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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: In re: Petition of the Florida Division)
Of Chesapeake Utilities Corporation for)
Authorization to Establish New Customer)
Classifications and Restructure Rates,)
And for Approval of Proposed Revised)
Tariff Sheets.)

040956-60

Filed: August __, 2004

PETITION FOR AUTHORIZATION TO ESTABLISH NEW CUSTOMER CLASSIFICATIONS AND RESTRUCTURE RATES, AND FOR APPROVAL OF PROPOSED REVISED TARIFF SHEETS

The Florida Division of Chesapeake Utilities Corporation (the Company), by and through its undersigned counsel, pursuant to Sections 366.041, 366.06, and 366.076(1), Florida Statutes, hereby respectfully petitions the Florida Public Service Commission ("Commission" or "PSC") for authorization to establish new customer classifications and implement restructured rates with no change in the Company's base rate revenues, and for approval of proposed revised tariff sheets pertinent to the rate restructuring. In support of its petition the Company states as follows.

INTRODUCTION

- 1. The name and address of the petitioner are:

Chesapeake Utilities Corporation
Florida Division
P.O. Box 960
Winter Haven, FL 33882

- 2. The name, address, and telephone and fax numbers of the person authorized to receive notices and communications with respect to this petition are:

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3. The Company is a natural gas distribution utility subject to the regulatory jurisdiction of this Commission as prescribed in Chapter 366, Florida Statutes. Its substantial interests will be affected by the Commission's disposition of this petition in that the Company's permanent rates and rate structure, under terms and conditions agreeable to the Company, will be thereby determined.
4. The Company respectfully requests that the Commission process this Petition as a limited proceeding pursuant to Section 366.076(1), Florida Statutes, and using the Commission's Proposed Agency Action procedure pursuant to Section 366.06(4), Florida Statutes.

SUMMARY OF PETITION

5. By this Petition, the Company is seeking the Commission's authorization to:
 - Redesign the Company's existing tariff Customer Classifications to achieve greater stratification among the large volume rate classes and restructure the Company's base rates. The proposed rates are revenue-neutral, meaning that on the basis of historic billing determinants for calendar year 2003 (the Test Year), the new rates are projected to produce the same revenues as the Company's existing rates.
 - Increase the percentage of total revenues received from fixed rate charges (Customer Charge) as opposed to variable rate charges (Transportation Charge).
 - Close the Company's existing TS-1A (0 – 130 annual therms) and TS-1B (>130 – 250 annual therms) rate schedules to new customers. The Company is proposing to continue to serve existing TS-1A and TS-1B customers, at current rates, in the "closed" classes. Any future customers whose annual therm usage ranges between 0 and 500 therms would be served in a new proposed Firm Transportation Service (FTS)-1 class.
 - Establish two new Customer Classifications for gas marketers delivering gas to the Company's distribution system and the implementation of rates that recover the cost to provide service to marketers.
 - Recover certain revenues currently received through the Company's Competitive Rate Adjustment (CRA) in base rates.
 - Remove the recovery of coal gasification plant environmental remediation costs from base rates and establish a flexible, variable rate surcharge mechanism to recover future costs.
 - Revise the Company's tariff to support its proposals.

HISTORIC BACKGROUND

6. On April 4, 2000, the Commission adopted Rule 25-7.0335, F.A.C., requiring each local distribution company to offer gas transportation service to all non-residential customers. The new Rule also allowed LDCs to provide transportation service to residential customers with the stipulation that such service must be cost-effective to the customers. The Commission required that LDC proposals be filed by July 1, 2000. On May 15, 2000, the Company filed a petition with the Commission seeking a general increase in base rates. Included in the Company's petition were proposed tariff revisions designed to comply with the Commission's non-residential transportation service rule.
7. By Order No. PSC-00-2263-FOF-GU, issued on November 28, 2000, the Commission authorized the Company's rate increase and approved its transportation service tariff revisions. The rate structure approved in the case represented a significant departure from traditional LDC rate design. Customer type distinctions (residential, commercial, industrial) were eliminated. Rate discounts based on a designation of interruptible or firm use were eliminated. Rate classes were designed based solely on annual therm usage. Nine separate volumetric based classes were defined. The fixed monthly Customer Charge for each class was increased. Finally, separate sales service and transportation service rates were established for each rate class. The transportation service rate for each class included a higher fixed monthly Customer Charge than the corresponding sales service Customer Charge. The variable rate (Transportation Charge) was set at the same level regardless of service type.
8. Response to the Company's non-residential transportation programs exceeded expectations. By the end of 2001, over 40% of the Company's non-residential customers were transporting. The remaining sales customers consisted of approximately 9,600 residential and 660 small volume commercial accounts. The annual fuel requirements of the remaining sales customers were approximately 3 million therms, less than 4% of the Company's total throughput. Under these circumstances, the Company recognized that it would become increasingly difficult to keep its fuel rates competitive for its sales customers. The Company anticipated increases in commodity costs related to the small volume to be purchased for the sales customers. Of greater concern were the pipeline capacity quantities required to reliably serve the seasonal peaking needs of the remaining sales customers. The Company believed that the best option for these customers was to transfer all remaining sales accounts to transportation service and re-allocate pipeline capacity quantities to all non-residential customers based on peak requirements.

9. On March 28, 2002, the Company filed a petition with the Commission to establish a Transitional Transportation Service (TTS) program that would convert all remaining sales customers to transportation service and allow the Company to exit the merchant function. By Order No. PSC-02-1646-TRF-GU, issued on November 25, 2002, the Commission approved Phase One of the Company's proposal as an experimental and transitional pilot program pursuant to Section 366.075, Florida Statutes, effective on November 5, 2002. The Commission also approved the collection of a Customer Account Administration Service charge of \$2.00 per bill to recover the Company's costs to provide billing services to the TTS Pool Manager and other gas marketers electing the service. The Company began implementation of the TTS program on the day of the Commission Order.
10. On May 16, 2003, the Company petitioned the Commission for authority to restructure its existing TS-1 rate class (0 to 500 therms per year) into three new rate classes. The restructuring proposal was designed to improve the Company's alternate fuel competitive position and ensure an appropriate overall balance of projected TTS program revenues with costs. The Commission approved Class TS-1A at an annual volume range of 0 to 130 therms, TS-1B at 131 to 250 therms and TS-1C at 251 to 500 therms. The Company further proposed a reduction in its Customer Charge rates for the TS-1A and TS-1B classes. The Commission authorized the reduction of Customer Charges for the TS-1A class from \$15.00 to \$10.00; the TS-1B class customer charge was reduced from \$15.00 to \$12.50; while the customer charge for the TS-1C class remained unchanged at \$15.00. The Transportation Charge for all three classes also remained unchanged at \$0.44073 per therm. The Commission authorized the new rates by Order No. PSC-03-0890-TRF-GU, issued on August 4, 2003. The new rates and classifications went into effect on July 15, 2003, the date of the Commission vote.
11. The Commission's November 25, 2002, Order authorizing the Company to implement the TTS Program and exit the merchant function also directed the Company to submit a proposal to address the final disposition of its PGA. On September 30, 2003, the Company filed a petition with the Commission to refund the final balance in its PGA account. By Order No. PSC-04-0083-PAA-GU issued on January 26, 2004, the Commission authorized the refund of \$246,255. The Consummating Order was duly issued on February 23, 2004. The Company deactivated its PGA mechanism and completed its PGA refund in March 2004. The Company has completely transitioned out of the gas sales merchant function. Although the Company no longer sells gas, it continues to be responsible for various interstate pipeline imbalance resolution activities. The Company's tariff-approved Operational Balancing Account (OBA) is designed to account for on-going imbalance transactions with gas marketers delivering gas to the Company's distribution system. The revenues and expenses related to monthly imbalance resolutions are recorded in the Company's OBA account

in a manner similar to the prior PGA account. As with the previous PGA mechanism, none of the OBA revenues or expenses are retained by the Company.

DISCUSSION OF ISSUES

Proposed Rate Restructuring

12. The Company's proposed rate restructuring is intended to be revenue-neutral. The proposed rates have been established to generate revenues in an amount equal to the level generated by the 2003 Test Year billing determinants at the approved tariff rates, with the adjustments described below. Calendar year 2003 is a recent and representative historic period. The use of revenues and billing determinants from a Historic Test Year is consistent with the Commission's past practice in gas rate restructuring proceedings (St. Joe Natural Gas, PAA Order No. PSC-97-0526-FOF-GU; Indiantown Gas Company, Order No. PSC-02-1666-PAA-GU and the Company, PAA Order No. PSC-98-0455-FOF-GU). The twelve months ended December 31, 2003 is the end of the Company's fiscal year, and has been audited by its independent outside auditors.
13. As reflected in its Surveillance Report for the twelve months ended December 31, 2003, on file with the Commission, the Company achieved \$2,342,369 in net operating income on a rate base of \$28,815,306. The Company's overall rate of return for the 2003 period was 8.13%, which is in line with the mid-point rate of return of 8.25% authorized in the Company's most recent rate case. The December 31, 2003 Surveillance Report properly reflects all regulatory adjustments from applicable Commission Orders.
14. In 2003 the Company's Customer Information System billing registers recorded a total of 134,882 bills and 129,507,616 therms for all rate classes, including Special Contract customers. Total 2003 revenue (not including Miscellaneous Revenue) was determined to be \$10,762,865. Included in 2003 revenues are the following:
 - \$9,161,407 based on the 2003 billing determinants listed above applied to the Company's authorized tariff rates at December 31, 2003, for each existing rate class. As noted above, in July 2003, the Commission approved a Customer Charge rate reduction for the TS-1A and TS-1B classes. The Company utilized the authorized rates subsequent to the Customer Charge rate reduction to calculate revenues by class, thus annualizing the effect of the rate reduction in determining the 2003 revenues.

- \$1,341,064 from Special Contract customers based on Commission authorized negotiated rates.
- \$260,394 from the authorized Customer Account Administration Service (CAAS) charge.
- Embedded in the \$9,161,407 base rate revenues is \$71,114 based on the authorized recovery of expenses related to the environmental remediation of a former manufactured gas plant site.
- The Company's CTS Rider authorizes the Company to adjust rates to meet competitive threats from by-pass or alternate fuels. The Company provided rate discounts to three industrial customers in 2003 (IMC, Alcoa, Standard Sands). The Company's Competitive Rate Adjustment (CRA) mechanism authorizes the Company to recover 50% of the revenues lost through the CTS Rider discounts through a surcharge to other ratepayers. The \$10,762,865 revenue total referenced above includes the calculated tariff revenues at the non-discounted tariff rates from the three industrial customers receiving a CTS Rider rate discount in 2003. These revenues are adjusted below to reflect the 50% revenue recovery authorized in the Company's tariff.

Two adjustments were made to reduce the Company's 2003 revenue by \$788,617 for the purpose of determining total target revenues in the proposed Cost of Service:

- 2003 revenues were reduced by \$717,503 to remove 50% of the CRA revenue resulting from the IMC New Wales CTS Rider rate discount. As described in detail later in this petition, the Company is proposing to discontinue the IMC New Wales CTS Rider discount and recover from base rates an amount equal to the 50% CRA revenue recovery. It is appropriate that the 2003 revenue total continue to reflect the full tariff revenues based on actual billing determinants from Alcoa and Standard Sands for the purpose of setting new tariff rates in this restructuring. Both of these customers will either continue to receive rate discounts in the future or return to full tariff rates. In the event a discount is provided, the Company's actual recovery would be as provided by the authorized CRA billing adjustment.
 - The environmental remediation base rate revenue of \$71,114 was removed. As described later in this petition, the Company is proposing to recover future environmental costs through an Environmental Cost Recovery Clause billing adjustment.
15. The Company's proposed base tariff rates (inclusive of Special Contract and CAAS revenues) are designed to recover a revenue requirement of \$9,974,248 (\$10,762,865 - \$788,617). The total target revenue used in the

Company's Cost of Service Study for the proposed rate restructuring totals \$10,098,970, which includes \$124,722 of Miscellaneous Revenue received in 2003. The Company is proposing no changes to its current Miscellaneous Revenue charges in this rate restructuring.

16. The Company's 2003 revenues and billing determinants include therms, bills and revenues from the IMC Norlyn Plant. The Cost of Service Study prepared for this rate restructuring includes IMC Norlyn's revenues, but excludes its billing determinants. IMC Norlyn is one of IMC Global's phosphate processing plants. IMC Global has notified the Company of its intent to permanently discontinue operations at the Norlyn facility. In 2003 IMC Norlyn used 986,893 therms and generated \$86,286 in revenue. In effect, the inclusion of Norlyn's revenues and the exclusion of its billing determinants in the cost study will reallocate the lost revenues among the Company's other customers.
17. The Company's 2003 billing determinants were adjusted to reflect the account consolidation and physical re-metering of two industrial customers. James Hardie has historically been served through two meters at its manufacturing facility in Plant City. In 2003, James Hardie transported 2,528,314 therms through one meter under rate class TS-9 and 818,648 therms through a second meter under rate class TS-8. Earlier this year, James Hardie requested that the Company reconfigure its measurement facilities to eliminate the second meter. Delivering the plant's full requirements through one meter enables James Hardie to take advantage of the lower TS-9 billing rate for all its transportation volume. The Company's Cost of Service Study adjusts the 2003 billing determinants to consolidate James Hardies' volumes in the projected FTS-12 class and reduce the number of bills for this customer from 24 to 12. The second industrial customer, Ennis Drum, is also served through two meters at its plant in Auburndale. Ennis Drum transported 162,062 therms through one meter and 103,646 therms through a second meter in 2003. Both meters were billed under the existing TS-7 rate class. The Company's proposed rate design creates a new class for customers using greater than 200,000 up to 400,000 therms annually. Ennis Drum volumes were combined to establish eligibility in the new FTS-8 rate class in the Company's cost study. The Company has also reduced the number of bills for this customer from 24 to 12 in the cost study.
18. The Company's Cost of Service Study, attached as Exhibit No. 1, utilizes the methodology traditionally used by Commission Staff. The Company's study follows the presentation format contained in the H Schedules of the prescribed in the Commission's Minimum Filing Requirements (MFRs). The Company's 2003 historical customer and therm data was recompiled based on the proposed customer classifications described later in this petition.

19. A comparison of present and proposed base rates and customer charges by customer class is presented in Exhibit No. 1 on Schedule A, page 15, and is summarized in Exhibit No. 2. The Company's rate design is intended, to the extent possible, to move each rate toward a uniform rate of return. The Company believes that rates for all customer classes should be established at levels to achieve parity in the rate of return between classes. The Company further believes that rates must be designed that enables the Company to compete for business. Achieving perfect return equity among classes is meaningless if it results in increased customer attrition or the inability to grow the Company. The Company's cost study reallocates the margin contribution between classes to address cost recovery, market pricing and the continued movement toward parity.
20. In the current competitive environment in which the Company operates, the Company's proposed rates are fair, just, reasonable, not unduly discriminatory, and compensatory.

Proposed Increase in Fixed Monthly Charges

21. The Company is proposing a rate design for all customers that moves toward incorporating the primary concept of Straight Fixed Variable (SFV) rate design. That is, fixed costs should be collected from fixed charges and variable costs from variable charges. A significant portion of the Company's revenue requirement under its proposed restructured rate design would be collected through an increase in the existing fixed monthly Customer Charges. The variable per therm rate component (Transportation Charge) would collect a smaller percentage of the overall revenue requirement. As described later in this petition, the Company is proposing to rename its fixed monthly charge a Firm Transportation Service (FTS) charge and its variable per therm charge a Usage Charge.
22. The SFV model is the basis for all Federal Energy Regulatory Commission (FERC) regulated interstate pipeline rate designs. As the interstate pipelines unbundled commodity sales from transportation service, FERC recognized that few variable cost components remained. The pipelines continued to have compressor and odorization costs that were dependent on gas throughput. The pipeline's revenue requirement, however, was largely defined by fixed costs unaffected by the volume of gas transported on the pipeline. The pipelines made investments in facilities and incurred operating expenses that did not vary with usage. The SFV rate design used by FERC-regulated pipelines provides for the collection of the vast majority of revenues through fixed demand or capacity reservation charges. For example, FGT's rates for reserving capacity represent approximately 95% of their total charges. These reservation or demand rates are applied on a "take-or-pay" basis, further evidence of FERC's recognition that fixed costs are more appropriately recovered through fixed charges.

23. As a result of the implementation of the TTS program in November 2002, the Company exited the merchant function and no longer provides commodity sales service. With the elimination of gas commodity sales, the Company currently has fewer variable cost elements than the interstate pipelines. Apart from a minimal annual cost for odorant, there are no expenses that can be directly linked to gas throughput on the Company's distribution system. As the FERC-regulated pipelines unbundled, the approved pipeline rate designs evolved to recover increasing percentages of the total revenue requirement from fixed charges. Consistent with the model FERC followed in designing rates for unbundled pipeline service, the Company is proposing to initiate moving toward a rate design that recovers a majority of the Company's revenue requirement from fixed charges.
24. The Company's rate design proposal also considers the current status of unbundled transportation service on its distribution system. Virtually all non-residential customers over 10,000 annual therms had voluntarily converted to transportation service by the end of 2002. The Company's TTS program transferred all residential customers and the remaining small volume commercial sales customers to transportation service in 2002. Most of the customers transferred into the TTS Customer Pool are assigned to the TS-1A, B or C or TS-2 customer classes (less than 3,000 therms per year). The customers in these small volume classes were converted to transportation service on an experimental basis in the approved TTS pilot program. Given the experimental nature of the TTS program, the Company is not proposing to adjust rates for the existing TS-2 and below Customer Classes.
25. The Company's rate restructuring proposal seeks to move its non-residential customer classes closer to the FERC SFV rate design model, and recover a greater percentage of total revenues from fixed charges. The revenue recovered through the Company's fixed Customer Charges in 2003 from all customer classes represents approximately 36% of the total 2003 revenues. The Company's proposed rate design produces approximately 63% of total revenues from fixed charges. In addition, the proposed design moves to correct significant inequities in the ratio of fixed to variable charge revenues between classes. The current rates for the existing TS-1A, B and C classes (less than 500 therms per year) already provide approximately 65% of total revenues from fixed Customer Charges. By contrast, as an example, the existing TS-5 class (25,000 to 50,000 therms) provides less than 23% of total class revenues from fixed charges. The two largest volume existing classes, TS-8 and TS-9 (>1,000,000 therms), provide less than 10% of total revenues from fixed charges. The Company's proposed rate design would result in larger volume non-residential customers providing a percentage revenue contribution from fixed charges that is approximately equal to the percentage currently provided from small volume, principally residential, customers.

