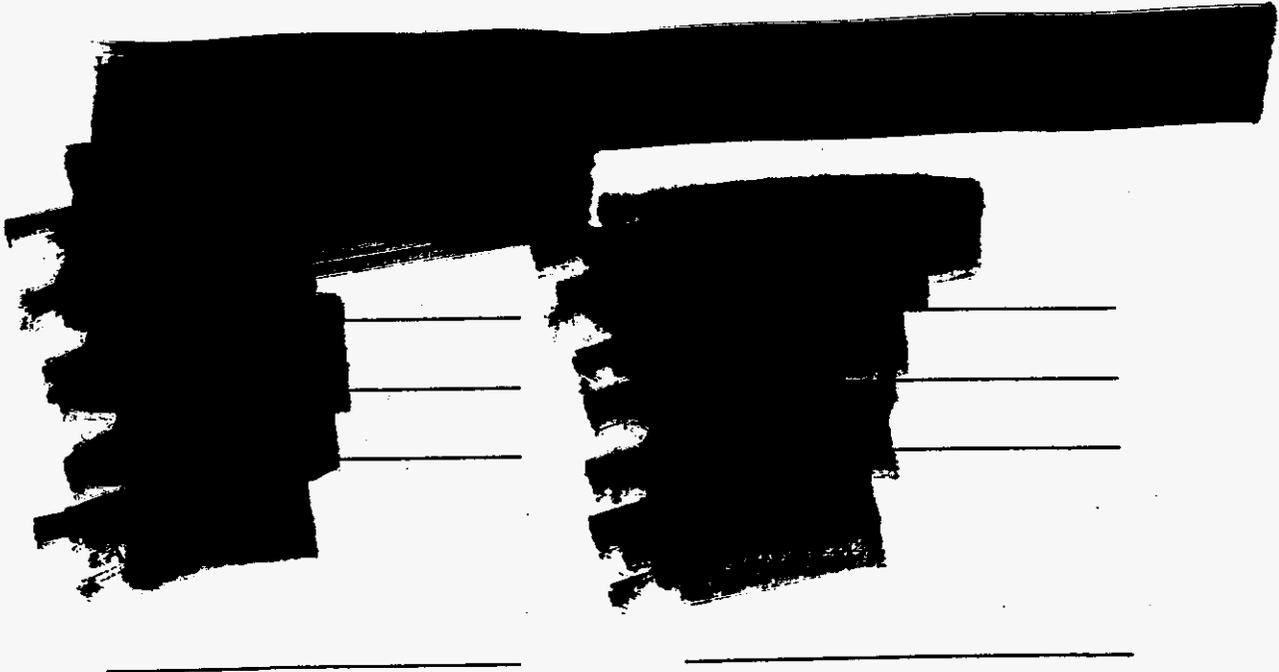
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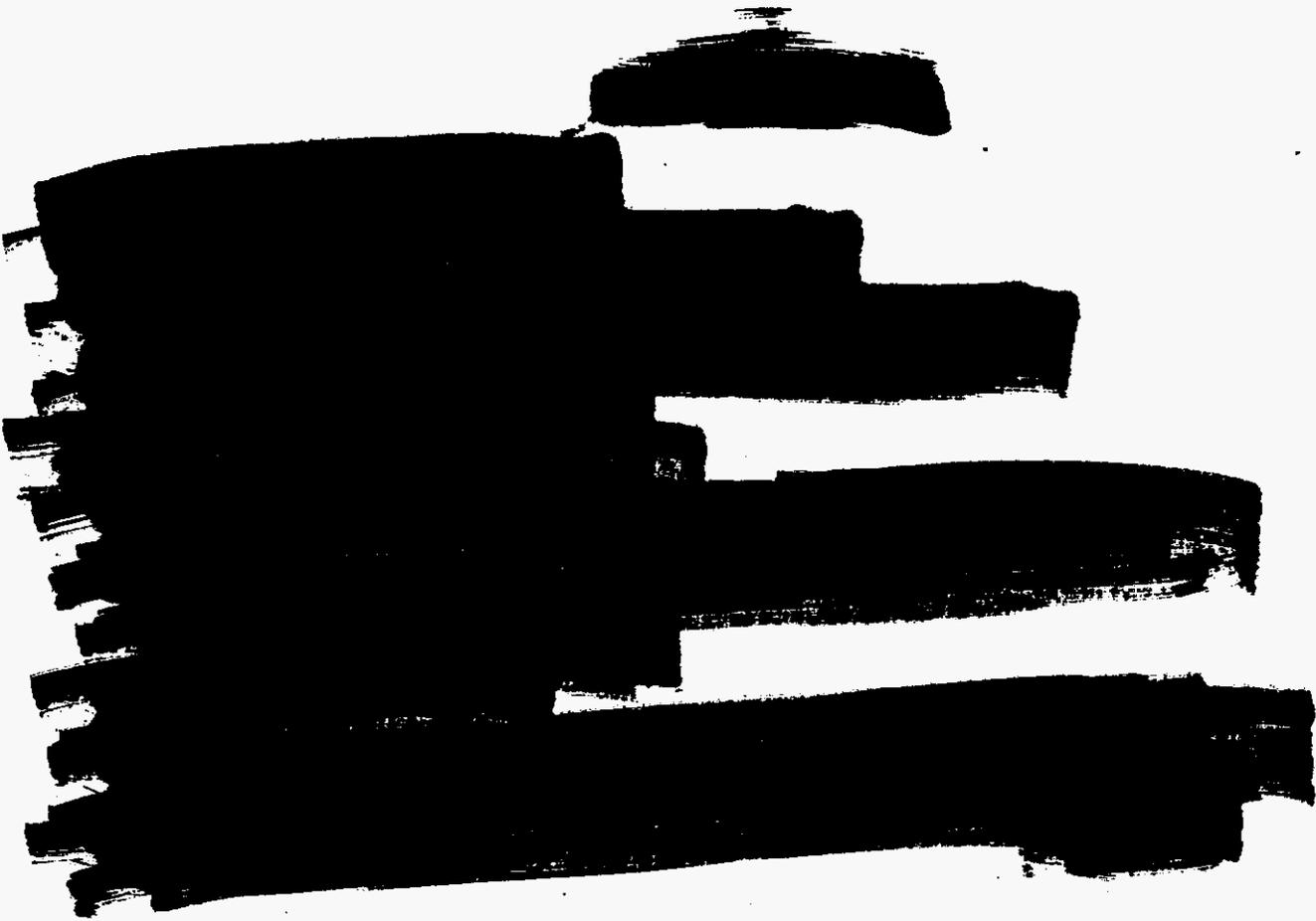


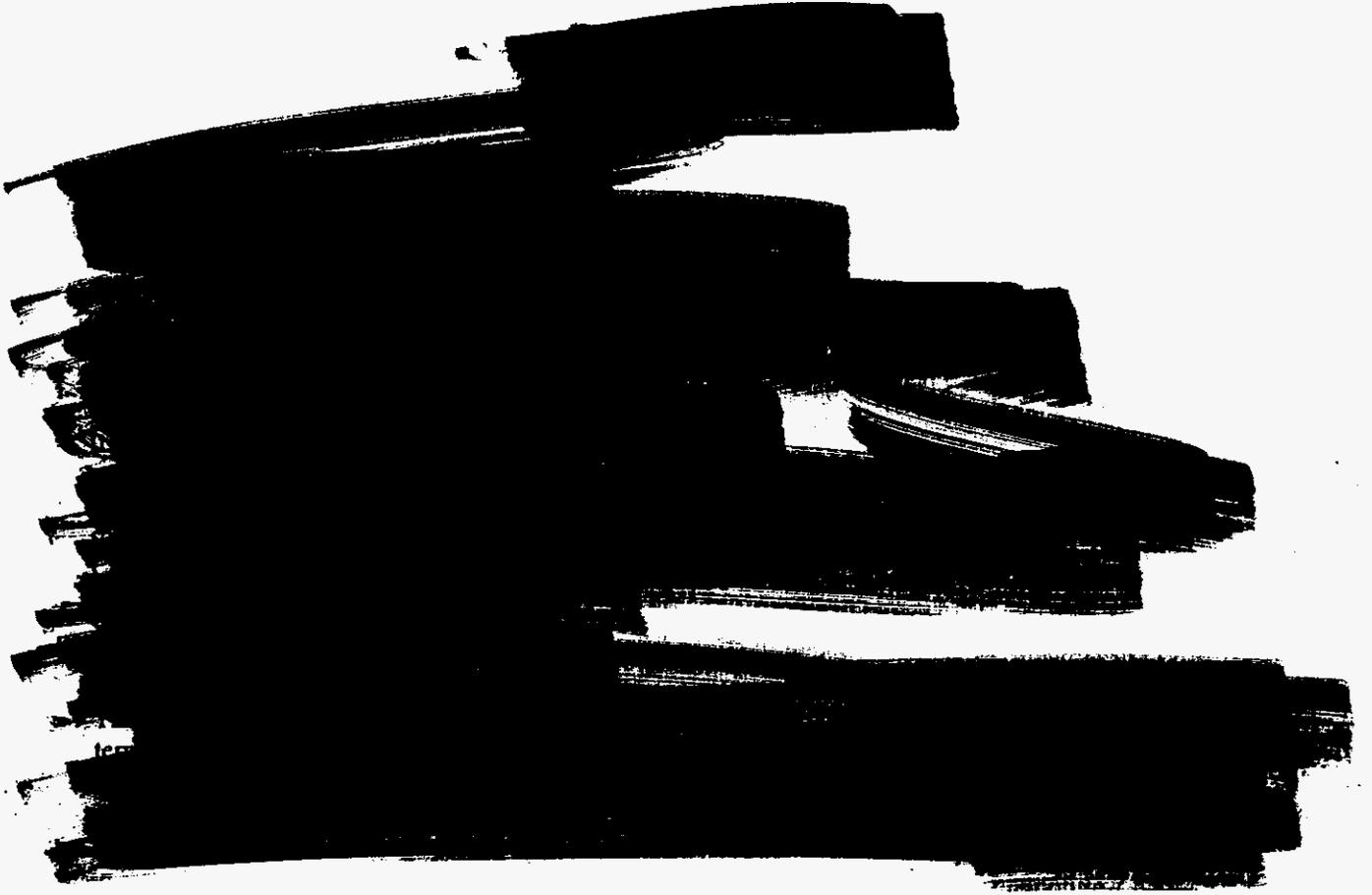
[REDACTED]

[REDACTED]

[REDACTED]









TRANSMITTAL of FEASIBILITY STUDY RESULTS

March 8, 1998

1 [REDACTED]
2 [REDACTED]
3 [REDACTED]
4 [REDACTED]

5 Attn: [REDACTED]

6 Subject: [REDACTED]
7 [REDACTED]
8 [REDACTED]

9 [REDACTED]

10 [REDACTED]

11 [REDACTED] and City Gas Company Of Florida, a division
of NUI Corporation, ("NUI") have been engaged in certain discussions concerning NUI
providing natural gas sales and/or transportation services ("Services") to Customer at
12 Customer's facilities in or near [REDACTED] Florida. These discussions have included
and contemplated, among other things, the construction of a natural gas distribution
system by NUI for the purpose of providing natural gas distribution service to the area,
and receipt by Customer of Services from NUI through such system ("Project"). The
Customer expressly understands that the Project, and therefore the work described
herein, are in the feasibility stage and will move forward at the sole discretion of NUI
and subject to all applicable regulatory approvals. Furthermore, the costs contained in
this letter are estimates only and may be subject to change. The feasibility study cost
estimates proposed for natural gas service main extension and equipment conversions
are outlined in two (2) parts as follows:

1. SERVICE MAIN EXTENSION

This part of the proposal consists of tapping the NUI's proposed natural gas
distribution system and extending the service main to the service meter(s). Included is
13 the service main extension(s) to the [REDACTED]

14 [REDACTED] Pursuant to the NUI/City Gas Company's main and
extension tariff provisions on file with the Florida Public Service Commission, a capital
contribution is not required from the Customer. Please note that this feasibility study is
solely related to the service main extension and does not include any rights for natural
gas sales or transportation service on the proposed distribution system, which will be
discussed in a separate letter.

2. HOUSE PIPING AND EQUIPMENT CONVERSION

This part of the proposal consists of running the house piping from the outlet of the NUI/City Gas Company owned meter set to the Customer's individual pieces of equipment that will be converted to use natural gas . The equipment to be converted is specifically outlined on Exhibit A which is attached and made part of the letter. The costs as outlined below are estimates only, and are based on the ability to use the existing LPG house piping available at the Customer's site . If in NUI's sole discretion the existing LPG piping is not suitable for natural gas service, an adjustment to the conversion costs will be made to provide for the installation of proper suitable piping.

The estimated cost for equipment conversions is \$21,350.00. Based on a contract period of five years, the monthly payment will be \$430.35. The total payments for the contract period will be \$25,821.00 . These figures include interest based on NUI's investor sources of capital as contained in the Company's most recent earnings surveillance report filed with the Florida Public Service Commission.

We have assumed that the Customer will provide a direct telephone line to the new meter location and 110 volt power for the purpose of remote automated meter reading. The telephone line cannot pass through an on-site telephone switch or operator and Will allow both NUI and the [REDACTED] to call this meter to download the daily usage. Coordination of the installation of the telephone line and power circuit will be handled by our assigned point of contact.

Sincerely,



Edward A. Liberty
Director – Key Account Services
NUI Corporation

2
3
4

CC:

[REDACTED]

- C. Zerpa (NUI)
- K. Verran (NUI)
- M. Palecki (NUI)
- M. Casaday (NUI)

EXHIBIT A

EQUIPMENT CONVERSION LIST

FACILITY

FIELD
1

[REDACTED]

2

[REDACTED]

3

[REDACTED]

4

[REDACTED]

Paul -

Mark has informed me we will be receiving a letter from the corporate secretary at the [REDACTED] confirming that [REDACTED] has the authority to sign the confidentiality agreement. I'll leave the agreement with you pending receipt of the letter.

Ed

Ed
11/29



Memorandum

To: Ed Liberty

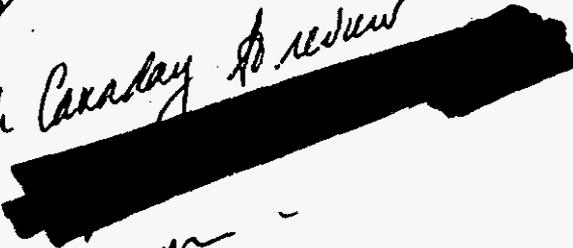
CC: Mark Casaday

From: Paul Chymiy 

Date: September 25, 1998

Re: 

I am returning the originals of the referenced agreement to you. I haven't approved it for execution by NUI since a manager of the Cooperative has executed them. Typically, a manager does not have the authority to bind an organization. These agreements will either need to be re-executed by an officer of the  or, in the alternative, NUI will need to be provided with formal, written proof that  has authority to bind the Cooperative.

10/1/98
Mark Casaday to review
4. w/  in person



550 Route 202-206
PO Box 760
Bedminster, NJ 07921-0760
Tel: (908) 781-0500
Fax: (908) 781-0718
www.nui.com

RECEIVED

NUI Corporation (NYSE: NUI)

SEP 11 1998

JWP

September 8, 1998

1 [REDACTED]
2 [REDACTED]
3 [REDACTED]
4 [REDACTED]

RE. Confidentiality Agreement

5 Dear Mr. [REDACTED]
As per our discussion, I have enclosed (2) two Confidentiality Agreements for your review and execution. Once I receive the Agreements back, I will return an executed agreement back to you. I will then set up another meeting to discuss and present you with a natural gas service option. If you have any questions regarding this letter or would like to discuss the options further, please do not hesitate to contact me. I will call you to arrange a meeting in the near future.

Best Regards

Mark D Casaday

NUI Companies and Affiliates:
City Gas Company of Florida
Elizabethtown Gas
Elkton Gas

NUI Capital Corp.
NUI Energy
NUI Energy Brokers

TIC Enterprises, LLC
Utility Business Services
Valley Cities Gas
Waverly Gas

CONFIDENTIALITY AGREEMENT

This Agreement is made and effective on this 9 day of September 1998, between NUI Corporation, a corporation of the State of New Jersey, having offices located at 550 Route 202/206, P.O. Box 760, Bedminster,

1 New Jersey 07921-0760 (hereinafter referred to as "NUI") and [REDACTED]

2 [REDACTED] (hereinafter referred to as [REDACTED]).

3 WHEREAS, NUI and [REDACTED] have entered into discussions regarding [REDACTED]

4 [REDACTED] receiving natural gas service and energy related services from NUI in conjunction with a natural gas pipeline ("pipeline") that may be constructed in the State of Florida; and,

WHEREAS, a party to this Agreement may disclose certain proprietary and/or confidential information (hereinafter referred to as "confidential information") in its sole discretion in connection with this Agreement.

WHEREAS, the parties to this Agreement desire to protect from disclosure confidential information which may be disclosed to the other party;

NOW, THEREFORE, for and in consideration of the mutual promises and covenants herein contained, together with the efforts and resources of the parties extended to satisfy the conditions herein provided and other

5 good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, NUI and [REDACTED]

6 [REDACTED]

ARTICLE 1- CONFIDENTIAL INFORMATION

Confidential information means all information, in any form or medium, that is disclosed by either party to this Agreement which relates to the disclosing party's business and/or technical activities, including, but not limited to, past, present or future customers, research, sales, development, purchasing, financing, data processing, engineering and marketing activities and information relating to the party's financial results and business prospects. In addition to the foregoing, with respect to NUI, confidential information includes, but is not limited to, information concerning the pipeline and/or the natural gas service and energy related services that NUI may

7 offer to [REDACTED]. For the purposes of this Agreement, NUI shall mean NUI Corporation, its operating divisions, and its direct or indirect subsidiaries and affiliates.

The parties to this Agreement shall hold all such confidential information in trust and confidence for the other party and also agree that, during the performance and/or after the termination of this Agreement, party neither shall disclose to any person, firm or corporation, or use for its own business or benefit, any information obtained from the other party, other than for the specific purpose set forth in this

Agreement.

The parties to this Agreement further agree that:

a) No copies shall be made of any of the written confidential information supplied, except that a party may provide, subject to the terms of subparagraph (b) of this Article 1, copies of confidential information to those of its employees, attorneys, auditors, and agents who reasonably require the confidential information to evaluate, negotiate, or consummate transactions with the other party related to natural gas service or other energy related services or the pipeline.

b) Only the employees, attorneys, auditors and agents of the parties shall be granted access to confidential information and each of them shall be required to agree not to disclose confidential information to any third party; and

c) At the conclusion of discussions or upon demand by either party, all confidential information shall be immediately returned to the party to which it belongs, including any written notes which may have been made regarding such confidential information.

The restrictions set forth in this Article 1 shall not apply to confidential information which (i) is or becomes public knowledge through no fault of either party; or (ii) is lawfully made available by an independent third party and such lawful availability can be properly demonstrated; or (iii) is already in the receiving party's possession at the time of initial receipt and such prior possession can be properly demonstrated; or (iv) is required by law, regulation, rule, act or order of any governmental authority or agency to be disclosed provided, however, the disclosing party gives the other party sufficient advance written notice to permit it to seek a protective order or other similar order with respect to the confidential information and, thereafter, the disclosing party discloses only the minimum confidential information required to be disclosed in order to comply.

ARTICLE 2

This Agreement shall expire September 8, 1999 from the date hereof, but may be terminated prior to expiration by either party giving thirty (30) days prior written notice to the other party; provided, however, the obligations to protect confidential information shall survive such termination and shall continue for a period of three (3) years from the effective date of termination of this Agreement.

ARTICLE 3

No rights or obligations other than those expressly recited herein are to be implied from this Agreement. No license is hereby granted, directly or indirectly, under any patent or copyright or for any of the information disclosed.

ARTICLE 4

The parties to this Agreement acknowledge that, in the event of a breach of this Agreement, damages alone may not be an adequate remedy and hereby stipulate that injunctive relief shall be available to the aggrieved party in such event provided, however, that nothing contained herein shall be construed as prohibiting either party from pursuing any other available legal or equitable remedies.

ARTICLE 5

This Agreement shall be governed by the laws of the State of Florida without regard to any conflict of law principles.

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

1 [Redacted]

NUI CORPORATION

2 B [Redacted]

By _____

3 Name [Redacted]

Name:

4 Title: [Redacted]

Title:

5 Date: [Redacted]

Date:

ATTEST:

6 B [Redacted]
7 [Redacted]

By _____

Name:

Title:

CONFIDENTIALITY AGREEMENT

This Agreement is made and effective on this 9 day of September 1998, between NUI Corporation, a corporation of the State of New Jersey, having offices located at 550 Route 202/206, P.O. Box 760, Bedminster, New Jersey 07921-0760 (hereinafter referred to as "NUI") and [REDACTED]

[REDACTED] hereinafter referred to as [REDACTED]

WHEREAS, NUI and [REDACTED] have entered into discussions regarding [REDACTED]

[REDACTED] receiving natural gas service and energy related services from NUI in conjunction with a natural gas pipeline ("pipeline") that may be constructed in the State of Florida; and,

WHEREAS, a party to this Agreement may disclose certain proprietary and/or confidential information (hereinafter referred to as "confidential information") in its sole discretion in connection with this Agreement.

WHEREAS, the parties to this Agreement desire to protect from disclosure confidential information which may be disclosed to the other party;

NOW, THEREFORE, for and in consideration of the mutual promises and covenants herein contained, together with the efforts and resources of the parties extended to satisfy the conditions herein provided and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, NUI and [REDACTED] agree as follows:

ARTICLE 1- CONFIDENTIAL INFORMATION

Confidential information means all information, in any form or medium, that is disclosed by either party to this Agreement which relates to the disclosing party's business and/or technical activities, including, but not limited to, past, present or future customers, research, sales, development, purchasing, financing, data processing, engineering and marketing activities and information relating to the party's financial results and business prospects. In addition to the foregoing, with respect to NUI, confidential information includes, but is not limited to, information concerning the pipeline and/or the natural gas service and energy related services that NUI may offer to [REDACTED]. For the purposes of this Agreement, NUI shall mean NUI Corporation, its operating divisions, and its direct or indirect subsidiaries and affiliates.

The parties to this Agreement shall hold all such confidential information in trust and confidence for the other party and also agree that, during the performance and/or after the termination of this Agreement, party neither shall disclose to any person, firm or corporation, or use for its own business or benefit, any information obtained from the other party, other than for the specific purpose set forth in this

ARTICLE 4

The parties to this Agreement acknowledge that, in the event of a breach of this Agreement, damages alone may not be an adequate remedy and hereby stipulate that injunctive relief shall be available to the aggrieved party in such event provided, however, that nothing contained herein shall be construed as prohibiting either party from pursuing any other available legal or equitable remedies.

ARTICLE 5

This Agreement shall be governed by the laws of the State of Florida without regard to any conflict of law principles.

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

1 [Redacted Signature]

NUI CORPORATION

2 By [Redacted Signature]

By _____

3 Name: [Redacted]

Name:

4 Title: [Redacted]

Title:

5 Date: [Redacted]

Date:

6 ATTEST:

7 By [Redacted Signature]
Name: [Redacted]

By _____

Name:

8 Title: [Redacted]

Title:



550 Route 202-206
 P.O. Box 760
 Bedminster, NJ 07921-0760
 Tel: (908) 781-0500
 Fax: (908) 781-0718
 www.nui.com

NUI Corporation (NYSE: NUI)

October 29, 1998

1
2
3
4
5
6
[Redacted]

RE. Natural Gas Service Agreement

Dear Mr. Pitts,

As per our discussion, enclosed is a Letter Agreement outlining the terms pursuant to which City Gas Company of Florida or an affiliate of NUI Corporation may provide natural gas service to [Redacted]. The arrangement is structured such that you actually purchase the natural gas commodity from any vendor you choose and have it delivered to NUI at a proposed new interconnection between Florida Gas Transmission and NUI in Palm Beach County.

Based on current natural gas pricing, your cost for natural gas delivered to the sugar mill assuming you purchased the commodity delivered to the city gate from a third party and that service is provided by City Gas are estimated as follows:

NATURAL GAS	\$0.240/therm
FGT*	\$0.038/therm
City Gas**	\$0.08252/therm
TOTAL COSTS	\$0.36052/therm

NOTE * BASED ON FLORIDA GAS TRANSMISSIONS (FGT) FTS-1 RATE

NOTE ** BASED ON CITIES GAS COMPANY'S CURRENT RATE FOR CI-LVT SERVICE

7 Under this City Gas rate schedule, [Redacted] is eligible for fuel oil price matching if it is documented that fuel oil can be delivered to your facility for a lower cost than natural gas. Additionally, we are currently evaluating this gas cost compared to your electrical cost to see the feasibility of generating your electrical power year round. That evaluation will be completed shortly. After you have had time to review the terms of the Letter Agreement, I will contact you to schedule a meeting to discuss and answer any of your questions. If you have any questions, please do not hesitate to contact me.

Best Regards

Mark D Casaday

NUI Companies and Affiliates:
 City Gas Company of Florida
 Elizabethtown Gas
 Fikton Gas

NUI Capital Corp.
 NUI Energy
 NUI Energy Brokers
 NUI Energy Solutions

TIC Enterprises, LLC
 Utility Business Services
 Valley Cities Gas

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TERM SHEET

1 CUSTOMER: [REDACTED]

SERVICE: NATURAL GAS TRANSPORTATION SERVICE

2 CONTRACT VOLUME; TAKE OR PAY VOLUME: [REDACTED]

3 ANNUAL CONTRACT VOLUME: [REDACTED]

INITIAL TERM: 10 YEARS

RATE SCHEDULE: If service is provided by City Gas Company, pursuant to City Gas' CI-LVT Rate schedule. The current rate is \$0.08252 PER THERM WITH ALTERNATIVE FUEL MATCHING CLAUSE AT CITY GAS COMPANY'S OPTION

4 SPECIAL CONDITIONS: ANNUAL VOLUME [REDACTED]
5 [REDACTED]

This Term Sheet is for discussion purposes only and is not intended to be complete and all inclusive of the terms of the related transaction, which are subject to further negotiations between the parties. This is not an offer by or commitment of NUI Corporation. The information in this Term Sheet is confidential and proprietary and is not to be released and is subject to the terms of the Confidentiality Agreement between the parties.



550 Route 202-206
 P.O. Box 760
 Bedminster, NJ 07921-0760
 Tel: (908) 781-0500
 Fax: (908) 781-0718
 www.nui.com

NUI Corporation (NYSE: NUI)

October 29, 1998

1 [Redacted]
 2 [Redacted]
 3 [Redacted]
 4 [Redacted]

Re: Natural Gas Service

5 [Redacted]

6 [Redacted] ("Customer") and City Gas Company of Florida, a division of NUI Corporation ("NUI") have been engaged in certain discussions concerning NUI providing natural gas sales and/or transportation services ("Services") to
 7 Customer at Customer's facility in [Redacted] ("Facility"). Any transportation services provided by NUI would be from a proposed point of interconnection between NUI and Florida Gas Transmission in Palm Beach County, Florida to Customer's facility. These discussions have included and contemplated, among other things, the construction of a natural gas pipeline by NUI and receipt by Customer of Services from NUI through such pipeline ("Project").

This Letter Agreement and the attached Term Sheet set forth the primary terms and conditions under which the parties will negotiate a definitive Gas Purchase and Sales and/or Gas Transportation Agreement (referred to herein singularly or collectively as "Agreement") with respect to the Services. Customer acknowledges and agrees that NUI's obligations under this Letter Agreement and the Agreement shall be expressly contingent upon and subject to, among other things, NUI's ability to obtain, on a timely basis and all in form and substance acceptable to NUI in NUI's sole discretion, (a) all necessary governmental and regulatory approvals necessary for NUI to provide the Services, and (b) a sufficient level of binding commitments for Services and to the Project from other potential customers. Further, NUI reserves the right to terminate this Letter Agreement and the Agreement and to withdraw any requests or applications for regulatory approval if, among other things, NUI determines that the Project or Services would be uneconomical for NUI to pursue and/or that NUI will not be able to obtain the necessary easements, rights-of-way, leases and other property rights to construct the Project on a timely basis under terms acceptable to NUI.