26. The Company is proposing adjustments to its fixed rate monthly charges for each class at the existing TS-3 level and above. No rate adjustments are proposed for the existing TS-1A, TS-1B, TS-1C, and TS-2 classes. Exhibit No. 2 displays the difference between the existing and proposed fixed monthly charges. Modifications to the Company's existing fixed charges are designed to recover a greater proportion of the revenue requirement for most customer classes than the corresponding variable Transportation Charge.
27. The Company's proposed rate design shifts the recovery of a significant portion of its revenue requirement to fixed monthly Firm Transportation Service (FTS) charges. As noted above, the Company's costs are virtually 100% fixed. In the Company's view, it is appropriate to recover fixed costs from fixed charges. To ensure that the Company has a reasonable opportunity to recover its revenue requirement from the proposed fixed monthly FTS charges, a modification to the tariff General Terms and Conditions of Service is proposed. A new Section 11.1 proposes that customers who apply for restoration of service at the same location after a service termination period of less than twelve months would be billed the FTS charge for each month of their service termination. The Company serves several industrial customers with seasonal usage patterns. Citrus plants, for example, exhibit high winter usage during the processing season and limited or no usage during the summer. In addition, several hundred seasonal residential customers disconnect service during the summer months and reconnect for the winter. Under the Company's tariff, the existing monthly Customer Charge is not billed during periods when service is terminated. The Company's proposed rate design recovers the majority of its cost to serve through fixed FTS charges collected each month of the year. If customers were allowed to seasonally terminate service for several months to avoid paying the fixed FTS charge, the Company would under-recover its cost to serve and be forced to seek Commission authorization to recover such revenue from other ratepayers. The tariff language proposed by the Company is similar to that authorized by the Commission for seasonal customer disconnects and reconnects in the water industry.

Proposed Redesign Of Existing Active Customer Classifications

28. The Company proposes to restructure its rate classes to group customers based on common usage characteristics, rate base investment per customer, and operation costs. The proposed rate classes, as well as the rates to be applied, were also developed with consideration of the competitive factors that influence and affect the markets in which the Company conducts its business.

29. The Company's current active volumetric Customer Classifications and corresponding Rate Schedules are as follows:

<u>Customer Classes</u>	<u>Annual Therm Usage</u>
TS-1A	0 - 130
TS-1B	>130 - 250
TS-1C	>250 - 500
TS-2	>500 - 3000
TS-3	>3000 - 10,000
TS-4	>10,000 - 25,000
TS-5	>25,000 - 50,000
TS-6	>50,000 - 100,000
TS-7	>100,000 - 500,000
TS-8	>500,000 - 1,000,000
TS-9	>1,000,000

30. Historically, many utility rate designs have resulted in larger-volume customer classes subsidizing the costs of smaller volume classes. It is also not unusual to find a class defined by a wide volumetric therm range that exhibits subsidization within the class. That is, the class does not homogeneously represent the customers it contains. Further stratifying the Company's existing customer classes to collect customers into more homogeneous groups would be a significant step toward reducing subsidization.
31. To guide the development of the proposed Customer Classifications the Company reviewed the cost of providing service to customers of varying sizes and usage characteristics. Several cost breakpoints were identified which could be reasonably linked to annual volumetric requirements. Meter and regulator type and size, service line size, and on-going maintenance costs are among the cost items that distinguish one service class from another. While many of the facility-related costs to serve are more a function of peak hour load requirements than of annual consumption volumes, it is possible to establish annual volumetric classifications based on discernible cost differences and market conditions. The Company's analysis of the facility costs by Customer Classification is included on Exhibit No. 3. The Exhibit utilizes Schedule E-7 from the Commission's MFRs to display the Company's cost information.
32. The Company is proposing to further stratify its large-volume customer classes (above 100,000 annual therms). No reclassification is proposed for those existing Customer Classes below 100,000 annual therms. At present, the TS-7 class ranges from >100,000 to 500,000 annual therms. The existing TS-8 class ranges from >500,000 to 1,000,000 annual therms, and the existing TS-9 class includes all customers over 1,000,000 annual therms. The annual therm ranges for these classes are relatively large. The

Company's facility cost analysis (Exhibit No. 3) identified significant cost to serve differences within the existing large-volume Customer Classes. The allocation methodology used in staff's cost of service model to apportion capacity related costs among the Customer Classes (monthly peak and average) identified additional cost to serve differences within the existing large-volume classes. It appears that rate inequities exist within these classes. Efforts to establish parity in the rates-of-return among customer classes is difficult to justify when there are major cost of service differences within a given class. Continuing the current volume ranges in the Company's large-volume customer classes would perpetuate the undue subsidization of certain customer groups.

33. An additional factor warranting further rate class stratification is the need for the Company to effectively compete with alternate fuels, especially propane and fuel oil. The unregulated propane and oil industries are free to customize rates for individual or small groups of customers to meet competitive market conditions. The Company needs the ability to more closely match alternate fuel pricing practices. Greater volumetric stratification in the Customer Classes would significantly improve the Company's ability to meet competitive pricing threats.
34. The Company's proposed volumetric Customer Classifications and corresponding Rate Schedules are as follows:

<u>Customer Classes</u>	<u>Annual Therm Usage</u>
FTS-A	0 - 130 (closed)
FTS-B	>130 - 250 (closed)
FTS-1	0 - 500
FTS-2	>500 - 3,000
FTS-3	>3,000 - 10,000
FTS-4	>10,000 - 25,000
FTS-5	>25,000 - 50,000
FTS-6	>50,000 - 100,000
FTS-7	>100,000 - 200,000
FTS-8	>200,000 - 400,000
FTS-9	>400,000 - 700,000
FTS-10	>700,000 - 1,000,000
FTS-11	>1,000,000 - 2,500,000
FTS-12	>2,500,000 - 10,000,000
FTS-13	>10,000,000

35. The Company is also proposing to rename the billing components included in each volumetric Rate Schedule. The existing fixed monthly Customer Charge would be renamed as the "Firm Transportation Service Charge". The existing variable Transportation Service Charge (cents per therm) is proposed to be renamed the "Usage Charge".

36. The Commission has recently authorized additional stratification of customer classifications for Indiantown Gas Company (Order No. PSC-02-1666-PAA-GU), Peoples Gas (Order No. PSC-03-0038-FOF-GU) and City Gas Company (Order No. PSC-04-0128-PAA-GU), in addition to the class stratification approved in the Company's 2000 rate case and subsequent 2003 small-volume class restructuring referenced above.
37. The Company is also proposing to establish a tariff maximum delivery pressure for all of the above Customer Classifications. Establishing such a delivery pressure maximum would ensure that the Company has no obligation to serve customers requiring elevated pressure under the terms, conditions and rates established in the above Customer Classifications. Customers requiring delivery pressures above the Company maximum would be served, if physically and economically feasible, through a Special Contract. The Company would also propose to revise the eligibility provisions related to Special Contracts to include all customers – both residential and non-residential.

Proposed Closing Of Classes To New Customer Additions

38. At December 31, 2003 the Company's existing TS-1A class included 3,189 customers using between 0 up to 130 annual therms. The existing TS-1B class included 3,952 customers using greater than 130 therms up to 250 annual therms. The existing TS-1C class included 2,866 customers using greater than 250 therms up to 500 therms.
39. The Company proposes to close the Rate Schedules for the current TS-1A and TS-1B classifications and restrict their future use to customers who are served in the classifications as of December 31, 2004. Under the Company's proposed rate restructuring the existing base rates for the TS-1A (proposed FTS-A) and TS-1B (proposed FTS-B) classes would remain unchanged. Customers assigned to the proposed FTS-A and FTS-B classes would continue to be subject to reclassification, as is normal practice, based on an annual assessment of actual usage for the prior year. In previous actions the Commission has authorized closing rate schedules to new customers while allowing existing customers to be served in the closed Rate Schedule (as an example see Original Sheet No. 45, Gas Lighting Service in the City Gas Tariff).
40. As indicated above, the Company is proposing to establish a new Customer Classification (FTS-1) for customers projected to use between 0 up to 500 annual therms. All existing TS-1C customers (using greater than 250 up to 500 annual therms) would be assigned to the proposed FTS-1 class. All new customers using less than 500 therms per year would be assigned to the proposed FTS-1 class. The proposed FTS-1 class would specifically exclude the existing customers assigned to the proposed FTS-A and FTS-B

classes, unless such customers are reclassified based on the Company's annual usage assessment. The proposed base rates for the new FTS-1 class would be set at the current TS-1C rates.

41. Historically, the rates of return for small volume customer classes, especially the former all-inclusive residential service class, have been set well below parity. Other larger-volume classes subsidized the small customers. There are two significant concerns raised by this situation. First, as noted above, increasing alternate fuel competition has made it difficult to add and retain core commercial and industrial customers when rates are set to subsidize small customers. Second, setting rates for small, principally low use residential customers at levels that do not produce an appropriate return affects the Company's ability to invest in facilities to add these customers. Investing in residential service for returns below the Company's cost of capital ultimately places additional pressure on highly competitive non-residential rates.
42. The Company adds very few new services that use less than 250 therms per year. All new customers requesting gas service have the opportunity to be fully informed as to the Company's rates and service policies. All potential customers have fuel alternatives. There is virtually no cost difference to the Company for customers at varying usage levels below 500 annual therms. Closing the existing TS-1A and TS-1B Rate Schedules will ensure that no future customer additions occur in rate classes that cannot support the Company's cost to serve. Small volume customers currently served in those classes would continue to be served under the present rates and would not be affected by the base rates proposed for the new FTS-1 class (0 up to 500 annual therms). All new customers using 500 annual therms or less would be assigned to the proposed FTS-1 class.

Proposed Addition Of Third Party Marketer (TPM) Customer Classifications And Rate Schedules

43. In the Company's 2000 base rate case the Commission approved (Order No. PSC-00-2263-FOF-GU) the Company's rate design to collect a monthly Customer Charge for each transportation rate schedule at a higher rate level than that established for sales rate schedules. The higher Customer Charge rates allowed the Company to recover the recurring administrative costs of operating its non-residential transportation service programs. In the Company's 2002 TTS Program filing the Commission authorized the Company to provide a Customer Account Administration Service (CAAS) to the gas marketer managing the small volume TTS customer's fuel supply. The CAAS includes access to meter reading data, billing services, collection services, payment tracking, non-pay disconnects, various account reports and related administrative activities. The Company proposed such a service to simplify the transition for customers, to virtually eliminate the potential for "slamming," and to ensure that the fuel rates billed to TTS customers are in

compliance with the TTS Pool Manager's Agreement. The Commission authorized a CAAS fee of \$2.00 per month per TTS customer to be billed to the TTS marketer (Order No. PSC-02-1646-TRF-GU).

44. The Company currently provides two levels of service to gas marketers shipping on its distribution system. All gas marketers receive access to the Company's meter reading data, gas control reports detailing deliveries and imbalance status, Operational Balancing Account (OBA) administration, capacity relinquishment and reassignment services, and other related administrative services. The CAAS billing and administrative service described above is presently provided to two gas marketing firms. The less comprehensive service that excludes the billing, collections and active account maintenance offered under the CAAS is provided to all other gas marketers (eight at present) delivering gas to customers on the Company's system.
45. The Company views gas marketers operating on the Company's distribution system as customers. The Company believes it appropriate to recover certain embedded transportation related costs directly from marketers. The cost elements proposed for recovery from Third Party Marketers in the Company's Cost of Service study include various O&M and rate base related expenses. The expenses assigned to Third Party Marketers are principally related to metering, meter reading, account record keeping and the Company's Customer Information System.
46. Two new Rate Schedules are proposed for the new Third Party Marketer (TPM) Customer Classification. The proposed TPM-1 Rate Schedule would establish new cost based rates for the current CAAS. The existing CAAS tariff charge of \$2.00 would be discontinued and replaced with the proposed TPM-1 rate schedule. The proposed TPM-2 Rate Schedule would establish cost based rates for services provided to gas marketer's not participating in the CAAS, that is, those marketers not receiving billing and account administration service from the Company. As detailed in the attached Cost of Service Study referenced below, the proposed TPM-1 Rate Schedule includes a minimum monthly Third Party Marketer Charge of \$100.00 per marketer and an CAAS Charge of \$3.00 multiplied by the number of customers served by the respective marketer. The TPM-2 Rate Schedule proposes a minimum monthly Third Party Marketer Charge of \$172.50 per marketer, with no CAAS Charge.
47. The Commission has previously authorized similar rate designs for gas marketers in several recent filings: Peoples Gas (Order No. PSC-00-1814-TRF-GU and Order No. PSC-03-0038-FOF-GU), City Gas (Order No. PSC-04-0128-PAA-GU), Indiantown Gas Company (Order No. PSC-02-1666-PAA-GU) and the Company's (Order No. PSC-02-1646-TRF-GU).

Competitive Rate Adjustment

48. The Company's approved tariff includes a Contract Transportation Service (CTS) Rider. The CTS Rider, under certain conditions, authorizes the Company to adjust its base rates to meet alternate fuel competition, including the threat of by-pass. Natural gas is not a monopoly fuel. All customers have fuel alternatives. Several of the Company's large-volume customers have the on-going capability to consume propane or oil as an alternative to natural gas. A few customers are in close proximity to an interstate pipeline and could potentially by-pass the Company's distribution system. Customers using over 100,000 therms per year with verifiable alternate fuel or by-pass capabilities may be designated as Alternate Fuel Customers and become eligible for a CTS Rider rate discount. The CTS Rider rate discounts are designed to protect both the Company and its ratepayers from the risk of stranding costs as a result of an alternate fuel conversion or by-pass. The Company currently provides CTS Rider rate discounts to three industrial customers.
49. The Company's tariff also includes a Competitive Rate Adjustment (CRA) billing adjustment mechanism. The CRA enables the Company to recover 50% of any revenue loss resulting from a CTS Rider rate adjustment from a surcharge billed to the remaining ratepayers. Customers with Special Contracts or whose rates are based on a CTS Rider rate adjustment do not participate in the CRA surcharge. The CRA also provides for refunds to customers where the alternate fuel price equivalent exceeds the Company's tariff rates and a rate increase has been implemented. It has been over a decade since alternate fuel pricing has enabled the Company to adjust rates above its tariff levels. Total CRA surcharge revenues from all CTS Rider customers received in 2003 totaled \$727,683.
50. The rate discount generating the majority of the 2003 CRA surcharge revenues is provided to IMC Global at its New Wales facility. The plant consistently uses approximately 20,000,000 therms per year, and is the Company's largest industrial customer, excluding electric generators. The IMC New Wales plant is in close physical proximity to both the Florida Gas Transmission (FGT) Phase IV expansion and the recently completed first phase of the Gulfstream pipeline. IMC also has the existing capability to convert a substantial portion of their facility to fuel oil. Under the current tariff rate design the IMC plant is assigned to the TS-9 rate class. The Company's TS-9 base rate is significantly higher than the capacity Reservation Charges for FGT FTS-2 capacity or Gulfstream FTS capacity. The Company determined the cost IMC would incur to physically by-pass its distribution system. A fixed CTS Rider rate discount was negotiated with IMC in 2002. The rate is based on a reasonable payback expectation for the plant should they elect to invest in the facilities required to by-pass. The CRA surcharge revenues recorded for 2003 as a result of the IMC CTS Rider agreement totaled \$717,503.

51. IMC Global has a permanent and on-going ability to by-pass the Company's distribution system. There are no foreseeable circumstances under which the Company would be able to significantly increase the current IMC Global rate. Given the permanent nature of the discount, the Company proposes to permanently discontinue IMC's portion of the CRA surcharge recovery and collect from base rates an amount equal to the IMC related CRA surcharge recorded for 2003 (\$717,503).
52. In the Company's view, the CTS Rider rate adjustments are appropriate to address temporary market fluctuations in the burner tip price of competing fuels and forestall a physical by-pass from customers with feasible opportunities to direct connect to an interstate pipeline. While the CTS Rider works well to meet competitive threats from alternate fuels, it provides only temporary relief when customers are contemplating a by-pass of the distribution system. The opportunity to by-pass only exists when interstate pipeline facilities are constructed in close proximity to a customer's location. In such situations customers have a permanent and on-going physical by-pass opportunity. To retain the customer the Company would be required to respond with a permanent and on-going rate reduction that matched the economics of a direct connection to the pipeline. The CTS Rider and CRA surcharge provide a tariff mechanism to retain the customer and achieve partial relief from the revenue loss. However, in the Company's view the CRA mechanism should not be used as a permanent solution to a by-pass related rate reduction. The proposed rate restructuring offers an opportunity to eliminate the IMC related CRA surcharge and permanently adjust rates to by an amount equal to the 2003 recorded surcharge revenue.
53. Based on discussions with IMC, the gas usage recorded during the historic period of 2003 is representative of projected future usage. IMC's gas consumption has averaged 19,903,000 therms over the past four years. Actual consumption in 2003 totaled 20,103,982 therms. IMC projections for 2004 place total consumption at over 20,000,000 therms. IMC's consumption through June 2004 is within 50,000 therms of their 2003 consumption over the same six-month period. Given the above historic usage characteristics, the 2003 CRA surcharge revenue related to IMC is an appropriate representation of the amount of revenue that should be included in the Company's base rates. The Cost of Service Study included in Exhibit No. 1 proposes the inclusion of \$717,503 in 2003 IMC-related CRA revenue in the Company's base rates.
54. The Company proposes to reclassify the IMC New Wales plant as a FTS-13 customer. The rates for the proposed FTS-13 class are designed to achieve revenues equal to the IMC New Wales current revenue contribution. The FTS-13 rate would be a fixed monthly Firm Transportation Service charge with no volumetric Usage Charge. The Company's proposed FTS-13 tariff rate for the IMC plant is equal to the current discounted CTS Rider rate. No

additional CTS Rider discount would be required to achieve the current rate level. Therefore, the accrual of CRA under-recovered revenues related to IMC New Wales would be discontinued for bills rendered subsequent to the effective date upon which the Commission authorizes base rate recovery.

55. The authorization of base rate recovery of an amount equal to the 2003 IMC CRA revenues would not immediately stop the IMC-related CRA surcharge. The recovery of the CRA revenues occurs over a time horizon prescribed by the tariff. The Company recognizes the CRA revenues at the time each CTS Rider customer is billed. However, the collection of such revenue through the CRA surcharge mechanism occurs in a future recovery period. In the event the IMC CRA revenues are approved for base rate recovery, the Company would continue to have an outstanding un-recovered IMC-related CRA balance recorded during the period prior to authorization of base rate recovery. The Company proposes to collect this outstanding balance through its existing CRA mechanism over a succeeding twelve-month recovery period.
56. The annual time period referenced above for recovering or refunding revenues resulting from a CTS Rider rate adjustment begins in October and extends through September. The Company proposes to change the annual period for any future CRA billing adjustments to correspond to a calendar year. The proposed change in the CRA recovery period would match the CRA billing adjustment with the recovery periods for the Company's other billing adjustment clauses, and simplify accounting and reporting administration.

Proposed Environmental Cost Recovery Clause

57. The Company is obligated to investigate and remediate soil and groundwater impacts attributable to former operations of a manufactured gas plant at the Company's operations center located at 1705 Seventh Street, Winter Haven, Florida ("Site"), pursuant to the terms and conditions of a Consent Order entered into with the Florida Department of Environmental Protection ("FDEP"), effective February 5, 1990. A treatment system has been in operation at the Site since October 2002, to treat soils and groundwater impacted in the central and northern portions of the Site. The treatment system has been effective to date, but may require operation for several years beyond the original estimate of 3 years from start up.
58. The total cost to continue the operation of the treatment system for the next 4 years is estimated to be \$200,000. In addition to that sum, remediation of impacted soil and groundwater in the southwest corner of the Site that is not being treated by the existing treatment system is projected to cost approximately \$250,000. It is anticipated that this sum will be incurred sometime over the next 4 years, depending on the results of additional field investigations that are underway with FDEP oversight. Finally, FDEP has

indicated that the Company may be required to remediate sediments along the shoreline of Lake Shipp, immediately west of the Site. Based on studies performed to date, the Company objects to FDEP's suggestion that the sediments are impacted and require remediation. Early estimates by the Company's consultant indicate that some of the corrective measures discussed by FDEP may cost as much as \$1,000,000. Given the absence of ecological impacts that would warrant that type of cost expenditure, the Company plans to vigorously oppose any requirement to undertake corrective measures in the off-shore sediments. It is not anticipated that this issue will be resolved within the next 2-3 years.

59. The Commission's most recent review of the Company's remediation costs authorized the continued recovery of \$71,114 per year in base rates to fund the environmental remediation of the Site (Order No. PSC-00-2263-FOF-GU). The Company records these revenues in a deferred environmental asset account. Expenditures related to the Site remediation are recorded in a deferred liability account. At June 30, 2004, the Company had collected approximately \$192,000 in excess of costs incurred.
60. The Company proposes to reduce its base rates to achieve an annual reduction in revenues of \$71,114. The Company further proposes to establish an Environment Cost Recovery (ECR) Clause to recover through surcharges the on-going costs associated with the Site remediation. Such surcharge would be designed initially to recover approximately the same annual amount as is currently embedded in base rates. The surcharge would not be applied to Special Contract customers, customers with CTS Rider rate adjustments (currently Alcoa and Standard Sands) or the customer in rate classes FTS-13 (IMC New Wales), TPM-1 and TPM-2. The Company's proposed initial per therm ECR surcharges by proposed rate class are included in Exhibit No. 4.
61. As the Site remediation continues, the surcharge would be adjusted if necessary, with Commission authorization, to recover an amount commensurate with actual or projected costs. The determination of the surcharge for individual customer classes would be established in a manner similar to that used to develop the Energy Conservation Cost Recovery surcharges. Removing the fixed recovery amount from base rates and establishing a flexible surcharge would enable the Company to adjust the recovery amount to better track Site remediation expenses. Given the uncertainty of future remediation costs associated with the lake sediment, the Company believes a flexible surcharge is a more appropriate mechanism of recovering costs than the current base rate revenue deferral. In addition, at the end of the Site remediation, the surcharge can be discontinued without the need for an expensive rate proceeding to adjust base rates. As with all cost recovery clauses, the Company's ECR surcharge would be subject to periodic Commission audit and the true-up of collected revenue to match expenses.

Customer Notices

62. The Company proposes to provide a notice by mail to all customers describing the proposed rate restructuring. Such notice would be submitted to Commission staff for approval prior to mailing. The notice would be scheduled to reach customers within forty-five (45) days of the filing of this petition. Included in the notice would be a schedule of Customer Meetings to be held in each of the Company's primary service areas (Winter Haven, Plant City, St. Cloud and Citrus County). The Customer Meetings would be scheduled no sooner than fourteen (14) days following the mailing of the Customer Notice.

Revised Tariff Sheets

63. The proposals included in the Company's petition would require several revisions to its approved tariff. The proposed tariff sheet revisions are submitted with the Company's petition as Exhibit No. 5, in both legislative and original formats.

WHEREFORE, the Florida Division of Chesapeake Utilities Corporation requests that: a) the Commission grant this petition; b) approve the proposed rate design and permanent rates; c) approve the accompanying proposed revised tariff sheets, to become effective on the first day of the month following the date of the issuance of the Commission's Consummating Order; d) and grant such other relief as the Commission deems appropriate.

Respectfully submitted,



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Chesapeake Utilities Corporation

EXHIBIT 1

Cost of Service Study

(15 pages)

CLASSIFICATION OF RATE BASE - PLANT

LINE NO.	TOTAL	CUSTOMER	CAPACITY	COMMODITY	REVENUE	THIRD PARTY	THIRD PARTY	THIRD PARTY	THIRD PARTY	THIRD PARTY	THIRD PARTY	CLASSIFIER
						MARKETER - 1	MARKETER - 1	MARKETER - 1	MARKETER - 2	MARKETER - 2	MARKETER - 2	
1												100% capacity
2												80% customer: 20% TPM-1
3	1,289,085	1,031,268				257,817						
4												
5												
6	88,240		68,240									100% capacity
7	251,482		251,482									
8	24,368,464		24,368,464									
9												
10	806,791		806,791									
11	2,391,896		2,391,896									
12	5,103,241	5,103,241										100% customer
13	2,527,213		1,263,607			1,213,062			50,544			50% cust: 48% TPM-1, 2% TPM-2
14	901,198	901,198										100% capacity
15	1,330,552		1,330,552									ac 374-395
16	335,463	68,826	268,637									ac 374-395
17	38,084,540	7,334,871	29,486,062			1,213,062			50,544			
18	3,028,776	603,344	2,425,432									Dist Plant
19												
20												
21	614,324		614,324									a/c 376
22	43,016,725	8,989,483	32,525,810			1,470,879			50,544			

FOR THE YEAR ENDED DECEMBER 31, 2003

EXPLANATION: PROVIDE A FULLY ALLOCATED EMBEDDED
COST OF SERVICE STUDY

LINE NO.		CLASSIFICATION OF RATE BASE ACCUMULATED DEPRECIATION										
		TOTAL	CUSTOMER	CAPACITY	COMMODITY	REVENUE	THIRD PARTY MARKETER - 1	THIRD PARTY MARKETER - 1	THIRD PARTY MARKETER - 1	THIRD PARTY MARKETER - 2	THIRD PARTY MARKETER - 2	THIRD PARTY MARKETER - 2
1	LOCAL STORAGE PLANT.											
2	INTANGIBLE PLANT.	(933,577)	(746,662)	-	-	-	(186,715)					Related Plant Acct
3	PRODUCTION PLANT											
4	DISTRIBUTION PLANT.											
5	374 Land and Land Rights											
6	375 Structures and Improvements	(73,057)	-	(73,057)	-	-	-					
7	376 Mains	(7,112,507)	-	(7,112,507)	-	-	-					
8	377 Compressor Sta. Eq.	-	-	-	-	-	-					
9	378 Meas & Reg Sta. Eq.-Gen	(176,058)	-	(176,058)	-	-	-					
10	379 Meas & Reg Sta. Eq.-CG	(417,141)	-	(417,141)	-	-	-					
11	380 Services	(1,232,601)	(1,232,601)	-	-	-	-					
12	381-382 Meters	(868,207)	-	-	-	-	(426,339)	(17,764)				
13	383-384 House Regulators	(310,197)	(310,197)	-	-	-	-					
14	385 Indust.Meas.& Reg Sta Eq.	(195,623)	-	(195,623)	-	-	-					
15	386 Property on Customer Premises	-	-	-	-	-	-					
16	387 Other Equipment	(269,886)	(53,563)	(215,323)	-	-	-					
17	Total A.D. on Dist. Plant	(10,674,247)	(2,040,435)	(8,189,709)	-	-	(426,339)	(17,764)				
18	GENERAL PLANT.	(1,508,890)	(300,577)	(1,208,313)								general plant
19	PLANT ACQUISITIONS:											
20	RETIREMENT WORK IN PROGRESS:	172		172								a/c 376
21	TOTAL ACCUMULATED DEPRECIATION	(13,118,542)	(3,067,873)	(9,397,650)	-	-	(619,055)	-	(17,764)			
22	NET PLANT (Plant less Accum.Dep.)	29,900,183	5,881,810	23,127,968	-	-	857,824	-	32,790			
23	less: CUSTOMER ADVANCES	(150,901)	(75,451)	(75,451)								50%-50% cust-cap
24	plus WORKING CAPITAL	766,098	425,367	256,522	41,805	-	40,708	-	1,696			oper. and maint. exp
25	equals: TOTAL RATE BASE	30,515,380	6,231,526	23,309,040	41,805	-	898,532	-	34,476			

EXPLANATION: PROVIDE A FULLY ALLOCATED EMBEDDED
 COST OF SERVICE STUDY

CLASSIFICATION OF EXPENSES AND
 DERIVATION OF COST OF SERVICE BY COST CLASSIFICATION

LINE NO.	OPERATIONS AND MAINTENANCE EXPENSES	TOTAL	CUSTOMER	CAPACITY	COMMODITY	REVENUE	THIRD PARTY	THIRD PARTY	THIRD PARTY	THIRD PARTY	THIRD PARTY	THIRD PARTY	CLASSIFIER
							MARKETER - 1	MARKETER - 1	MARKETER - 1	MARKETER - 2	MARKETER - 2	MARKETER - 2	
							CUSTOMER	CAPACITY	COMMODITY	CUSTOMER	CAPACITY	COMMODITY	
1	OPERATIONS AND MAINTENANCE EXPENSES												
2	LOCAL STORAGE PLANT:												
3	PRODUCTION PLANT												
4	DISTRIBUTION												
5	870 Operation Supervision & Eng.	137,280	75,126	52,164									- ac 871-879
6	871 Dist.Load Dispatch												
7	872 Compr.Sta.Lab. & Ex.												
8	873 Compr.Sta.Fuel & Power												
9	874 Mains and Services	189,284	32,776	156,508									ac378+ac380
10	875 Meas & Reg. Sta.Eq.-Gen	15,429		15,429									ac 378
11	876 Meas & Reg. Sta.Eq.-Ind.	37,241		37,241									ac 385
12	877 Meas & Reg. Sta.Eq.-CG	9,221		9,221									ac 379
13	878 Meter and House Req.	197,030	197,030										ac381+ac383
14	879 Customer Instal.	34,134	34,134										100% customer
15	880 Other Expenses	41,539	16,044	24,485			970		40				ac 870 - 879 + ac 881 - 894
16	881 Rents	109,612		109,612									100% capacity
17	885 Maintenance Supervision												ac 886 - 894
18	886 Maint. of Struct. and Improv.												ac375
19	887 Maintenance of Mains	110,181		110,181									ac376
20	888 Maint. of Comp.Sta.Eq.												ac 377
21	889 Maint. of Meas & Reg. Sta.Eq.-Gen	12,594		12,594									ac 378
22	890 Maint. of Meas & Reg. Sta.Eq.-Ind.	75,295		75,295									ac 385
23	891 Maint. of Meas & Reg.Sta.Eq.-CG	56,105		56,105									ac 379
24	892 Maintenance of Services	46,580	46,580										ac 380
25	893 Maint. of Meters and House Req.	75,100	47,420				26,572		1,107				ac381-383
26	894 Maint. of Other Equipment	33,334	6,640	26,694									ac387
27	Total Distribution Expenses	1,179,969	455,751	595,529			27,542		1,148				
28	CUSTOMER ACCOUNTS:												
29	901 Supervision	59,316	59,316										100% customer
30	902 Meter-Reading Expense	119,434	59,717				57,328		2,389				50% cust, 48% TPM-1; 2% TPM-2
31	903 Records and Collection Exp.	356,791	178,386				171,260		7,136				
32	904 Uncollectible Accounts	113,872			113,872								100% commodity
33	905 Misc. Expenses												100% customer
34	Total Customer Accounts	549,413	297,429		113,872		228,588		9,525				
35	[907-910] CUSTOMER SERV. & INFO. EXP.	989	989										
36	[911-916] SALES EXPENSE	252,373	252,373										100% customer
37	[932] MAINT. OF GEN. PLANT	3,997	798	3,201									- general plant
38	[920-931] ADMINISTRATION AND GENERAL	2,733,509	1,869,049	915,295	149,166								- O&M excl. A&G
39	TOTAL O&M EXPENSE	4,620,250	2,676,386	1,814,024	283,038		256,130		10,672				

EXPLANATION: PROVIDE A FULLY ALLOCATED EMBEDDED
 COST OF SERVICE STUDY

CLASSIFICATION OF EXPENSES AND DERIVATION
 OF COST OF SERVICE BY COST CLASSIFICATION

LINE NO.		TOTAL	CUSTOMER	CAPACITY	COMMODITY	REVENUE	THIRD PARTY	THIRD PARTY	THIRD PARTY	THIRD PARTY	THIRD PARTY	THIRD PARTY	CLASSIFIER
							MARKETER - 1	MARKETER - 1	MARKETER - 1	MARKETER - 2	MARKETER - 2	MARKETER - 2	
							CUSTOMER	CAPACITY	COMMODITY	CUSTOMER	CAPACITY	COMMODITY	
1	DEPRECIATION AND AMORTIZATION EXPENSE												
2	Depreciation Expense	1,367,419	268,982	1,057,707			39,231			1,499			net plant
3	Amort. of Other Gas Plant												100% capacity
4	Amort. of CIS	154,955	155,964				38,991						80% capacity; 20% TPM-1
5	Amort. of Limited-term Inv.												intangible plant
6	Amort. of Acquisition Adj.												intangible, distribution, and general plant
7	Amort. of Conversion Costs												100% commodity
8	Total Deprec. and Amort. Expense	1,562,374	424,946	1,057,707			78,222			1,499			
9	TAXES OTHER THAN INCOME TAXES												
10	Revenue Related	56,155				56,155							100% revenue
11	Other	678,003	133,369	524,435			19,452			743			net plant
12	Total Taxes other than Income Taxes	734,158	133,369	524,439		56,155	19,452			743			
13	REV. CRDT TO COS (NEG OF OTHR OPR. REV)	(124,722)	(124,722)										100% customer
14	RETURN (REQUIRED NO)	2,328,413	475,484	1,778,548	3,190		68,561			2,531			rate base
15	INCOME TAXES	821,427	167,743	627,443	1,125		24,167			928			return (net)
16	REVENUE ADJUSTMENT FOR TS-1A & TS-1B	(167,652)	(167,652)										100% customer
17	OTHER												100% customer
18	TOTAL OVERALL COST OF SERVICE	9,974,248	3,585,554	5,002,162	267,353	56,155	446,551			16,473			

EXHIBIT 1
 COST OF SERVICE
 EXPLANATION: FULLY ALLOCATED EMBEDDED COST
 COST OF SERVICE STUDY

DEVELOPMENT OF ALLOCATION FACTORS

LINE NO.		TOTAL	FTS-A	FTS-B	FTS-1	FTS-2	FTS-3	FTS-4	FTS-5	FTS-6	FTS-7	FTS-8	FTS-9	FTS-10	FTS-11	FTS-12	FTS-13	Special Contract	Third Party Marketer 1	Third Party Marketer 2
1	CUSTOMER COSTS																			
2	No. of Bills (Customers)	134,882	36,726	46,972	33,491	10,939	3,640	1,475	484	232	324	204	156	60	36	24	12	107	0	0
3	Weighting	N/A	1.00	1.00	1.00	2.30	3.38	4.27	12.59	15.57	20.76	22.90	27.83	32.31	42.11	46.81	81.85	81.85	1.00	1.00
4	Weighted No. of Customers	200,669	36,726	46,972	33,491	25,109	12,303	6,304	6,094	3,612	6,725	4,672	4,342	1,939	1,516	1,124	962	8,758	0	0
5	Allocation Factors	100.00%	18.30%	23.41%	16.69%	12.51%	6.13%	3.14%	3.04%	1.80%	3.35%	2.33%	2.16%	0.97%	0.76%	0.56%	0.49%	4.36%	0.00%	0.00%
6	CAPACITY COSTS																			
7	Peak & Avg. Month Throughput (therms)	9,341,104	110,386	214,971	247,481	245,639	338,872	321,214	188,785	210,622	656,273	819,067	1,490,719	593,553	1,074,253	935,433	167,575	1,726,059	0	0
8	Allocation Factors	100.00%	1.182%	2.301%	2.649%	2.630%	3.628%	3.439%	2.021%	2.257%	7.028%	8.768%	15.959%	6.354%	11.500%	10.014%	1.794%	18.478%	0.00%	0.00%
9	MAIN ALLOCATION DOLLARS																			
10	Allocation Factors																			
11	COMMODITY COSTS																			
12	Annual Throughput (therms)	129,507,616	432,768	842,001	989,509	1,034,642	1,823,245	1,780,943	1,083,247	1,179,984	3,457,646	4,825,162	7,165,566	3,747,951	5,404,252	5,402,214	20,103,982	70,234,504	0	0
13	Allocation Factors	100.00%	0.33%	0.65%	0.76%	0.80%	1.41%	1.38%	0.84%	0.91%	2.67%	3.73%	5.53%	2.89%	4.17%	4.17%	15.52%	54.23%	0.00%	0.00%
14	REVENUE-RELATED COSTS																			
15	Tax on Customer, Capacity, & Commodity	49,728	2,759	4,758	4,669	2,994	3,296	2,729	1,508	1,382	2,672	3,054	3,765	1,527	2,557	2,391	826	6,794	1,964	83
16	Allocation Factors	100.00%	5.55%	9.56%	9.39%	6.02%	6.63%	5.49%	3.03%	2.78%	5.37%	6.14%	7.57%	3.07%	5.14%	4.81%	1.66%	13.66%	3.95%	0.17%