Customer also understands and agrees that the Services may ultimately be provided by a subsidiary or affiliate of NUI, and that for all purposes within this letter agreement, the term NUI shall mean and include any subsidiaries or affiliates of NUI Corporation.

In consideration of the promises and covenants contained in this Letter Agreement, Customer and NUI hereby agree as follows:

1. Customer and NUI shall work diligently to negotiate and execute the Agreement within sixty (60) days following the later of: (i) the date of execution of this Letter Agreement by the last party executing same, or (ii) the date of notification in writing by NUI to Customer of a level of commitment by third parties acceptable solely in NUI's discretion to justify a preliminary decision to proceed with the Project. Such sixty day period may be extended by mutual agreement of the parties in writing. Also, in the event that NUI is subject to any strikes, lockouts, or industrial disturbances of any type during the sixty day period, such period shall be automatically extended by an amount of time equal to the period of any such strike, lockout, or other industrial disturbance.
2. The Agreement shall include, but not be limited to, the terms and conditions set forth above in this Letter Agreement as well as the following terms and conditions:
 - a) If the Services are provided by NUI's City Gas Company of Florida division ("City Gas"), the Services shall be subject to the terms and conditions of City Gas' Natural Gas Tariff ("Tariff") as filed with and approved by the Florida Public Service Commission, as the same may be amended or modified from time-to-time, including, but not limited to, the Rules and Regulations contained in the Tariff. In addition, the Services shall be provided by City Gas under Rate Schedule(s) IL, CI-LV, CI or Transportation Rate Schedules CI-LVT, CI-TS, ITS, depending on Customer's qualifications, or, if necessary in City Gas' opinion, any new rate schedule that may be required for City Gas to provide the Services. If Customer qualifies for service under more than one of the aforementioned rate schedules, Customer shall have the option of choosing the rate schedule that it feels best meets its requirements, subject to the approval of City Gas, which shall not be unreasonably withheld. In addition to the foregoing, the Services shall be provided by City Gas to Customer in accordance with the terms and conditions of the Agreement. Should the terms and conditions of the Agreement vary from the terms of Tariff and/or the aforementioned rate schedules and/or should the Agreement, in NUI's opinion, require the approval of the FPSC, City Gas' obligations under the Agreement shall be expressly subject to receipt of such approval from the FPSC of the Agreement on terms and conditions acceptable to City Gas. In the event Services are provided by other than City Gas, the rates and charges for service shall be mutually agreed to by NUI and Customer and shall be subject to any necessary approvals.
 - b) An initial term of ten years ("Initial Term") beginning on the date that NUI is prepared to provide Service and evergreening from year-to-year thereafter, subject to termination by either party in accordance with notice provisions to be contained in the Agreement. During the Initial Term and any evergreen period, Customer agrees that Customer will not receive or permit the receipt of any natural gas deliveries to the Facilities other than through facilities owned and operated by NUI regardless of any other natural gas pipelines that may be built in the area.

- c) Customer's agreement that during the Initial Term Customer shall take delivery of, or pay for if not taken, a minimum quantity of [REDACTED] of gas per month usage, within parameters acceptable to any pipeline(s) transporting the gas.
 - d) Customer assuming responsibility for all work required downstream of the NUI meter and all costs associated therewith including, but not limited to, piping and equipment conversions. Such meter shall be at a location as agreed to by both parties. Any piping installed or other work performed by NUI for the Customer downstream of the meter shall be reimbursed to NUI under a separate agreement. Customer also assumes responsibility for any conversion of existing equipment that may be required to burn gas.
 - e) Customer granting, at no charge to NUI, any and all easements, rights-of-way, or similar property rights on and across any land owned or controlled by Customer and required for construction of the Project and required for NUI to provide the Services.
 - f) Customer acknowledging and agreeing that Customer's commitment alone is insufficient for NUI to justify constructing, owning, and operating the Project and providing the Services and that binding commitments by other potential customers are necessary to make the Project and Services commercially viable and that all of NUI's obligations to Customer are expressly subject to and contingent upon NUI obtaining such binding commitments and, if necessary, regulatory approvals of such commitments, all in form and substance acceptable to NUI, in NUI's sole discretion.
3. Customer agrees that during the term of this Letter Agreement and any extensions hereof, Customer shall not engage in discussions with any third party with respect to any service or the development of any project that may in any way be similar to or compete with the Project or Services described in this Letter Agreement and which have been the subject of discussions between Customer and NUI.
4. NUI and Customer have previously entered into a Confidentiality Agreement with respect to the Project and Services. This Letter Agreement shall not supersede the Confidentiality Agreement, which shall remain in full force and effect.
5. Unless terminated as provided for elsewhere herein, Customer and NUI agree that this Letter Agreement shall be in effect for a period of one year from the date that the last party hereto executes this Letter Agreement, unless mutually extended by both parties in writing.
6. This Letter Agreement may not be modified or amended except in a writing executed by duly authorized representatives of both parties.

7. This Letter Agreement shall be interpreted, construed, and governed by the laws of the State of Florida, excluding provisions regarding the conflict of laws.

If you are in agreement with the foregoing, kindly execute both originals of this Letter Agreement and return one fully executed original to the undersigned.

Agreed to and accepted by:

Customer

NUI Corporation

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

Attest: _____

Attest: _____

.01February 16,1998

1 [REDACTED]
2 [REDACTED]
3 [REDACTED]
4 [REDACTED]
5 [REDACTED]

RE: Natural Gas Service Agreement

6 [REDACTED]

As per our discussion, enclosed is a Letter Agreement outlying the terms pursuant to which City Gas Company of Florida or an affiliate of NUI Corporation may provide natural gas service to [REDACTED]. The arrangement is structured to allow [REDACTED] to purchase the natural gas commodity from any marketer or broker you choose. Said gas commodity would be delivered to NUI/City Gas' proposed interconnection with Florida Gas Transmission Corp. for distribution to your facilities.

Based on current natural gas prices and our proposed local distribution charges, we estimate your cost for natural gas delivered to your facilities is estimated as follows:

NATURAL GAS	\$0.183/therm
FGT*	\$0.038/therm
City Gas**	\$0.08252/therm
TOTAL COSTS	\$0.3035/therm

NOTE * BASED ON FLORIDA GAS TRANSMISSIONS (-FGT-) FTS-1 RATE

NOTE ** BASED ON NUI/ CITY GAS COMPANY'S CURRENT RATE FOR CI-LVT SERVICE

1 Under this existing NUI/City Gas rate schedule, as approved by the Florida Public
2 Service Commission, customers (such as [REDACTED] are eligible for burner tip fuel cost
3 matching subject to the customer certifying and documenting the competing fuel oil cost.
4 Also, under this rate schedule, you will not incur additional charges for the meter
5 installation. In order to better suit your needs we would also propose to allow [REDACTED]
6 the flexibility to use its committed volume at either the [REDACTED] as
7 long as such usage does not present operational problems along the NUI/City Gas local
8 distribution system.

9 Please note that the natural gas price estimated above is the current published market
10 price and will vary daily subject to market conditions, as does fuel oil. As with other
11 commodities we expect you, with the assistance of an energy marketer or broker, will be
12 able to lock in prices or float them to suit your business needs. As a member of the NUI
13 family of companies we would be remiss in not pointing out that there are other NUI
14 companies which may be able to offer a bundled natural gas price for delivery of the gas
15 commodity to the proposed NUI/City Gas interconnection with FGT, that is designed to
16 best suit [REDACTED]. These same entities may also be able to assist you in
17 converting your facilities to burn natural gas fuel as a stand-alone project or as part of a
18 bundled energy offering inclusive of a contract for the commodity itself. Such
19 discussions would not preclude [REDACTED] from entering into a contract for natural gas
20 distribution service from NUI/City Gas.

21 After you have had time to review our proposal, I would like to schedule a meeting to go
22 over any questions you may have and ensure that we are on track to meet your needs. If
23 you have any questions, please do not hesitate to contact me.

24 Best Regards

25 Mark D Casaday

26 CC: E. Liberty (NUI)

CONFIDENTIALITY AGREEMENT

This Agreement is made and effective on this _____ day of _____, 19___, between NUI Corporation, a corporation of the State of New Jersey, having offices located at 550 Route 202/206, P.O. Box 1 760, Bedminster, New Jersey 07921-0760 (hereinafter referred to as "NUI") and [REDACTED]

2 [REDACTED]
WHEREAS, NUI and U S Sugar have entered into discussions regarding [REDACTED] receiving natural gas service and energy related services from NUI in conjunction with a natural gas pipeline ("pipeline") that may be constructed in the State of Florida; and,

WHEREAS, a party to this Agreement may disclose certain proprietary and/or confidential information (hereinafter referred to as "confidential information") in its sole discretion in connection with this Agreement.

WHEREAS, the parties to this Agreement desire to protect from disclosure confidential information which may be disclosed to the other party;

NOW, THEREFORE, for and in consideration of the mutual promises and covenants herein contained, together with the efforts and resources of the parties extended to satisfy the conditions herein provided and other 3 good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, NUI and [REDACTED] 4 [REDACTED] agree as follows:

ARTICLE 1- CONFIDENTIAL INFORMATION

Confidential information means all information, in any form or medium, that is disclosed by either party to this Agreement which relates to the disclosing party's business, and/or technical activities, including, but not limited to, past, present or future customers, research, sales, development, purchasing, financing, data processing, engineering and marketing activities and information relating to the party's financial results and business prospects. In addition to the foregoing, with respect to NUI, confidential information includes, but is not limited to, information concerning the pipeline and/or the natural gas service and energy related services that NUI may 5 offer to [REDACTED]. For the purposes of this Agreement, NUI shall mean NUI Corporation, its operating divisions, and its direct or indirect subsidiaries and affiliates.

The parties to this Agreement shall hold all such confidential information in trust and confidence for the other party and also agree that, during the performance and/or after the termination of this Agreement, party neither shall disclose to any person, firm or corporation, or use for its own business or benefit, any information obtained from the other party, other than for the specific purpose set forth in this

Agreement.

The parties to this Agreement further agree that:

a) No copies shall be made of any of the written confidential information supplied, except that a party may provide, subject to the terms of subparagraph (b) of this Article 1, copies of confidential information to those of its employees, attorneys, auditors, and agents who reasonably require the confidential information to evaluate, negotiate, or consummate transactions with the other party related to natural gas service or other energy related services or the pipeline.

b) Only the employees, attorneys, auditors and agents of the parties shall be granted access to confidential information and each of them shall be required to agree not to disclose confidential information to any third party; and

c) At the conclusion of discussions or upon demand by either party, all confidential information shall be immediately returned to the party to which it belongs, including any written notes which may have been made regarding such confidential information.

The restrictions set forth in this Article 1 shall not apply to confidential information which (i) is or becomes public knowledge through no fault of either party; or (ii) is lawfully made available by an independent third party and such lawful availability can be properly demonstrated; or (iii) is already in the receiving party's possession at the time of initial receipt and such prior possession can be properly demonstrated; or (iv) is required by law, regulation, rule, act or order of any governmental authority or agency to be disclosed provided, however, the disclosing party gives the other party sufficient advance written notice to permit it to seek a protective order or other similar order with respect to the confidential information and, thereafter, the disclosing party discloses only the minimum confidential information required to be disclosed in order to comply.

ARTICLE 2

This Agreement shall expire July 1, 1999 from the date hereof, but may be terminated prior to expiration by either party giving thirty (30) days prior written notice to the other party; provided, however, the obligations to protect confidential information shall survive such termination and shall continue for a period of three (3) years from the effective date of termination of this Agreement.

ARTICLE 3

No rights or obligations other than those expressly recited herein are to be implied from this Agreement. No license is hereby granted, directly or indirectly, under any patent or copyright or for any of the information disclosed.

ARTICLE 4

The parties to this Agreement acknowledge that, in the event of a breach of this Agreement, damages alone may not be an adequate remedy and hereby stipulate that injunctive relief shall be available to the aggrieved party in such event provided, however, that nothing contained herein shall be construed as prohibiting either party from pursuing any other available legal or equitable remedies.

ARTICLE 5

This Agreement shall be governed by the laws of the State of Florida without regard to any conflict of law principles.

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

[Redacted Signature]

NUI CORPORATION

By _____

By _____

Name:

Name:

Title:

Title:

Date:

Date:

ATTEST:

By _____

By _____

Name:

Name:

Title:

Title:



550 Route 202-206
P.O. Box 760
Bedminster, NJ 07921-0760
Tel: (908) 781-0500
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www.nui.com

NUI Corporation (NYSE: NUI)

November 19, 1998

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5



RE. Natural Gas Service Agreement

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As per our discussion, enclosed is a Letter Agreement outlining the terms pursuant to which City Gas Company of Florida or an affiliate of NUI Corporation may provide natural gas service to . The arrangement is structured such that you actually purchase the natural gas commodity from any vendor you choose and have it delivered to NUI at a proposed new interconnection between Florida Gas Transmission Corp. and NUI in Palm Beach County.

Based on current natural gas pricing, your cost for natural gas delivered to the facility assuming you purchased the commodity delivered to the city gate from a third party and that service is provided by City Gas are estimated as follows:

NATURAL GAS	\$0.240/therm
FGT*	\$0.038/therm
City Gas**	\$0.12757/therm
TOTAL COSTS	\$0.4037/therm

NOTE * BASED ON FLORIDA GAS TRANSMISSIONS (FGT) FTS-1 RATE

NOTE ** BASED ON CITIES GAS COMPANY'S CURRENT RATE FOR CI-LVT SERVICE

Under this City Gas rate schedule, Wackenhut Corporation is eligible for LPG price matching if it is documented that LPG can be delivered to your facility for a lower cost than natural gas. After you have had time to review the terms of the Letter Agreement, I will contact you to schedule a meeting to discuss and answer any of your questions. If you have any questions, please do not hesitate to contact me.

Best Regards

Mark D Casaday

NUI Companies and Affiliates:
City Gas Company of Florida
Elizabethtown Gas
Flinton Gas

NUI Capital Corp.
NUI Energy
NUI Energy Brokers
NUI Energy Solutions

TIC Enterprises, LLC
Utility Business Services
Valley Cities Gas
Waverly Gas

TERM SHEET

1 CUSTOMER: [REDACTED]
SERVICE: NATURAL GAS TRANSPORTATION SERVICE

2 CONTRACT VOLUME; TAKE OR PAY VOLUME: [REDACTED]

3 ANNUAL CONTRACT VOLUME: [REDACTED]

INITIAL TERM: 10 YEARS

RATE SCHEDULE: If service is provided by City Gas Company, pursuant to City Gas' CI-LVT Rate schedule. The current rate is \$0.12757 PER THERM WITH ALTERNATIVE FUEL MATCHING CLAUSE AT CITY GAS COMPANY'S OPTION

SPECIAL CONDITIONS: NONE

This Term Sheet is for discussion purposes only and is not intended to be complete and all inclusive of the terms of the related transaction, which are subject to further negotiations between the parties. This is not an offer by or commitment of NUI Corporation. The information in this Term Sheet is confidential and proprietary and is not to be released and is subject to the terms of the Confidentiality Agreement between the parties.



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NUI Corporation (NYSE: NUI)

November 19, 1998

1 [REDACTED]
 2 [REDACTED]
 3 [REDACTED]
 4 [REDACTED]

Re: Natural Gas Service

5 [REDACTED]

6 [REDACTED] ("Customer") and City Gas Company of Florida, a division of
 NUI Corporation ("NUI") have been engaged in certain discussions concerning NUI providing
 natural gas sales and/or transportation services ("Services") to Customer at Customer's facility in
 7 [REDACTED] "Facility"). Any transportation services provided by NUI would be from a
 proposed point of interconnection between NUI and Florida Gas Transmission in Palm Beach
 County, Florida to Customer's facility. These discussions have included and contemplated, among
 other things, the construction of a natural gas pipeline by NUI and receipt by Customer of Services
 from NUI through such pipeline ("Project").

This Letter Agreement and the attached Term Sheet set forth the primary terms and conditions
 under which the parties will negotiate a definitive Gas Purchase and Sales and/or Gas Transportation
 Agreement (referred to herein singularly or collectively as "Agreement") with respect to the Services.
 Customer acknowledges and agrees that NUI's obligations under this Letter Agreement and the
 Agreement shall be expressly contingent upon and subject to, among other things, NUI's ability to
 obtain, on a timely basis and all in form and substance acceptable to NUI in NUI's sole discretion, (a) all
 necessary governmental and regulatory approvals necessary for NUI to provide the Services, and (b) a
 sufficient level of binding commitments for Services and to the Project from other potential customers.
 Further, NUI reserves the right to terminate this Letter Agreement and the Agreement and to withdraw
 any requests or applications for regulatory approval if, among other things, NUI determines that the
 Project or Services would be uneconomical for NUI to pursue and/or that NUI will not be able to obtain
 the necessary easements, rights-of-way, leases and other property rights to construct the Project on a
 timely basis under terms acceptable to NUI.

Customer also understands and agrees that the Services may ultimately be provided by a
 subsidiary or affiliate of NUI, and that for all purposes within this letter agreement, the term NUI
 shall mean and include any subsidiaries or affiliates of NUI Corporation.

NUI Companies and Affiliates:
 City Gas Company of Florida
 Elizabethtown Gas
 Elkton Gas

NUI Capital Corp.
 NUI Energy
 NUI Energy Brokers
 NUI Energy Solutions
 NUI Environmental Group

TIC Enterprises, LLC
 Utility Business Services
 Valley Cities Gas
 Waverly Gas

69

In consideration of the promises and covenants contained in this Letter Agreement, Customer and NUI hereby agree as follows:

1. Customer and NUI shall work diligently to negotiate and execute the Agreement within sixty (60) days following the later of: (i) the date of execution of this Letter Agreement by the last party executing same, or (ii) the date of notification in writing by NUI to Customer of a level of commitment by third parties acceptable solely in NUI's discretion to justify a preliminary decision to proceed with the Project. Such sixty day period may be extended by mutual agreement of the parties in writing. Also, in the event that NUI is subject to any strikes, lockouts, or industrial disturbances of any type during the sixty day period, such period shall be automatically extended by an amount of time equal to the period of any such strike, lockout, or other industrial disturbance.
2. The Agreement shall include, but not be limited to, the terms and conditions set forth above in this Letter Agreement as well as the following terms and conditions:
 - a) If the Services are provided by NUI's City Gas Company of Florida division ("City Gas"), the Services shall be subject to the terms and conditions of City Gas' Natural Gas Tariff ("Tariff") as filed with and approved by the Florida Public Service Commission, as the same may be amended or modified from time-to-time, including, but not limited to, the Rules and Regulations contained in the Tariff. In addition, the Services shall be provided by City Gas under Rate Schedule(s) IL, CI-LV, CI or Transportation Rate Schedules CI-LVT, CI-TS, ITS, depending on Customer's qualifications, or, if necessary in City Gas' opinion, any new rate schedule that may be required for City Gas to provide the Services. If Customer qualifies for service under more than one of the aforementioned rate schedules, Customer shall have the option of choosing the rate schedule that it feels best meets its requirements, subject to the approval of City Gas, which shall not be unreasonably withheld. In addition to the foregoing, the Services shall be provided by City Gas to Customer in accordance with the terms and conditions of the Agreement. Should the terms and conditions of the Agreement vary from the terms of Tariff and/or the aforementioned rate schedules and/or should the Agreement, in NUI's opinion, require the approval of the FPSC, City Gas' obligations under the Agreement shall be expressly subject to receipt of such approval from the FPSC of the Agreement on terms and conditions acceptable to City Gas. In the event Services are provided by other than City Gas, the rates and charges for service shall be mutually agreed to by NUI and Customer and shall be subject to any necessary approvals.
 - b) An initial term of ten years ("Initial Term") beginning on the date that NUI is prepared to provide Service and evergreening from year-to-year thereafter, subject to termination by either party in accordance with notice provisions to be contained in the Agreement. During the Initial Term and any evergreen period, Customer agrees that Customer will not receive or permit the receipt of any natural gas deliveries to the Facilities other than through facilities owned and operated by NUI regardless of any other natural gas pipelines that may be built in the area.

- c) Customer's agreement that during the Initial Term Customer shall take delivery of, or pay for if not taken, a minimum quantity of [REDACTED] of gas per month usage, within parameters acceptable to any pipeline(s) transporting the gas.
- d) Customer assuming responsibility for all work required downstream of the NUI meter and all costs associated therewith including, but not limited to, piping and equipment conversions. Such meter shall be at a location as agreed to by both parties. Any piping installed or other work performed by NUI for the Customer downstream of the meter shall be reimbursed to NUI under a separate agreement. Customer also assumes responsibility for any conversion of existing equipment that may be required to burn gas.
- e) Customer granting, at no charge to NUI, any and all easements, rights-of-way, or similar property rights on and across any land owned or controlled by Customer and required for construction of the Project and required for NUI to provide the Services.
- f) Customer acknowledging and agreeing that Customer's commitment alone is insufficient for NUI to justify constructing, owning, and operating the Project and providing the Services and that binding commitments by other potential customers are necessary to make the Project and Services commercially viable and that all of NUI's obligations to Customer are expressly subject to and contingent upon NUI obtaining such binding commitments and, if necessary, regulatory approvals of such commitments, all in form and substance acceptable to NUI, in NUI's sole discretion.
3. Customer agrees that during the term of this Letter Agreement and any extensions hereof, Customer shall not engage in discussions with any third party with respect to any service or the development of any project that may in any way be similar to or compete with the Project or Services described in this Letter Agreement and which have been the subject of discussions between Customer and NUI.
4. NUI and Customer have previously entered into a Confidentiality Agreement with respect to the Project and Services. This Letter Agreement shall not supersede the Confidentiality Agreement, which shall remain in full force and effect.
5. Unless terminated as provided for elsewhere herein, Customer and NUI agree that this Letter Agreement shall be in effect for a period of one year from the date that the last party hereto executes this Letter Agreement, unless mutually extended by both parties in writing.
6. This Letter Agreement may not be modified or amended except in a writing executed by duly authorized representatives of both parties.
7. This Letter Agreement shall be interpreted, construed, and governed by the laws of the State of Florida, excluding provisions regarding the conflict of laws.

If you are in agreement with the foregoing, kindly execute both originals of this Letter Agreement and return one fully executed original to the undersigned.

Agreed to and accepted by:

Customer

NUI Corporation

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

Attest:

Attest:



550 Route 202-206
P.O. Box 760
Bedminster, NJ 07921-0760
Tel: (908) 781-0500
Fax: (908) 781-0718
www.nui.com

NUI Corporation (NYSE: NUI)

BY OVERNIGHT MAIL

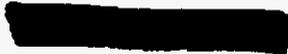
August 16, 2000

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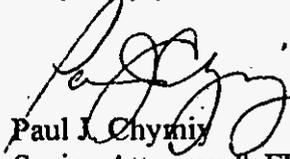
Re: Letter Agreement for Natural Gas Transportation Service

6



Enclosed please find one original of the referenced agreement executed by NUI Corporation.

Very truly yours,



Paul J. Chymir
Senior Attorney & FERC Counsel

Cc: E. Liberty, w/enc. ✓
M. Casaday, w/enc.



BY OVERNIGHT MAIL

July 17, 2000

1 [REDACTED]
2 [REDACTED]
3 [REDACTED]
4 [REDACTED]
5 [REDACTED]

Re: Natural Gas Transportation Service

6 [REDACTED]

7 [REDACTED] Customer”, and City Gas Company of Florida, a division of NUI Corporation (“NUI”), have been engaged in discussions concerning NUI providing natural gas transportation service (“Service”) to Customer at Customer’s Facility near

8 [REDACTED]. Facility is defined collectively as the [REDACTED]

9 [REDACTED]

10 [REDACTED] These discussions have contemplated the construction of a natural gas distribution system (“Project”) by NUI and receipt by Customer of Service from NUI through such distribution system.

Preamble

This Letter Agreement sets forth the primary terms and conditions under which the Parties will negotiate a definitive Gas Transportation Agreement (referred to herein as “Agreement”) with respect to the Service. Customer acknowledges and agrees that NUI’s obligations under this Letter Agreement and the Agreement shall be expressly contingent upon and subject to NUI’s ability to obtain, on a timely basis and all in form and substance acceptable to NUI, all necessary rights of way, leases and other property rights to construct the Project, and governmental and regulatory approvals necessary for NUI to construct the Project and provide the Service. Further, each party reserves the right, to be exercised, if at all, prior to execution of the Agreement, to terminate this Letter Agreement and to withdraw any requests or applications for governmental or regulatory approvals, permits, or authorizations if (i) it determines that the Project or Service would be uneconomical for it to pursue, (ii) in the case of NUI, that it will not be able to obtain the necessary easements, rights-of-way, leases and other property rights to construct the Project on a timely basis under terms acceptable to it, and (iii) in the case of Customer, that it will be unable to obtain the permits described in Section 15 on a timely basis under

JARC
7/29/00
terms acceptable to it.

In consideration of the promises and covenants contained in this Letter Agreement, Customer and NUI hereby agree as follows:

1. Letter Agreement Term

The term of this Letter Agreement shall begin on the latter of the dates on which it has been executed by each Party hereto. As set forth in the above Preamble, each Party reserves the right to terminate this Letter Agreement in accordance with the Preamble, and if either Party exercises such right to terminate, this Letter Agreement and all of its terms and conditions shall terminate as of the effective date of such termination, provided that Sections 17A and 18, Exclusivity and Confidentiality, respectively, shall survive such termination in accordance with their terms. If neither Party terminates this Letter Agreement in accordance with the Preamble, then this Letter Agreement will terminate upon the earlier of (a) ninety (90) days from the date set forth in the first sentence of this paragraph or (b) the effective date of the Agreement that the Parties anticipate executing in accordance with the terms of this Letter Agreement. Customer and NUI shall work diligently to negotiate and execute the Agreement within ninety (90) days following the date of execution of this Letter Agreement by the last Party executing same. Such ninety-day period may be extended by mutual agreement of the Parties in writing. If a definitive Agreement is not executed within such ninety (90) day period (or such longer period as the Parties may designate by mutual agreement), this Letter Agreement and all of its terms and conditions shall automatically terminate as of the effective date of such termination, provided that Sections 17A and 18, Exclusivity and Confidentiality, respectively, shall survive such termination in accordance with their terms.

The Agreement will include, but not be limited to, the terms and conditions set forth in this Letter Agreement. Any such terms and conditions in the Agreement not set forth in this Letter Agreement shall be consistent with the intent of the Parties as set forth in this Letter Agreement.

2. Service

NUI will provide the Service subject to the terms and conditions of the Agreement (which Agreement shall be in accordance with this Letter Agreement), the NUI/City Gas Company tariff ("Tariff") and rate schedule Contract Interruptible - Large Volume Transportation Service ("CI-LVT") or other applicable rate schedule contained therein as filed with and approved by the Florida Public Service Commission ("FPSC") as either or both may be modified from time-to-time, and any orders of the FPSC or other body having jurisdiction over the parties or the Service. In the event of a conflict among or between the terms of the documents listed in the previous sentence, the terms of the Agreement shall control over the terms of either the Tariff or the applicable rate schedule, and as

between the Tariff and the applicable rate schedule, the terms of the applicable rate schedule shall control.

3. Rates During the Primary Term and Make-Up Period

NUI will provide the Service at rates dependent on the actual cost of the Project, provided that the maximum rate shall not exceed the maximum rate under the CI-LVT rate schedule as of the date of this Letter Agreement (\$0.08252 per therm).

1 The first [redacted] transported per month shall be priced at such maximum CI-LVT rate, not to exceed \$0.08252 per therm, subject to reduction based on the
 2 actual cost of the Project, as described below. The next [redacted] per month shall be priced at a rate of \$0.05930 per therm, and shall be subject to adjustment as described below.

Currently the cost of the Project is estimated at \$12.125 million. If the actual cost of the Project, as determined by NUI in a manner consistent with applicable regulatory requirements for gas distribution companies and reported to Customer on Exhibit A of this Letter Agreement, is lower than such estimate, NUI will charge the Customer at rates calculated by proportional adjustment to the rates set forth in Columns A and B of the following table:

3
4

Actual Project Cost	A Rate up to the first [redacted] therms/month (plus fuel and shrinkage)	B Rate from [redacted] therms/month (plus fuel and shrinkage)	C Rate from [redacted] therms/month
\$	\$/therm	\$/therm	\$/therm
\$12,125,000	0.08252	0.05930	Fuel + Shrink
\$11,125,000	0.07500	0.06200	Fuel + Shrink
\$10,125,000	0.06500	0.06500	Fuel + Shrink
\$9,125,000	0.05500	0.05500	Fuel + Shrink

As of the date of this Letter Agreement, NUI does not charge any fuel or transportation shrinkage to customers receiving service under the CI-LVT rate schedule. If and to the extent that NUI begins to assess and collect such charges at any time during the Term of the Agreement under Rate Schedule CI-LVT or the applicable successor rate schedule, such charges shall apply to Customer and the Service provided under the Agreement.

All rates set forth in this Letter Agreement do not include, and shall be subject to, all applicable taxes and other adjustments as provided for in the Tariff. As of the

date of this Letter Agreement, NUI collects no taxes or other adjustments on service rendered under the CI-LVT rate schedule.

4. Term

- A. The Term of the Agreement will consist of: (a) a Primary Term beginning on the date NUI begins to provide the Service, in coordination with Customer's readiness to receive the Service, not later than two months after the date that NUI is prepared to provide Service, but in no event earlier than June 1, 2001, and terminating eight (8) contract years from such date; (b) a Make-Up Period, if applicable, beginning immediately upon the conclusion of the Primary Term, and as more fully described in Section 6 below, and (c) an Extended Term, immediately following the conclusion of the Make-Up Period (if any), equal to twenty-two (22) contract years less the actual Make-Up Period.
- B. For purposes of this Letter Agreement and the Agreement, a contract year shall be the period of 365 consecutive days beginning on the day of the month that the Primary Term begins, except that for any such year that contains the date of February 29, a contract year shall be a period of 366 consecutive days.

5. Customer Obligation During the Primary Period

Subject to the terms of this Section 5, Section 6 and Section 9 below, in each month during the Primary Term, Customer agrees to take delivery of, or pay for if not taken, a minimum monthly quantity of [REDACTED] of Service ("take-or-pay obligation"). In any month during the Primary Term in which the Actual City Gate Price, as defined below, is greater than the Target City Gate Price, as defined below, Customer may defer up to [REDACTED] of Service and the associated take-or-pay obligation until later in the Primary Term or until the Make-Up Period.

- A. The Actual City Gate Gas Price is defined as the sum of (a) the arithmetic average of the last three days of NYMEX settlement price for the applicable delivery month, plus (b) the lesser of the "basis" cost for gas delivered to the NUI City Gate (i) as offered to Customer by gas supplier(s), or (ii) as received by NUI from gas suppliers willing to provide gas sales to Customer for such month. Prior to the date on which the Actual City Gate Gas Price is to be determined each month, each party shall be obligated to provide proof to the other Party of the basis cost offered or received in accordance with the preceding sentence.
- B. The Target City Gate Gas Price will be \$2.35 per Dekatherm (dth) for the first contract year of the Agreement and will be escalated at the

beginning of each contract year thereafter by 2.75 cents per dth per contract year for the duration of the Primary Term.

1. C. All quantities up to [REDACTED] per month taken and paid for by Customer during the Primary Term and quantities in excess of [REDACTED] per month taken by Customer for which customer elects in advance to pay the rate set forth in Column B of the table contained in Section 3, in lieu of the rate set forth in Section 8, shall be credited toward Customer's take-or-pay obligation. Any Service provided pursuant to the "call rights" described in Section 8 below shall not be credited against Customer's take-or-pay obligation.

2. **6. Customer Obligation During The Make-Up Period**

Subject to the terms of this Section 6, Customer agrees to take delivery of, or pay for if not taken, all natural gas deferred during the Primary Term, and not made up during the Primary Term ("Deferred Quantities"), during a Make-Up Period which shall begin immediately following the end of the Primary Term. The Make-Up Period shall end on the earlier of (i) the date on which the Deferred Quantity and any quantities deferred during the Make-Up Period, as described below, have been taken, or paid for, by Customer or (ii) seven (7) contract years from the end of the Primary Term. If no Deferred Quantities exist at the end of the Primary Term, there will be no Make-Up Period, and the twenty-two contract year Extended Term shall begin immediately.

- A. In each month during the Make-Up Period, Customer agrees to take delivery of, or pay for if not taken, a minimum quantity of 1,200,000 therms of Service.
- B. Notwithstanding the foregoing, Customer may defer deliveries of up to [REDACTED] per month of Service and the associated take-or-pay obligation in any month during the Make-Up Period in which the Actual City Gate Gas Price is greater than the Target City Gate Gas Price. The Target City Gate Gas Price for the first contract year of the Make-Up Period shall equal the Target City Gate Gas Price at the end of the Primary Term plus 2.75 cents per dth and shall escalate at the beginning of each contract year thereafter by 2.75 cents per dth for the duration of the Make-Up Period.
3. C. 4 All quantities up to [REDACTED] per month taken and paid for by Customer during the Make-Up Period and quantities in excess of [REDACTED] per month taken by Customer for which customer elects in advance to pay the rate set forth in Column B of the table contained in Section 3, in lieu of the rate set forth in Section 8, shall be credited against the Deferred Quantity, if any, until such Deferred Quantity is reduced to

zero or the end of the Make-Up Period, whichever occurs first. Any Service provided pursuant to the "call rights" described in Section 8 below shall not be credited against Customer's take-or-pay obligation.

7. Customer Rights and Rates During the Extended Term

- A. After the Primary Term and Make-Up Period have ended, Customer will have no take-or-pay obligation to NUI and NUI will provide Service to Customer at the rate per therm set forth in this paragraph. Subject to the limitations of Section 7B, this rate will be adjusted initially one contract year following the beginning of the Extended Term and each contract year thereafter by the rate of increase or decrease of the Consumer Price Index (CPI). The first [REDACTED] delivered during each contract year of the extended term shall be billed at a rate of \$0.023 per therm (as adjusted in accordance with the previous sentence) up to an annual amount equal to [REDACTED] exclusive of applicable taxes and other adjustments, fuel and transportation shrinkage, as such may be applicable to Service provided on the Project. All subsequent therms delivered shall be billed at a rate of \$0.008 per therm (as adjusted in accordance with the first sentence of this Section 7) up to a total maximum contract year quantity of [REDACTED]
- B. Commencing with the sixth contract year of the Extended Term, the annual increase, if any, in the rate per therm shall not exceed the annual increase in the "Per Therm Operations and Maintenance Expenses of City Gas Company of Florida" between the two most recent annual reporting periods, provided however, that in no event shall any such annual increase exceed the cumulative increase in the rate per therm between the commencement of the Extended Term and the end of the fifth contract year of the Extended Term. The "Per Therm Operations and Maintenance Expenses of City Gas Company of Florida" is equal to (i) the pro-forma adjusted operations and maintenance expenses, exclusive of the expenses for natural gas, as reported in the City Gas Company of Florida annual earnings surveillance report to the FPSC, divided by (ii) the total therms delivered by City Gas Company of Florida for such reporting year.
- C. For the purposes of this Section the CPI to be used shall be the CPI-U for All Items for the Miami-Ft. Lauderdale Standard Metropolitan Statistical Area, Series ID: CUURA320SA0 as published by the Bureau of Labor Statistics.

8. Call Rights

A. Primary Term:

In any month during the Primary Term of the Agreement in which
1 Customer has taken [REDACTED] of Service, Customer shall have call
2 rights on up to an additional [REDACTED] of capacity of NUI's
distribution system serving the Facility at a rate equal to the sum of the
then effective fuel and transportation shrinkage charges under NUI's CI-
LVT rate schedule or applicable successor rate schedule as set forth in
Column C of the table contained in Section 3, but never more than the rate
set forth in Column B of the table contained in Section 3. In the event any
part of the calls rights is not available, NUI will credit to Customer an
amount equal to the quantity not available times the rate set forth in
Column B of the table contained in Section 3. The unavailability of call
rights shall not constitute a breach of NUI's obligations under Section 14.

B. Make-Up Period:

In any month during the Make-Up Period in which Customer has
3 taken [REDACTED] of Service, Customer shall have call rights of up to
4 an additional [REDACTED] of capacity in such month on NUI's
distribution system serving the Facility at a rate equal to the sum of the
then effective fuel and transportation shrinkage charges under NUI's CI-
LVT rate schedule or applicable successor rate schedule as set forth in
Column C of the table contained in Section 3, but never more than the rate
set forth in Column B of the table contained in Section 3. In the event any
part of the calls rights is not available, NUI will credit to Customer an
amount equal to the quantity not available times the rate set forth in
Column B of the table contained in Section 3. The unavailability of call
rights shall not constitute a breach of NUI's obligations under Section 14.

C. Extended Term:

In any month during the Extended Term, Customer shall have call
5 rights on up to [REDACTED] of capacity on NUI's distribution system
serving the Facility at the rate set forth in Section 7A. In the event any
part of the call rights are not available when called upon by the Customer,
NUI will credit to Customer an amount to be determined as follows: (a)
6 for the first [REDACTED] of capacity per month which are not available,
the quantity not available times the rate of (i) \$0.08252 per therm, or (ii)
the then applicable CI-LVT rate, whichever is higher; and (b) for any
7 capacity above [REDACTED] per month up to [REDACTED] per
month, the quantity not available times the rate set forth in Column B of
the table contained in Section 3.

9. Gulfstream Project

NUI agrees to recalculate the transportation rate to Customer in the event that the Gulfstream Natural Gas System being sponsored by The Coastal Corporation, its subsidiary, affiliates, or successor corporation, is completed, in the form proposed as of the date of this Letter Agreement, or the functional equivalent (i.e., an interstate gas pipeline) is completed by any other person, and in either case, such pipeline terminates within or traverses across the city limits of [REDACTED] as such city limits exist on the effective date of this Letter Agreement ("Gulfstream"), at any time during the Term of the Agreement. Beginning on a date six months from the date when Gulfstream is able and authorized to provide service within the city limits of [REDACTED] NUI agrees to calculate and charge recalculated rates as follows:

A. Primary Term and Make-Up Period:

(1) For any remaining portion of the Primary Term and Make-Up Period (if any), NUI shall charge a rate based on the estimated cost for NUI to construct an interconnection between Gulfstream and the Facility ("Interconnecting Segment"). The rate will be recalculated according to the following formula and shall apply to quantities delivered above [REDACTED] per month and up to [REDACTED] per month:

(2)
$$\text{Recalculated Rate} = ((GI/5) / (FGTI/8)) \times \$0.065$$
 per therm, where: (a) GI is NUI's estimated cost to build an Interconnecting Segment; in determining the estimated cost for the new Interconnecting Segment, NUI will base its estimate on an interconnecting pipeline segment of similar diameter, pressure rating, and delivery capability as the actual NUI Project providing Service to the Facility; and; (b) FGTI is the actual project cost of the actual NUI project providing Services to the Facility as determined by NUI and reported to Customer on Exhibit A of this Letter Agreement. The recalculated rate shall be in effect for the remainder of the Primary Term and Make-Up Period for all quantities delivered above [REDACTED] per month and up to [REDACTED] per month, and such recalculated rate shall be deemed to be the rate set forth in Column B of the table contained in Section 3 to the extent that references in this Letter Agreement and the Agreement to such rate set forth in such Column B are applicable following any recalculation in accordance with this Section 9.

(3) Subject to the terms of this Section 9, in each month during the Primary Term and Make-Up Period when the

(1) Gulfstream Project clause is operable, Customer agrees to a take-or-pay obligation of [REDACTED] Service. In any month in the Primary Term and Make-Up Period in which the Actual City Gate Price, as defined below, is greater than the lower of the Target City Gate Price or GS Target City Gate Price, as defined below,
2 Customer may defer up to [REDACTED] of Service and the associated take-or-pay obligation until later in the Primary Term or until the Make-Up Period. The Actual City Gate Gas Price is defined as the sum of (a) the arithmetic average of the last three days of NYMEX settlement price for the applicable delivery month, plus (b) the lesser of the "basis" cost for gas delivered on
3 Gulfstream to [REDACTED] (i) as offered to Customer by gas supplier(s), or (ii) as received by NUI from gas suppliers willing to provide gas sales to Customer for such month. Prior to the date on which the Actual City Gate Gas Price is to be determined each month, each party shall be obligated to provide proof to the other party of the basis cost offered or received in accordance with the preceding sentence. The GS Target City Gate Gas Price shall be: \$3.00 per Dekatherm (dth) minus the Recalculated Rate, for the first contract year of the Agreement and shall escalate at the beginning of each contract year thereafter by 2.75 cents per dth per contract year for the duration of the Primary Term.

(4) 4 All quantities up to [REDACTED] per month taken and paid for by Customer during the Primary Term or the
5 Make-Up Period as well as quantities in excess of [REDACTED]
6 [REDACTED] per month taken by Customer and for which Customer elects in advance to pay the rate set forth in Column B of the table contained in Section 3 (in lieu of the rate set forth in Section 8), shall be credited toward Customer's take-or-pay obligation.

B. Extended Term:

(1) The rate under this Gulfstream Project clause during the Extended Term shall be the rate per therm specified in this paragraph adjusted at the beginning of each contract year of the Extended Term by the rate of increase or decrease of the Consumer Price Index (CPI), subject to the limitations of Section 9B2. The
7 first [REDACTED] delivered during each contract year of the Extended Term shall be billed at a rate of \$0.014 per therm (as adjusted in accordance with the previous sentence) up to an annual
8 amount equal to [REDACTED] exclusive of applicable taxes and other adjustments, fuel and transportation shrinkage. All subsequent therms delivered shall be billed at a rate of \$0.005 per

therm (as adjusted in accordance with the first sentence of this paragraph) up to a total maximum contract year quantity of [REDACTED]

(2) Commencing with the sixth contract year of the Extended Term, the annual increase, if any, in the rate per therm shall not exceed the annual increase in the "Per Therm Operations and Maintenance Expenses of City Gas Company of Florida" between the two most recent annual reporting periods, provided however, that in no event shall any such annual increase exceed the cumulative increase in the rate per therm between the commencement of the Extended Term and the end of the fifth contract year of the Extended Term. The "Per Therm Operations and Maintenance Expenses of City Gas Company of Florida" is equal to (i) the pro-forma adjusted operations and maintenance expenses, exclusive of the expenses for natural gas, as reported in the City Gas Company of Florida annual earnings surveillance report to the FPSC, divided by (ii) the total therms delivered by City Gas Company of Florida for such reporting year.

(3) Quantities deferred prior to the date six months from the date when Gulfstream is able and authorized to provide service at South Bay, Florida, shall not be subject to recalculation under this Gulfstream Project clause.

(4) For the purposes of this Section, the CPI to be used shall be the CPI-U for All Items for the Miami-Ft. Lauderdale Standard Metropolitan Statistical Area, Series ID: CUURA320SA0 as published by the Bureau of Labor Statistics.

C. Interconnecting Segment:

2 NUI shall have the option to construct a Gulfstream interconnection. If NUI decides not to construct a Gulfstream interconnection within six (6) months after the date when Gulfstream is able and authorized to provide service within the city limits of [REDACTED] Customer may construct a Gulfstream interconnection.

10. **Rate Exhibit**

The parties agree that Exhibit B attached hereto and incorporated fully herein by reference is an accurate representation of the rate structure contemplated by this Letter Agreement. In the event of a conflict between the terms of this

Letter Agreement and the terms of Exhibit B, the terms of this Letter Agreement shall govern.

11. Conversion Costs

- A. Customer shall provide NUI with a scope, budget and schedule for the conversion of its equipment at the [REDACTED] to [REDACTED]
- B. Customer may elect to have NUI pay for the conversion costs, and NUI shall do so upon Customer's election. Conversion costs paid for by NUI shall be limited to out of pocket third party costs as agreed to by both Parties. NUI's obligation under this Section 11 is limited to payment of total conversion costs not to exceed \$1.8 million, which represents Customer's estimate of the cost to convert the equipment at [REDACTED]
- C. Notwithstanding any election that Customer may make to have NUI pay for its conversion work, Customer shall assume full responsibility for the performance of the conversion work to be paid for by NUI.
- D. NUI's payment will be made in a single lump sum payable within 60 days of the commencement of the Service. Customer shall reimburse NUI in accordance with the Tariff and over the Primary Term of the Agreement at a rate that equals NUI's payment to Customer pursuant to this Section plus carrying costs at NUI's overall cost of capital as reported in the Earnings Surveillance Report filed by NUI with the FPSC immediately prior to NUI's payment of the conversion costs.

12. Easements

NUI shall provide to Customer a detailed description, including engineering drawings, of the anticipated easement requirements on property owned or controlled by Customer. NUI's easement requirements shall be subject to a reasonable review by Customer in order to determine whether such easements will interfere with Customer's ongoing operations or future plans. Within twenty (20) days of Customer's receipt of NUI's easement requirements, Customer will notify NUI in writing of Customer's determination with respect to the proposed easements. If there is a dispute with respect to easement requirements, NUI and Customer agree to engage in good faith negotiations for a period of thirty (30) days from the date of Customer's notice to NUI in an effort to reach an agreement. If Customer and NUI fail to reach an agreement, the Agreement will terminate. If Customer and NUI reach an agreement, Customer will grant, at no charge to NUI, any and all easements, rights-of-way, or similar property rights on and across any

1 land owned or controlled by Customer required to enter and cross the Facility from [REDACTED]
2 [REDACTED] or other point of access which may be preferable to NUI and
Customer, and any easements required to set meter(s), regulation devices, compression
equipment, or other related equipment on any land owned or controlled by Customer and
required for NUI to provide the Service. Such easements, rights-of-way, or other similar
property rights shall be limited to the construction, operation, and maintenance of the
Project. The NUI meter(s) at all component sites of the Facility shall be set at a
location(s) as agreed to by both parties and as close as practical and safe to the natural gas
burning equipment. During the term of the easement, NUI shall be responsible for the
maintenance, operation, and any liability associated with the meter(s), regulation devices,
compression equipment, or other related equipment installed by NUI pursuant to the
easement, provided however, that NUI's liability shall be limited to the extent and in the
proportion that any claims, demands, losses, damages, costs, expenses, liabilities or
violation of laws or regulations are caused by the negligence or willful misconduct of
Customer, its agents or employees.

13. Description of the Project

The project to be constructed by NUI to provide to Customer the Service contemplated herein shall include the construction of:

(a) a minimum six inch (6") natural gas distribution line from a point of interconnection with Florida Gas Transmission Company ("FGT") in Palm Beach County, Florida [REDACTED]

3
4 [REDACTED]
5 [REDACTED]

(b) a minimum four inch (4") natural gas distribution line from the above-described six inch (6") natural gas distribution system near the intersection of Customer's access road and [REDACTED] as agreed to by both Parties; and

(c) a minimum two inch (2") natural gas distribution line from a point of interconnection with the above described six inch (6") natural gas distribution line near the [REDACTED]

8
9 [REDACTED]

10 NUI agrees to maintain, subject to force majeure and FGT pipeline operating conditions, a nominal natural gas delivery pressure of [REDACTED] on the downstream side of the NUI meter(s) located at a mutually agreeable location(s) at the

11 [REDACTED]

Within ninety (90) days of execution of this Letter Agreement, NUI agrees to apply for, and diligently pursue receipt of, all necessary rights of way, leases and

other property rights to construct the Project, and governmental and regulatory approvals necessary for NUI to construct the Project and provide the Service.

Except for any delays resulting from events of force majeure, if the Service is not available at the Facility within eighteen (18) months after the execution of the Agreement, Customer may terminate the Agreement. Customer agrees that recovery will be limited to actual costs incurred by Customer in reliance of the Agreement and such recovery terminates Customer's sole and exclusive remedy and that all other remedies, claims, or damages against NUI under any legal theory, at law or in equity, are waived.

14. Operational Matters

The Maximum Daily Quantity ("MDQ") of gas that Customer shall be entitled to nominate and that NUI shall be obligated to deliver to Customer on any day during the Term of the Agreement shall be [REDACTED]

15. Permits

Customer agrees to apply for, and diligently pursue the receipt of, all applicable local, state, and federal construction and air emission permits as may be necessary to burn natural gas at the Facility within sixty (60) days of the effective date of this Letter Agreement.

16. Most Favored Nation

A. During the Primary Term, if NUI transports natural gas through the Project to any other customer (i) that uses gas for sugar grinding or refining process or for power generation, excluding affiliates of Customer, and excluding governmental entities, (ii) such Customer is located west of the western boundary of Range 40 East in Palm Beach County, (iii) such customer has, or NUI reasonably anticipates that it will have, annual billings for such transportation service in excess of [REDACTED] (exclusive of taxes and other adjustments) and (iv) such transportation service is provided under material terms and conditions (e.g. term of commitment; nature of commitment; character of service; and rates) that are more favorable in the aggregate to such customer than the terms and conditions in the Agreement with Customer, then NUI agrees to amend the terms and conditions of the Agreement with Customer to reflect the more favorable terms and conditions. Within thirty (30) days following the end of each contract year, NUI shall provide Customer with a statement from an officer of NUI certifying NUI's compliance with this Section 16.

B. Notwithstanding anything in this Letter Agreement to the contrary, the provisions of Section 16A shall not apply with respect to any customer

that contracts with NUI and that has an MDQ of at least [REDACTED] per day.

17. Exclusivity

A. If this Letter Agreement is terminated by Customer, then Customer agrees that for a one (1) year period commencing on the latter of the dates on which this Letter Agreement has been executed by each Party hereto, Customer shall not independently initiate or engage in discussions with any third party with respect to any service or the development of any project that is similar to the Service or would compete with the Project for Service to the Facility.

B. During the Term of the Agreement, Customer agrees that Customer will not receive or permit the receipt of any natural gas deliveries to the Facility other than through facilities owned and operated by NUI, regardless of any other natural gas pipelines or distribution systems that may be built in the area, provided that Customer's and NUI's obligations under this paragraph shall be limited to the maximum capacity available on the Project, as determined by NUI at the time that Customer seeks to obtain additional service.

(1) Upon written request from Customer, NUI shall provide in writing to Customer within 30 days of Customer's written request, the capacity available on the Project for commitment by NUI to Customer.

(2) In the event that at any time during the Term of the Agreement, Customer seeks to increase its transportation capacity entitlement at the Facility above the MDQ set forth in Section 14, Customer agrees (a) that it shall enter good faith negotiations with NUI for NUI to provide such additional capacity to Customer, either from capacity then available or to be added by NUI, and (b) if such negotiations are unsuccessful within ninety (90) days after their initiation, Customer may contract for service with third parties, provided that any such third party contracts shall not affect Customer's obligations to NUI in accordance with the Agreement; provided further, for deliveries to Customer during the Primary Term, before Customer contracts for delivery service with a third-party, Customer shall provide to NUI a right of first refusal to match the terms and conditions of service offered by such third-party for deliveries during the Primary Term.

18. Confidentiality

Customer and NUI shall hold confidential all information obtained from each other or under this Letter Agreement and shall not release or publish the same without prior written approval of the party disclosing the information. Each party's obligations hereunder shall not apply to information which either party is required to disclose to government agencies or regulatory bodies, is in the public domain or is lawfully acquired on a non-confidential basis from others. The obligation set forth in this Section shall survive termination of this Letter Agreement for a period of one (1) year following the date of termination. The Agreement shall contain a confidentiality provision.

19. Severability

In the event that any provision of this Letter Agreement is deemed, by an adjudicatory body with authority to make such determination, to be void or unenforceable, the Parties agree to negotiate in good faith to develop a substitute enforceable provision that approximates the intent of the provision of this Letter Agreement found void or unenforceable and that is unenforceable.

20. Modifications and Amendments

This Letter Agreement may not be modified or amended except in writing executed by duly authorized representatives of each party.

NUI and Customer mutually understand and agree that the terms set forth herein do not represent the final, definitive expression of the agreement of the parties, which will only be contained in the Agreement.

If you are in agreement with the foregoing, kindly execute both originals of this Letter Agreement and return one fully executed original to the undersigned.

Agreed to and accepted by:

1 For: [Redacted]
2 By: [Redacted]
3 Title: [Redacted]
Date: [Redacted]
4 S [Redacted]
5 Title: [Redacted]

For: NUI Corporation

By: [Signature] *BB 20h*

Title: Vice President

Date: 8/14/00

Signature Authority Attested by:

[Signature]
Title: Assistant Secretary

Exhibit A

NUI Corporation
Actual Project Cost

<u>Line No.</u>	<u>Item</u>	<u>Amount</u>
1	Right-of-Way/Damages	
2	Material	
3	Coating	
4	Sales Tax	
5	Freight	
6	Labor	
7	Engineering/Inspection	
8	Survey	
9	Overhead	
10	Contingencies	
11	AFUDC	<hr/>
12	Total Actual Cost	<hr/> <hr/>

Exhibit B

COLUMN 1

COLUMN 2

Base Rates
(\$/therm)

therms delivered monthly	Primary Term	Make-Up Period
1 [REDACTED]	0.08252	0.08252
2 [REDACTED]	0.0593	0.0593
3 [REDACTED]	F+S	F+S

Extended Term	Rate
therms delivered yearly	
1 [REDACTED]	0.023
2 [REDACTED]	0.008

Gulfstream Clause Rates
(\$/therm)

therms delivered monthly	Primary Term	Pre GS DQ Make-Up Period	GS DQ Make-Up Period
4 [REDACTED]	0.08252	0.08252	0.08252
5 [REDACTED]	Recalculated Rate	0.0593	Recalculated Rate
6 [REDACTED]	F+S	F+S	F+S

Extended Term	Rate
therms delivered yearly	
3 [REDACTED]	0.014
4 [REDACTED]	0.005

Where:

- F+S means fuel and shrinkage
- Recalculated Rate means the rate recalculated in accordance with Section 9 of the Letter Agreement
- Pre GS DQ means quantities deferred prior to the effective date of Section 9
- GS DQ means quantities deferred after the effective date of Section 9

All rates set forth herein do not include and are subject to all applicable taxes and other adjustments as provided for in the Tariff.

All numerically stated rates in this Exhibit are illustrative and are subject to adjustment in accordance with the terms of the Letter Agreement. For example, but not by way of limitation, the Primary Term rate of \$0.08252/therm will be adjusted in accordance with Section 3 and the Extended Term rate of \$0.023/therm will be adjusted in accordance with Section 7.

90
06

REVISION - 3
DATED APR 20, 1999

SCHEDULE A
TO
TRANSPORTATION SERVICE AGREEMENT
BETWEEN
CITY GAS COMPANY OF FLORIDA
AND

[REDACTED]

2 THIS REVISION TO SCHEDULE "A" ADD [REDACTED] TO THE LIST OF FACILITIES BEING SERVED THROUGH THE MASTER TRANSPORTATION AGREEMENT.

POINTS OF RECEIPT AND DELIVERY

3 Schedule A reflects the Points of Receipt and Delivery for all Facilities associated with the Transportation Service Agreement between CGF and the [REDACTED]

4 [REDACTED]

RECEIPT POINT(S)
QUANTITY

MAXIMUM DAILY DELIVERED

NAME

P.O.I. NO.

THERMS

Oct Nov-Mar Apr May-Sep

5 Hialeah NW

[REDACTED]

①

②

③

④

⑤

POINT(S) OF DELIVERY

MAXIMUM DAILY DELIVERED QUANTITY
(THERMS)

Oct Nov-Mar Apr May-Sep

FIELD
1

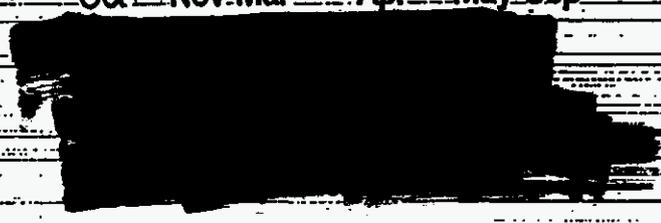


POINT(S) OF DELIVERY

AVERAGE DAILY DELIVERY QUANTITY
(THERMS)

Oct Nov-Mar Apr May-Sep

FIELD
2



Facility Name & Address

Meter #

Account #

1.