EXHIBIT 1
 COST OF SERVICE
 EXPLANATION: FULLY ALLOCATED EMBEDDED COST
 OF SERVICE STUDY

ALLOCATION OF RATE BASE TO CUSTOMER CLASSES

LINE NO.	RATE BASE BY CUSTOMER CLASS	TOTAL	FTS-A	FTS-B	FTS-1	FTS-2	FTS-3	FTS-4	FTS-5	FTS-6	FTS-7	FTS-8	FTS-9	FTS-10	FTS-11	FTS-12	FTS-13	Special Contract	Third Party Marketer 1	Third Party Marketer 2
1	DIRECT AND SPECIAL ASSIGNMENTS																			
2	Customer																			
3	Meters	1,639,006	149,984	191,827	136,773	102,543	50,245	25,744	24,887	14,753	27,463	19,081	17,732	7,917	6,192	4,588	4,011	35,785	786,723	32,760
4	House Regulators	581,031	108,169	138,347	98,641	73,954	36,237	18,567	17,849	10,640	19,806	13,761	12,789	5,710	4,465	3,309	2,893	25,794	0	0
5	Services	3,870,640	708,397	906,030	645,998	484,324	237,313	121,595	117,544	69,679	129,712	90,121	83,753	37,382	29,244	21,671	18,944	168,022	0	0
6	General Plant	302,767	55,412	70,871	50,531	37,885	16,563	9,511	9,194	5,450	10,146	7,049	6,551	2,925	2,287	1,695	1,482	13,213	0	0
7	All Other	761,080	118,520	151,585	108,080	81,031	39,704	20,344	19,666	11,658	21,702	15,078	14,012	6,256	4,893	3,626	3,170	28,262	111,809	1,696
8	Total	7,164,534	1,140,482	1,458,890	1,040,023	779,737	382,061	195,761	189,240	112,179	208,629	145,090	134,838	60,199	47,081	34,900	30,500	271,955	898,532	34,476
9	Capacity																			
10	Industrial Meas. & Reg. Sta. Eq.	1,134,929	13,412	26,119	30,069	29,845	41,172	39,027	22,937	25,615	79,738	99,515	181,120	72,116	130,520	113,654	20,360	209,713	0	0
11	Meas.&Reg.Sta.Eq.-Gen.	630,733	7,454	14,515	16,710	16,586	22,881	21,689	12,747	14,235	44,313	55,305	100,657	40,078	72,536	63,163	11,315	116,546	0	0
12	Mains	17,255,957	203,918	397,119	457,175	453,773	526,004	593,383	348,746	389,455	1,212,343	1,513,075	2,753,826	1,096,479	1,984,483	1,728,039	309,563	3,188,575	0	0
13	General Plant	1,217,119	14,383	28,010	32,246	32,006	44,154	41,853	24,598	27,470	85,511	106,722	194,236	77,338	139,972	121,884	21,835	224,901	0	0
14	All Other	3,070,302	36,283	70,858	81,344	80,739	111,383	105,579	62,051	69,295	215,709	269,217	489,960	195,083	353,093	307,468	55,080	567,334	0	0
15	Total	23,309,040	275,449	538,421	617,544	612,649	845,595	801,531	471,079	526,069	1,637,612	2,043,835	3,719,820	1,481,104	2,890,804	2,334,205	418,153	4,307,070	0	0
16	Commodity																			
17	Account #	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18	Account #	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19	Account #	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20	All Other	41,805	140	272	319	334	589	575	350	381	1,116	1,558	2,313	1,210	1,745	1,744	6,490	22,672	0	0
21	Total	41,805	140	272	319	334	589	575	350	381	1,116	1,558	2,313	1,210	1,745	1,744	6,490	22,672	0	0
22	TOTAL	30,515,380	1,418,071	1,995,353	1,657,887	1,393,020	1,228,245	997,667	680,669	838,629	1,847,557	2,190,483	3,856,971	1,542,513	2,729,430	2,370,838	455,142	4,801,697	898,532	34,476

EXPLANATION: FULLY ALLOCATED EMBEDDED COST
 OF SERVICE STUDY

ALLOCATION OF COST OF SERVICE
 TO CUSTOMER CLASSES

LINE NO.	TOTAL	FTS-A	FTS-B	FTS-1	FTS-2	FTS-3	FTS-4	FTS-5	FTS-6	FTS-7	FTS-8	FTS-9	FTS-10	FTS-11	FTS-12	FTS-13	Special Contract	Third Party Marketer 1	Third Party Marketer 2	
1	OPERATIONS AND MAINTENANCE EXPENSE:																			
2	DIRECT AND SPECIAL ASSIGNMENTS:																			
3	Customer																			
4	678 Meters and House Regulators	197,030	36,060	46,120	32,884	24,654	12,080	6,190	5,983	3,547	6,603	4,589	4,263	1,903	1,489	1,103	964	8,599	0	0
5	893 Maint. of Meters & House Reg	75,100	8,679	11,100	7,914	5,934	2,907	1,490	1,440	854	1,589	1,104	1,026	456	358	298	232	2,070	26,572	1,107
6	874 Mains & Services	32,776	5,999	7,672	5,470	4,101	2,010	1,030	995	590	1,098	763	709	317	248	184	160	1,430	0	0
7	892 Maint. of Services	46,580	8,525	10,903	7,774	5,828	2,856	1,463	1,415	839	1,561	1,085	1,008	450	352	261	228	2,033	0	0
8	All Other	2,501,702	301,661	566,765	391,671	281,831	176,673	98,365	112,144	115,413	73,716	134,580	24,117	268	6,197	20,486	10,420	93,975	173,558	9,565
9	Total	2,943,188	360,923	642,561	446,013	322,348	196,525	108,537	121,977	121,242	84,567	142,119	31,124	3,396	8,644	22,298	12,004	108,106	200,130	10,872
10	Capacity																			
11	876 Measuring & Reg. Sta. Eq. I	37,241	440	857	967	979	1,351	1,281	753	841	2,616	3,265	5,943	2,366	4,283	3,729	668	5,881	0	0
12	890 Maint. of Meas. & Reg. Sta. Eq. I	75,295	890	1,733	1,956	1,990	2,732	2,589	1,522	1,699	5,250	6,602	12,016	4,784	8,659	7,540	1,351	13,913	0	0
13	874 Mains and Services	166,508	1,849	3,602	4,146	4,116	5,678	38,382	3,163	3,532	10,996	13,723	7,977	1,945	2,999	22,673	2,808	28,920	0	0
14	887 Maint. of Mains	110,181	1,302	2,536	2,919	2,897	3,997	22,289	2,227	2,487	7,741	9,661	17,583	501	671	11,034	1,977	20,359	0	0
15	All Other	1,234,799	14,592	28,417	196,881	32,471	252,148	204,436	62,955	30,869	66,790	72,797	7,058	3,405	5	21,655	22,152	228,168	0	0
16	Total	1,614,024	19,073	37,144	206,929	42,443	265,906	268,977	70,620	39,427	83,433	106,049	50,577	13,001	16,817	68,631	28,855	298,241	0	0
17	Commodity																			
18	Account #	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19	Account #	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20	Account #	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21	All Other	263,038	879	1,710	2,010	2,101	3,703	3,617	2,200	2,397	7,023	9,800	14,554	7,612	10,976	10,972	40,832	142,650	0	0
22	Total	263,038	879	1,710	2,010	2,101	3,703	3,617	2,200	2,397	7,023	9,800	14,554	7,612	10,976	10,972	40,832	142,650	0	0
23	TOTAL O&M	4,820,250	380,878	681,415	654,951	368,893	466,134	381,131	194,797	163,068	175,022	257,969	96,255	24,010	36,237	69,902	81,792	548,988	250,130	10,672
24	DEPRECIATION EXPENSE:																			
25	Customer																			
26	Capacity	309,712	49,229	62,963	44,892	33,657	16,492	8,450	8,168	4,842	9,014	6,263	5,820	2,598	2,032	1,506	1,317	11,739	39,231	1,459
27	Customer	1,057,707	12,499	24,341	28,023	27,814	38,371	36,372	21,376	23,872	74,311	92,744	168,796	67,209	121,639	105,920	18,975	195,444	0	0
28	Total	1,367,419	61,728	87,304	72,915	61,471	54,863	44,821	29,545	28,714	83,325	99,007	174,617	69,807	123,671	107,426	20,291	207,183	39,231	1,499
29	AMORT. OF GAS PLANT:																			
30	Capacity																			
30	AMORT. OF CIS:																			
31	Customer	194,955	28,544	36,508	26,030	19,515	9,562	4,900	4,736	2,808	5,227	3,631	3,375	1,507	1,178	873	763	6,807	38,991	0
32	AMORTIZATION OF ACQ. ADJUSTMENT																			
33	Commodity	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
34	OTHER																			
35	Customer	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
36	Capacity	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
37	Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
38	REVENUE ADJUSTMENT FOR TD-1A & TD-1B																			
39	Customer	(167,652)	(30,683)	(39,244)	(27,981)	(20,978)	(10,279)	(5,267)	(5,091)	(3,018)	(5,618)	(3,903)	(3,628)	(1,620)	(1,267)	(939)	(821)	(7,317)	0	0

EXHIBIT 1
 COST OF SERVICE

EXPLANATION: FULLY ALLOCATED EMBEDDED COST
 OF SERVICE STUDY

ALLOCATION OF COST OF SERVICE
 TO CUSTOMER CLASSES

LINE NO.	TOTAL	FTS-A	FTS-B	FTS-1	FTS-2	FTS-3	FTS-4	FTS-5	FTS-6	FTS-7	FTS-8	FTS-9	FTS-10	FTS-11	FTS-12	FTS-13	Special Contract	Third Party Marketer 1	Third Party Marketer 2	
1	TAXES OTHER THAN INCOME TAXES:																			
2	Customer	153,564	24,409	31,219	22,259	16,688	8,177	4,190	4,050	2,401	4,469	3,105	2,886	1,288	1,008	747	653	5,620	19,452	743
3	Capacity	524,439	6,197	12,069	13,894	13,791	19,025	18,034	10,599	11,836	36,845	45,985	83,694	33,324	60,312	52,518	9,408	96,906	0	0
4	Subtotal	678,003	30,606	43,288	36,153	30,479	27,202	22,224	14,649	14,237	41,315	49,090	86,580	34,612	81,320	53,265	10,061	102,727	19,452	743
5	Revenue	56,155	3,116	5,371	5,273	3,381	3,722	3,082	1,703	1,561	3,017	3,449	4,252	1,724	2,888	2,700	933	7,672	2,218	94
6	Total	734,158	33,722	48,659	41,426	33,860	30,924	25,306	16,352	15,798	44,332	52,539	90,831	36,337	64,207	55,965	10,994	110,399	21,670	837
7	RETURN (NOI)																			
8	Customer	546,675	87,022	111,300	79,357	59,496	29,152	14,937	14,440	8,560	15,934	11,071	10,289	4,593	3,592	2,662	2,327	20,751	68,561	2,631
9	Capacity	1,778,548	21,018	40,931	47,120	46,770	64,521	61,159	35,945	40,141	124,955	155,951	283,833	113,013	204,538	178,107	31,906	328,642	0	0
10	Commodity	3,190	11	21	24	25	45	44	27	29	85	119	178	92	133	133	495	1,730	0	0
11	Total	2,328,413	108,050	152,251	126,502	109,291	93,719	76,140	50,411	48,729	140,974	167,140	294,288	117,698	208,263	180,902	34,729	351,123	68,561	2,631
12	INCOME TAXES																			
13	Customer	192,858	30,700	39,265	27,996	20,989	10,285	5,270	5,094	3,020	5,621	3,906	3,630	1,620	1,267	939	821	7,321	24,167	928
14	Capacity	627,443	7,415	14,440	16,623	16,500	22,762	21,576	12,681	14,181	44,082	55,017	100,132	39,869	72,158	62,833	11,256	115,940	0	0
15	Commodity	1,125	4	7	9	9	16	15	9	10	30	42	62	33	47	47	175	810	0	0
16	Total	821,427	38,118	53,712	44,628	37,498	33,062	26,861	17,784	17,191	49,733	58,964	103,824	41,522	73,472	63,819	12,252	123,871	24,167	928
17	REVENUE CREDITED TO COS:																			
18	Customer	(124,722)	(62,361)	(62,361)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19	TOTAL COST OF SERVICE:																			
20	Customer	4,048,578	487,783	622,210	618,566	451,717	259,914	141,016	153,375	139,854	119,214	166,191	53,495	13,384	16,455	28,087	17,065	153,227	390,551	16,473
21	Capacity	5,802,162	66,202	128,925	312,589	147,318	410,586	406,117	151,221	129,437	363,625	455,746	687,032	266,416	475,264	466,009	100,500	1,035,174	0	0
22	Commodity	267,353	893	1,738	2,043	2,136	3,764	3,577	2,236	2,436	7,138	9,961	14,792	7,737	11,156	11,152	41,502	144,991	0	0
23	Subtotal	9,918,093	554,878	852,874	833,188	601,170	674,264	550,810	308,632	271,727	489,877	631,869	831,869	287,537	502,876	505,249	159,067	1,333,391	390,551	16,473
24	Revenue	56,155	3,116	5,371	5,273	3,381	3,722	3,082	1,703	1,561	3,017	3,449	4,252	1,724	2,888	2,700	933	7,672	2,218	94
25	Total	9,974,248	557,994	858,245	838,471	604,552	677,986	553,892	308,535	273,288	492,895	635,347	759,571	289,261	505,763	507,949	160,000	1,341,064	392,769	16,567

LINE NO.	SUMMARY	TOTAL	FTS-A	FTS-B	FTS-1	FTS-2	FTS-3	FTS-4	FTS-5	FTS-6	FTS-7	FTS-8	FTS-9	FTS-10	FTS-11	FTS-12	FTS-13	Special Contract	Third Party Marketer 1	Third Party Marketer 2
1	RS	30,515,360	1,416,071	1,995,353	1,657,887	1,393,020	1,228,245	997,667	660,669	638,628	1,847,557	2,190,463	3,856,971	1,542,513	2,729,430	2,370,838	455,142	4,801,697	898,532	34,476
2	ATTRITION	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3	O&M	4,820,250	380,876	681,415	654,951	366,893	466,134	381,131	194,797	163,096	175,022	257,969	96,255	24,010	36,237	99,902	81,792	548,998	200,130	10,672
4	DEPRECIATION	1,367,419	61,728	87,304	72,915	61,471	54,863	44,821	29,545	28,714	83,325	99,007	174,617	69,807	123,671	107,426	20,291	207,183	39,231	1,499
5	AMORTIZATION EXPENSES AND ADJUSTMENTS	27,303	(2,139)	(2,736)	(1,951)	(1,462)	(717)	(367)	(355)	(210)	(302)	(272)	(253)	(113)	(88)	(65)	(57)	(510)	38,991	0
6	TAXES OTHER THAN INCOME - OTHER	678,003	30,606	43,288	36,153	30,479	27,202	22,224	14,649	14,237	41,315	49,090	86,580	34,812	61,320	53,265	10,061	102,727	19,452	743
7	TAXES OTHER THAN INCOME - REV. RELATED	56,155	3,116	5,371	5,273	3,381	3,722	3,082	1,703	1,561	3,017	3,449	4,252	1,724	2,888	2,700	933	7,672	2,218	94
8	INCOME TAXES TOTAL	821,427	38,119	53,712	44,628	37,498	33,062	26,851	17,764	17,191	49,733	58,964	103,824	41,522	73,472	63,619	12,232	123,671	24,167	928
9	REVENUE CREDITED TO COS:	(124,722)	(62,361)	(62,361)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10	TOTAL COST - CUSTOMER	4,048,578	487,783	822,210	618,566	451,717	259,914	141,016	153,375	138,854	119,214	166,191	53,495	13,384	16,455	28,087	17,065	153,227	390,551	16,473
11	TOTAL COST - CAPACITY	5,602,162	66,202	128,925	312,589	147,318	410,586	406,117	151,221	129,437	363,625	455,746	687,032	266,416	475,264	466,009	100,500	1,035,174	0	0
12	TOTAL COST - COMMODITY	287,353	893	1,738	2,043	2,136	3,764	3,677	2,236	2,436	7,138	9,981	14,792	7,737	11,156	11,152	41,502	144,991	0	0
13	TOTAL COST - REVENUE	56,155	3,116	5,371	5,273	3,381	3,722	3,082	1,703	1,561	3,017	3,449	4,252	1,724	2,888	2,700	933	7,672	2,218	94
14	NO. OF CUSTOMERS	134,882	35,725	46,972	33,491	10,839	3,540	1,475	464	232	324	204	156	60	24	12	12	107	0	0
15	PEAK MONTH THROUGHPUT	9,341,104	110,368	214,971	247,481	245,839	338,872	321,214	188,785	210,822	656,273	819,067	1,490,719	593,553	1,074,253	935,433	167,575	1,728,059	0	0
16	ANNUAL THROUGHPUT	129,507,616	432,768	642,001	989,509	1,034,842	1,823,245	1,780,943	1,083,247	1,179,984	3,457,646	4,825,162	7,165,566	3,747,951	5,404,252	5,402,214	20,103,982	70,234,504	0	0

DERIVATION OF REVENUE DEFICIENCY

LINE NO.		TOTAL	FTS-A	FTS-B	FTS-1	FTS-2	FTS-3	FTS-4	FTS-5	FTS-6	FTS-7	FTS-8	FTS-9	FTS-10	FTS-11	FTS-12	FTS-13	Special Contract	Third Party Marketer 1	Third Party Marketer 2
1	CUSTOMER COSTS	4,045,578	487,783	822,210	618,566	451,717	259,814	141,016	153,375	139,854	119,214	166,191	53,495	13,384	16,455	28,087	17,065	153,227	390,551	16,473
2	CAPACITY COSTS	5,602,162	66,202	128,925	312,589	147,316	410,586	406,117	151,221	129,437	363,825	455,746	687,032	266,416	475,264	466,009	100,590	1,026,174	0	0
3	COMMODITY COSTS	267,353	893	1,738	2,043	2,136	3,764	3,677	2,236	2,436	7,138	9,981	14,792	7,737	11,156	11,152	41,502	144,991	0	0
4	REVENUE COSTS	56,155	3,116	5,371	5,273	3,381	3,722	3,082	1,703	1,561	3,017	3,449	4,252	1,724	2,888	2,700	933	7,672	2,218	94
5	TOTAL	9,974,248	557,994	958,245	938,471	604,552	677,886	553,892	308,535	273,288	482,985	635,347	759,571	280,261	505,763	507,849	160,000	1,341,064	392,769	18,567
6	REVENUE AT PRESENT TARIFF RATES	10,762,865	557,994	958,245	938,471	604,552	615,797	475,263	264,172	219,964	435,150	532,811	712,270	356,934	451,704	443,143	1,595,006	1,341,064	260,394	n
7	less: ENVIRONMENTAL REVENUES IN TARIFF RATES	(71,114)	(786)	(1,529)	(1,797)	(1,876)	(3,310)	(3,233)	(1,967)	(2,142)	(6,278)	(8,780)	(13,010)	(6,805)	(9,612)	(9,608)	0	0	0	0
8	less: IMC - COMP. RATE ADJ. - 50% COMPANY PORTION	(717,503)	19,301	37,553	42,043	40,268	65,418	53,187	27,991	25,216	64,900	74,489	119,952	47,224	68,094	31,857	(1,435,006)	0	0	0
9	ADJ. REVENUE AT PRESENT RATES, INCL. CRA SUR.	9,974,248	576,510	994,270	978,718	642,942	677,815	525,247	280,187	243,038	493,773	598,540	619,212	397,353	509,985	465,181	160,000	1,341,064	260,394	n
10																				
11	equals: REVENUE DEFICIENCY	(0)	(18,515)	(36,025)	(40,247)	(38,390)	171	28,645	18,338	30,250	(778)	36,807	(59,641)	(108,092)	(4,222)	42,758	(0)	(0)	132,375	16,567
12	plus: DEFICIENCY IN OTHER OPERATING REV.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13	equals: TOTAL BASE - REVENUE DEFICIENCY	(0)	(18,515)	(36,025)	(40,247)	(38,390)	171	28,645	18,338	30,250	(778)	36,807	(59,641)	(108,092)	(4,222)	42,758	(0)	(0)	132,375	16,567
14	UNIT COSTS:																			
15	Customer	30.016	13.282	17.504	18.470	41.294	71.405	95.604	316.890	602.820	367.945	814.663	342.916	223.067	457.086	1170.299	1422.057	1432.028	N/A	N/A
16	Capacity	0.043	0.153	0.153	0.316	0.142	0.225	0.228	0.140	0.110	0.105	0.094	0.096	0.071	0.088	0.086	0.005	0.015	N/A	N/A
17	Commodity	0.0021	0.0021	0.0021	0.0021	0.0021	0.0021	0.0021	0.0021	0.0021	0.0021	0.0021	0.0021	0.0021	0.0021	0.0021	0.0021	0.0021	N/A	N/A