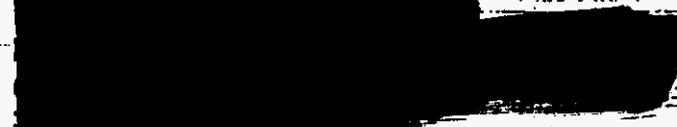


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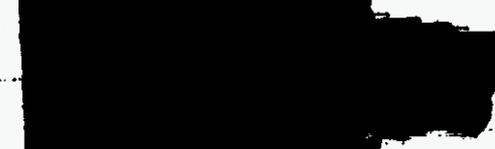
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FIELD
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3.



221-0391926-011

FIELD
5

4.



221-0236005-011

FIELD
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3



CITY GAS COMPANY OF FLORIDA

4
5
6



By: _____

By: _____

Name: _____



Title: _____



Date: _____

Date: _____

11

11

SCHEDULE "B"

TO

TRANSPORTATION SERVICE AGREEMENT

BETWEEN

CITY GAS COMPANY OF FLORIDA

AND

[REDACTED]

FOR

[REDACTED]

This Schedule to the Master Transportation Agreement is made and entered into this ____ Day of _____, 1999, by and between NUI Corporation, a New Jersey Corporation, doing business in the State of Florida as City Gas Company of Florida (CGF), and the [REDACTED] an Agency of the State of Florida ("Shipper").

WHEREAS, CGF and Shipper are parties to a Master Transportation Agreement dated 15 July, 1996, and;

WHEREAS, the Shipper desires that CGF provide, and CGF is willing to provide, service pursuant to the Master Agreement to Shipper's facility known as [REDACTED]

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements contained herein, the parties hereby agree to the following:

1. This Schedule shall become effective
2. CGF agrees to provide and Shipper agrees to receive and pay for gas service at the Facility. Such service shall be governed by the terms and conditions of the Master Agreement and the following:

CGF RECEIPT POINT(S): CGF will accept gas from the Shipper, or for its account, for transportation to the site(s) added by this Schedule at the point(s) defined in Schedule A.

(Maximum Daily Transportation Quantity for this facility will be [redacted] per-day Plus Retainage

Applicable Rate:

Maximum Delivery Pressure: 10 psig

2 Equipment: CGF will provide and arrange for the installation of a service line extension, electronic metering equipment compatible with the Shipper's data gathering system, and on-site equipment conversion to enable natural gas usage at the site. Pursuant to the NUI/City Gas Company's main and extension tariff provisions, a capital contribution will not be required for off-site line extension and metering work. Reimbursement of on-site equipment conversion costs will be required. [redacted] will arrange for a 115-volt circuit and a dedicated telephone line to the site of the new electronic metering equipment.

3 Other Agreements: A Facility Charge Agreement (Schedule C) will be signed for cost recovery reimbursement for on-site equipment conversion costs estimated to be \$21,350.00. The [redacted] will make a lump sum payment for true-up equipment conversion costs upon receipt of an invoice after the work has been completed and equipment is operating satisfactorily.

IN WITNESS WHEREOF, the parties hereto have executed this Schedule with their duly authorized officers as of the date first above written.

NUI Corp. - City Gas Company

1
2 [Redacted]

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

Approved for Incorporation into the reference Master Agreement:

3
4 [Redacted]

By: _____

5 [Redacted]

6 [Redacted]

Date: _____

Question 3 PoD 26

Provide all economic feasibility studies the company performed for the Clewiston Expansion Project to include but not be limited to, the estimated costs and revenues supporting the cost effectiveness of the project.

Florida Territory Expansion Project W. Palm Beach to Ft. Myers

Progress Report

November 12, 1999

CONFIDENTIAL



New Ideas. Traditional Values.

Executive Summary

NUI Corporation has been exploring the potential for providing natural gas service to the geographic area of Florida lying between West Palm Beach on the East Coast and Ft. Myers on the West Coast. Industry interest in providing natural gas service to this region dates back a number of years and continues to be of interest not only to NUI but also to other utility companies in Florida as well as interstate pipeline companies. The region includes vast land area dedicated to the growing and production of sugar as well as citrus.

NUI's most recent effort began in January of 1998 with a study of the area's potential to support the development of a natural gas distribution infrastructure. That study concluded that there was indeed economic merit to proceeding with such a project based on displacing the use of fuel oil with natural gas. The study also concluded that there was no customer, whose displacement of fuel oil consumption with natural gas, would be sufficient to carry the entire project economically. With the concept of tying the project to a single anchor customer invalidated, the study concluded that multiple anchor customers would be required to successfully develop the project. Multiple anchor customers consist of sugar mills, sugar refineries, citrus processors and cogeneration plants tied to these industries.

NUI's Marketing Department has focused its attention on developing the project based on obtaining sufficient customer commitments to justify the project. A take or pay concept was floated with the major customers in the region, requiring each to make a firm commitment to consuming natural gas over a period of up to ten years, and at a rate equal to their historical fuel oil consumption. Customers in general, while anxious to convert to natural gas, have not been receptive to a long term take or pay proposal. One customer however, [REDACTED] has shown an interest in such a proposal and has continued to explore options with NUI that would bring them the benefits of natural gas while still giving them some flexibility of fuel choice over the long term. The balance of the customers, while not willing to enter into long term take or pay commitments, would likely sign on to a NUI led project should the term be shortened to two years. While not providing the long term financial security we would like, getting a two year commitment does serve the purpose of seeing these facilities converted to natural gas and leaves with the opportunity to compete with fuel oil to meet the economic targets.

In parallel with the customer discussions we have moved forward on a number of other initiatives critical to a successful deployment of the project. These include construction feasibility, capital estimates, regulatory and political acceptance (State and local), strategic alliances with local services providers, and discussions with the interstate pipeline with the highest probability of impacting our project economics, Coastal's Gulfstream project.

In regards to the project's construction challenges they have been reviewed both

internally and by externally engineering consultants retained by NUI, optimum routes selected, and budget level estimates produced and refined based on opinions of experienced local contractors. It should be noted that while this area of Florida is often thought of as being largely an impassable marshy area, it is in fact a rich agricultural zone with readily available roadways and right of ways well suited for construction of a natural gas distribution system.

We have been active in the regulatory and political arena and have obtained the support and praise for our project from each constituency in a position to affect the outcome should we decide to proceed. Our discussions have included: FPSC Staff, the State of Florida Department of Management Services, members of the State Legislature, local mayors and town councils, local Chamber's of Commerce, the Florida Department of Environmental Protection, and the Governor of the State of Florida and his staff. We are pleased to report that at this time there is no opposition to an NUI led effort to bring natural gas service to the region from any of these entities.

The provision of natural gas to this region is not an inexpensive endeavor, indeed our capital estimate ranges between a low of \$12.1 million to a high of \$36 million depending on the ultimate build out of the distribution system. We have however identified a preferred case which maximizes the strategic interests of NUI as well provides a floor for potential returns. The project has been viewed as having three distinct phases (I, II, and III) of deployment. Phase I extends service from W. Palm Beach to South Bay, Phase II extends onwards to Clewiston, and Phase III connects to the Ft. Myers area. The preferred case at this time is a combined Phase I and II build out with Phase III deferred to a later point in time. Capital cost for this case is \$18.7 million with Internal Rates of Return (IRR) ranging from a low of 7% to a high of 11.8%. The capital cost estimates shown include a 15% allowance for contingencies not anticipated in the estimating process, should the project contingency not be expended, it has the effect of raising the project return by approximately 190 basis points. The low end case takes into account the potential negative financial impact to NUI of the Gulfstream project should it be completed. Our assumption is that should the Gulfstream project succeed in reaching South Bay, that our rates to bypass-sensitive customers will need to be reduced to the new economic value of their interconnection with NUI.

In summary, it is the opinion of the project development team, a viable business case exists for an NUI led build out of a natural gas distribution system in this region. While the project is not without its risks, reasonable measures can be put in place

1. with customers like [REDACTED] mitigating the potential for returns below a threshold of 7%. For strategic reasons, the team also believes that now is the time to
2. finalize our discussions with [REDACTED] and formally announce our intentions to proceed.

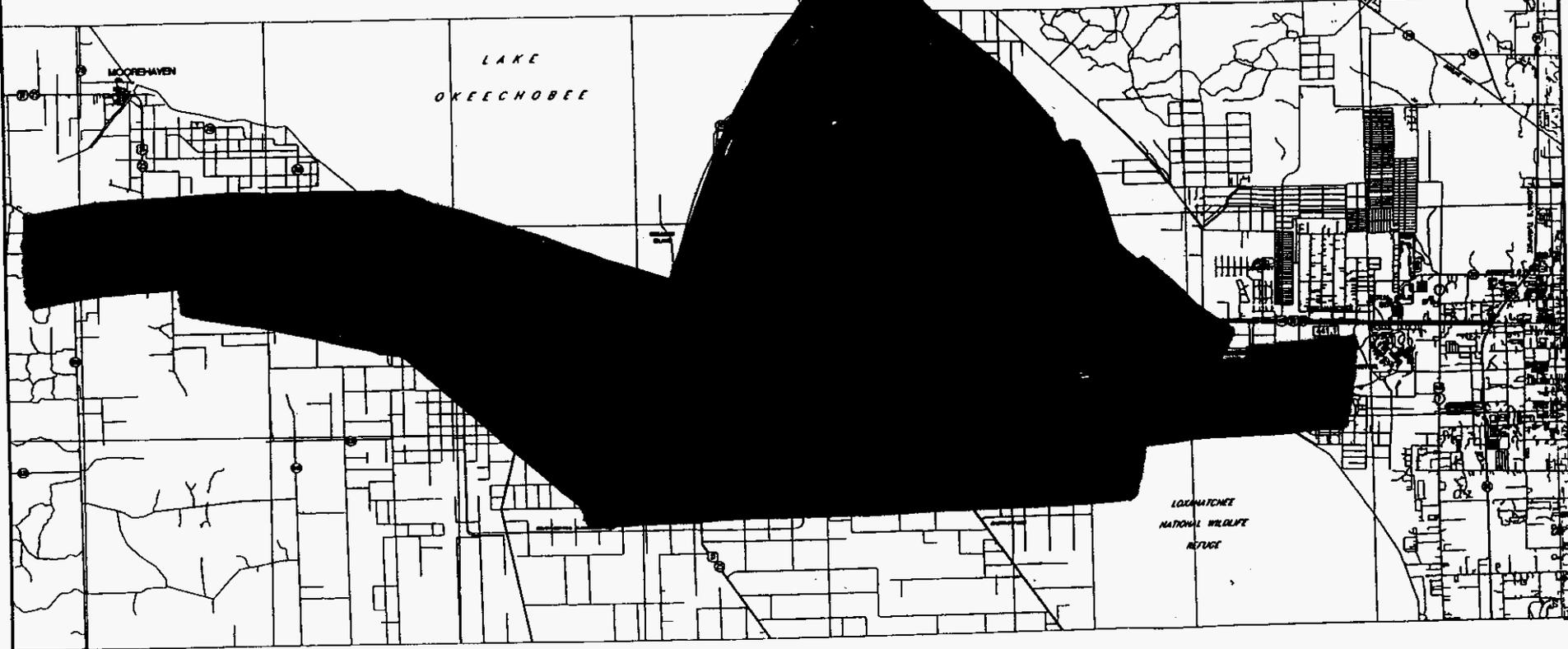
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LEGEND

-  PREFERRED ROUTE
-  SEGMENT
-  NODE
-  POTENTIAL CUSTOMERS (ATLANTIC SIGAR)



9A



NOTES:

1. ENGINEERS OPINION OF PROBABLE CONSTRUCTION COST AND TIME ARE BASED ON PREVIOUS PROJECT EXPERIENCE AND APPARENT LEVEL OF COMPLEXITY FOR THESE ROUTES.

CAPTEC

STERLING L. CARROLL, P.E.
 1870 S.E. PORT ST. LUCIE BLVD.
 PORT ST. LUCIE, FL 34952
 PHONE: 386-344-8187

RECOMMENDED ROUTE SELECTION
FIGURE ES - 1
 BELLE GLADE, PAHOKEE
 and CLEWISTON, FLORIDA
 NATURAL GAS PIPELINE

9 R.



\\Dwg\205F1gES.dwg Mon Feb 08 16:25:49 1999 DLP

NOTES:

- 1. ENGINEER'S OPINION OF PROBABLE CONSTRUCTION COST AND TIME ARE BASED ON PREVIOUS PROJECT EXPERIENCE AND APPARENT LEVEL OF COMPLEXITY FOR THESE ROUTES.

CAPTEC

STERLING L. CARROLL, P.E.
 1870 S.E. PORT ST. LUCIE BLVD.
 PORT ST. LUCIE, FL 34952
 PHONE: (561) 398-8182
 FAX: (561) 398-8180

Introduction

This report provides the details of NUI Corporation's efforts to extend a natural gas distribution system from the East Coast of Florida to areas of Palm Beach, Glades, and Hendry Counties. The area under study extends directly Westward from West Palm Beach, through the towns of Belle Glade, South Bay, along the South shore of Lake Okechobee to Clewiston, LaBelle, and onward to the Fort Myers area.

When completed, the proposed project would position an NUI owned natural gas distribution system along a strategic corridor for both the natural gas and electric distribution businesses. NUI's pipes would lie under a Florida Power & Light (FPL) high voltage transmission system as well as adjacent to FPL's Corbett substation, a key point of interconnection to the FPL system for bulk power deliveries to the North, Southwest, and Southeast regions of the state. Indeed, in its initial deployment the proposed project would provide natural gas service to [REDACTED]

2 [REDACTED]
3 [REDACTED] Additionally, and perhaps as early as 2002, the project could serve as Florida's southernmost link between Coastal's proposed Gulfstream Pipeline and the Florida Gas Transmission system.

The geographic area in which NUI proposes to provide service is characterized as agricultural in nature with farmers primarily engaged in the business of growing, grinding, and refining sugar. There is also a significant presence of citrus processing in the area. [REDACTED]

4 [REDACTED]
5 [REDACTED]
6 [REDACTED]
7 [REDACTED]
8 [REDACTED] These estimates are based on information gathered from the potential customers, are based on historical consumption patterns, and are overwhelmingly dependent on the displacement of higher cost fuels.

NUI's business case has revolved principally around displacing the use of fuel oil in the sugar and citrus industries as a supplemental boiler fuel. Renewable fuels, such as those derived from the sugar cane grinding process, as well as wood chips and refuse derived fuels, are also used extensively by customers to meet their energy needs. NUI's financial models do not rely on displacement of these low cost fuels except where potential customers have indicated a strong desire to do so.

The proposed project has been broken down into three phases for study purposes. Phase I being defined as the extension of service from a point of interconnection with Florida Gas Transmission (FGT) in West Palm Beach, through Bell Glade to South Bay. Phase II is defined as the extension of service from South Bay to Clewiston. Phase III, the final portion of the East to West crossing entails extending

service from Clewiston through LaBelle and on to a point of interconnection with FGT in the Fort Myers area.

External engineering resources were retained to perform capital estimates for the proposed project based on recent experience in the Florida market. The estimates were then checked for accuracy with contractors having recent experience in installing other utilities along the proposed route as well as in installing natural gas distribution pipe in Florida. NUI's purchasing department was also consulted on materials estimates. The total cost of Phase I has been estimated at \$12.1 Million. Phases I and II combined are estimated at \$18.7 Million. And, Phases I, II, and III combined are estimated at \$36.5 Million. These figures include a 15% allowance for contingencies.

A review of the economic models and strategic considerations indicate that proceeding with Phase I and II concurrently would be the preferred course of action. Phase III, while of strategic value, could be delayed until such time that additional capacity is required to serve Phases I and II customers or, additional potential loads are identified along the Phase III route to justify the incremental investment.

The ensuing report details NUI's efforts to date to obtain customer commitments to convert to an use natural gas, the status of regulatory proceedings to establish the territory as NUI's, and the local business climate.

NUI Corporation's Marketing and Sales unit is pleased to provide this report. For questions or comments please contact Ed Liberty, Director – Key Account Services, at Bedminster extension 4624.

Description of the area

The proposed pipeline project will provide service to portions of Palm Beach, Hendry and Glades Counties. Hendry and Glades Counties are comprised of for the most part agricultural related businesses although there is some growth in other industries as well. Palm Beach County, while better known for its residential and commercial development, still has a significant land area to the West of I-95 and the Florida Turnpike which is undeveloped and primarily agricultural.

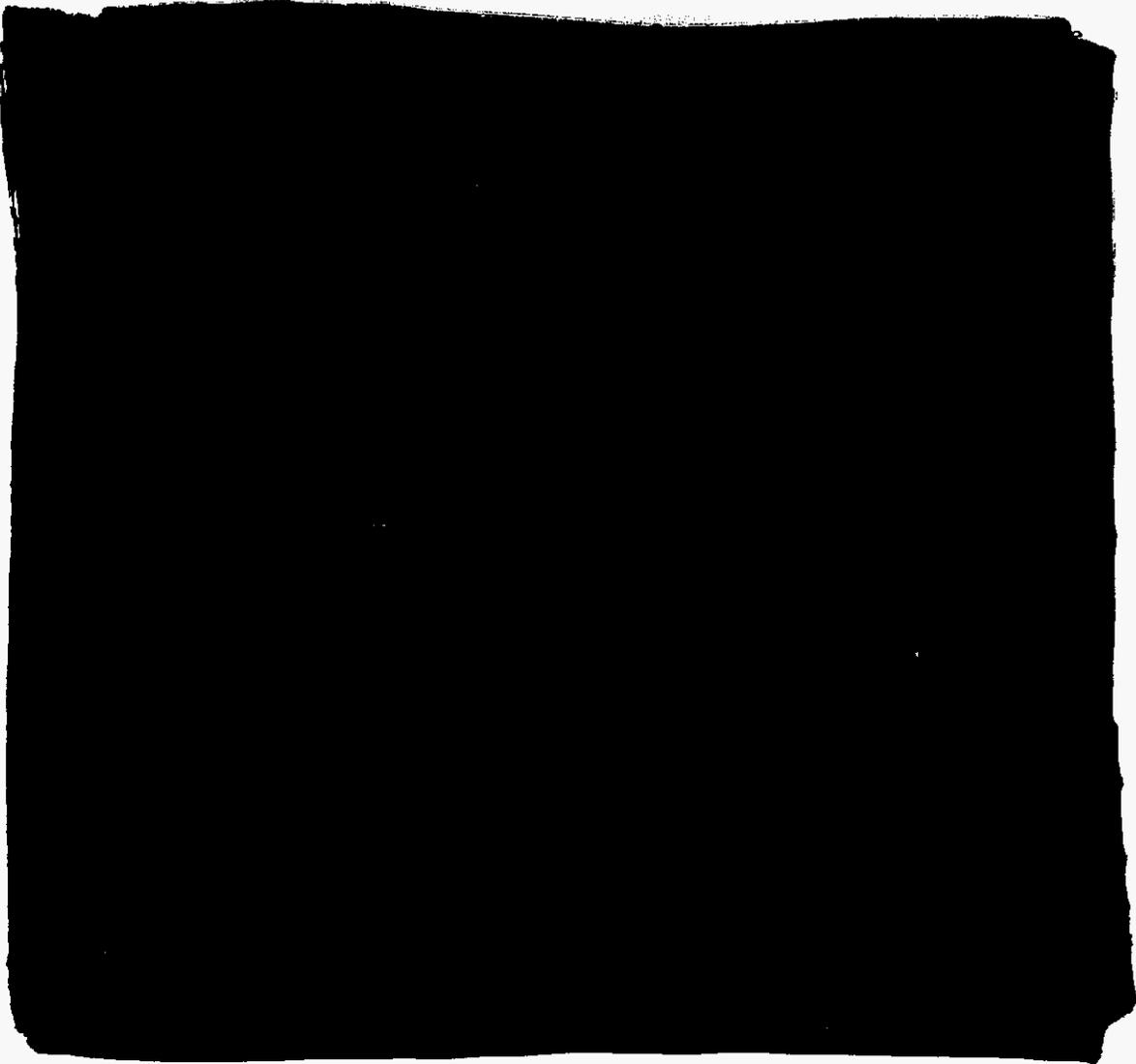
Palm Beach County has experienced rapid economic growth for the last two decades, a trend likely to continue into the next century. Palm Beach County is one of the largest counties in the eastern United States at 2,000 square miles and a population of over 1,000,000. Located in this county are 5 large sugar producers that provide approximately 30% of the county employment. Palm Beach County produced 11,843,000 tons of sugarcane from 319,000 acres. Additionally Palm Beach County boasts some of the finest manufacturers in the world such as Pratt & Whitney, Motorola, and Siemens. Their presence, albeit not along the proposed project route, is a strong indication of the county's desire and ability to support industry.

Palm Beach County's population has a median age of 46 and a median income of \$36,057. As the number of retirees grows there will be an increased need for assisted living and nursing home facilities in the area. The hotel industry in Palm Beach County has already experienced explosive growth with occupancy rates currently at 82%. Investors such as U.S pension funds and life insurance companies and European investors are finding great opportunities in the hotel industry in Florida. Since hotels are costly and take several years to build, the results from these recent investments should be visible in the next two or three years. As the availability of low cost real estate along the coast dwindles, growth will continue to press Westward to the Florida Turnpike and beyond to the proposed project area. While the proposed project is not immediately in the path of an immediate expansion opportunity, these will increase over time and should have a positive impact on the project during the fifteen year planning horizon.

Hendry and Glades Counties have even more of a focus on the agricultural industry than Palm Beach County. In Hendry County for example, the agricultural industry provides 26% of all jobs and occupies 71% (529,835 acres) of the County's land. There are only two towns in Hendry County, Clewiston and LaBelle, both of which lie on the direct path of the proposed project. The leading agricultural product in the county is beef, followed by sugar. During the 1999 harvest, Hendry County produced 2,576,000 tons of sugarcane from 71,000 acres. Hendry County is far less densely populated than neighboring Palm Beach County and has a total population of 28,686. The median age in Hendry 31 and the median household income is \$27,543.

The population in Glades County is approximately 8,500. Beef is the leading agricultural product in this county, followed by sugar. There are 13 sugar cane farms in Glades County, which produce a total of 678,000 tons of sugarcane from 19,000 acres. In addition to cattle and sugarcane, citrus products are also grown in this region. The median age in Glade County is 38 years with a median income of \$24,198.

FIELD
1.



FIELD
2.

State of the US Sugar Industry

While sugar is recognized as a commodity worldwide, it is largely consumed in the country that it is produced in. Within the United States, over-half of the sugar production is from Florida. Other sugar producing states are Louisiana with 30%, Hawaii with 13% and Texas with 3%. Florida growers provide an estimated one of every five teaspoons of sugar consumed in the U.S. annually. All of the sugar produce in the state of Florida comes from 4 counties. Approximately 75% of the Florida sugar crop is grown in Palm Beach County, 17% is grown in Hendry County, 4% is grown in Glades County and the remainder in Martin County

1 There is evidence that sugar producing companies such as [REDACTED]
2 [REDACTED] and industry trade groups are
politically powerful both at the state and federal level. For example, during the
3 1995-1996 election cycle, members of [REDACTED]
4 [REDACTED]
5 [REDACTED]
6 [REDACTED]
7 [REDACTED]

Lobbyists for the domestic sugar industry have been quite successful in limiting foreign imports and the potential dumping of low cost foreign sugar on the domestic market that would depress prices. By contrast, Candy and Soft Drink manufacturers have lobbied to lessen the tariffs on international imports of sugar. They argue that American sugar farmers should be able to survive in an open and competitive market environment. American sugar farmers however contend that without such a policy, U.S. consumers would be at the mercy of the highly volatile "world dump market" with all of its wild price gyrations and unreliable supply. There is a significant concern that U.S. sugar farmers could be driven out of business by unfair competition from highly subsidized foreign producers. They cite for example the events following the expiration of the 40-year-old U.S. Sugar Act in 1974. World prices for sugar skyrocketed to more than 60 cents a pound, and American consumers suffered. When prices plunged to less than 3 cents a pound, many American sugar producers were forced out of business, while consumers found no savings in their food prices. Domestic sugar prices are currently in the range of 20 cents per pound.

Currently there is a two-tiered tariff in place protecting U.S. sugar producers from foreign dumping. Imports into the U.S., up to 1.725 million metric tons annually, are charged a 0.625 cent tax per pound. After that threshold is passed, the tax per pound goes up steeply to 16 cents. This tariff has limited the imports of sugar to the U.S. market. It allows some sugar to come in, primarily from the Caribbean basin, but prevents foreign competitors from flooding our markets and putting domestic farmers out of business.

Growing, Harvesting, and Processing Sugar Cane

The required elements for a healthy sugar crop include fertile soil, sunlight and an abundant water supply, all of which are natural resources along the proposed project route, also known as the Everglades Agricultural Area. These factors plus the low level of supplemental fertilization required to grow sugarcane make it one of the most environmentally favorable crops that can be grown in the Everglades Agricultural Area. Sugar cane itself produces nitrogen, an essential element in the growth of all plants. The soil that sugarcane is grown in is so full of nutrients it is called "muck soil" and is almost black in color. These soils are organic in nature and are underlain by a limestone bed. Soil depths in the area can range from 2 to 8 feet but are generally in the 4 to 5 foot range. Under natural conditions, water stands on the surface for months, and only during extremely dry seasons, is the surface exposed. Today however, these soils have been drained to promote agriculture, and water stands on the surface for only a short period of time during the year.

Harvesting of sugarcane takes place over a period of approximately 180 days each year, beginning in mid-October. The harvesting process begins with a controlled burn of the cane fields. Sections of fields are ignited in a highly controlled and deliberate fashion on a daily basis throughout the harvest season. The process of burning the fields removes excess leafy material on the sugarcane stalk thereby preparing the way for the mechanical harvesting. In a typical harvesting unit, three or four harvesters operate in tandem with six to eight tractors towing strings of wagons. The harvesters cut the sugarcane at the base of the stalk and giant extraction fans remove any remaining excess foliage. As the sugarcane passes through the harvester, it is further cut into 12-inch lengths and then loaded into wagons. The sugarcane laden wagons are then hauled to nearby temporary in-field transfer stations, and reloaded into semi-trailers (or rail cars) for delivery to a sugar mill for grinding. With precise scheduling, tractor-trailer loads of cut sugarcane travel from the fields over county, state, and local roads and arrive at these grinding mills at 45-second intervals, loaded with up to 20 tons of cane each. Ideally, the cut sugarcane enters the mill and begins the grinding process within 24 hours of the controlled burn.

1 There are [REDACTED]
2 [REDACTED]
3 [REDACTED] While there may be minor
4 differences in production methods, each grower, harvester and mill operator employs
5 a remarkably similar process. [REDACTED]
6 [REDACTED]

At a typical grinding mill the cut sugarcane is processed and separated into three elements: sugar, water, and molasses. Bagasse, the pulp, rind and fiber of the sugarcane stalk left over from the grinding process, is considered a waste byproduct

1
2

The extracted juice is tested for sugar concentration for the purpose of crop yield calculations, pH adjusted with lime before it is heated, and sent to large clarifying tanks. The clarifying tanks allow for the settling of solids leaving only clear juice to continue through the process. The clear cane juice from the clarifiers is then passed through multi-stage evaporators that remove most of the water leaving a thick syrup. The syrup transfers to vacuum pans where it is boiled under vacuum until a mixture of sugar crystals and molasses, called "massecuite", is formed. The syrup is boiled under vacuum to prevent caramelizing of the sugar crystals. The sugar crystals are inspected for rate and uniformity of growth, while continuous monitoring and testing ensures quality of the finished product. As the heated syrup begins to crystallize, it separates into sugar crystals and molasses called "massecuite". The crystallizers cool the mixture of sugar crystals and molasses, causing the sugar crystals to grow in size. In order to remove the sugar crystals from the molasses, high-speed rotating centrifuges spin off the molasses leaving only the raw sugar crystals on the centrifuge screens. The remaining product, blackstrap molasses, is then stored in tanks and later sold as feed for cattle. The commercially recoverable raw sugar is transferred into huge warehouses for storage until it is ready to be transported to the sugar refineries. An estimated 2.13 million tons of raw sugar and 110 million gallons of blackstrap molasses are produced in Florida annually.