RATE OF RETURN BY CUSTOMER CLASS

LINE NO.		TOTAL	FTS-A	FTS-B	FTS-1	FTS-2	FTS-3	FTS-4	FTS-5	FTS-6	FTS-7	FTS-8	FTS-9	FTS-10	FTS-11	FTS-12	FTS-13	Special Contract	Third Party Marketer 1	Third Party Marketer 2
1	REVENUES:																			
2	Revenues	9,974,248	578,510	994,270	978,718	642,942	677,815	525,247	290,197	243,038	493,773	598,540	819,212	397,353	509,985	465,191	160,000	1,341,064	260,394	0
3	Other Operating Revenue	124,722	62,361	62,361																
4	Total	10,098,970	638,871	1,056,631	978,718	642,942	677,815	525,247	290,197	243,038	493,773	598,540	819,212	397,353	509,985	465,191	160,000	1,341,064	260,394	0
5	EXPENSES:																			
6	Purchased Gas Cost	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7	O&M Expenses	4,820,250	380,876	681,415	654,951	366,893	466,134	381,131	194,797	163,066	175,022	257,969	96,255	24,010	36,237	99,902	81,792	548,998	200,130	10,672
8	Depreciation Expenses	1,367,419	61,728	67,304	72,915	61,471	54,863	44,821	29,545	28,714	83,325	99,007	174,617	69,807	123,671	107,426	20,291	207,183	39,231	1,499
9	Amortization Expenses and Adjustments	27,303	(2,138)	(2,798)	(1,951)	(1,463)	(717)	(367)	(355)	(210)	(392)	(272)	(253)	(113)	(68)	(65)	(57)	(510)	38,991	0
10	Taxes Other Than Income—Fixed	678,003	30,606	43,288	36,153	30,479	27,202	22,224	14,649	14,237	41,315	49,090	86,580	34,612	61,320	53,265	10,061	102,727	19,452	743
11	Taxes Other Than Income—Revenue	56,155	3,116	5,371	5,273	3,361	3,722	3,082	1,703	1,561	3,017	3,449	4,262	1,724	2,888	2,700	933	7,672	2,218	94
	Total Expns excl. Income Taxes	5,949,130	474,186	814,642	767,342	460,762	551,205	450,891	240,339	207,367	302,288	409,243	361,449	130,041	224,028	263,228	113,019	866,070	300,021	13,008
12	INCOME TAXES:	821,427	38,118	53,712	44,628	37,498	33,062	26,861	17,784	17,191	49,733	58,964	103,824	41,522	73,472	63,819	12,252	123,871	24,167	928
13	NET OPERATING INCOME:	2,328,413	126,566	188,276	166,748	144,682	93,546	47,495	32,073	18,479	141,752	130,333	353,939	225,790	212,486	138,144	34,729	351,123	(63,814)	(13,939)
14	RATE BASE:	30,515,380	1,416,071	1,995,353	1,657,887	1,393,020	1,228,245	997,867	660,669	638,629	1,847,557	2,190,483	3,856,971	1,542,513	2,729,430	2,370,838	455,142	4,601,697	898,532	34,476
15	RATE OF RETURN	7.63%	8.94%	9.44%	10.06%	10.39%	7.62%	4.76%	4.85%	2.89%	7.67%	5.95%	9.18%	14.84%	7.70%	5.83%	7.63%	7.63%	-7.10%	-40.42%

PROPOSED RATE DESIGN

LINE NO.		TOTAL	FTS-A	FTS-B	FTS-1	FTS-2	FTS-3	FTS-4	FTS-5	FTS-6	FTS-7	FTS-8	FTS-9	FTS-10	FTS-11	FTS-12	FTS-13	CRA - BMC	Special	Third Party	Third Party	
																			Contract	Marketer 1	Marketer 2	
1	PRESENT RATES																					
2	REVENUES	9,974,248	576,510	994,270	978,718	642,942	677,815	525,247	290,197	243,038	493,773	598,540	819,212	397,353	509,985	465,191	160,000	713,303	1,341,064	260,394	0	
3	OTHER OPERATING REVENUE	124,722	62,361	62,361	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4	TOTAL	10,098,970	638,871	1,056,631	978,718	642,942	677,815	525,247	290,197	243,038	493,773	598,540	819,212	397,353	509,985	465,191	160,000	713,303	1,341,064	260,394	0	
5	RATE OF RETURN	7.63%	8.94%	9.44%	10.06%	10.39%	7.62%	4.76%	4.85%	2.89%	7.67%	5.95%	9.18%	14.64%	7.78%	5.83%	7.63%	7.63%	7.63%	-7.10%	-40.42%	
6	INDEX	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
	COMPANY PROPOSED RATES																					
	REVENUES	9,974,248	557,994	958,245	938,471	604,552	677,986	553,892	308,535	273,288	492,895	635,347	759,571	289,261	505,763	507,949	160,000		1,341,064	392,769	16,567	
	OTHER OPERATING REVENUE	124,722	62,361	62,361	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	
	TOTAL	10,098,970	620,355	1,020,606	938,471	604,552	677,986	553,892	308,535	273,288	492,895	635,347	759,571	289,261	505,763	507,949	160,000		1,341,064	392,769	16,567	
11	TOTAL REVENUE INCREASE	0	(18,515)	(36,025)	(40,247)	(38,390)	171	28,645	18,338	30,250	(776)	38,807	(69,641)	(108,092)	(4,222)	42,758	(0)		(0)	132,375	16,567	
12	PERCENT INCREASE	0.00%	-2.90%	-3.41%	-4.11%	-5.97%	0.03%	5.45%	6.32%	12.45%	-0.16%	6.15%	-7.28%	-27.20%	-0.83%	9.19%	0.00%		0.00%	50.84%	100.00%	
13	RATE OF RETURN	7.63%	7.63%	7.63%	7.63%	7.63%	7.63%	7.63%	7.63%	7.63%	7.63%	7.63%	7.63%	7.63%	7.63%	7.63%	7.63%		7.63%	7.63%	7.63%	
14	INDEX	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%		100.00%	100.00%	100.00%	

EXHIBIT 2

Comparison of Present to Proposed Rates by Class

(2 pages)

Chesapeake Utilities Corporation Florida Division
Exhibit No. 2

COMPARISON OF PRESENT TO PROPOSED RATES BY CLASS

<u>Proposed Rate Schedule</u>	<u>Present Rates</u>	<u>Proposed Rates</u>
FTS-A		
Firm Transportation Charge per month	\$10.00	\$10.00
Usage Charge per therm	\$0.44073	\$0.44073
FTS-B		
Firm Transportation Charge per month	\$12.50	\$12.50
Usage Charge per therm	\$0.44073	\$0.44073
FTS-1		
Firm Transportation Charge per month	\$15.00	\$15.00
Usage Charge per therm	\$0.44073	\$0.44073
FTS-2		
Firm Transportation Charge per month	\$27.50	\$27.50
Usage Charge per therm	\$0.29356	\$0.29356
FTS-3		
Firm Transportation Charge per month	\$42.50	\$120.00
Usage Charge per therm	\$0.25285	\$0.13228
FTS-4		
Firm Transportation Charge per month	\$55.00	\$250.00
Usage Charge per therm	\$0.22132	\$0.10396
FTS-5		
Firm Transportation Charge per month	\$125.00	\$430.00
Usage Charge per therm	\$0.18802	\$0.09270
FTS-6		
Firm Transportation Charge per month	\$200.00	\$795.00
Usage Charge per therm	\$0.14709	\$0.07530
FTS-7		
Firm Transportation Charge per month	\$300.00	\$1,100.00
Usage Charge per therm	\$0.09774	\$0.05106

COMPARISON OF PRESENT TO PROPOSED RATES BY CLASS
(Continued)

<u>Proposed Rate Schedule</u>	<u>Present Rates</u>	<u>Proposed Rates</u>
FTS-8		
Firm Transportation Charge per month	\$300.00	\$1,875.00
Usage Charge per therm	\$0.09774	\$0.04525
FTS-9 (400K – 500K therms)		
Firm Transportation Charge per month	\$300.00	\$3,025.00
Usage Charge per therm	\$0.09774	\$0.04015
FTS-9 (500K – 700K therms)		
Firm Transportation Charge per month	\$500.00	\$3,025.00
Usage Charge per therm	\$0.08723	\$0.04015
FTS-10		
Firm Transportation Charge per month	\$500.00	\$6,125.00
Usage Charge per therm	\$0.08723	\$0.03540
FTS-11		
Firm Transportation Charge per month	\$700.00	\$9,150.00
Usage Charge per therm	\$0.07892	\$0.03263
FTS-12		
Firm Transportation Charge per month	\$700.00	\$13,250.00
Usage Charge per therm	\$0.07892	\$0.03053
FTS-13		
Firm Transportation Charge per month	\$700.00	\$13,333.00
Usage Charge per therm	\$0.07892	\$0.00000
Third Party Marketer – 1		
Third Party Marketer Charge	N/A	\$100.00
CAAS Charge (per customer)	\$2.00	\$3.00
Third Party Marketer – 2		
Third Party Marketer Charge	N/A	\$172.50
CAAS Charge (per customer)	N/A	\$0.00

EXHIBIT 3

Average Cost of Meter Set and Service by Rate Class

(2 pages)

EXHIBIT #3

EXPLANATION: PROVIDE THE CALCULATION OF THE AVERAGE COST OF METER SET AND SERVICE BY RATE CLASS

CHESAPEAKE UTILITIES CORPORATION
FLORIDA DIVISION

RATE CLASSES

Line No.	DESCRIPTION	FTS - A 0 - 130 Therms Annually	FTS - B 130 - 250 Therms Annually	FTS - 1 0 - 500 Therms Annually	FTS - 2 501 - 3000 Therms Annually	FTS - 3 3001 - 10,000 Therms Annually	FTS - 4 10,001 - 25,000 Therms Annually	FTS - 5 25,001 - 50,000 Therms Annually	FTS - 6 50,001 - 100,000 Therms Annually
1	SERVICE LINE: PIPE AND PIPING	\$ 470.00	\$ 470.00	\$ 470.00	\$ 1,200.00	\$ 1,200.00	\$ 1,200.00	\$ 2,250.00	\$ 4,037.00
2	METER: METER COST	\$ 55.00	\$ 55.00	\$ 55.00	\$ 152.00	\$ 589.00	\$ 1,118.00	\$ 1,118.00	\$ 1,118.00
	METER & REGULATOR SET	\$ 105.00	\$ 105.00	\$ 105.00	\$ 105.00	\$ 158.00	\$ 210.00	\$ 4,066.00	\$ 4,066.00
3	REGULATOR REGULATOR COST	\$ 20.00	\$ 20.00	\$ 20.00	\$ 35.00	\$ 250.00	\$ 250.00	\$ 750.00	\$ 900.00
4	TOTAL	<u>\$ 650.00</u>	<u>\$ 650.00</u>	<u>\$ 650.00</u>	<u>\$ 1,492.00</u>	<u>\$ 2,197.00</u>	<u>\$ 2,778.00</u>	<u>\$ 8,184.00</u>	<u>\$ 10,121.00</u>
5	INDEX (1)	1.00	1.00	1.00	2.30	3.38	4.27	12.59	15.57

(1) TOTAL AVERAGE COST BY CLASS COMPARED TO THE FTS - A RATE CLASS

EXHIBIT #3

EXPLANATION: PROVIDE THE CALCULATION OF THE AVERAGE COST
OF METER SET AND SERVICE BY RATE CLASS

CHESAPEAKE UTILITIES CORPORATION
FLORIDA DIVISION

RATE CLASSES

Line No.	DESCRIPTION	FTS - 7 100,001 - 200,000 Therms Annually	FTS - 8 200,001 - 400,000 Therms Annually	FTS - 9 400,001 - 700,000 Therms Annually	FTS - 10 700,001 - 1,000,000 Therms Annually	FTS - 11 1,000,001 - 2,500,000 Therms Annually	FTS - 12 2,500,001 - 10,000,000 Therms Annually	FTS - 13 > 10,000,000 Therms Annually	SPECIAL CONTRACT CUSTOMERS
1	SERVICE LINE PIPE AND PIPING	\$ 4,037.00	\$ 4,037.00	\$ 4,150.00	\$ 5,444.00	\$ 5,339.00	\$ 6,770.00	\$ 12,565.00	\$ 12,565.00
2	METER								
	METER COST	\$ 3,702.00	\$ 4,368.00	\$ 4,628.00	\$ 4,684.00	\$ 5,371.00	\$ 5,503.00	\$ 10,516.00	\$ 10,516.00
	METER & REGULATOR SET	\$ 3,892.00	\$ 5,006.00	\$ 6,775.00	\$ 9,148.00	\$ 11,697.00	\$ 12,089.00	\$ 20,291.00	\$ 20,291.00
3	REGULATOR REGULATOR COST	\$ 1,860.00	\$ 1,478.00	\$ 2,339.00	\$ 1,725.00	\$ 4,967.00	\$ 6,067.00	\$ 9,828.00	\$ 9,828.00
4	TOTAL	<u>\$ 13,491.00</u>	<u>\$ 14,887.00</u>	<u>\$ 18,092.00</u>	<u>\$ 21,001.00</u>	<u>\$ 27,374.00</u>	<u>\$ 30,429.00</u>	<u>\$ 53,200.00</u>	<u>\$ 53,200.00</u>
5	INDEX (1)	20.76	22.90	27.83	32.31	42.11	46.81	81.85	81.85

(1) TOTAL AVERAGE COST BY CLASS COMPARED TO THE FTS - A RATE CLASS

EXHIBIT 4

Derivation of Environmental Cost Recovery Factors

(1 page)

EXHIBIT #4

Chesapeake Utilities Corporation
 Florida Division
 Environmental Cost Recovery Clause
 Customer Data and Therm Usage
 For the Year 2003

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	
LINE NO.	RATE SCHEDULE	ANNUAL BILLS	ANNUAL THERMS	FIRM TRANSPORTATION CHARGE	USAGE CHARGE	TOTAL (4+5)	ENVIRONMENTAL COST RECOVERY CHARGE	% INCREASE	INCREASE DOLLARS PER THERM	TAX FACTOR	FACTOR
1	FTS-A	36,726	432,768	\$367,260	\$190,734	\$557,994	\$5,162	0.93%	\$0.01193	1.00503	\$0.01199
2	FTS-B	46,972	842,001	\$587,150	\$371,095	\$958,245	\$8,866	0.93%	\$0.01053	1.00503	\$0.01058
3	FTS-1	33,491	989,509	\$502,365	\$436,106	\$938,471	\$8,683	0.93%	\$0.00877	1.00503	\$0.00882
4	FTS-2	10,939	1,034,642	\$300,823	\$303,730	\$604,553	\$5,593	0.93%	\$0.00541	1.00503	\$0.00543
5	FTS-3	3,640	1,823,245	\$436,800	\$230,203	\$667,003	\$6,171	0.93%	\$0.00338	1.00503	\$0.00340
6	FTS-4	1,475	1,780,943	\$368,750	\$174,141	\$542,891	\$5,023	0.93%	\$0.00282	1.00503	\$0.00283
7	FTS-5	484	1,083,247	\$205,700	\$92,845	\$298,545	\$2,762	0.93%	\$0.00255	1.00503	\$0.00256
8	FTS-6	232	1,179,984	\$179,800	\$83,861	\$263,661	\$2,439	0.93%	\$0.00207	1.00503	\$0.00208
9	FTS-7	300	3,191,938	\$356,400	\$162,509	\$518,909	\$4,801	0.93%	\$0.00150	1.00503	\$0.00151
10	FTS-8*	216	4,507,971	\$360,000	\$172,406	\$532,406	\$4,926	0.93%	\$0.00109	1.00503	\$0.00110
11	FTS-9	156	7,165,566	\$468,000	\$268,852	\$736,852	\$6,817	0.93%	\$0.00095	1.00503	\$0.00096
12	FTS-10	36	1,942,410	\$240,000	\$98,727	\$338,727	\$3,134	0.93%	\$0.00161	1.00503	\$0.00162
13	FTS-11	36	5,404,252	\$324,000	\$175,530	\$499,530	\$4,622	0.93%	\$0.00086	1.00503	\$0.00086
14	FTS-12*	24	3,346,962	\$153,000	\$75,698	\$228,698	\$2,116	0.93%	\$0.00063	1.00503	\$0.00064
15	TOTAL	134,727	34,725,438	\$4,850,048	\$2,836,437	\$7,686,485	\$71,114	0.93%			

*Excludes activity from exempt customers per proposed tariff

EXHIBIT 5

Revised Tariff Sheets (Legislative and Final Formats)

(126 pages)

TARIFF SHEETS
LEGISLATIVE FORMAT

DESCRIPTION OF TERRITORY SERVED

Florida Division of Chesapeake Utilities Corporation (hereinafter called "Company") is a natural gas distribution company engaged in the business of distributing natural gas in the State of Florida.

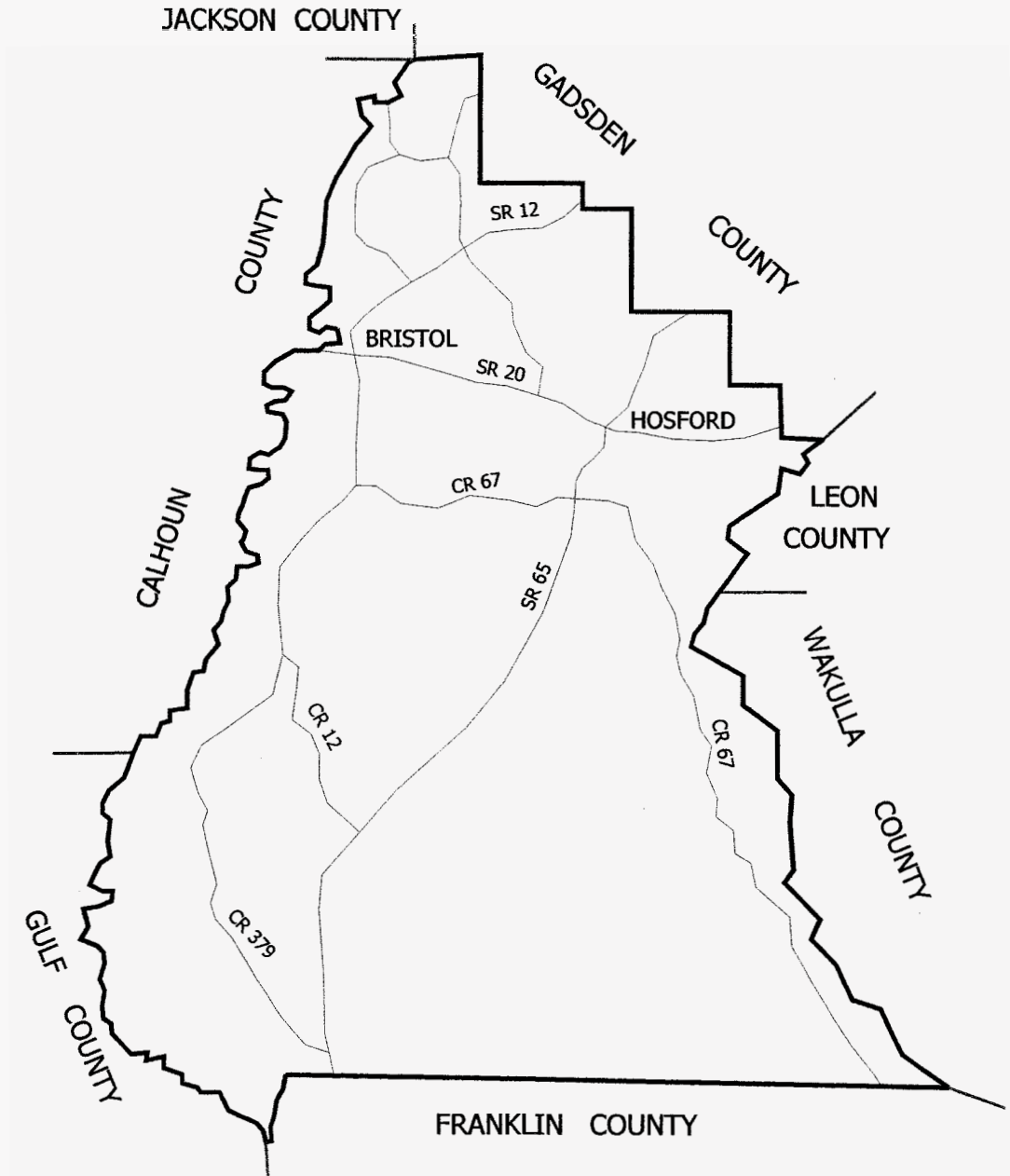
The present system of the Company is comprised of interconnected distribution facilities serving that area within and adjacent to the communities of Winter Haven, Auburndale, Bartow, Baseball City, Davenport, Loughman, Haines City, Mountain Lake, Lake Alfred, Eagle Lake, Lake Wales, Dundee, Lake Hamilton, Highland City, Waverly, Mulberry and Nichols in Polk County, Plant City in Hillsborough County and St. Cloud in Osceola County. The Company's distribution system also serves certain discrete areas within Gadsden County outside the city limits of Quincy, Havana, and Chattahoochee. Further service territories include certain discrete portions of Gilchrist, Union, Holmes, Jackson, Suwannee, Liberty, Washington and DeSoto counties. Additionally, the Company's distribution system serves all areas within Citrus County.

The Company maintains its general offices, books and records in Winter Haven, Florida, where a copy of all rate schedules, general terms and conditions, and standard forms are readily available for public inspection.

LIST OF COMMUNITIES SERVED
(Continued)

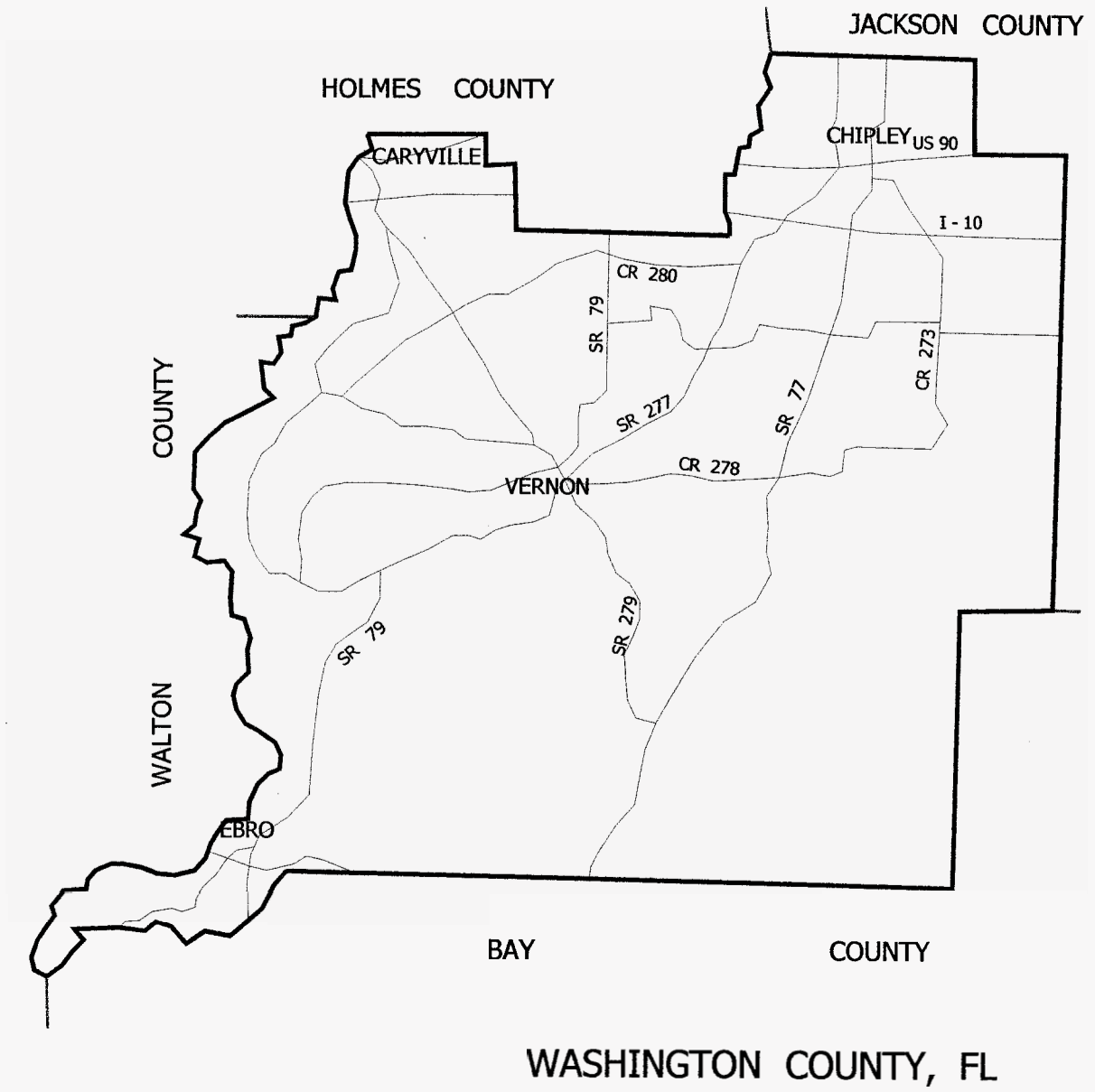
<u>Community</u>	<u>Applicable Rate Schedules</u>
Lecanto	All
<u>Liberty County</u>	All
Mountain Lake	All
Mulberry	All
Nichols	All
Plant City	All
St. Cloud	All
Union County	All
<u>Washington County</u>	All
Waverly	All
Winter Haven	All

MAPS



LIBERTY COUNTY, FL

MAPS



TECHNICAL TERMS AND ABBREVIATIONS

1. **ALERT DAY**
When Transporter determines that the pipeline is experiencing or may experience in the next Gas Day high or low line pack operating conditions which threaten the ability to render firm services.
2. **ALERT DAY NOTICE**
Notice issued by the Transporter when, at its sole discretion, reasonably exercised, Transporter determines that the pipeline is experiencing or may experience in the next Gas Day high or low line pack operating conditions which threaten the ability to render firm services.
3. **APPLICATION**
A form required by the Company to be completed and signed by prospective customers requesting gas service.
4. **ATMOSPHERIC PRESSURE**
Fourteen and seventy-three hundredth (14.73) pounds to the square inch, irrespective of actual elevation or location of the point of measurement above sea level or variations in atmospheric pressure from time to time.
5. **~~BASE NON-FUEL RATES~~**
~~The rates per therm set forth in the rate schedules stated in dollars and cents before application of billing adjustments.~~ Reserved for future use.
6. **BILLING ADJUSTMENT - BTU**
A conversion factor representing the BTU content per cubic foot used to convert cubic feet to therms for billings to customers. The BTU content shall be the BTU per cubic foot as reported by the transporting pipeline.
7. **BILLING PERIOD**
Regular monthly period in which the Company reads meter and renders Customer's bill.
8. **BILLING ADJUSTMENT - PURCHASED GAS**
A provision in the tariff for adjusting the rates for any variation in the cost of gas purchased from Company's supplier(s).

TECHNICAL TERMS AND ABBREVIATIONS
(Continued)

9. BILLING - TAXES
A provision in the tariff for adjusting the rates contained therein for any variation in taxes based on meters, customers, revenues or volumes assessed subsequent to the effective date of rates.
10. BILLING UNIT
The billing unit shall be the “therm” which will be computed by applying the “Billing Adjustment Factor – BTU” to the corrected cubic foot consumption indicated by the difference between meter readings at the beginning and end of the billing period.
11. BRITISH THERMAL UNIT (BTU)
The quantity of heat required to raise the temperature of one pound (avoirdupois) of pure water from 58.5 degrees Fahrenheit to 59.5 degrees Fahrenheit at a constant pressure of 14.73 pounds per square inch absolute.
12. CLASSIFICATION OF CUSTOMER
A classification of each Customer according to the primary use of gas and/or other services by Customer.
13. CLASSIFICATION OF SERVICE
A classification of each Customer according to the quantity of gas used by Customer to which a particular rate schedule applies.
14. COMMISSION
Florida Public Service Commission
15. COMPANY
Florida Division of Chesapeake Utilities Corporation, a Delaware Corporation.
16. CONJUNCTIVE OR COMBINED BILLING
The combination of the quantities of gas, demands, or other billing determinants of two or more meters or services into respective single quantities for the purpose of billing only as if the bill were for a single meter or service.

TECHNICAL TERMS AND ABBREVIATIONS
(Continued)

21. CURTAILMENT
Temporary discontinuance of gas service in accordance with the provisions of the Company's end use curtailment or interruption plan.
22. CUSTOMER
Any individual, firm or organization receiving gas service at one location and/or other services rendered by the Company under this tariff and provisions thereof.
23. ~~CUSTOMER FACILITIES CHARGE — MINIMUM BILL~~
~~That cost billed to a Customer each billing period that reflects the amount of facilities and service cost used during the billing period. Reserved for future use.~~
24. CUSTOMER'S INSTALLATION
All pipe and fittings, regulators, cocks, valves, vents, circulating pipes, connections, appliances and apparatus of every kind and nature used in connection with or forming a part of an installation for utilizing gas for any purpose located on the outlet side of the Company's meter located on Customer's premises.
25. CUSTOMER POOL
A group of customers that either 1) elect, in accordance with the applicable transportation provisions, Transportation Aggregation Service with an approved Pool Manager, or 2) are assigned to the Transitional Transportation Service Pool Manager.
26. DEKATHERM
1,000,000 BTU's (1 MMBTU) or ten (10) therms.
27. DELIVERY GAS DAY
A period of twenty-four (24) consecutive hours beginning and ending at 9:00 a.m. Central Clock Time.
28. DELIVERY POINT or POINT OF DELIVERY
(a) The point at the connection of the facilities of Transporter and of a downstream third party at which the gas leaves the outlet side of Transporter's measuring equipment and enters the downstream party's facilities, OR

TECHNICAL TERMS AND ABBREVIATIONS
(Continued)

36. **GAS SERVICE**
Sales and/or transportation of gas by the Company to a Customer pursuant to an application or service agreement of which there has been acceptance by the Company.
37. **HEATING VALUE**
The amount of heat measured in BTU per cubic foot that is produced when a unit quantity of gas is completely burned. For purposes herein the heating value shall be the BTU as measured by the interstate pipeline adjusted for pressure base.
38. **MAINS**
Pipes installed to transport gas within a service area to points of connection with the service pipes.
39. **MAIN EXTENSION**
Gas mains added to an existing distribution system to serve new customers.
- 39.1 **MAXIMUM ALLOWABLE OPERATING PRESSURE ("MAOP")**
The maximum pressure at which a pipeline or segment of a pipeline may be operated in accordance with Part 49 of the Code of Federal Regulations. Section
40. **MAXIMUM DAILY TRANSPORTATION QUANTITY ("MDTQ")**
The maximum quantity of gas to be transported by Company for a Shipper on a daily basis in accordance with the provisions of a Transportation Service or Transportation Aggregation Agreement.
41. **MCF**
One thousand cubic feet.
42. **METER**
Any device or instrument used by the Company in measuring a quantity of gas.
43. **METER READING DATE**
The day upon which an authorized employee or agent of the Company reads the meter of a Customer.
44. **METER TURN-ON CHARGE**
An amount to be paid by Customer at initiation or restoration of gas service for unlocking the meter and lighting of gas appliances.

TECHNICAL TERMS AND ABBREVIATIONS
(Continued)

52. SHIPPER
Customer who has executed a Transportation Service Agreement, or a Pool Manager who has executed a Transportation Aggregation Agreement or a Transitional Transportation Service Agreement with the Company, and who has acquired capacity with a Transporter.
- 52.1 SHIPPER'S DESIGNEE
A Company-approved contractually authorized agent of Shipper.
53. SPECIFIC GRAVITY
Specific gravity of the gas delivered shall be determined with an Edwards or other standard type gravity balance by test made as near the first of each month as practicable; or by a recording gravimeter of standard manufacture installed at a suitable location.
54. STANDARD DELIVERY PRESSURE
The standard delivery pressure is assumed to be seven inches (7") of water column, 14.98 psia, where the atmospheric pressure is assumed to be 14.73 psia. No adjustment will be made for variations from the normal atmospheric pressure at the Customer's meter. Gas delivered at standard delivery pressure may vary from three inches (3") to two pounds (2 lbs.) of water column.
55. SUBMETERING
The remetering of gas purchased by a Customer for distribution to the Customer's tenants through Customer-owned or rented meters.
56. SUPERCOMPRESSIBILITY FACTOR
The multiplier used to correct the metered volume of natural gas for deviation from Boyle's law and varies according to the pressure, temperature and specific gravity. Where this factor is applied to measured volumes that are computed to base conditions, these volumes are greater than that obtained by the strict application of the ideal gas laws. The factor is obtained from the supercompressibility tables published in the American Gas Association Gas Measurement Committee Report No. 3, as amended from time to time.
57. SUPPLIER
Any entity from which the Company or its Customers obtains its gas supply.

TECHNICAL TERMS AND ABBREVIATIONS
(Continued)

58. SUPPLIER OF LAST RESORT
The Company, under circumstances where all Transitional Transportation Service Pool Manager(s) default, shall provide gas supply and capacity management activities until a replacement Pool Manager can begin providing service.
59. THERM
A unit of heating value equivalent to one hundred thousand (100,000) British Thermal Units.

CLASSIFICATION OF CUSTOMERS
(Continued)

4. ALTERNATE FUEL CUSTOMERS

Applies to any Commercial or Industrial Customer whose annual metered gas volume exceeds ~~40~~50,000 therms, and who has the continuing capability to utilize an alternate fuel which displaces natural gas transported by the Company. Alternate Fuel Customers shall, by a contract in writing, provide from time to time, sufficient evidence of the alternate fuel price to warrant an adjustment in the Company's base ~~energy charge~~Monthly Rate for the Rate Schedule under which the customer receives natural gas service. In all cases where continuous operation of a customer's facilities is necessary, the Alternate Fuel Customer shall, continuously maintain the capability to utilize a supply of alternate fuel of sufficient capability to allow the curtailment of natural gas without adversely impacting the customer's operation.

5. INTERRUPTIBLE CUSTOMERS

At the sole option of the Company, a customer without alternate fuel capabilities whose annual metered gas volume exceeds 100,000 therms, and who, by a contract in writing, agrees to interrupt their natural gas supply and discontinue operations to the benefit of other distribution system customers in the event a curtailment is required, may be designated an Interruptible Customer. Such customers may be deemed eligible to receive service under the Company's Special Contract provisions.

6. THIRD PARTY MARKETERS

Applies to any Company-approved Shipper Designee or Pool Manager that provides gas supply and related services to Customers.

CLASSIFICATION OF SERVICE

Service Classification A: 0 – 130 Annual Therms (Closed)

Applicability

Residential, Commercial or Industrial customers whose metered consumption is 130 therms per year or less.

Service Options

- | | |
|---|-----------------------------|
| 1. General Sales Service: | Rate Schedule GS-1 (Closed) |
| 2. Aggregated Transportation Service: | Rate Schedule <u>FTS-+A</u> |
| 3. Transitional Transportation Service: | Rate Schedule <u>FTS-+A</u> |

Terms and Conditions of Service

1. Gas service provided to customers in this ~~Class of Service~~ Classification shall be subject to the General Terms and Conditions set forth in this tariff, and other approved rules or regulations of the Company as applicable.