FLORIDA SUGAR . . . DUSTRY PRODUCTION

1979-1998

Acreage			Sugarcane For Sugar				Sugar Produced				Yield	Molasses
Crop Year	Total Acres	Acres Harvested for Sugar	Cane Ground Gross Tons	Average Cane Per Acre	Cane Ground Net Tons	Average Cane Per Acre Ground	96° Basis Short Tons	Raw Value Basis Short Tons	Per Harvested Acre	Raw Value Made Per Net Ton Ground	96° Sugar % Gross Cane Ground	Gallons 80° Brix
	(1000)	(1000)	(1000)	(Gross Tons)	(1000)	(Net Tons)	(1000)	(1000)	(Short Tons Raw Value)	(Pounds)	(Weighted Average)	(1000)
1979-80	332.1	316.8	10,608	33.5	9,990	31.5	1,028	1,047	3.30	210	9.69	68,394
1980-81	339.1	320.7	10,623	33.1	10,137	31.6	1,103	1,121	3.50	218	10.38	68,718
1981-82	348.9	335.2	10,146	30.3	9,696	28.9	948	963	2.87	199	9.34	79,015
1982-83	355.3	341.4	12,840	37.6	12,156	35.6	1,284	1,307	3.83	215	10.00	81,028
1983-84	367.8	361.0	12,056	33.4	11,459	31.7	1,202	1,223	3.39	213	9.97	77,695
1984-85	387.0	371.8	12,864	34.6	12,252	33.0	1,387	1,412	3.80	231	10.78	85,409
1985-86	398.7	383.4	13,174	34.4	12,615	32.9	1,389	1,413	3.69	224	10.54	92,546
1986-87	405.1	390.0	13,713	35.2	12,918	33.1	1,450	1,476	3.78	228	10.57	92,299
1987-88	417.7	402.2	13,743	34.2	12,990	32.3	1,490	1,517	3.77	234	10.84	89,581
1988-89	421.1	404.1	13,583	33.6	12,756	31.6	1,538	1,566	3.88	246	11.32	91,670
1989-90	419.9	404.9	13,435	33.2	12,695	31.4	1,375	1,399	3.46	220	10.23	100,042
1990-91	433.4	418.6	15,888	38.0	14,876	35.5	1,774	1,806	4.31	243	11.17	104,131
1991-92	442.4	427.2	16,114	37.7	14,919	34.9	1,800	1,833	4.29	246	11.17	101,441
1992-93	442.8	425.8	15,351	36.1	14,132	33.2	1,679	1,710	4.02	242	10.94	93,686
1993-94	443.9	425.2	15,818	37.2	14,512	34.1	1,739	1,770	4.16	244	10.99	98,632
1994-95	443.9	422.5	15,587	36.9	14,216	33.7	1,695	1,725	4.08	243	10.87	93,658
1995-96	436.7	417.2	15,703	37.6	14,445	34.6	1,738	1,771	4.25	245	11.07	94,882
1996-97	438.4	417.0	14,905	35.7	13,790	33.1	1,646	1,679	4.03	244	11.04	89,937
1997-98	440.3	421.1	16,942	40.2	15,526	36.9	1,885	1,923	4.57	248	11.13	101,377
1998-99	447.1	426.4	18,418	43.2	17,092	40.1	2,084	2,127	4.99	249	11.32	109,573

Source: Florida Raw Sugar Processors

Prepared by the Florida Sugar Cane League, Inc.
6/7/99

9A.

Energy Use in the Grinding and Refining Process

The sugar production process is an energy intensive process with steam being the predominant energy form required. Steam is used throughout the grinding and refining process and is the lifeblood of a sugar mill. A boiler plant outage of any type has an immediate impact on the mill's ability to process cane or refine sugar. At each mill or refinery the boiler plant has a substantial presence on the landscape and is located immediately adjacent to the grinding mill. Each plant typically has multiple and redundant boilers to ensure that adequate steam capacity is always available. Reliability of steam supply is paramount given the need to harvest and process the crop in a narrow 165 to 180-day harvest season. Each mill also has its

FIELD
1

more prevalent during the summer months when the grinding mills and their boiler plants are idle.

As noted previously the primary fuel in the sugar grinding and refining process is bagasse. This bio-mass waste product is stored in large open-air piles adjacent to each grinding mill. Given this storage medium bagasse's performance as a fuel source is susceptible weather factors. Moisture content is driven up by rainfall in turn affecting both the ability to handle this material as well as its ability to combust uniformly.

FIELD
2

These systems come with their own operating limitations and must operate reliably to ensure the continued use of the bagasse fuel. Bagasse serves to fuel the boilers of every mill and refinery in the area.

While bagasse is plentiful and low in cost there is however a substantial use of wood chips, refuse derived fuel, and fuel oil which is consumed at these plants. Wood chips and refuse derived fuel are imported from both the agricultural and highly developed commercial and residential areas of the state including Palm Beach, Broward, and Dade Counties. Wood chips are obtained from construction waste, tree trimming and clearing of vegetation. Refuse derived fuels are in essence non-garbage based and are primarily wood and fiber products separated out from the

garbage stream.

These two waste fuels are trucked long distances to reach the sugar mills at a significant cost in transportation fuel and labor. Transportation costs are borne by the mills. Once at the mills it needs to be received, weighed on truck scales, unloaded, and processed for use in the mill's boilers. This entire process is reported to yield a burner tip price of \$1.50 to \$2.00 per million Btu. While a seemingly attractive priced fuel, the use of waste products as a fuel is not without its drawbacks. This fuel lacks the homogeneity of heat content necessary to support steady state combustion and steam production required by the mills. It is highly susceptible to climate conditions given the nature of its origin and outdoor storage, is labor intensive to handle, and requires highly integrated processing steps to ensure a smooth operation of the boilers. While natural gas will not eliminate the use of these fuels under current economic conditions, it can co-exist as a supplemental fuel.

Another supplemental fuel for the sugar industry is fuel oil, both No.2 and No. 6 oil, which is trucked to the region. Both low and high sulfur variants of these fuels are used throughout the area. No.6 oil appears to be more prevalent in the older grinding mills whereas No.2 oil is more commonly found at the newer sugar refineries. Recent price data obtained from purchasing managers in the area indicates that fuel oil is purchased in the range of 55 to 60 cents per gallon delivered. There appears to be a great variation in skill sets amongst the various mills related to fuel cost risk management and more sophisticated hedging techniques.

Propane is also found throughout the local sugar industry, primarily as an ignition fuel source, or for use in forklifts or other small mobile equipment. There are three propane suppliers in the region with propane delivered primarily by truck. In at least one case the relationship between the mills and supplier goes back decades and is deeply entrenched in local politics and support for merchants in the local community.

Environmental Issues

Directly south of Palm Beach, Hendry and Glades Counties are the Florida Everglades. In the 1950's the U.S. government built dams, canals, and pumping stations to control water levels in the Everglades Agricultural Area. This has made the land more manageable for the sugar growers by allowing for proper irrigation and drainage of the nearly 500,000 acres of sugarcane fields. Environmentalists argue that phosphate runoff from the sugar cane fields is poisoning the water system of the Everglades while the farmers claim their runoff is lower in phosphate content than nearby Lake Okechobee. The sugar farmers have taken a number of steps to reduce the impact of their crops on the downstream watershed such as creating man made "filter marshes" to adsorb some of the toxins. Many of the farmers rotate their crops as well.

In 1994 The Florida Legislature passed the Everglades Forever Act. The Act outlined and funded the first steps of the Everglades restoration and won endorsement from the Clinton administration and was signed into law by then Governor Lawton Chiles. The Act establishes a water quality standard for farm runoff that is twice as clean as rain. It increases water flow to the Everglades by re-directing water from canals leading to the Atlantic Ocean, as it now flows out to the Everglades. The act requires farmers to pay 100% of the cost of cleaning farm water run off and sets stringent deadlines to fulfill these requirements.

In a most recent general election, an attempt was made to pass a law imposing a 1-cent per pound tax on sugar at the grower level for use in environmental programs for the Everglades. The question was placed on the ballot in the general election and was soundly defeated by the Florida electorate after a successful public awareness campaign by the growers themselves. While seemingly insignificant, this tax amounted to an increase of 5% in the price of sugar, a punitive measure on the farming industry. In the process defeating the proposed legislation, the growers succeeded in making the public aware of the role sugar farming plays in the economy of Florida and the economic well being of the thousands of people employed within the industry.

Florida sugar farmers have implemented Best Management Practices (BMP) to help achieve environmental goals. They have spent millions of dollars in their efforts to reduce the phosphorus content in farm water runoff by more than 50% in the last three years. Examples of BMPs are:

- Planting cover crops to minimize wind and water soil erosion
- Removing nutrient-rich soil from canals and spreading it back on the fields
- Using high-tech lasers to level the cane fields to reduce soil sediment from being pumped out with water as it flows off the farms

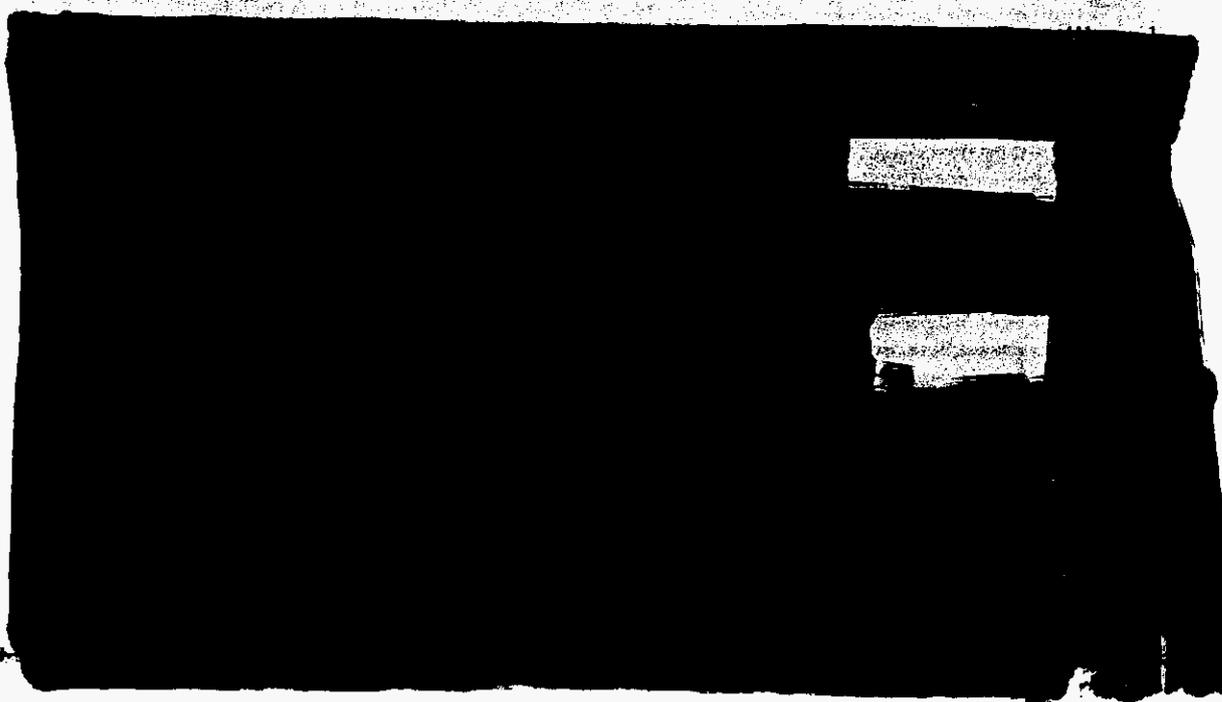
- Promoting vegetation growth to grow along irrigation canal banks to trap eroding soil before it reaches the water
- Minimizing fertilizer application by applying needed nutrients directly onto plant roots.

NUI Distribution Project Description

A preferred route has been selected which allows for the project to be built entirely in public right of ways. The preferred route begins at the intersection of the Florida Turnpike and Southern Boulevard, immediately South of Florida Gas Transmission's (FGT) Compressor Station #21. The route runs to the West along State Roads 441, 80 and 27. Along the route lie the communities of Royal Palm Beach, Wellington, Loxahatchee, Belle Glade, South Bay, Pahokee, Clewiston and LaBelle before ultimately reaching the West Coast of Florida in the Ft. Myers area. The route is intended to follow and stay within existing utility right of ways to speed permitting and minimize costs. Numerous other utility services have been installed both underground and above ground along this route, including fiber optic cable for telephone, cable television, electric transmission and distribution circuits, and in some cases water.

As mentioned earlier, the proposed NUI project is designed for implementation in up to three Phases. Phase I would extend service to the South Bay area, Phase II would reach Clewiston, and Phase III would complete the crossing of the state by connecting to FGT in Ft. Myers. All of the segments of the pipe have been classified as either light or medium for construction. Light refers to easy construction, with wide open work areas, very few conflicts, crossings or potential delays. Medium refers to moderate construction, where work areas are limited in space, and several conflicts may exist.

The proposed route incorporates the need to provide service lines for the initial 13 major customers:



- 1. [REDACTED]
- 2. [REDACTED]

The service lines to these customers have been classified as either light to medium construction with the exception of [REDACTED]. [REDACTED] The latter have been classified as medium to difficult due to the length of their access roads and the lack of wide open areas or roadway shoulders in which to work. Major problems in securing right of ways, easements, and temporary construction workspace are not expected.

Capital Investment

Captec Engineering, a Florida firm with recent experience on NUI projects, was retained to provide capital estimates and a route selection for the proposed project. Captec provided a detailed report which included a preferred route, route maps, alternate route evaluations and alternatives, cost estimates, and permitting and construction time lines. The Captec report also identified major conflicts, noted the local and state permitting entities, provided GPS coordinates, and included photographs of the route.

The Captec recommendations were refined with input from NUI's Distribution Operations staff in Florida. Captec's methodology provides for the most efficient and cost effective route for the project and is based on the constructability of each segment. For the purpose of the study the proposed route was divided into segments for ease of evaluation and estimating. Each segment was verified with field measurements and inspection. A recommended route was then selected which minimizes the project cost. The table below shows the cost for each phase as well the contingency dollars

	PHASE 1	PHASE 2	PHASE 3	TOTAL
TOTAL MILES	71.65	33.65	42.35	147.65
ESTIMATED COST	\$12,125,000	\$7,165,000	\$11,055,000	\$30,345,000
CONTINGENCY INCLUDED	\$1,818,750	\$1,074,750	\$1,658,250	\$5,467,500

Competing Fuels

The main propane distributors in the proposed project area are Amerigas, Coast Gas, and Glades Gas. Both Amerigas and Coast Gas are major national propane companies. They service the area from district offices located in Fort Lauderdale and Fort Myers. Their focus is on major national accounts that have franchises in the area, such as fast food chains.

The fuel oil market in the region is very similar to the propane market in the way it is divided. Propane prices have always been high in Florida and to date, have provided little or no price resistance to natural gas under existing NUI/City Gas Company tariffs. Major distributors such as Coastal and Texaco serve the large sugar mills and citrus industries while the commercial and residential markets are served by local distributors. Fuel oil is trucked to the area from either the East or West Coasts of Florida. The proposed NUI project's economic merits are based almost exclusively on displacement of fuel oil. The amount of fuel oil burned in each sugar mill over the past years serves as the basis for the natural gas project's economics.

The areas sugar mills have been trying to reduce their fuel oil consumption for years through operational efficiencies and burning bagasse as much as possible. Data provided by the local mills indicates there has been a decrease of around 2% per year on average of fuel oil consumption. Weather factors however have had an impact on the reduction and will continue to do so. Extreme wet weather for example, prevents the bagasse from combusting efficiently and adversely affects steam production and mill operations. The ease of operation of boilers using natural gas as a primary or supplemental fuel is expected to help grow loads over time.

The sugar cane industry has been partially self sufficient in meeting its energy requirements by burning bagasse, a waste product from the sugarcane grinding process. [REDACTED]

and produce process steam than to dispose of it. Because of the low BTU value and lack of homogeneity of bagasse, fuel oil, either No. 6 or 2, is used for flame stabilization and start up. Given the low cost of bagasse, and the disposal problems created by not burning it, natural gas will likely never displace bagasse on an economic basis. However, should environmental regulations continue to tighten emissions limits and require back-end controls for particulates, NOx, and CO, the economics of natural gas may win out on a total cost basis.

2
4
[REDACTED]

The woodchips and refuse derived fuels are used in greater quantities outside of the sugarcane harvest season, as a supplement to stockpiled bagasse. Wood chips and refused derived fuels are trucked from Palm Beach, Broward and Dade Counties. As

is the case with bagasse, natural gas will play a role in displacing a portion of the these fuels.

Natural Gas Supply

Florida, the six-most populated U.S. state, is an underdeveloped market for natural gas. The state has few residential and commercial customers on natural gas and is served by only one major pipeline company, Florida Gas transmission (FGT). FGT transports 89% of Florida's natural gas and Koch's Gateway Pipeline and South Georgia Natural Gas respectively account for 8% and 3% respectively.

The State of Florida is considered a growth state and is expected to grow in population by 14% between 2000 and 2010, far faster than most other states. This increase population growth will bring increased electric use and, in the long term, natural gas use. Electric generation plants and industrial customers use an estimated 88% of the natural gas delivered to Florida. Natural gas is used for electric production in Florida more than in most other states. The average household in Florida uses 25 MCF of natural gas annually, far less than the national average of 89 MCF. The average residential electric customer uses 13,000 kWh, 30% more than elsewhere in the United States.

In order to meet the states growing demand, the FPSC estimates that Florida will need 8000MW of new electric generation capacity in the next decade. To fuel this expected electric generation growth, major pipeline companies have proposed new projects to bring a competing source of natural gas to Florida. Companies such as Duke Energy, Coastal and Williams have all proposed building new pipeline capacity into the state.

Williams' Buccaneer project, a 950 million cubic feet per day pipeline, and Coastal's Gulfstream, a 1.3 billion cubic feet per day pipeline, would both follow underwater routes across the Gulf of Mexico to Florida. Duke Energy's Sawgrass Energy Transmission System, 1 billion cubic feet per day pipeline would follow an overland route across the panhandle and then Southward to central Florida. The existing pipeline serving the state, FGT, however is not remaining idle. By looping and adding compression in its Phase IV & V expansions, FGT feels it can meet the needs of the market.

All of these major pipeline expansions, with the exception of FGT, transport natural gas from Mobile Bay and the Eastern Gulf of Mexico, one of the major U.S. growth areas for new natural gas production. The Gas Research Institute has forecast a 329 billion cubic foot of production increase for the East Gulf and Norphlet Trend between now and the year 2001. Much of this new production will come from the Norphlet Trend's highly permeable, high-flowing producing wells.

Environmental opposition should limit any activity on the Florida Gulf Coast's outer continental shelf for the foreseeable future. With this area off limits to drilling, the natural gas industry has concentrated on getting production under way in federal

waters (more than 10 miles off shore) off the panhandle. Currently there are 64 active leases off shore between Pensacola and Panama City. The Department of Energy. estimates that the region from Pascagoula, Miss. to just east of Pensacola, FL contains as much as 13 trillion cubic feet of natural gas reserves.

Gulfstream Pipeline

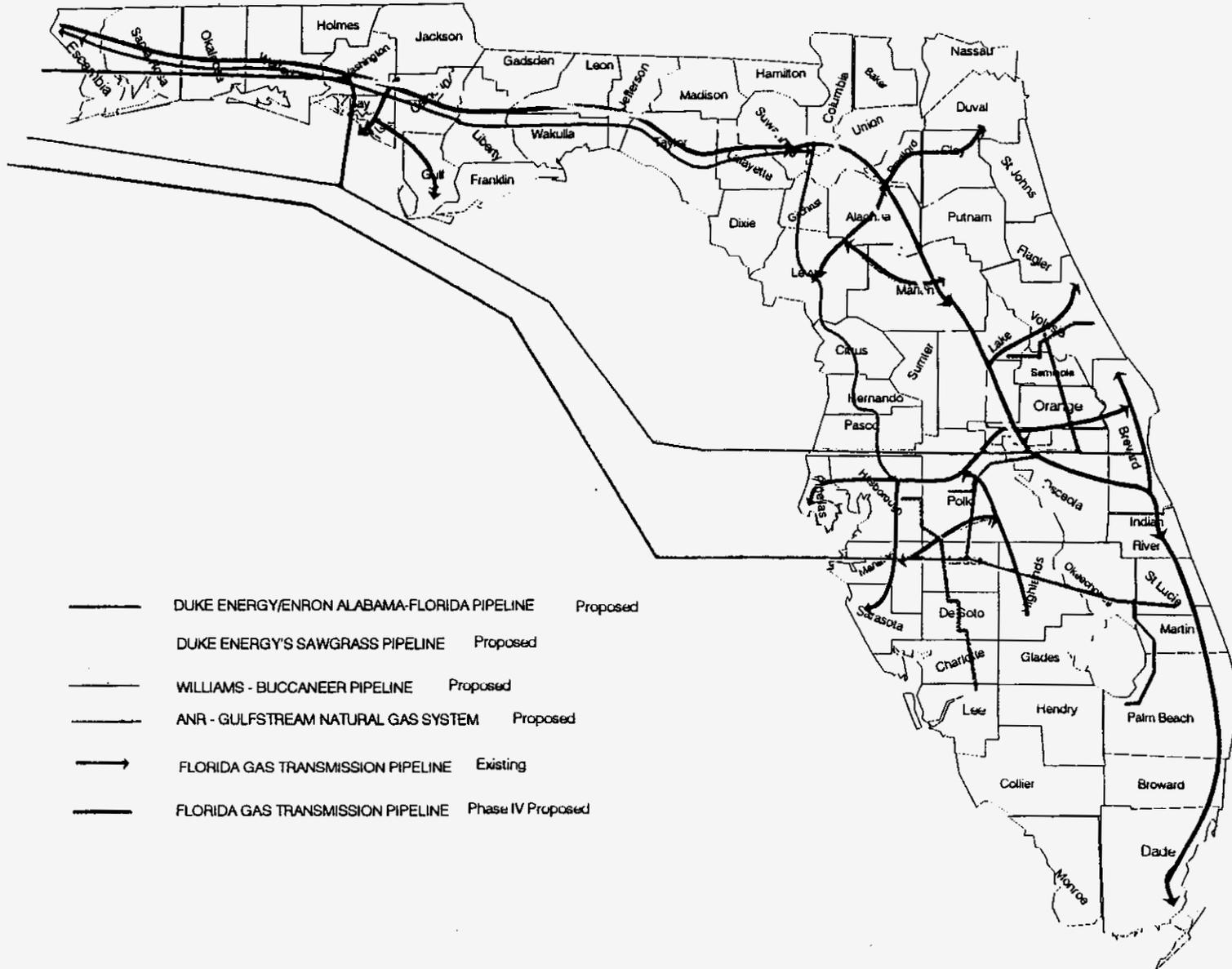
The Gulfstream Pipeline merits additional discussion as it could impact on the economics of the proposed NUI project. The currently proposed Gulfstream Pipeline is a new version of the old American Natural Resources (ANR) Sunshine Pipeline Project. It begins the Mobile Bay area and terminates near the Florida East Coast. Of the proposed route, approximately 75% lies offshore, coming on shore South of Tampa. The line then proceeds East to a point of Okeechobee area. An additional spur was added later in the development process to extend service Southward, along the Eastern shore of Lake Okeechobee, to South Bay.

The Gulfstream Pipeline project's economics are based solely on serving the incremental electric generation market that is projected to occur in the state of Florida over the next ten years. In its FERC filing, Gulfstream discloses plans to serve 15 nonaffiliated customers. All of these customers have yet to build a facility to accept natural gas. Currently Coastal is going through the filing requirements of the FERC, which include environmental impact studies, landowner notifications, easement agreements, and municipal and county notice periods.

Initial design of the Gulfstream Pipeline project had no impact on the Florida Pipeline Project since it was intended to terminate 40 miles from NUI's Phase II, at the Northeast corner of Lake Okeechobee. Recent maps and town and landowner meetings have included an extension terminating in South Bay, which is the midpoint of the proposed NUI project. There are no existing customers in the area that could justify the extension of the line to the South Bay area nor are there any announced plans for independent power producers to build there. Reasons given by Gulfstream for the spur have been a desire to get closer to potential market based storage (the Felda field), and to get closer to Florida's East coast at a point as far South as possible. The latter would maximize any back-haul opportunities on FGT and position Gulfstream to serve future load growth in Southeast Florida. Both of these answers raise the question of why not just go all the way initially. In a 1.3 billion-dollar project, the cost of going an additional 50 miles is likely not detrimental to their overall project economics.