Service Classification B: 130 – 250 Annual Therms (Closed)

Applicability

Residential, Commercial or Industrial customers whose metered consumption is greater than 130 therms per year up to 250 therms per year.

Service Options

- | | |
|---|-----------------------------|
| 1. General Sales Service: | Rate Schedule GS-1 (Closed) |
| 2. Aggregated Transportation Service: | Rate Schedule <u>FTS-+B</u> |
| 3. Transitional Transportation Service: | Rate Schedule <u>FTS-+B</u> |

Terms and Conditions of Service

1. Gas service provided to customers in this ~~Class of Service~~ Classification shall be subject to the General Terms and Conditions set forth in this tariff, and other approved rules or regulations of the Company as applicable.

CLASSIFICATION OF SERVICE
(Continued)

Service Classification No. 1: 250 – 500 Annual Therms

Applicability

Residential, Commercial or Industrial customers whose metered consumption is no greater than 250 therms per year up to 500 therms per year. The maximum delivery pressure provided to customers served under this rate schedule shall be the lesser of the MAOP at the customer location or five (5) p.s.i.g.

Service Options

- | | |
|---|-----------------------------|
| 1. General Sales Service: | Rate Schedule GS-1 (Closed) |
| 2. Aggregated Transportation Service: | Rate Schedule <u>FTS-1</u> |
| 3. Transitional Transportation Service: | Rate Schedule <u>FTS-1</u> |

Terms and Conditions of Service

1. Gas service provided to customers in this ~~Class of Service~~ Classification shall be subject to the General Terms and Conditions set forth in this tariff, and other approved rules or regulations of the Company as applicable.

Service Classification No. 2: 500 – 3,000 Annual Therms

Applicability

Residential, Commercial or Industrial customers whose metered consumption is greater than 500 therms per year up to 3,000 therms per year. The maximum delivery pressure provided to customers served under this rate schedule shall be the lesser of the MAOP at the customer location or fifty (50) p.s.i.g.

Service Options

- | | |
|---|-----------------------------|
| 1. General Sales Service: | Rate Schedule GS-2 (Closed) |
| 2. Aggregated Transportation Service: | Rate Schedule <u>FTS-2</u> |
| 3. Transitional Transportation Service: | Rate Schedule <u>FTS-2</u> |

Terms and Conditions of Service

1. Gas service provided to customers in this ~~Class of Service~~ Classification shall be subject to the General Terms and Conditions set forth in this tariff, and other approved rules or regulations of the Company as applicable.

CLASSIFICATION OF SERVICE
(Continued)

Service Classification No. 3: 3,000 – 10,000 Annual Therms

Applicability

Residential, Commercial or Industrial customers whose metered consumption is greater than 3,000 therms up to 10,000 therms per year. The maximum delivery pressure provided to customers served under this rate schedule shall be the lesser of the MAOP at the customer location or fifty (50) p.s.i.g.

Service Options

- | | |
|---|-----------------------------|
| 1. General Sales Service: | Rate Schedule GS-3 (Closed) |
| 2. Aggregated Transportation Service: | Rate Schedule <u>FTS-3</u> |
| 3. Transitional Transportation Service: | Rate Schedul <u>FTS-3</u> |

Terms and Conditions of Service

1. Gas service provided to customers in this ~~Class of Service~~ Classification shall be subject to the General Terms and Conditions set forth in this tariff, and other approved rules or regulations of the Company as applicable.

Service Classification No. 4: 10,000 – 25,000 Annual Therms

Applicability

Commercial or Industrial customers whose metered consumption is greater than 10,000 therms up to 25,000 therms per year. The maximum delivery pressure provided to customers served under this rate schedule shall be the lesser of the MAOP at the customer location or fifty (50) p.s.i.g.

Service Options

- | | |
|---|-----------------------------|
| 1. General Sales Service: | Rate Schedule GS-4 (Closed) |
| 2. Aggregated Transportation Service: | Rate Schedule <u>FTS-4</u> |
| 3. Transitional Transportation Service: | Rate Schedule <u>FTS-4</u> |

Terms and Conditions of Service

1. Gas service provided to customers in this ~~Class of Service~~ Classification shall be subject to the General Terms and Conditions set forth in this tariff, and other approved rules or regulations of the Company as applicable.

CLASSIFICATION OF SERVICE
(Continued)

Service Classification No. 5: 25,000 – 50,000 Annual Therms

Applicability

Commercial or Industrial customers whose metered consumption is greater than 25,000 therms up to 50,000 therms per year. The maximum delivery pressure provided to customers served under this rate schedule shall be the lesser of the MAOP at the customer location or fifty (50) p.s.i.g.

Service Options

- | | |
|---|-----------------------------|
| 1. General Sales Service: | Rate Schedule GS-5 (Closed) |
| 2. Aggregated Transportation Service: | Rate Schedule <u>FTS-5</u> |
| 3. Transitional Transportation Service: | Rate Schedule <u>FTS-5</u> |

Terms and Conditions of Service

1. Gas service provided to customers in this ~~Class of Service~~ Classification shall be subject to the General Terms and Conditions set forth in this tariff, and other approved rules or regulations of the Company as applicable.

Service Classification No. 6: 50,000 – 100,000 Annual Therms

Applicability

Commercial or Industrial customers whose metered consumption is greater than 50,000 therms up to 100,000 therms per year. The maximum delivery pressure provided to customers served under this rate schedule shall be the lesser of the MAOP at the customer location or fifty (50) p.s.i.g.

Service Options

- | | |
|---|-----------------------------|
| 1. General Sales Service: | Rate Schedule GS-6 (Closed) |
| 2. Aggregated Transportation Service: | Rate Schedule <u>FTS-6</u> |
| 3. Transitional Transportation Service: | Rate Schedule <u>FTS-6</u> |

Terms and Conditions of Service

1. Gas service provided to customers in this ~~Class of Service~~ Classification shall be subject to the General Terms and Conditions set forth in this tariff, and other approved rules or regulations of the Company as applicable.

CLASSIFICATION OF SERVICE
(Continued)

Service Classification No. 7: 100,000 – 5200,000 Annual Therms

Applicability

Commercial or Industrial customers whose metered consumption is greater than 100,000 therms up to 5200,000 therms per year. The maximum delivery pressure provided to customers served under this rate schedule shall be the lesser of the MAOP at the customer location or one-hundred (100) p.s.i.g.

Service Options

- | | |
|---|-----------------------------|
| 1. General Sales Service: | Rate Schedule GS-7 (Closed) |
| 2. Contract Sales Service: | Rider CSS (Closed) |
| 3. Aggregated Transportation Service: | Rate Schedule <u>FTS-7</u> |
| 4. Transitional Transportation Service: | Rate Schedule <u>FTS-7</u> |
| 5. Transportation Service: | Rate Schedule <u>FTS-7</u> |
| 6. Contract Transportation Service: | Rider CTS |

Terms and Conditions of Service

1. Gas service provided to customers in this ~~Class of Service~~ Classification shall be subject to the General Terms and Conditions set forth in this tariff, and other approved rules or regulations of the Company as applicable.

CLASSIFICATION OF SERVICE
(Continued)

Service Classification No. 8: ~~5200,000~~ – ~~1,0400,000~~ Annual Therms

Applicability

Commercial or Industrial customers whose metered consumption is greater than ~~5200,000~~ therms up to ~~1,0400,000~~ therms per year. The maximum delivery pressure provided to customers served under this rate schedule shall be the lesser of the MAOP at the customer location or one-hundred (100) p.s.i.g.

Service Options

- | | |
|---|---|
| 1. General Sales Service: | Rate Schedule GS-87 (Closed) |
| 2. Contract Sales Service: | Rider CSS (Closed) |
| 3. Aggregated Transportation Service: | Rate Schedule FTS-8 |
| 4. Transitional Transportation Service: | Rate Schedule FTS-8 |
| 5. Transportation Service: | Rate Schedule FTS-8 |
| 6. Contract Transportation Service: | Rider CTS |

Terms and Conditions of Service

1. Gas service provided to customers in this ~~Class of Service Classification~~ shall be subject to the ~~g~~General Terms and Conditions set forth in this tariff, and other approved rules or regulations of the Company as applicable.

CLASSIFICATION OF SERVICE
(Continued)

Service Classification No. 9: 400,000 – 700,000 Annual Therms

Applicability

Commercial or Industrial customers whose metered consumption is greater than 400,000 therms up to 700,000 therms per year. The maximum delivery pressure provided to customers served under this rate schedule shall be the lesser of the MAOP at the customer location or one-hundred (100) p.s.i.g.

Service Options

1. General Sales Service: Rate Schedule GS-8 (Closed)
2. Contract Sales Service: Rider CSS (Closed)
3. Aggregated Transportation Service: Rate Schedule FTS-9
4. Transitional Transportation Service: Rate Schedule FTS-9
5. Transportation Service: Rate Schedule FTS-9
6. Contract Transportation Service: Rider CTS

Terms and Conditions of Service

1. Gas service provided to customers in this Service Classification shall be subject to the General Terms and Conditions set forth in this tariff, and other approved rules or regulations of the Company as applicable.

CLASSIFICATION OF SERVICE
(Continued)

Service Classification No. 10: 700,000 – 1,000,000 Annual Therms

Applicability

Commercial or Industrial customers whose metered consumption is greater than 700,000 therms up to 1,000,000 therms per year. The maximum delivery pressure provided to customers served under this rate schedule shall be the lesser of the MAOP at the customer location or one-hundred (100) p.s.i.g.

Service Options

1. General Sales Service: _____ Rate Schedule GS-8 (Closed)
2. Contract Sales Service: _____ Rider CSS (Closed)
3. Aggregated Transportation Service: _____ Rate Schedule FTS-10
4. Transitional Transportation Service: _____ Rate Schedule FTS-10
5. Transportation Service: _____ Rate Schedule FTS-10
6. Contract Transportation Service: _____ Rider CTS

Terms and Conditions of Service

1. Gas service provided to customers in this Service Classification shall be subject to the General Terms and Conditions set forth in this tariff, and other approved rules or regulations of the Company as applicable.

CLASSIFICATION OF SERVICE
(Continued)

Service Classification No. 11: 1,000,000 – 2,500,000 Annual Therms

Applicability

Commercial or Industrial customers whose metered consumption is greater than 1,000,000 therms up to 2,500,000 therms per year. The maximum delivery pressure provided to customers served under this rate schedule shall be the lesser of the MAOP at the customer location or one-hundred (100) p.s.i.g.

Service Options

1. General Sales Service: Rate Schedule GS-9 (Closed)
2. Contract Sales Service: Rider CSS (Closed)
3. Aggregated Transportation Service: Rate Schedule FTS-11
4. Transitional Transportation Service: Rate Schedule FTS-11
5. Transportation Service: Rate Schedule FTS-11
6. Contract Transportation Service: Rider CTS

Terms and Conditions of Service

1. Gas service provided to customers in this Service Classification shall be subject to the General Terms and Conditions set forth in this tariff, and other approved rules or regulations of the Company as applicable.

CLASSIFICATION OF SERVICE
(Continued)

Service Classification No. 12: 2,500,000 – 10,000,000 Annual Therms

Applicability

Commercial or Industrial customers whose metered consumption is greater than 2,500,000 therms up to 10,000,000 therms per year. The maximum delivery pressure provided to customers served under this rate schedule shall be the lesser of the MAOP at the customer location or one-hundred (100) p.s.i.g.

Service Options

1. General Sales Service: Rate Schedule GS-9 (Closed)
2. Contract Sales Service: Rider CSS (Closed)
3. Aggregated Transportation Service: Rate Schedule FTS-12
4. Transitional Transportation Service: Rate Schedule FTS-12
5. Transportation Service: Rate Schedule FTS-12
6. Contract Transportation Service: Rider CTS

Terms and Conditions of Service

1. Gas service provided to customers in this Service Classification shall be subject to the General Terms and Conditions set forth in this tariff, and other approved rules or regulations of the Company as applicable.

CLASSIFICATION OF SERVICE
(Continued)

Service Classification No. 13: Greater than 10,000,000 Annual Therms

Applicability

Commercial or Industrial customers whose metered consumption is greater than 10,000,000 therms per year. The maximum delivery pressure provided to customers served under this rate schedule shall be the lesser of the MAOP at the customer location or one-hundred (100) p.s.i.g.

Service Options

- | | |
|---|------------------------------|
| 1. General Sales Service: | Rate Schedule GS-9 (Closed) |
| 2. Contract Sales Service: | Rider CSS (Closed) |
| 3. Aggregated Transportation Service: | Rate Schedule <u>FTS-913</u> |
| 4. Transitional Transportation Service: | Rate Schedule <u>FTS-913</u> |
| 5. Transportation Service: | Rate Schedule <u>FTS-913</u> |
| 6. Contract Transportation Service: | Rider CTS |

Terms and Conditions of Service

1. Gas service provided to customers in this ~~Class of Service~~ Classification shall be subject to the General Terms and Conditions set forth in this tariff, and other approved rules or regulations of the Company as applicable.

SERVICE OPTIONS
(Continued)

4. TRANSITIONAL TRANSPORTATION SERVICE

All Customer Classifications in all Service Classifications, except customers served under the Flexible Gas Service rate schedule or under a Special Contract, may elect to transport customer owned gas on the Company's distribution system as part of a Transitional Transportation Service Customer Pool. This service shall be provided in accordance with Section 17.3, Transitional Transportation Service, Sheet Nos. 112.1 – 112.5.

5. TRANSPORTATION SERVICE

All Customer Classifications in all Service Classifications, whose annual metered gas volume exceeds 100,000 therms, may elect to individually transport customer owned gas on the Company's distribution system. This service shall be provided in accordance with Section 17.1, Transportation Service, Sheet Nos. 101 to 105.

6. CONTRACT TRANSPORTATION SERVICE

Alternate Fuel Customers (metered gas volume over ~~40~~50,000 annual therms) may elect to purchase natural gas from a supplier and arrange for the transportation of said natural gas on the interstate pipeline for delivery into the Company's distribution system. Customers electing this service option must enter into a contract with the Company to transport customer owned gas on the Company's distribution system for a period of not less than one year. ~~The transportation charge~~ Monthly Rate for this service option shall be subject to the Company's Competitive Rate Adjustment pricing mechanism. It is the intention of the Company that the ~~transportation charge~~ Monthly Rate be determined based upon the competitive pricing of the customer's alternate fuel. In establishing the customer's ~~transportation charge~~ Monthly Rate, the Company may analyze: the cost of gas available to the customer; the delivered price of the customer's alternate fuel; the availability of such fuel; and the nature of the customer's operations. The Company may from time to time increase or reduce the ~~transportation charge~~ Monthly Rate as it deems necessary or appropriate to compete with alternate fuel, but shall have no obligation to do so. Contract Transportation Service shall be provided in accordance with Section 17, Transportation Services, Sheet Nos. 101 to 112 (as applicable), and Rider CTS, Sheet Nos. 62 to 64.

SERVICE OPTIONS
(Continued)

67. FLEXIBLE GAS SERVICE

At the sole option of the Company, service agreements with terms and conditions other than those set forth in the Company's tariff, may be executed with customers demonstrating viable alternate fuel options. Under this service option, the Company assumes the investment risk of serving the customer in return for the option to establish rates, capital repayment, length of service, operating conditions, etc. outside the normal regulatory process. Flexible Gas Service customers must not cause any additional cost to the Company's other customer.

78. SPECIAL CONTRACTS

Any ~~non-residential~~ customer who, at the sole option of the Company, and with the approval of the Commission, receives general sales or transportation service from the Company under written contractual terms and conditions other than those set forth in the Company's approved tariff.

89. LOAD PROFILE ENHANCEMENT SERVICE

Residential, commercial and industrial customers served under any Rate Schedule, adding separately metered incremental gas volumes consumed during the months of April through October may elect the rate discount available under Rider LE, Sheet Nos. 57 to 58.

10. THIRD PARTY MARKETER SERVICE

Any Shipper Designee or Pool Manager that transports Gas on the Company's distribution system under Transportation Service, Transportation Aggregation Service and/or Transitional Transportation Service.

INDEX OF RATE SCHEDULES

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<u>Firm</u> Transportation Service - 1A	<u>FTS</u> -1A	40
<u>Firm</u> Transportation Service - 1B	<u>FTS</u> -1B	40.1
<u>Firm</u> Transportation Service - 1C	<u>FTS</u> -1C	40.2
General Sales Service - 2	GS-2	41 <u>(Closed)</u>
<u>Firm</u> Transportation Service - 2	<u>FTS</u> -2	42
General Sales Service - 3	GS-3	43 <u>(Closed)</u>
<u>Firm</u> Transportation Service - 3	<u>FTS</u> -3	44
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(Continued)

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<u>Firm Transportation Service - 11</u>	<u>FTS-11</u>	<u>56.2</u>
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Miscellaneous Charges and Fees	MCF	73
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FIRM TRANSPORTATION SERVICE - +A
Rate Schedule ETS-+A

Availability:

Throughout the service area of the Company.

Applicability:

Transportation Aggregation Service and Transitional Transportation Service available to, where applicable, Residential, Commercial and Industrial customers whose annual metered transportation volume is 0 therms up to 130 therms. This rate schedule is closed to all customers, except those receiving service under rate schedules FTS-A or FTS-B as of the Effective Date of this tariff sheet.

Monthly Rate:

Customer <u>Firm Transportation</u> Charge:	\$10.00
Transportation Usage Charge:	\$0.44073 per therm
Minimum Bill: <u>Transportation</u> Charge.	The Customer <u>Firm</u>

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 79.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of transportation service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the Monthly Rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, transportation under this rate schedule shall be billed at Monthly Rates stated herein.

FIRM TRANSPORTATION SERVICE - 4B
Rate Schedule FTS-4B

Availability:

Throughout the service area of the Company.

Applicability:

Transportation Aggregation Service and Transitional Transportation Service available to, where applicable, Residential, Commercial and Industrial customers whose annual metered transportation volume is greater than 130 therms up to 250 therms. This rate schedule is closed to all customers, except those receiving service under rate schedules FTS-A or FTS-B as of the Effective Date of this tariff sheet.

Monthly Rate:

~~Customer~~ Firm Transportation Charge: \$12.50

~~Transportation~~ Usage Charge: \$0.44073 per therm

Minimum Bill: The ~~Customer~~ Firm Transportation Charge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 79.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of transportation service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the Monthly Rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, transportation under this rate schedule shall be billed at Monthly Rates stated herein.