STATE OF FLORIDA

NATURAL GAS PIPELINES



Customer Data

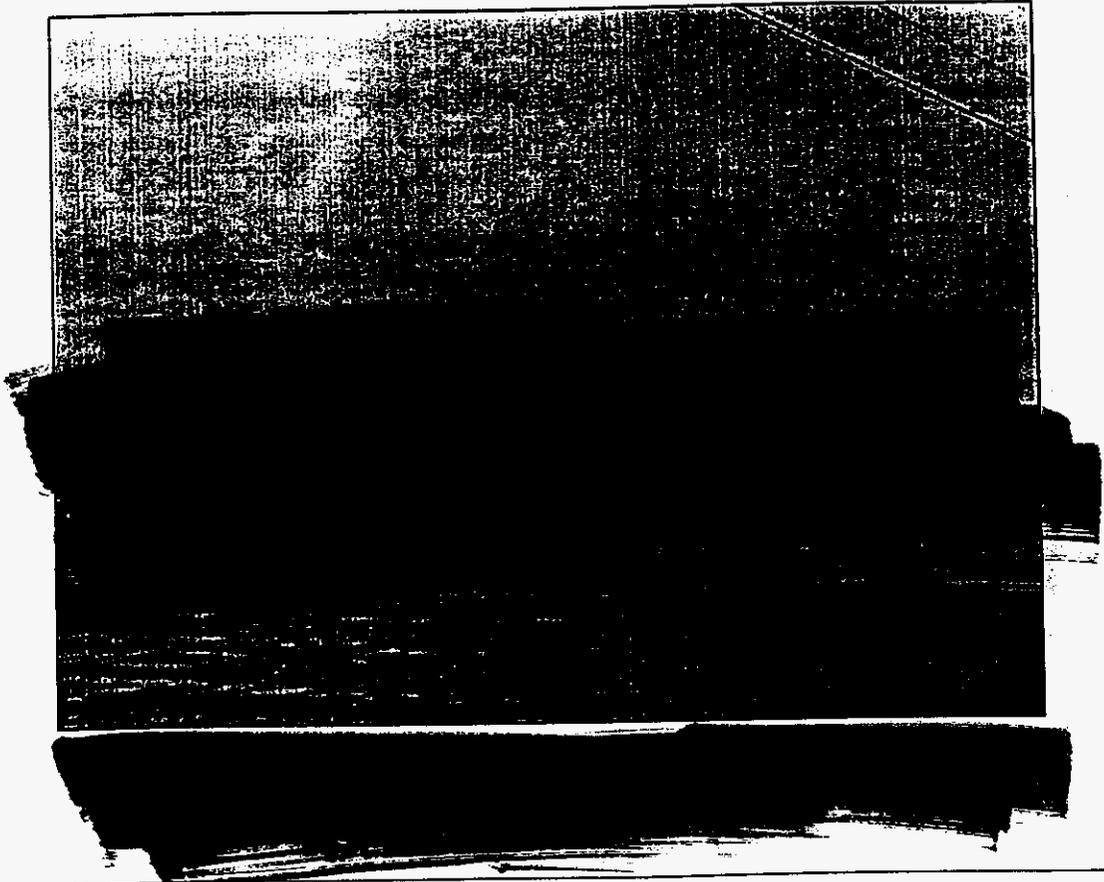
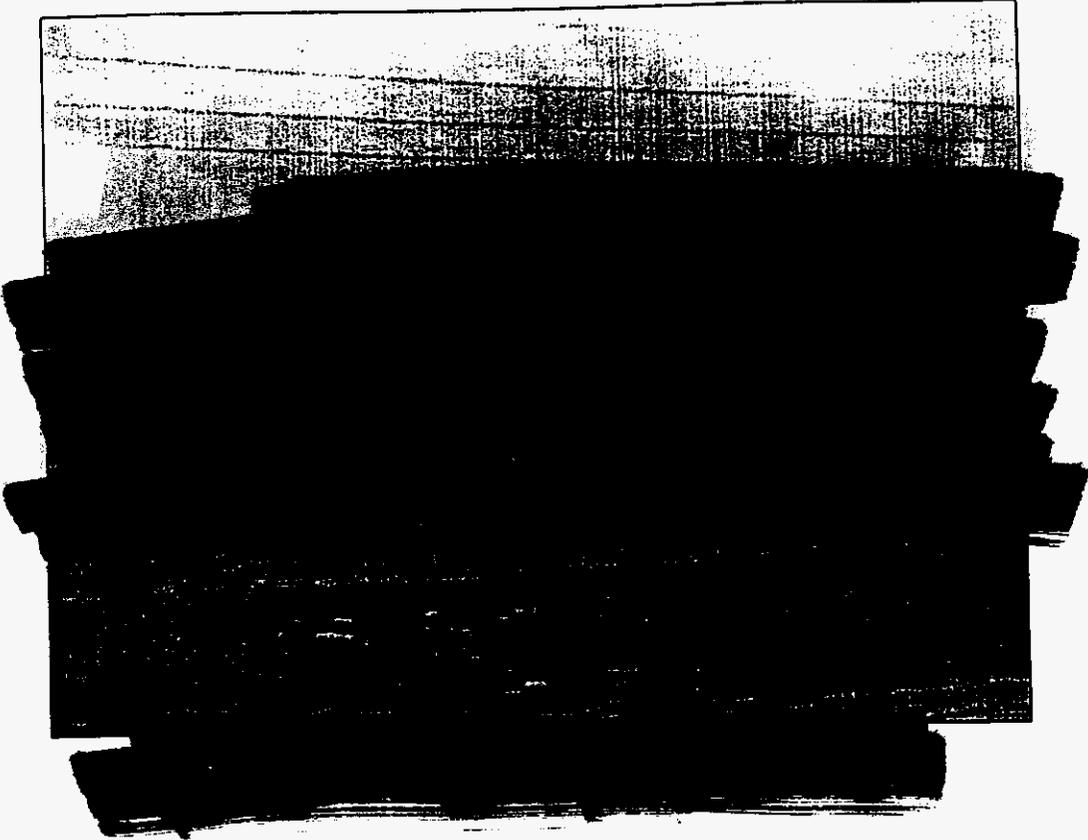
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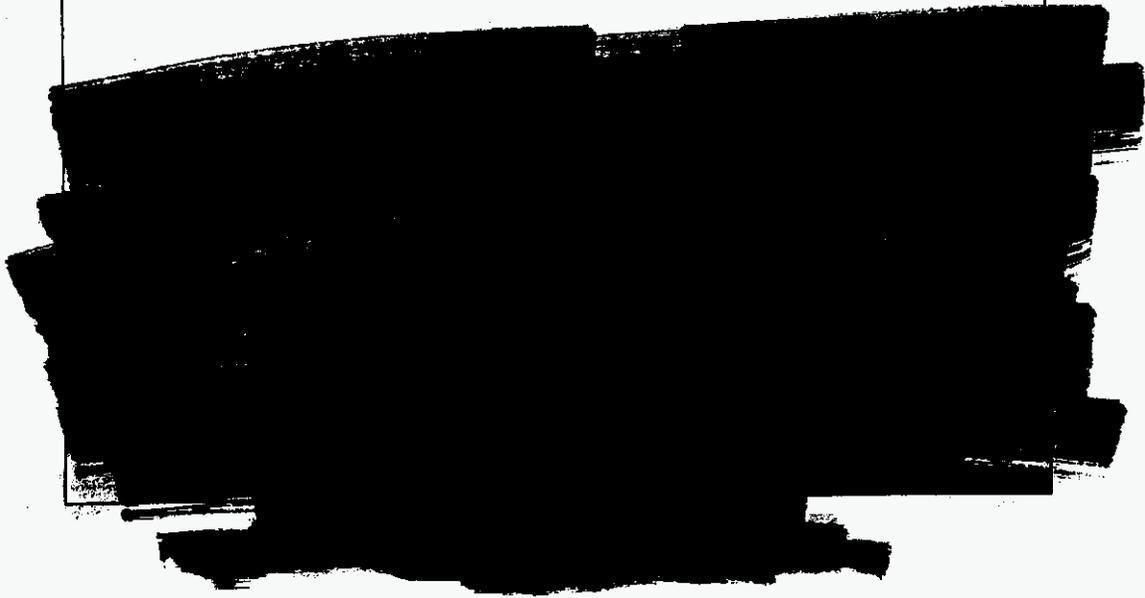
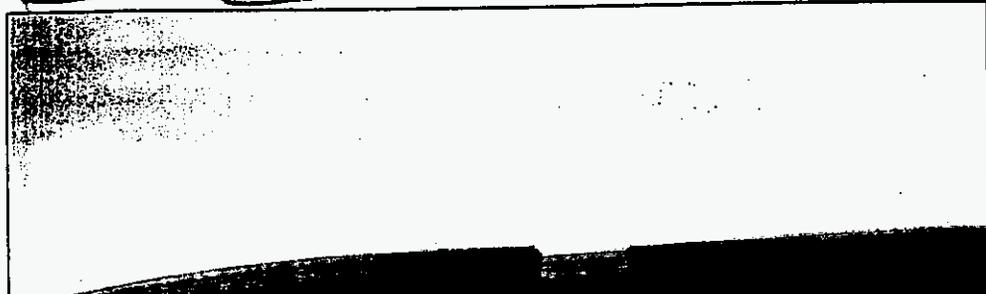
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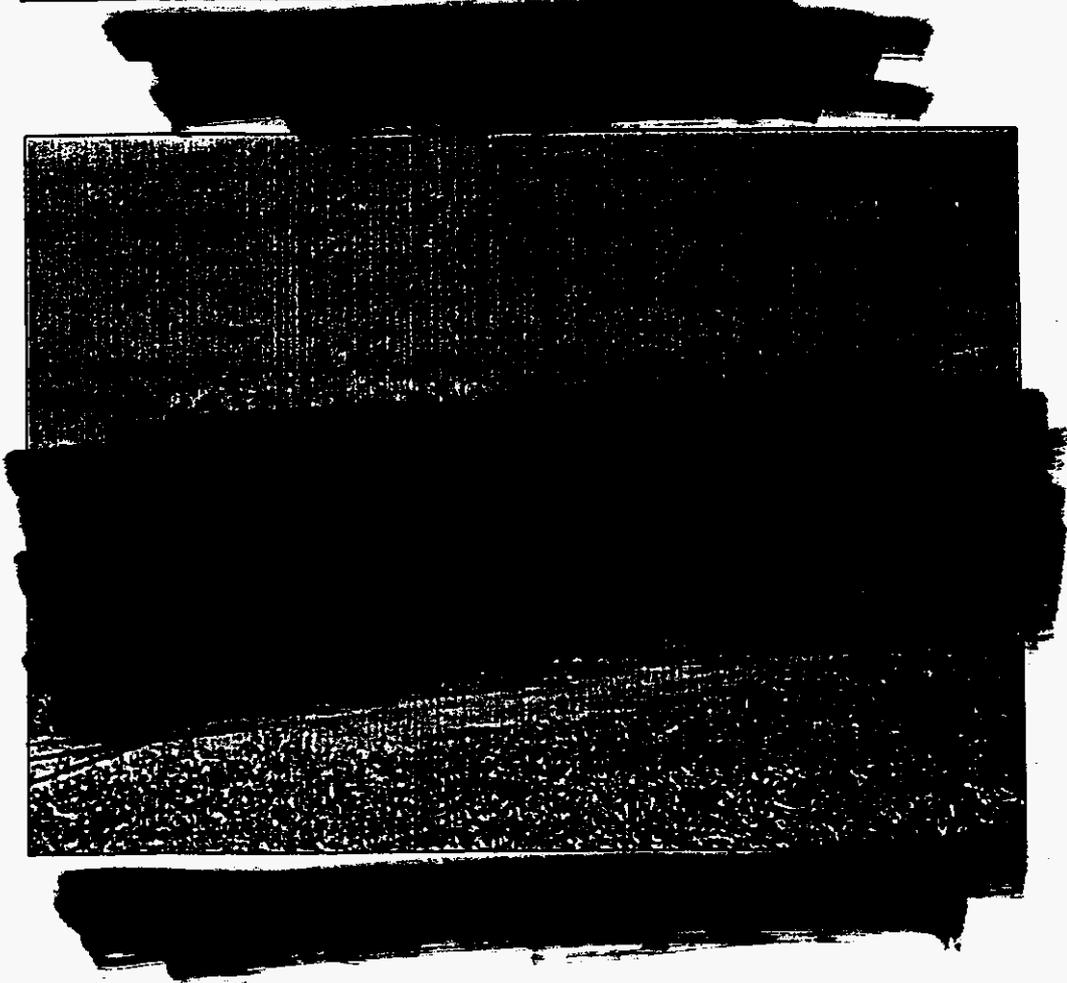
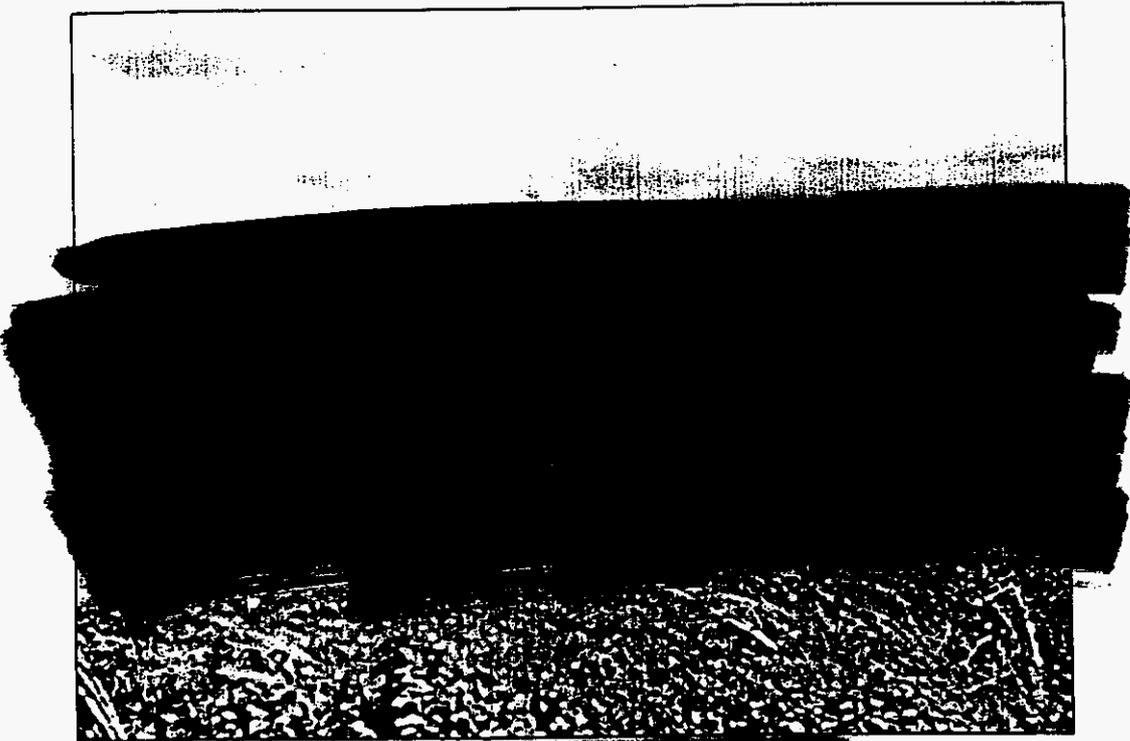


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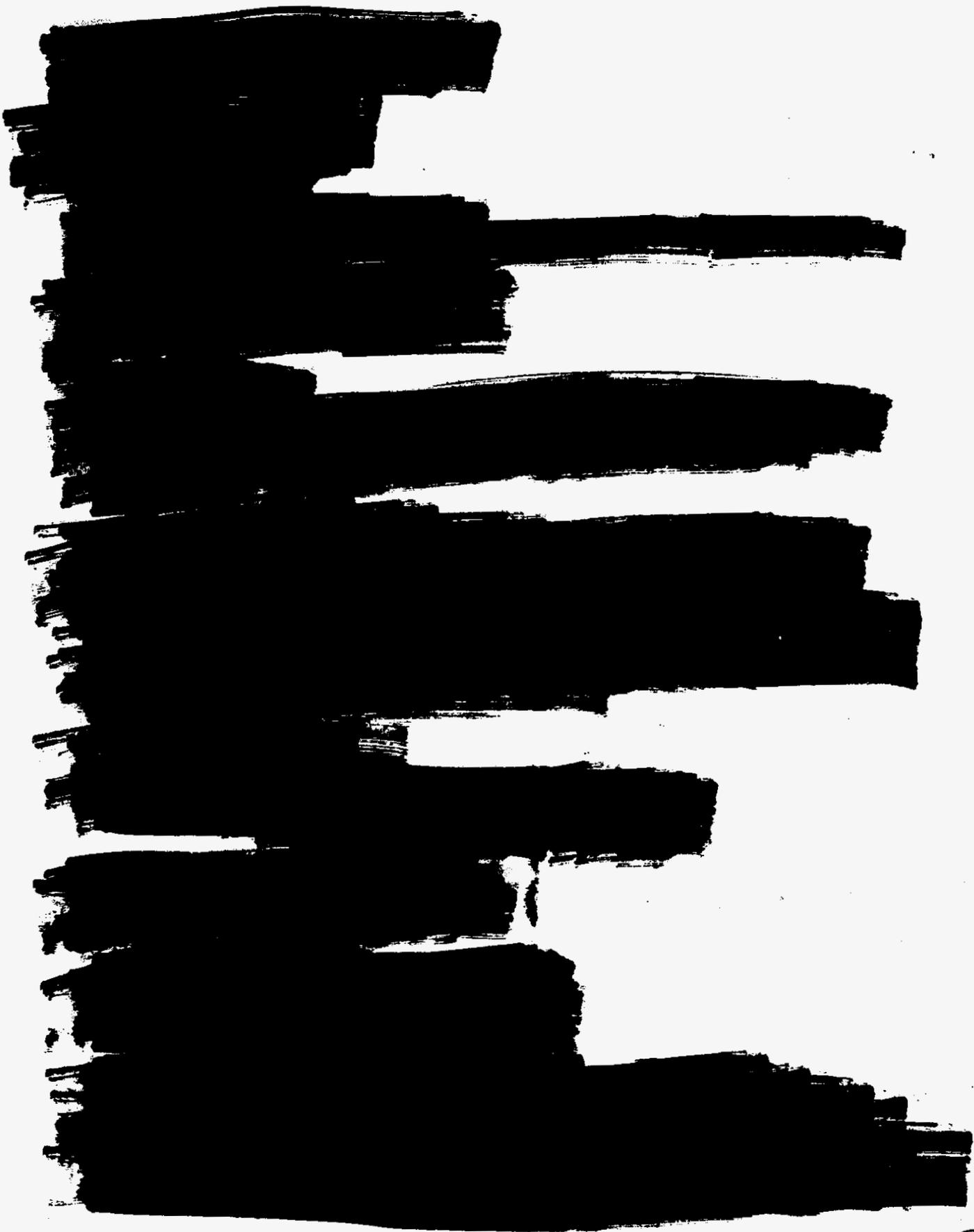


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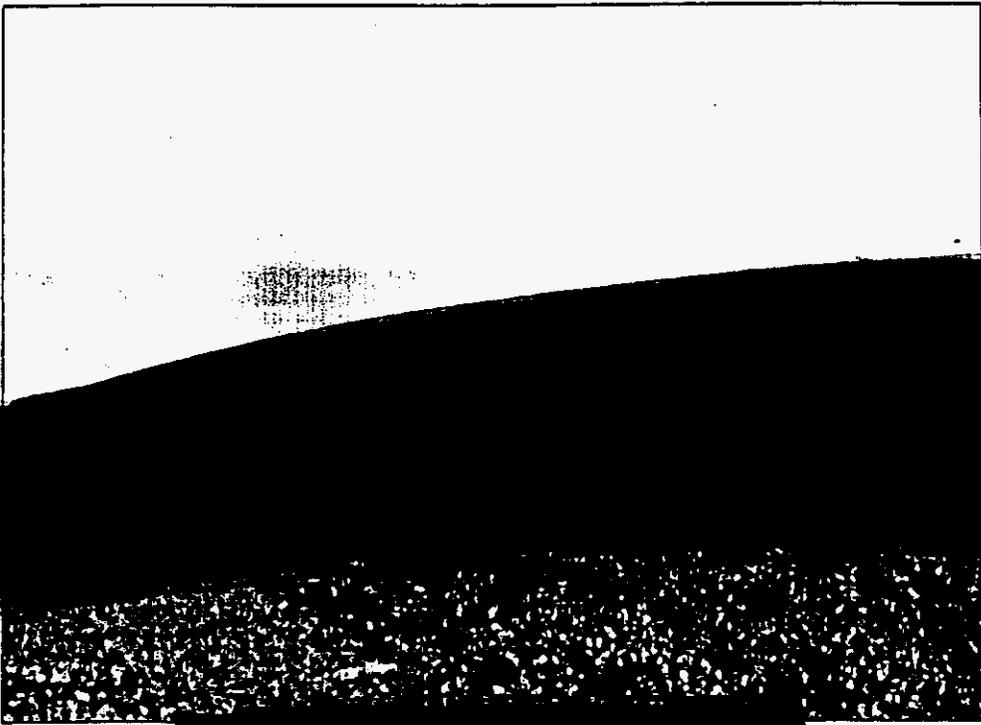
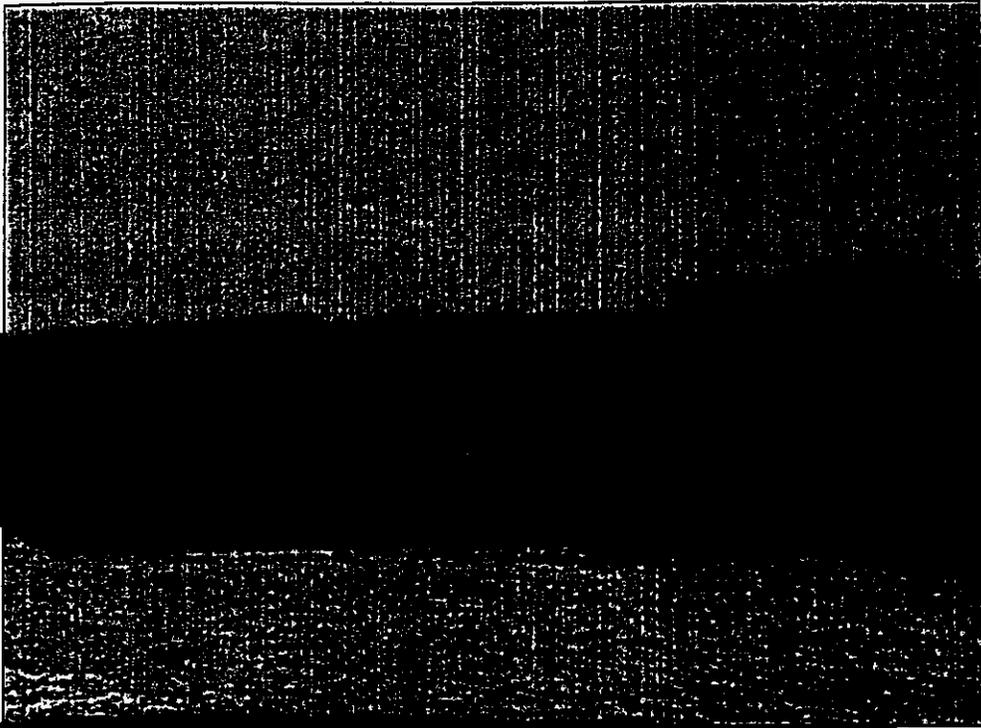


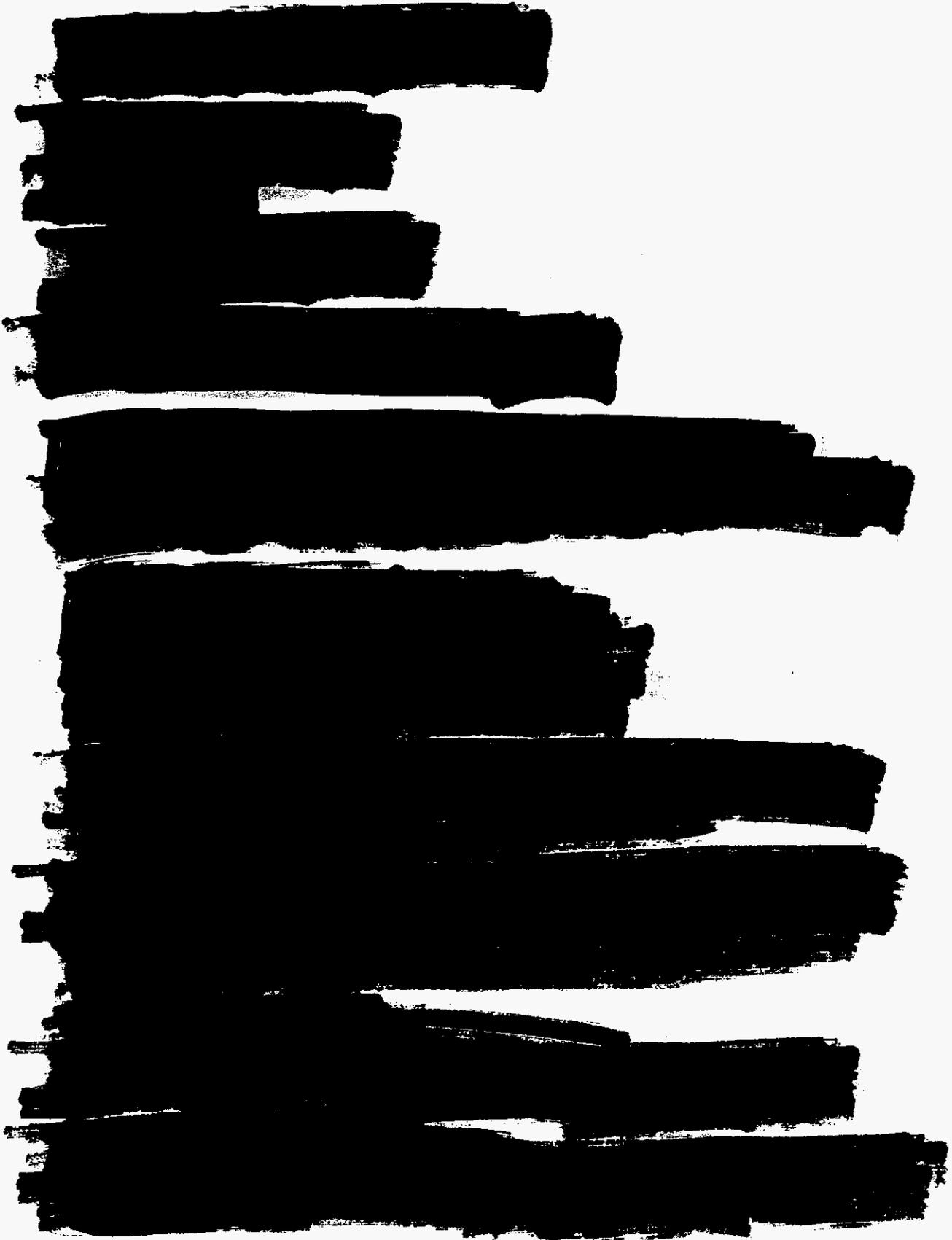


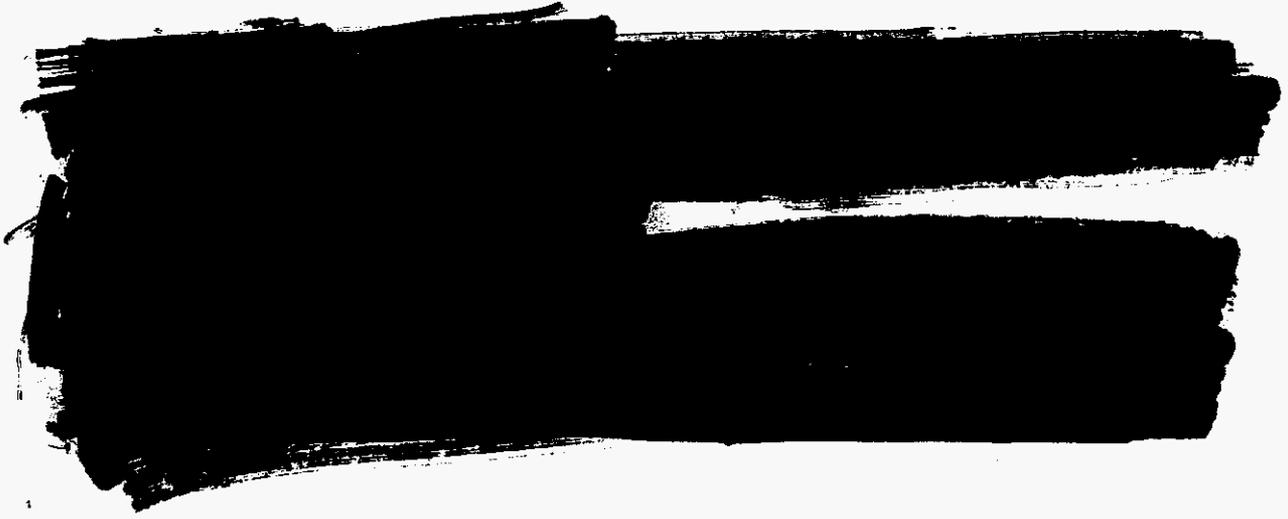
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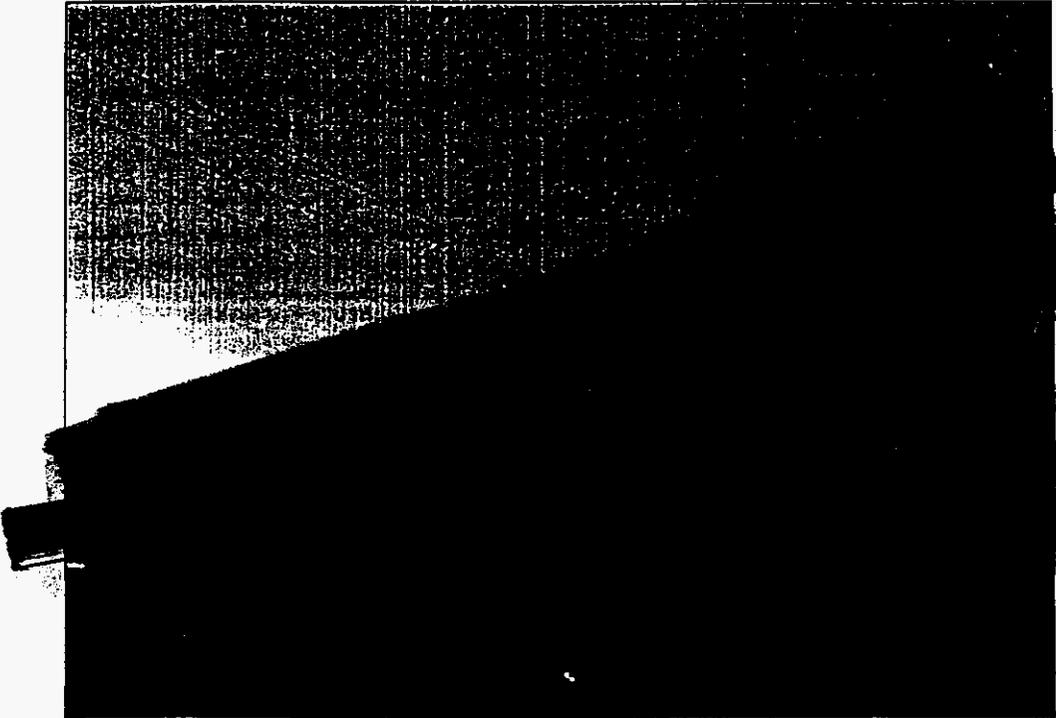
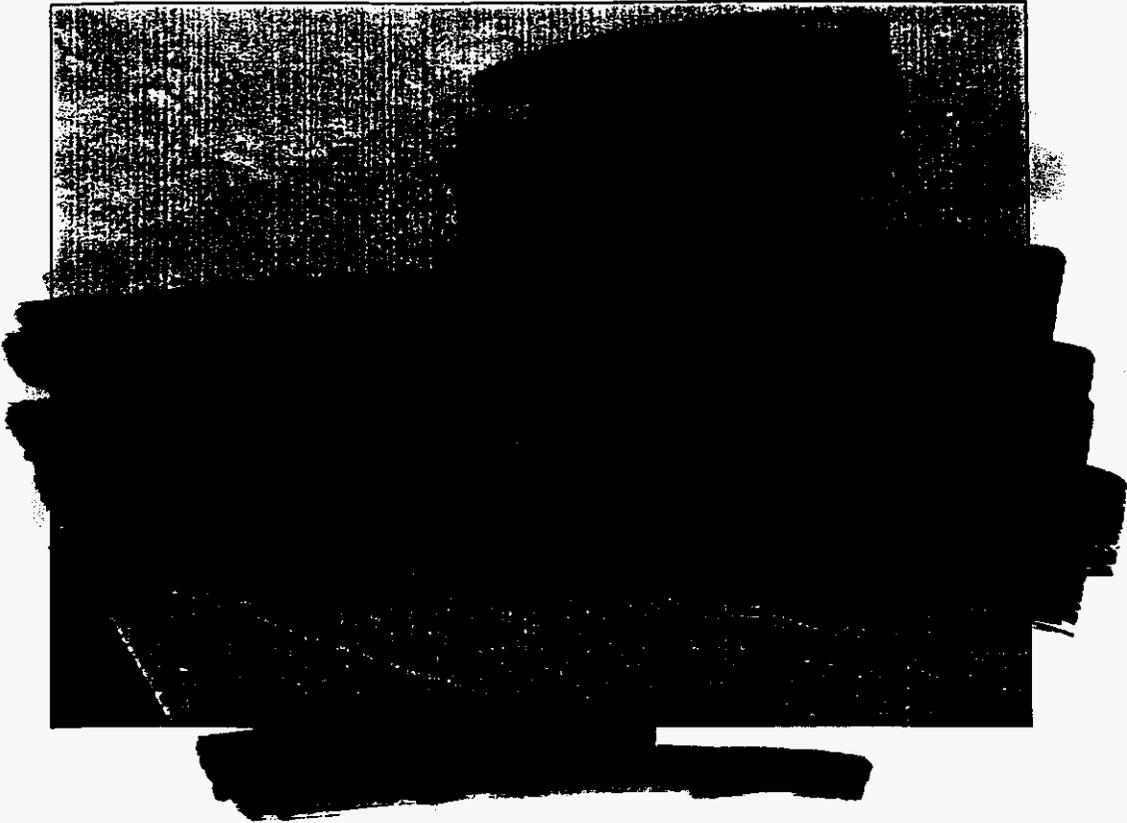


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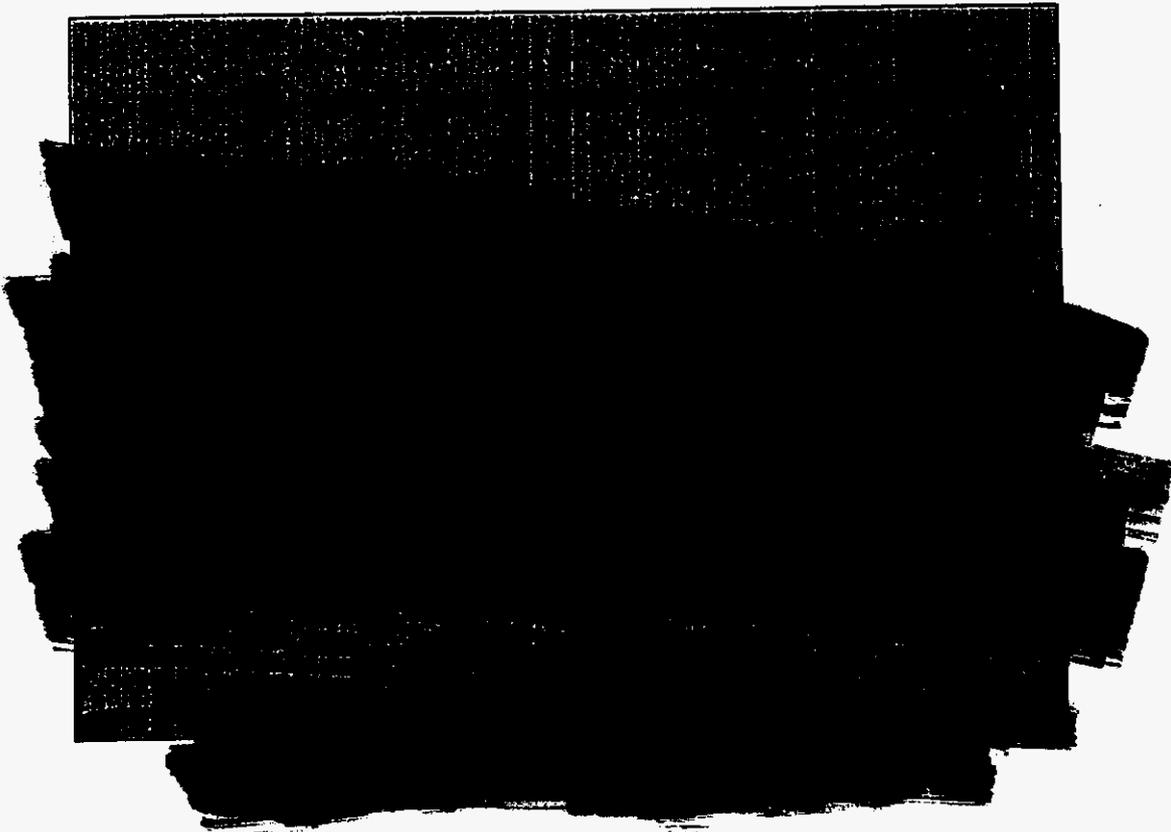
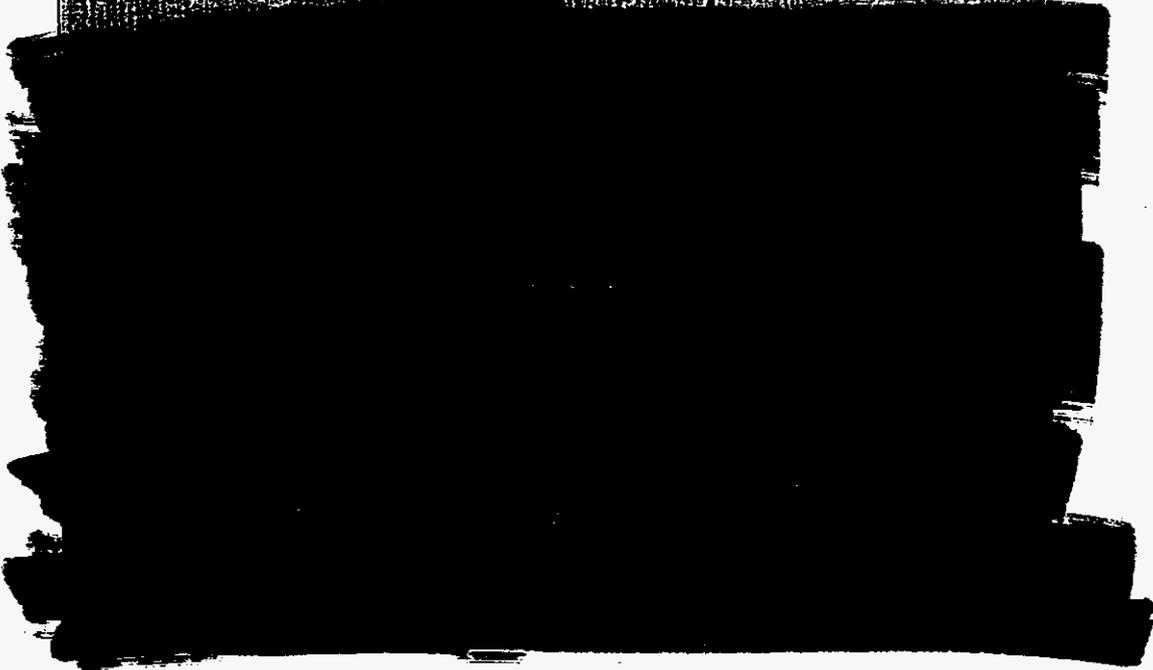
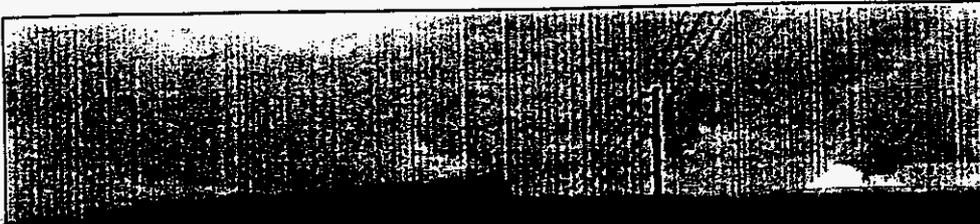






SUGAR CANE GROWERS COOPERATIVE FACILITY (8)

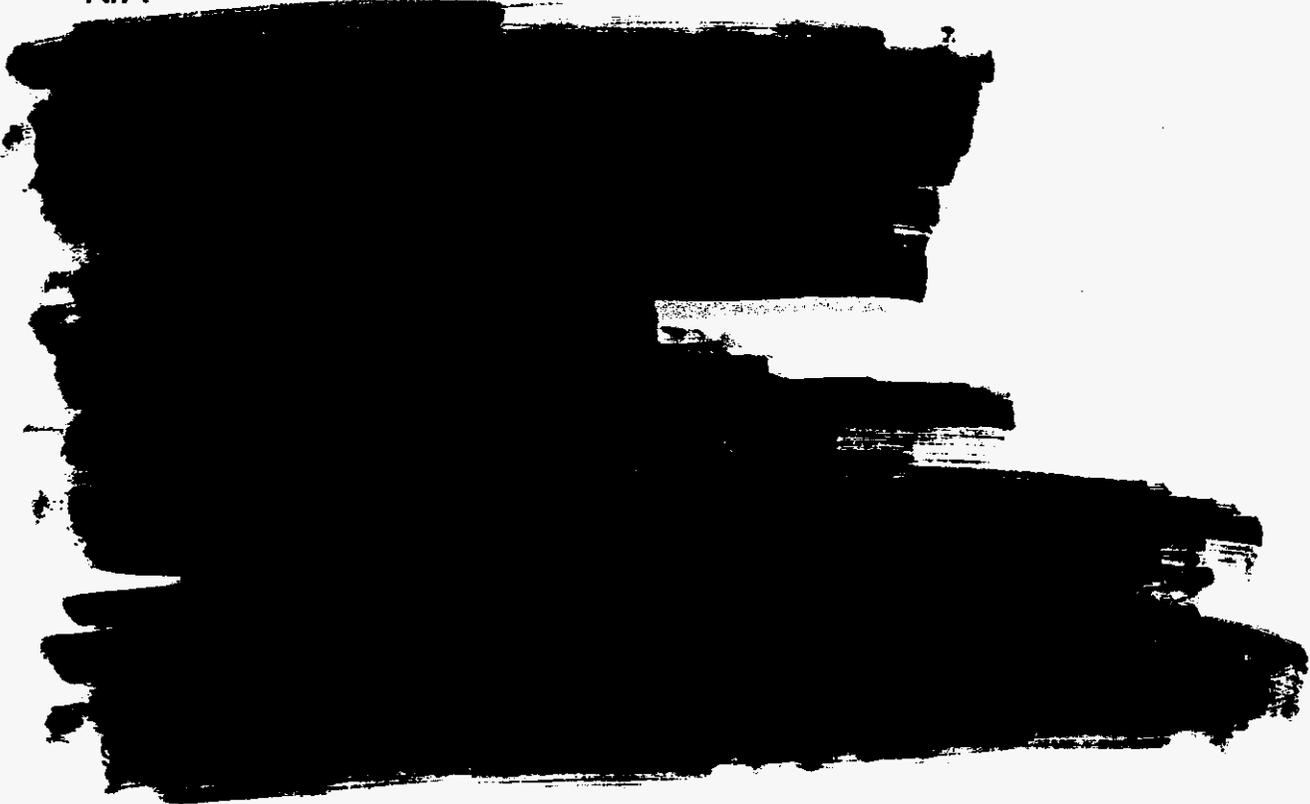
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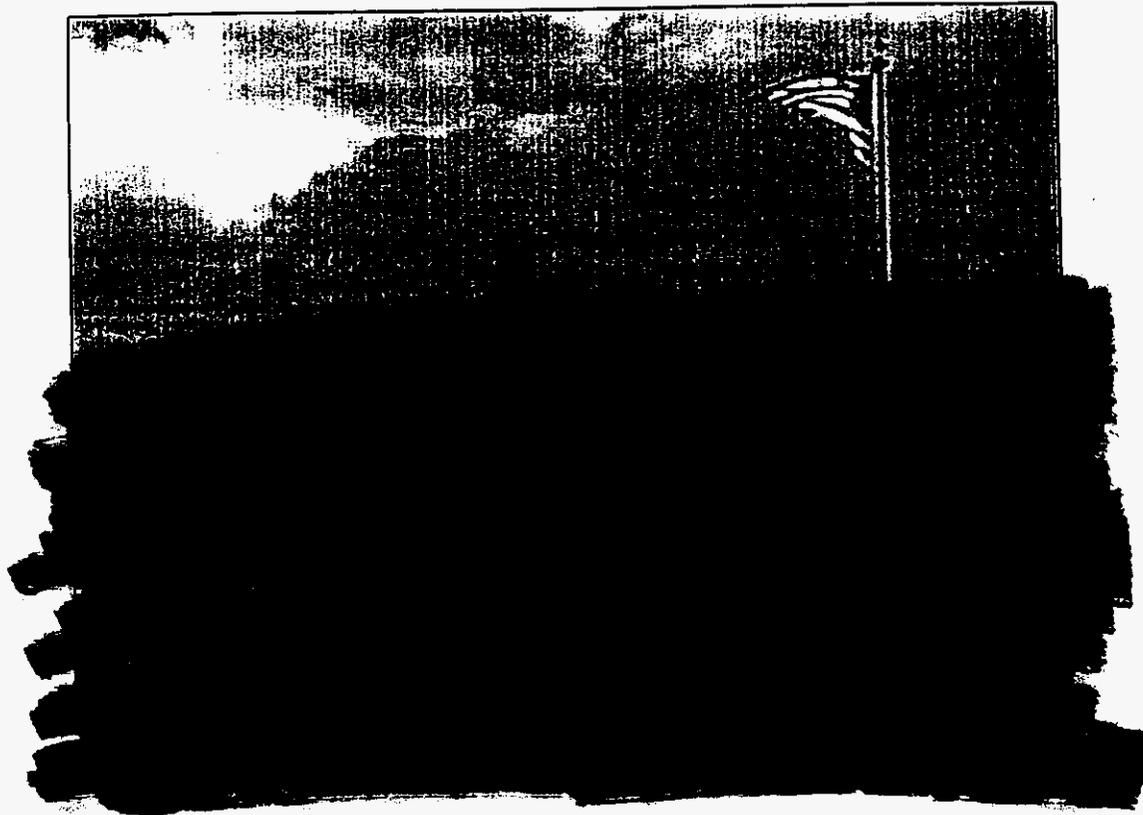
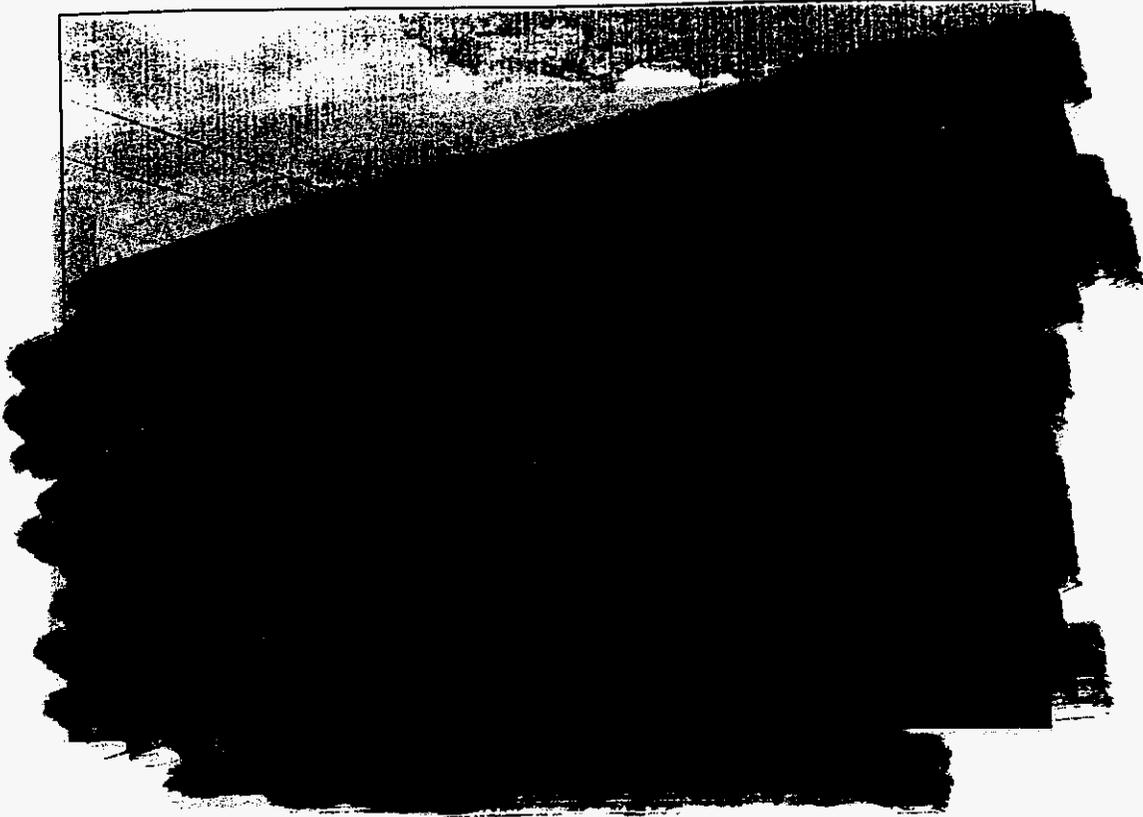


Credit Info

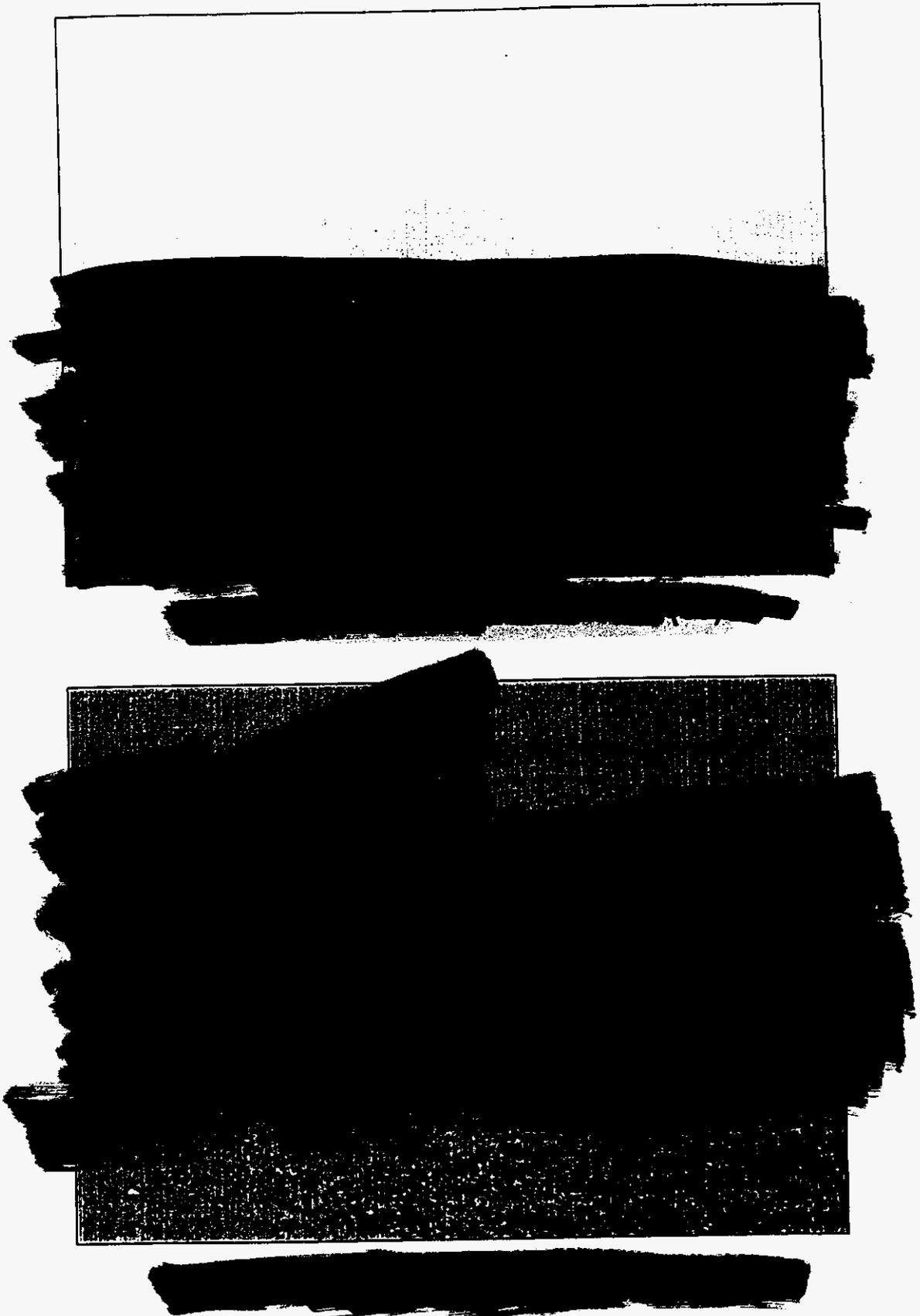
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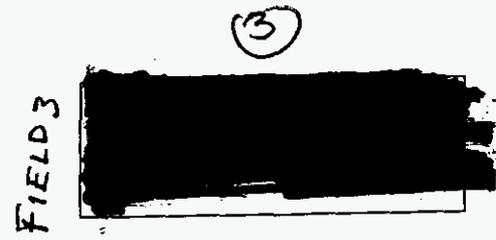
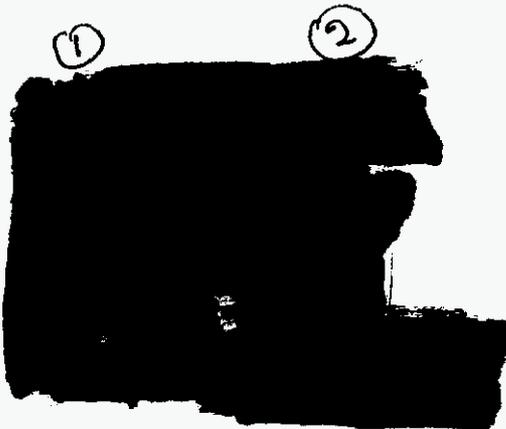


Phase 1 Projects							
Case #	Description	Capital Investment	IRR	ROE	NPV		
6	1 Phase I only: [redacted] at the full tariff rate 2 for years 1 through 8, reduced to \$0.23/Dth beyond year 8.	\$ 12,125.00	5.8	4.6	-1145		
8	3 Phase I only: [redacted] at the full tariff rate for years 1 through 8, reduced to \$0.23/Dth beyond year 8.	\$ 12,125.00	6.3	5.6	-757		
5	4 Phase I only: [redacted] at the full tariff rate for years 1 through 8, reduced to \$0.23/Dth beyond year 8. 5 [redacted] 6 [redacted]	\$ 12,125.00	6.6	6.1	-493		
7	7 Phase I only [redacted] 8 [redacted] for years 1 through 8, reduced to \$0.23/Dth beyond year 8. 9 [redacted] 10 [redacted]	\$ 12,125.00	6.6	6.1	-493		
Phase 1 & 2 Projects							
Case #	Description	Capital Investment	IRR	ROE	NPV		
15	11 Phase I & II: (Worst Case) [redacted] 12 [redacted] years plus all other customers in fuel oil displacement mode at full tariff rate.	\$ 18,737.00	7	6.9	-390		
13	13 Phase I & II: [redacted] for 15 years plus all other customers in fuel oil displacement mode at full tariff rate and [redacted] 14 [redacted] 15 [redacted] 10 days/year for years 1 through 15.	\$ 18,737.00	8.1	8.7	1118		
2	16 Phase I & II: [redacted] for 15 years plus all other customers in fuel oil displacement mode at full tariff rate. 17 [redacted] 18 [redacted] 19 [redacted]	\$ 18,737.00	8.4	9.1	1341		
3	20 Phase I & II: [redacted] for 15 years and all other customers in fuel oil displacement mode at full tariff rate, p [redacted] 21 [redacted] 22 [redacted]	\$ 18,737.00	8.9	10	1993		
14	23 Phase I & II: (Case 15 w/o contingency) [redacted] 24 [redacted] 15 years plus all other customers in fuel oil displacement mode at full tariff rate.	\$ 15,926.00	8.9	9.9	1800		
4	25 Phase I & II: [redacted] at full tariff rate for years 1 through 8, dropping to \$0.23/Dth after year 8, and [redacted] 26 [redacted] 27 [redacted]	\$ 18,737.00	10.5	12.9	4068		
1	28 Phase I & II: [redacted] 29 [redacted] 30 years 1 through 8, [redacted] \$0.23 after year 8, all other customers in fuel oil displacement mode at full tariff rate.	\$ 18,737.00	10.8	13.6	4332		

Gulfstream Projects							
Case #	Description	Capital Investment	IRR	ROE	NPV		
10	1 32 Phase I only: [redacted] at full tariff rate for years 1 through 4, Gulfstream clause in effect in years 4 through 8 for volumes above 1000 Dth/day, service beyond year 8 at \$0.23/Dth. [redacted] All other customers in fuel oil displacement mode.	\$ 12,125.00	4.3	2.3	-2293		
12	4 5 6 Phase I only: (Case 9 plus [redacted] years 1 through 8) [redacted] at full tariff rate for years 1 through 4, Gulfstream clause in effect in years 4 through 8 for volumes above 1000 Dth/day, service beyond year 8 at \$0.23/Dth. All other customers in fuel oil displacement mode.	\$ 12,125.00	8	8.7	460		
10	7 9 10 11 12 Phase I & II: [redacted] at full tariff rate for years 1 through 4, Gulfstream clause in effect in years 4 through 8 for volumes above 1000 Dth/day, service beyond year 8 at \$0.23/Dth. [redacted] All other customers in fuel oil displacement mode.	\$ 18,737.00	9.3	10.8	2532		
11	11 12 13 Phase I & II: (Case 9 plus [redacted] years 1 through 8) [redacted] tariff rate for years 1 through 4, Gulfstream clause in effect in years 4 through 8 for volumes above 1000 Dth/day, service beyond year 8 at \$0.23/Dth. All other customers in fuel oil displacement mode.	\$ 18,737.00	11.8	15.7	5285		

Florida Pipeline Project
CASE 1

\$ X 1000



INVESTMENT (1999 \$) \$18,737
 INVESTMENT (2000 \$) \$18,737
 WORKING CAPITAL \$0
 TOTAL FUNDING \$18,737
 Interest Rate 7.25%
 Equity 48%
 Debt 52%

Primary Term Rate
\$0.8252 CI LVT
\$2.0259 SCTS

Secondary Term Rate
\$0.23 CI LVT
\$2.0259 SCTS

IRR 10.8%
ROE 13.8%

Project Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16 Salvage Value
INVESTMENT																
Revenue	858.4	858.4	858.4	858.4	858.4	858.4	858.4	858.4	858.4	335.8	335.8	335.8	335.8	335.8	335.8	335.8
Operating Expenses	146.1	146.1	146.1	146.1	146.1	146.1	146.1	146.1	146.1	146.1	146.1	146.1	146.1	146.1	146.1	146.1
Capital Investment	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0
Interest	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
Depreciation	346.4	346.4	346.4	346.4	346.4	346.4	346.4	346.4	346.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Income Before Taxes	118.8	118.8	118.8	118.8	118.8	118.8	118.8	118.8	118.8	150.8	150.8	150.8	150.8	150.8	150.8	150.8
Interest	150.8	150.8	150.8	150.8	150.8	150.8	150.8	150.8	150.8	150.8	150.8	150.8	150.8	150.8	150.8	150.8
Net Cash Flow	602.4	602.4	602.4	602.4	602.4	602.4	602.4	602.4	602.4	602.4	602.4	602.4	602.4	602.4	602.4	602.4
Principal Payments	421.7	421.7	421.7	421.7	421.7	421.7	421.7	421.7	421.7	421.7	421.7	421.7	421.7	421.7	421.7	421.7
Net Cash Flow BFIT	22.2	22.2	22.2	22.2	22.2	22.2	22.2	22.2	22.2	22.2	22.2	22.2	22.2	22.2	22.2	22.2
Total Revenues	(18,737)	2,740.5	2,740.5	2,740.5	2,740.5	2,740.5	2,740.5	2,740.5	2,740.5	1,752.7	1,752.7	1,752.7	1,752.7	1,752.7	1,752.7	1,752.7
EXPENSES	(18,737)															
Capital Investment		118.0	119.2	120.4	121.6	122.8	124.0	125.3	126.5	127.8	129.1	130.3	131.6	133.0	134.3	135.6
Operating Expenses																
Gross Margin (revenue - operating expenses)	(18,737)	2,622.5	2,621.3	2,620.1	2,618.9	2,617.7	2,618.5	2,615.2	2,614.0	1,624.9	1,623.6	1,622.3	1,621.0	1,619.7	1,618.4	1,617.0
IRR 10.8%																
Depreciation (30 years)		624.6	624.6	624.6	624.6	624.6	624.6	624.6	624.6	624.6	624.6	624.6	624.6	624.6	624.6	624.6
Interest (w/level principal payments)		706.4	659.3	612.2	565.1	518.0	470.9	423.8	376.7	329.6	282.6	235.5	188.4	141.3	94.2	47.1
Net Income Before Taxes (gross margin - depreciation - interest)		1,291.6	1,337.5	1,383.4	1,429.3	1,475.1	1,521.0	1,566.8	1,612.7	1,658.6	1,704.5	1,750.4	1,796.3	1,842.2	1,888.1	1,934.0
Gross Cash Flow (net income before taxes + depreciation)		1,916.1	1,962.0	2,007.9	2,053.8	2,099.7	2,145.6	2,191.4	2,237.3	2,283.2	2,329.1	2,375.0	2,420.9	2,466.8	2,512.7	2,558.6
Principal Payments		649.5	649.5	649.5	649.5	649.5	649.5	649.5	649.5	649.5	649.5	649.5	649.5	649.5	649.5	649.5
Net Cash Flow BFIT (gross cash flow - principal)	(8,994)	1,266.6	1,312.5	1,358.4	1,404.3	1,450.1	1,496.0	1,541.9	1,587.7	1,633.6	1,679.5	1,725.4	1,771.3	1,817.2	1,863.1	1,909.0
ROE 13.6%																
Net Present value		4,332														



Florida Pipeline Project
CASE 3

\$ X 1000

FIELD 1

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②

FIELD 3

③

INVESTMENT (1999 \$) \$18,737
 INVESTMENT (2000 \$) \$18,737
 WORKING CAPITAL \$0
 TOTAL FUNDING \$18,737
 Interest Rate 7.25%
 Equity 48%
 Debt 52%

Primary Term Rate
\$0.8252 CILVT
\$2.0259 SCTS

Secondary Term Rate
N/A CILVT
\$2.0259 SCTS

IRR 8.9%
ROE 10.0%

Project Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16 Salvage Value
<u>INVESTMENT</u>																
	301.2	301.2	301.2	301.2	301.2	301.2	301.2	301.2	301.2	301.2	301.2	301.2	301.2	301.2	301.2	301.2
	148.1	148.1	148.1	148.1	148.1	148.1	148.1	148.1	148.1	148.1	148.1	148.1	148.1	148.1	148.1	148.1
	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0
	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
	495.1	495.1	495.1	495.1	495.1	495.1	495.1	495.1	495.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	118.8	118.8	118.8	118.8	118.8	118.8	118.8	118.8	118.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	150.6	150.6	150.6	150.6	150.6	150.6	150.6	150.6	150.6	150.6	150.6	150.6	150.6	150.6	150.6	150.6
	602.4	602.4	602.4	602.4	602.4	602.4	602.4	602.4	602.4	602.4	602.4	602.4	602.4	602.4	602.4	602.4
	421.7	421.7	421.7	421.7	421.7	421.7	421.7	421.7	421.7	421.7	421.7	421.7	421.7	421.7	421.7	421.7
	22.2	22.2	22.2	22.2	22.2	22.2	22.2	22.2	22.2	22.2	22.2	22.2	22.2	22.2	22.2	22.2
<u>Total Revenues</u>	(16,737)	2,332.0	2,332.0	2,332.0	2,332.0	2,332.0	2,332.0	2,332.0	2,332.0	1,718.1	1,718.1	1,718.1	1,718.1	1,718.1	1,718.1	1,718.1
<u>EXPENSES</u>	(18,737)															
Capital Investment		118.0	119.2	120.4	121.6	122.8	124.0	125.3	126.5	127.8	129.1	130.3	131.6	133.0	134.3	135.6
Operating Expenses																
Gross Margin (revenue - operating expenses) IRR 8.9%	(18,737)	2,214.0	2,212.8	2,211.7	2,210.5	2,209.2	2,208.0	2,206.8	2,205.5	1,590.3	1,589.0	1,587.7	1,586.4	1,585.1	1,583.8	1,582.4 9,368.5
Depreciation (30 years)		624.6	624.6	624.6	624.6	624.6	624.6	624.6	624.6	624.6	624.6	624.6	624.6	624.6	624.6	624.6
Interest (w/level principal payments)		708.4	659.3	612.2	565.1	518.0	470.9	423.8	376.7	329.6	282.6	235.5	188.4	141.3	94.2	47.1
Net Income Before Taxes (gross margin - depreciation - interest)		883.1	929.0	974.9	1,020.8	1,066.7	1,112.5	1,158.4	1,204.2	636.1	681.9	727.7	773.5	819.3	865.0	910.8
Gross Cash Flow (net income before taxes + depreciation)		1,507.6	1,553.6	1,599.5	1,645.3	1,691.2	1,737.1	1,782.9	1,828.8	1,260.7	1,306.5	1,352.3	1,398.1	1,443.8	1,489.6	1,535.3
Principal Payments		649.5	649.5	649.5	649.5	649.5	649.5	649.5	649.5	649.5	649.5	649.5	649.5	649.5	649.5	649.5
Net Cash Flow BFIT (gross cash flow - principal)	(8,994)	858.1	904.0	949.9	995.8	1,041.7	1,087.5	1,133.4	1,179.2	611.1	656.9	702.7	748.5	794.3	840.1	885.8 9,368.5
ROE 10.0%																
Net Present value		1,893														

FIELD 2

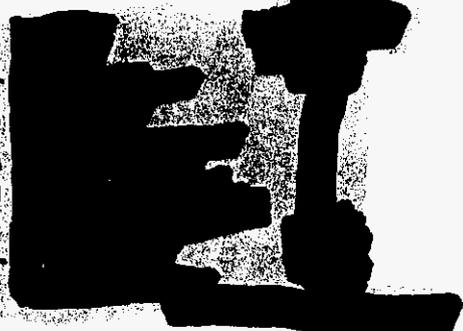
Florida Pipeline Project
CASE 4

\$ X 1000

FIELD 1

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FIELD 3

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INVESTMENT (1999 \$) \$18,737
 INVESTMENT (2000 \$) \$18,737
 WORKING CAPITAL \$0
 TOTAL FUNDING \$18,737
 Interest Rate 7.25%
 Equity 48%
 Debt 52%

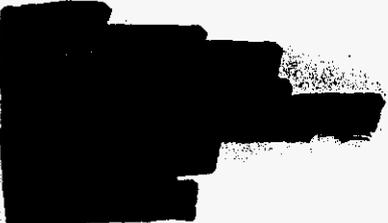
Primary Term Rate
 \$0.8252 CILVT
 \$2.0259 SCTS

Secondary Term Rate
 \$0.23 CILVT
 \$2.0259 SCTS

IRR 10.5%
 ROE 12.9%

Project Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16 Salvage Value
INVESTMENT																
Capital Investment		1,204.8	1,204.8	1,204.8	1,204.8	1,204.8	1,204.8	1,204.8	1,204.8	1,204.8	335.8	335.8	335.8	335.8	335.8	335.8
Operating Expenses		146.1	146.1	146.1	146.1	146.1	146.1	146.1	146.1	146.1	146.1	146.1	146.1	146.1	146.1	146.1
Gross Margin (revenue - operating expenses)		54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0
Interest (w/level principal payments)		20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	138.0	138.0	138.0	138.0	138.0	138.0
Depreciation (30 years)		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Income Before Taxes (gross margin - depreciation - interest)		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	150.8	150.8	150.8	150.8	150.8	150.8
Gross Cash Flow (net income before taxes + depreciation)		150.8	150.8	150.8	150.8	150.8	150.8	150.8	150.8	150.8	150.8	150.8	150.8	150.8	150.8	150.8
Principal Payments		602.4	602.4	602.4	602.4	602.4	602.4	602.4	602.4	602.4	602.4	602.4	602.4	602.4	602.4	602.4
Net Cash Flow BFIT (gross cash flow - principal)		421.7	421.7	421.7	421.7	421.7	421.7	421.7	421.7	421.7	421.7	421.7	421.7	421.7	421.7	421.7
Net Present value	(18,737)	2,621.7	2,621.7	2,621.7	2,621.7	2,621.7	2,621.7	2,621.7	2,621.7	2,621.7	1,890.7	1,890.7	1,890.7	1,890.7	1,890.7	1,890.7
EXPENSES																
Capital Investment	(18,737)															
Operating Expenses		118.0	119.2	120.4	121.6	122.8	124.0	125.3	126.5	127.8	129.1	130.3	131.6	133.0	134.3	135.8
Gross Margin (revenue - operating expenses)	(18,737)	2,503.7	2,502.5	2,501.3	2,500.1	2,498.9	2,497.7	2,496.4	2,495.2	2,494.0	1,762.9	1,761.6	1,760.3	1,759.0	1,757.7	1,756.4
Interest (w/level principal payments)		624.6	624.6	624.6	624.6	624.6	624.6	624.6	624.6	624.6	624.6	624.6	624.6	624.6	624.6	624.6
Net Income Before Taxes (gross margin - depreciation - interest)		706.4	658.3	612.2	565.1	518.0	470.9	423.8	376.7	329.6	282.6	235.5	188.4	141.3	94.2	47.1
Gross Cash Flow (net income before taxes + depreciation)		1,172.7	1,218.6	1,264.5	1,310.4	1,356.3	1,402.2	1,448.0	1,493.9	1,539.8	1,585.7	1,631.6	1,677.5	1,723.4	1,769.3	1,815.2
Principal Payments		1,797.3	1,843.2	1,889.1	1,935.0	1,980.9	2,026.7	2,072.6	2,118.4	2,164.3	2,210.2	2,256.1	2,302.0	2,347.9	2,393.8	2,439.7
Net Cash Flow BFIT (gross cash flow - principal)	(8,994)	1,147.7	1,193.7	1,239.6	1,285.4	1,331.3	1,377.2	1,423.0	1,468.9	1,514.8	1,560.7	1,606.6	1,652.5	1,698.4	1,744.3	1,790.2
Net Present value																9,368.5

FIELD 2



**Florida Pipeline Project
CASE 7**

\$ X 1000

①
FIELD 1

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FIELD 3

INVESTMENT (1999 \$) \$12,125
 INVESTMENT (2000 \$) \$12,125
 WORKING CAPITAL \$0
 TOTAL FUNDING \$12,125
 Interest Rate 7.25%
 Equity 48%
 Debt 52%

Primary Term Rate
 \$0.8252 CILVT
 \$2.0259 SCTS

Secondary Term Rate
 \$0.23 CILVT
 \$2.0259 SCTS

IRR 6.8%
 ROE 6.1%

Project Year

FIELD 1

INVESTMENT

[Redacted Investment Data]

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	Salvage Value
Investment	(12,125)	1,538.5	1,538.5	1,538.5	1,538.5	1,538.5	1,538.5	1,538.5	1,538.5	550.7	550.7	550.7	550.7	550.7	550.7	550.7	550.7
Capital Investment	(12,125)																
Operating Expenses		118.0	119.2	120.4	121.6	122.8	124.0	125.3	126.5	127.8	129.1	130.3	131.6	133.0	134.3	135.6	
Gross Margin (revenue - operating expenses) IRR 6.6%	(12,125)	1,420.5	1,419.3	1,418.1	1,416.9	1,415.7	1,414.5	1,413.2	1,412.0	422.9	421.6	420.3	419.0	417.7	416.4	415.0	6,062.5
Depreciation (30 years)		404.2	404.2	404.2	404.2	404.2	404.2	404.2	404.2	404.2	404.2	404.2	404.2	404.2	404.2	404.2	
Interest (w/level principal payments)		457.1	426.6	396.2	365.7	335.2	304.7	274.3	243.8	213.3	182.8	152.4	121.9	91.4	60.9	30.5	
Net Income Before Taxes (gross margin - depreciation - interest)		559.2	588.5	617.8	647.0	676.3	705.5	734.8	764.0	(194.6)	(165.4)	(136.2)	(107.1)	(77.9)	(48.8)	(19.6)	
Gross Cash Flow (net income before taxes + depreciation)		963.4	992.7	1,021.9	1,051.2	1,080.5	1,109.7	1,138.9	1,168.2	209.6	238.8	267.9	297.1	326.3	355.4	384.5	
Principal Payments		420.3	420.3	420.3	420.3	420.3	420.3	420.3	420.3	420.3	420.3	420.3	420.3	420.3	420.3	420.3	
Net Cash Flow BFIT (gross cash flow - principal)	(5,820)	543.0	572.3	601.6	630.9	660.1	689.4	718.6	747.8	(210.8)	(181.6)	(152.4)	(123.2)	(94.1)	(64.9)	(35.8)	6,062.5
Net Present value																	(493)

ROE 6.1%

FIELD 1

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Florida Pipeline Project
CASE #

\$ X 1000

FIELD 3

③

57

INVESTMENT (1999 \$) \$12,125
 INVESTMENT (2000 \$) \$12,125
 WORKING CAPITAL \$0
 TOTAL FUNDING \$12,125
 Interest Rate 7.25%
 Equity 48%
 Debt 52%

Primary Term Rate \$0.8252 CI/LVT \$2.0259 SCTS
 Secondary Term Rate \$0.23 CI/LVT \$2.0259 SCTS

IRR 8.3%
 ROE 5.6%

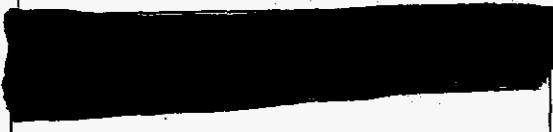
Project Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	Salvage Value
INVESTMENT																	
		1,204.8	1,204.8	1,204.8	1,204.8	1,204.8	1,204.8	1,204.8	1,204.8	1,204.8	335.8	335.8	335.8	335.8	335.8	335.8	335.8
		146.1	146.1	146.1	146.1	146.1	146.1	146.1	146.1	146.1	146.1	146.1	146.1	146.1	146.1	146.1	146.1
		54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0
		14.8	14.8	14.8	14.8	14.8	14.8	14.8	14.8	14.8	14.8	14.8	14.8	14.8	14.8	14.8	14.8
		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	138.0	138.0	138.0	138.0	138.0	138.0	138.0
		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	(12,125)	1,419.6	1,419.6	1,419.6	1,419.6	1,419.6	1,419.6	1,419.6	1,419.6	1,419.6	688.7	688.7	688.7	688.7	688.7	688.7	688.7
EXPENSES																	
Capital Investment	(12,125)																
Operating Expenses		118.0	119.2	120.4	121.6	122.8	124.0	125.3	126.5	127.8	129.1	130.3	131.6	133.0	134.3	135.6	
Gross Margin (revenue - operating expenses) IRR 8.3%	(12,125)	1,301.6	1,300.5	1,299.3	1,298.1	1,296.9	1,295.6	1,294.4	1,293.1	560.9	559.6	558.3	557.0	555.7	554.4	553.0	6,062.5
Depreciation (30 years)		404.2	404.2	404.2	404.2	404.2	404.2	404.2	404.2	404.2	404.2	404.2	404.2	404.2	404.2	404.2	404.2
Interest (w/level principal payments)		457.1	426.6	396.2	365.7	335.2	304.7	274.3	243.8	213.3	182.8	152.4	121.9	91.4	60.9	30.5	
Net Income Before Taxes (gross margin - depreciation - interest)		440.4	469.7	498.9	528.2	557.5	586.7	615.9	645.2	(56.6)	(27.4)	1.8	30.9	80.1	89.2	118.4	
Gross Cash Flow (net income before taxes + depreciation)		844.5	873.8	903.1	932.4	961.8	990.9	1,020.1	1,049.3	347.6	376.8	405.9	435.1	464.3	493.4	522.5	
Principal Payments		420.3	420.3	420.3	420.3	420.3	420.3	420.3	420.3	420.3	420.3	420.3	420.3	420.3	420.3	420.3	
Net Cash Flow BFIT (gross cash flow - principal)	(5,820)	424.2	453.5	482.8	512.0	541.3	570.5	599.8	629.0	(72.8)	(43.8)	(14.4)	14.8	43.9	73.1	102.2	6,062.5
Net Present value																	(757)

FIELD 2

Florida Pipeline Project
CASE 10

\$ X 1000

FIELD 3



INVESTMENT (1999 \$) \$12,125
 INVESTMENT (2000 \$) \$12,125
 WORKING CAPITAL \$0
 TOTAL FUNDING \$12,125
 Interest Rate 7.25%
 Equity 48%
 Debt 52%

Primary Term Rate \$0.8252 CI LVT
 \$2.0259 SCTS
 Secondary Term Rate \$0.23 CI LVT
 \$2.0259 SCTS

IRR 4.3%
 ROE 2.3%

Project Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16 Salvage Value
INVESTMENT																
Capital Investment		1,204.8	1,204.8	1,204.8	1,204.8	553.0	553.0	553.0	553.0	335.8	335.8	335.8	335.8	335.8	335.8	335.8
Operating Expenses		148.1	148.1	148.1	148.1	148.1	148.1	148.1	148.1	148.1	148.1	148.1	148.1	148.1	148.1	148.1
Gross Margin (revenue - operating expenses)		54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0
Interest (w/level principal payments)		14.8	14.8	14.8	14.8	14.8	14.8	14.8	14.8	14.8	14.8	14.8	14.8	14.8	14.8	14.8
Depreciation (30 years)		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	138.0	138.0	138.0	138.0	138.0	138.0	138.0
Net Income Before Taxes (gross margin - depreciation - interest)		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gross Cash Flow (net income before taxes + depreciation)		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Principal Payments		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Cash Flow BFIT (gross cash flow - principal)	(12,125)	1,419.6	1,419.6	1,419.6	1,419.6	767.9	767.9	767.9	767.9	688.7	688.7	688.7	688.7	688.7	688.7	688.7
EXPENSES																
Capital Investment	(12,125)															
Operating Expenses		118.0	119.2	120.4	121.6	122.8	124.0	125.3	126.5	127.8	129.1	130.3	131.6	133.0	134.3	135.6
Gross Margin (revenue - operating expenses)	(12,125)	1,301.6	1,300.5	1,299.3	1,298.1	645.1	643.9	642.6	641.4	560.9	559.6	558.3	557.0	555.7	554.4	553.0
Interest (w/level principal payments)		404.2	404.2	404.2	404.2	404.2	404.2	404.2	404.2	404.2	404.2	404.2	404.2	404.2	404.2	404.2
Net Income Before Taxes (gross margin - depreciation - interest)		457.1	428.6	396.2	365.7	335.2	304.7	274.3	243.8	213.3	182.8	152.4	121.9	91.4	60.9	30.5
Gross Cash Flow (net income before taxes + depreciation)		440.4	469.7	496.9	528.2	(94.3)	(65.0)	(35.8)	(6.6)	(56.6)	(27.4)	1.8	30.9	60.1	89.2	118.4
Principal Payments		844.5	873.8	903.1	932.4	309.9	339.1	368.4	397.6	347.6	376.8	405.9	435.1	464.3	493.4	522.6
Net Cash Flow BFIT (gross cash flow - principal)	(5,820)	424.2	453.5	482.8	512.0	(110.4)	(81.2)	(52.0)	(22.7)	(72.8)	(43.6)	(14.4)	14.8	43.9	73.1	102.2
Net Present value																

ROE 2.3%

(2,293)

①
FIELD 1

②
AVERAGE
DAILY

Florida Pipeline Project
CASE 11
\$ X 1000

③
FIELD 3

40

INVESTMENT (1999 \$) \$18,737
INVESTMENT (2000 \$) \$18,737
WORKING CAPITAL \$0
TOTAL FUNDING \$18,737
Interest Rate 7.25%
Equity 48%
Debt 52%

Primary Term Rate \$0.8252 CI LVT
\$2.0259 SCTS

Secondary Term Rate \$0.23 CI LVT
\$2.0259 SCTS

IRR 11.8%
ROE 15.7%

Project Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	Salvage Value
INVESTMENT																	
1,204.8	1,204.8	1,204.8	1,204.8	1,204.8	458.5	458.5	458.5	458.5	458.5	335.8	335.8	335.8	335.8	335.8	335.8	335.8	
148.1	148.1	148.1	148.1	148.1	148.1	148.1	148.1	148.1	148.1	148.1	148.1	148.1	148.1	148.1	148.1	148.1	
54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0	
20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	
495.1	495.1	495.1	495.1	495.1	495.1	495.1	495.1	495.1	495.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
118.8	118.8	118.8	118.8	118.8	118.8	118.8	118.8	118.8	118.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
150.6	150.6	150.6	150.6	150.6	150.6	150.6	150.6	150.6	150.6	150.6	150.6	150.6	150.6	150.6	150.6	150.6	
602.4	602.4	602.4	602.4	602.4	602.4	602.4	602.4	602.4	602.4	602.4	602.4	602.4	602.4	602.4	602.4	602.4	
421.7	421.7	421.7	421.7	421.7	421.7	421.7	421.7	421.7	421.7	421.7	421.7	421.7	421.7	421.7	421.7	421.7	
22.2	22.2	22.2	22.2	22.2	22.2	22.2	22.2	22.2	22.2	22.2	22.2	22.2	22.2	22.2	22.2	22.2	
(18,737)	3,235.6	3,235.6	3,235.6	3,235.6	2,487.3	2,487.3	2,487.3	2,487.3	2,487.3	1,752.7	1,752.7	1,752.7	1,752.7	1,752.7	1,752.7	1,752.7	
EXPENSES																	
Capital Investment	(18,737)																
Operating Expenses		118.0	119.2	120.4	121.6	122.8	124.0	125.3	126.5	127.8	129.1	130.3	131.6	133.0	134.3	135.6	
Gross Margin (revenue - operating expenses) IRR 11.8%	(18,737)	3,117.6	3,116.4	3,115.3	3,114.0	2,364.5	2,363.3	2,362.1	2,360.8	1,624.9	1,623.6	1,622.3	1,621.0	1,619.7	1,618.4	1,617.0	9,368.5
Depreciation (30 years)		624.6	624.6	624.6	624.6	624.6	624.6	624.6	624.6	624.6	624.6	624.6	624.6	624.6	624.6	624.6	
Interest (w/level principal payments)		706.4	659.3	612.2	565.1	518.0	470.9	423.8	376.7	329.6	282.6	235.5	188.4	141.3	94.2	47.1	
Net Income Before Taxes (gross margin - depreciation - interest)		1,786.7	1,832.6	1,878.5	1,924.4	1,222.0	1,267.8	1,313.7	1,359.5	670.7	716.5	762.3	808.1	853.9	899.6	945.4	
Gross Cash Flow (net income before taxes + depreciation)		2,411.2	2,457.2	2,503.1	2,548.9	1,846.5	1,892.4	1,938.2	1,984.1	1,295.3	1,341.1	1,386.9	1,432.7	1,478.4	1,524.2	1,570.0	
Principal Payments		649.5	649.5	649.5	649.5	649.5	649.5	649.5	649.5	649.5	649.5	649.5	649.5	649.5	649.5	649.5	
Net Cash Flow BFIT (gross cash flow - principal)	(8,994)	1,761.7	1,807.6	1,853.5	1,899.4	1,197.0	1,242.8	1,288.7	1,334.5	645.7	691.5	737.3	783.1	828.9	874.7	920.4	9,368.5
Net Present value																	5,285

FIELD 2

Florida Pipeline Project
CASE 13

\$ X 1000

FIELD 3

③

62

① ②

INVESTMENT (1999 \$) \$10,737
 INVESTMENT (2000 \$) \$10,737
 WORKING CAPITAL \$0
 TOTAL FUNDING \$10,737
 Interest Rate 7.25%
 Equity 48%
 Debt 52%

Primary Term Rate
\$0.8252 CI LVT
\$2.0259 SCTS

Secondary Term Rate
N/A CI LVT
\$2.0259 SCTS

IRR 8.1%
ROE 8.7%

Project Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16 Salvage Value	
INVESTMENT																	
Capital Investment	(18,737)	2,018.5	2,018.5	2,018.5	2,018.5	2,018.5	2,018.5	2,018.5	2,018.5	2,018.5	2,018.5	2,018.5	2,018.5	2,018.5	2,018.5	2,018.5	
Operating Expenses		118.0	118.2	120.4	121.6	122.8	124.0	125.3	126.5	127.8	129.1	130.3	131.6	133.0	134.3	135.6	
Gross Margin (revenue - operating expenses) IRR 8.1%	(18,737)	1,900.5	1,899.4	1,898.2	1,897.0	1,895.7	1,894.5	1,893.3	1,892.0	1,890.8	1,889.5	1,888.2	1,886.9	1,885.6	1,884.2	1,882.9	9,368.5
Depreciation (30 years)		624.8	624.8	624.6	624.6	624.6	624.6	624.6	624.6	624.6	624.6	624.6	624.6	624.6	624.6	624.6	
Interest (w/level principal payments)		706.4	659.3	612.2	565.1	518.0	470.9	423.8	376.7	329.6	282.6	235.5	188.4	141.3	94.2	47.1	
Net Income Before Taxes (gross margin - depreciation - interest)		569.6	615.5	661.4	707.3	753.2	799.0	844.9	890.7	936.5	982.4	1,028.2	1,073.9	1,119.7	1,165.5	1,211.2	
Gross Cash Flow (net income before taxes + depreciation)		1,194.1	1,240.1	1,286.0	1,331.8	1,377.7	1,423.6	1,469.4	1,515.3	1,561.1	1,606.9	1,652.7	1,698.5	1,744.3	1,790.1	1,835.8	
Principal Payments		649.5	649.5	649.5	649.5	649.5	649.5	649.5	649.5	649.5	649.5	649.5	649.5	649.5	649.5	649.5	
Net Cash Flow BFIT (gross cash flow - principal)	(8,994)	544.6	590.5	636.4	682.3	728.2	774.0	819.9	865.7	911.6	957.4	1,003.2	1,049.0	1,094.7	1,140.5	1,186.3	9,368.5
Net Present value																	1,118

ROE 8.7%

FIELD 2