FIRM TRANSPORTATION SERVICE - 1€
Rate Schedule FTS-1€

Availability:

Throughout the service area of the Company

Applicability:

Transportation Aggregation Service and Transitional Transportation Service available to, where applicable, Residential, Commercial and Industrial customers whose annual metered transportation volume is ~~greater than 250~~ therms up to 500 therms. The maximum delivery pressure provided to customers served under this rate schedule shall be the lesser of the MAOP at the customer location or five (5) p.s.i.g.

Monthly Rate:

~~Customer~~Firm Transportation Charge: \$15.00

~~Transportation~~Usage Charge: \$0.44073 per therm

Minimum Bill: The ~~Customer~~Firm
Transportation Charge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 79.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of transportation service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the Monthly Rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, transportation under this rate schedule shall be billed at Monthly Rates stated herein.

FIRM TRANSPORTATION SERVICE - 2
Rate Schedule ETS-2

Availability:

Throughout the service area of the Company.

Applicability:

Transportation Aggregation Service and Transitional Transportation Service available to, where applicable, Residential, Commercial and Industrial customers whose annual metered transportation volume is greater than 500 therms up to 3,000 therms. The maximum delivery pressure provided to customers served under this rate schedule shall be the lesser of the MAOP at the customer location or fifty (50) p.s.i.g.

Monthly Rate:

~~Customer~~Firm Transportation Charge: \$27.50

Transportation Usage Charge: \$0.29356 per therm

Minimum Bill: The ~~Customer~~Firm Transportation Charge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 79.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of transportation service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the Monthly Rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, transportation under this rate schedule shall be billed at Monthly Rates stated herein.

FIRM TRANSPORTATION SERVICE_-3
Rate Schedule FTS-3

Availability:

Throughout the service area of the Company.

Applicability:

Transportation Aggregation Service and Transitional Transportation Service available to, where applicable, Residential, Commercial and Industrial customers whose annual metered transportation volume is greater than 3,000 therms up to 10,000 therms. The maximum delivery pressure provided to customers served under this rate schedule shall be the lesser of the MAOP at the customer location or fifty (50) p.s.i.g.

Monthly Rate:

~~Customer~~Firm Transportation Charge:
\$~~42.50~~120.00

~~Transportation~~Usage Charge: \$~~0.25285~~13228 per
therm

Minimum Bill: The ~~Customer~~Firm
Transportation Charge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 79.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of transportation service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the Monthly Rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, transportation under this rate schedule shall be billed at Monthly Rates stated herein.

FIRM TRANSPORTATION SERVICE - 4
Rate Schedule FTS-4

Availability:

Throughout the service area of the Company.

Applicability:

Transportation Aggregation Service and Transitional Transportation Service available to Commercial and Industrial customers whose annual metered transportation volume is greater than 10,000 therms up to 25,000 therms. The maximum delivery pressure provided to customers served under this rate schedule shall be the lesser of the MAOP at the customer location or fifty (50) p.s.i.g.

Monthly Rate:

Customer <u>Firm</u> Transportation Charge:	\$ 55.00 <u>250.00</u>
Transportation Usage Charge:	\$ 0.22132 <u>10396</u> per therm
Minimum Bill:	The <u>Customer</u> Firm Transportation Charge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 79.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of transportation service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the Monthly Rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, transportation under this rate schedule shall be billed at Monthly Rates stated herein.

FIRM TRANSPORTATION SERVICE - 5
Rate Schedule FTS-5

Availability:

Throughout the service area of the Company.

Applicability:

Transportation Aggregation Service and Transitional Transportation Service available to Commercial and Industrial customers whose annual metered transportation volume is greater than 25,000 therms up to 50,000 therms. The maximum delivery pressure provided to customers served under this rate schedule shall be the lesser of the MAOP at the customer location or fifty (50) p.s.i.g.

Monthly Rate:

~~Customer~~Firm Transportation Charge: \$~~125.00~~430.00

TransportationUsage Charge: \$~~0.1880~~209270 per therm

Minimum Bill: The CustomerFirm Transportation Charge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 79.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of transportation service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the Monthly Rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, transportation under this rate schedule shall be billed at Monthly Rates stated herein.

FIRM TRANSPORTATION SERVICE - 6
Rate Schedule FTS-6

Availability:

Throughout the service area of the Company.

Applicability:

Transportation Aggregation Service and Transitional Transportation Service available to Commercial and Industrial customers whose annual metered transportation volume is greater than 50,000 therms up to 100,000 therms. The maximum delivery pressure provided to customers served under this rate schedule shall be the lesser of the MAOP at the customer location or fifty (50) p.s.i.g.

Monthly Rate:

~~Customer~~Firm Transportation Charge: \$~~200~~795.00

~~Transportation~~Usage Charge: \$~~0.1470~~907530 per therm

Minimum Bill: The ~~Customer~~Firm Transportation Charge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 79.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of transportation service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the Monthly Rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, transportation under this rate schedule shall be billed at Monthly Rates stated herein.

FIRM TRANSPORTATION SERVICE - 7
Rate Schedule FTS-7

Availability:

Throughout the service area of the Company.

Applicability:

Transportation ~~s~~Service, Transportation Aggregation Service and Transitional Transportation Service available to Commercial and Industrial customers whose annual metered transportation volume is greater than 100,000 therms up to ~~5~~200,000 therms. The maximum delivery pressure provided to customers served under this rate schedule shall be the lesser of the MAOP at the customer location or one-hundred (100) p.s.i.g.

Monthly Rate:

~~Customer~~Firm Transportation Charge: \$31,100.00

~~Transportation~~Usage Charge: \$0.097745106 per therm

Minimum Bill: The ~~Customer~~Firm Transportation Charge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 79.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of transportation service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the Monthly Rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, transportation under this rate schedule shall be billed at Monthly Rates stated herein.

FIRM TRANSPORTATION SERVICE - 8
Rate Schedule FTS-8

Availability:

Throughout the service area of the Company.

Applicability:

Transportation ~~s~~Service, Transportation Aggregation Service and Transitional Transportation Service available to Commercial and Industrial customers whose annual metered transportation volume is greater than ~~5~~200,000 therms up to ~~1,040,000 therms. The maximum delivery pressure provided to customers served under this rate schedule shall be the lesser of the MAOP at the customer location or one-hundred (100) p.s.i.g.~~

Monthly Rate:

~~Customer~~Firm Transportation Charge: \$~~500~~1,875.00

~~Transportation~~Usage Charge: \$~~0.087234525~~ per therm

Minimum Bill: The ~~Customer~~Firm Transportation Charge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 79.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of transportation service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the Monthly Rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, transportation under this rate schedule shall be billed at Monthly Rates stated herein.

FIRM TRANSPORTATION SERVICE - 9
Rate Schedule FTS-9

Availability:

Throughout the service area of the Company.

Applicability:

Transportation ~~s~~Service, Transportation Aggregation Service and Transitional Transportation Service available to Commercial and Industrial customers whose annual metered transportation volume is greater than 400,000 therms up to 1,0700,000 therms. The maximum delivery pressure provided to customers served under this rate schedule shall be the lesser of the MAOP at the customer location or one-hundred (100) p.s.i.g.

Monthly Rate:

~~Customer~~Firm Transportation Charge: \$7003,025.00

~~Transportation~~Usage Charge: \$0.078924015 per therm

Minimum Bill: The ~~Customer~~Firm Transportation Charge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 79.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of transportation service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the Monthly Rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, transportation under this rate schedule shall be billed at Monthly Rates stated herein.

FIRM TRANSPORTATION SERVICE - 10
Rate Schedule FTS-10

Availability:

Throughout the service area of the Company.

Applicability:

Transportation Service, Transportation Aggregation Service and Transitional Transportation Service available to Commercial and Industrial customers whose annual metered transportation volume is greater than 700,000 therms up to 1,000,000 therms. The maximum delivery pressure provided to customers served under this rate schedule shall be the lesser of the MAOP at the customer location or one-hundred (100) p.s.i.g.

Monthly Rate:

Firm Transportation Charge: \$6,125.00

Usage Charge: \$0.03540 per therm

Minimum Bill: The Firm Transportation Charge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 79.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of transportation service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the Monthly Rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, transportation under this rate schedule shall be billed at Monthly Rates stated herein.

FIRM TRANSPORTATION SERVICE - 11
Rate Schedule FTS-11

Availability:

Throughout the service area of the Company.

Applicability:

Transportation Service, Transportation Aggregation Service and Transitional Transportation Service available to Commercial and Industrial customers whose annual metered transportation volume is greater than 1,000,000 therms up to 2,500,000 therms. The maximum delivery pressure provided to customers served under this rate schedule shall be the lesser of the MAOP at the customer location or one-hundred (100) p.s.i.g.

Monthly Rate:

Firm Transportation Charge: \$9,150.00

Usage Charge: \$0.03263 per therm

Minimum Bill: The Firm Transportation Charge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 79.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of transportation service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the Monthly Rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, transportation under this rate schedule shall be billed at Monthly Rates stated herein.

FIRM TRANSPORTATION SERVICE - 12
Rate Schedule FTS-12

Availability:

Throughout the service area of the Company.

Applicability:

Transportation Service, Transportation Aggregation Service and Transitional Transportation Service available to Commercial and Industrial customers whose annual metered transportation volume is greater than 2,500,000 therms up to 10,000,000 therms. The maximum delivery pressure provided to customers served under this rate schedule shall be the lesser of the MAOP at the customer location or one-hundred (100) p.s.i.g.

Monthly Rate:

Firm Transportation Charge: \$13,250.00

Usage Charge: \$0.03053 per therm

Minimum Bill: The Firm Transportation Charge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 - 79.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of transportation service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the Monthly Rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, transportation under this rate schedule shall be billed at Monthly Rates stated herein.

FIRM TRANSPORTATION SERVICE - 13
Rate Schedule FTS-13

Availability:

Throughout the service area of the Company.

Applicability:

Transportation Service, Transportation Aggregation Service and Transitional Transportation Service available to Commercial and Industrial customers whose annual metered transportation volume is greater than 10,000,000 therms. The maximum delivery pressure provided to customers served under this rate schedule shall be the lesser of the MAOP at the customer location or one-hundred (100) p.s.i.g.

Monthly Rate:

Firm Transportation Charge: \$13,333.33

Usage Charge: \$0.00000 per therm

Minimum Bill: The Firm Transportation Charge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 - 79.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of transportation service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the Monthly Rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, transportation under this rate schedule shall be billed at Monthly Rates stated herein

THIRD PARTY MARKETER - 1
Rate Schedule TPM-1

Availability:

Throughout the service area of the Company.

Applicability:

Service under this Rate Schedule is applicable to all Shipper Designee's and Pool Managers (such entities designated as Third Party Marketers) delivering, or causing to be delivered, Gas to the Company's distribution system for transportation to Customers and who utilize the Company for billing Gas costs to Customers.

Monthly Rate:

Third Party Marketer Charge: \$100.00

CAAS Charge: \$3.00 per Customer

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 79.

THIRD PARTY MARKETER - 2
Rate Schedule TPM-2

Availability:

Throughout the service area of the Company.

Applicability:

Service under this Rate Schedule is applicable to all Shipper Designee's and Pool Managers (such entities designated as Third Party Marketers) delivering, or causing to be delivered, Gas to the Company's distribution system for transportation to Customers and who do not utilize the Company for billing Gas costs to Customers.

Monthly Rate:

Third Party Marketer Charge: \$172.50

CAAS Charge: \$0.00 per Customer

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 79.

CONTRACT TRANSPORTATION SERVICE
Rider CTS

Availability:

In all of the Company's service area.

Applicability:

To any alternate fuel customer who enters into a Transportation Service Agreement with the Company, for a minimum term of one year, and who would otherwise qualify for service under Rate Schedule ~~FTS-76, TS-8 or TS-9~~ or above. Service under this Rider shall be subject to: (a) the special conditions set forth in this Rider, (b) the provisions of the Transportation Service Agreement between the Company and the eCustomer, if applicable and, (c) the eCustomer's ability to arrange sufficient transportation service by transporter(s).

Monthly Rates:

~~Customer Charge:~~

~~———— The monthly customer charge for contract transportation service shall be the monthly customer charge applicable to the TS-7, TS-8 or TS-9 rate schedule under which the customer would otherwise qualify for service.~~

~~———— Transportation Charge:~~

~~The transportation charge~~ Monthly Rate for service hereunder shall be subject to a flexible pricing mechanism. It is the intention of Company that ~~this charge~~ the Monthly Rate shall be determined based upon competition with Customer's alternate fuel.

~~The transportation charge~~ Monthly Rate to eCustomer shall be determined by Company based upon Company's evaluation of competitive conditions. Such conditions may include, but are not necessarily limited to: the cost of gas which is available to serve eCustomer; the delivered price of eCustomer's designated alternate fuel; the availability of such fuel; and the nature of eCustomer's operations. Company may from time to time increase or reduce the ~~transportation charge~~ Monthly Rate as it deems necessary or appropriate to compete with alternate fuel, but shall have no obligation to do so.

~~Unless changed by Company pursuant to this Rate Schedule, the base charge shall be the current applicable rate. The "currently applicable non-adjusted rate" as used herein means the transportation charge prescribed in TS-7, TS-8 or TS-9 rate schedule for which the customer would otherwise qualify for service.~~

CONTRACT TRANSPORTATION SERVICE
Rider CTS
(Continued)

Customer may at any time request a reduction in its transportation charge by completing the Form CRA – CTS or CRA – BYPASS that appears on Sheet Nos. 67.1 and 67.2 or 67.3 and 67.4, respectively, and submitting the same to Company. During any period in which the ~~transportation charge~~ Monthly Rate is less than base rate ~~discounted~~, eCustomer shall complete and submit the same form with then current information as close as practicable to the first day of each month.

Company will notify customer immediately by telephone communication to be followed by written notification within 24 hours of any change in the ~~transportation charge~~ Monthly Rate under this Rate Schedule. The rate change shall be effective at 9:00 a.m. Central Clock Time on the first day of the ~~m~~Month for which the rate applies or at 9:00 a.m. Central Clock Time on the day following notification to customer of a change in rates which may occur at any time during the billing month.

Notwithstanding the other provisions of this Rate Schedule, the Company may enter into a contract with an alternate fuel transportation customer to provide service under terms other than those set forth herein; provided that the charges prescribed in any such contract shall be established with the objective of enabling the Company to recover at a minimum the fully allocated cost of serving that customer. Any such contract shall be subject to approval by the Florida Public Service Commission, and the Commission shall have continuing jurisdiction over the rates charged therein.

Terms and Conditions of Service:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 - 79.
2. Service under this Rate Schedule is subject to the General Terms and Conditions of the Company applicable to transportation service.

CONTRACT TRANSPORTATION SERVICE
Rider CTS
(Continued)

3. Customer bears sole responsibility for all costs incurred up to the designated point of delivery on Company's system.
4. Service under this schedule shall be subject to the terms and conditions of the Transportation Service Agreement (TSA) between the Company and the eCustomer, if applicable, and, unless otherwise indicated herein or in the TSA, to the General Terms and Conditions set forth in this tariff.
5. Customer will notify the Company of its "first of the month" nomination to transporter eight business days prior to the first of the month.
5. Customer will notify the Company of any intra-month nominations to transporter at least twenty-four (24) hours before the effective date of such nominations.
6. Alternate Fuel Certification:
The customer shall certify that its cost of alternate fuel is less than the delivered cost of gas received under Company's Transportation Service. Determination of customer's cost of alternate fuel shall be based on information set forth in Company's Form CRA – CTS or CRA - BYPASS (set forth on Sheet Nos. 67.1 and 67.2 or 67.3 and 67.4, respectively). Once a customer has submitted such form, and the same has been accepted by the Company, the customer shall resubmit such form, with then current information, on the first day of each ~~m~~Month thereafter, and at any time there is any change in any information contained in a form previously submitted. The ~~m~~Monthly ~~r~~Rate for a customer who submits no Form CRA – CTS or CRA - BYPASS to Company, or who fails to submit such form (properly completed) as required hereunder, or whose completed form if not accepted by Company, shall be the currently applicable ~~non-adjusted~~tariff rate.
7. Transportation service rendered under this Rate Schedule may be curtailed or fully interrupted at the sole discretion of the Company in accordance with the Transportation Service Agreement, if applicable, and the provisions of the Curtailment Plan. The Company assumes no liability for any loss or damage that may be sustained by customer by reason of any curtailment or interruption of transportation service rendered under this Rate Schedule.

(2) ENERGY CONSERVATION COST RECOVERY ADJUSTMENT CLAUSE:
Applicable:

To the Monthly Rate provision in each of the Company's Rate Schedules. Customers receiving service under Rate Schedules FTS-13, TPM-1, and TPM-2, a Special Contract, the Contract Sales Service, the Contract Transportation Service, the Off-System Sales Service and the Flexible Gas Service tariff Rate Schedules are specifically excluded from the application of the Energy Conservation Cost Recovery Adjustment Clause.

The bill for gas or transportation service supplied to a customer in any billing period shall be adjusted as follows:

Each Rate Schedule shall be increased or decreased to the nearest .001 cent multiplied by the tax factor of 1.00503 for each therm of gas sales or transportation to recover the conservation related expenditures by the Company. The Company shall record both projected and actual expenses and revenues associated with the implementation of the Company's energy conservation plan as authorized by the Commission. The procedure for the review, approval, recovery and recording of such costs and revenues is set forth in the Commission Rule 25-17.015, F.A.C.

The cost recovery factor for the period from January 1, 2004 through December 31, 2004 for each rate schedule is as follows:

<u>Rate Schedule</u>	<u>Classification of Service</u>	<u>Dollars\$ per therm</u>
GS-1/ <u>FTS-1A</u>	< 130 therms	\$0.12762
GS-1/ <u>FTS-1B</u>	>130 up to 250 therms	\$0.12762
GS-1/ <u>FTS-1C</u>	> 250 up to 500 therms	\$0.12762
GS-2/ <u>FTS-2</u>	>500 up to 3,000 therms	\$0.06704
GS-3/ <u>FTS-3</u>	>3,000 up to 10,000 therms	\$0.04020
GS-4/ <u>FTS-4</u>	>10,000 up to 25,000 therms	\$0.03155
GS-5/ <u>FTS-5</u>	>25,000 up to 50,000 therms	\$0.02807
GS-6/ <u>FTS-6</u>	>50,000 up to 100,000 therms	\$0.02134
GS-7/ <u>FTS-7</u>	>100,000 up to 5 200,000 therms	\$0.01333
GS-8/ <u>FTS-8</u>	> 5 200,000 up to 1.0 400,000 therms	\$0.01403333
GS-9/ <u>FTS-9</u>	> 1.0 400,000 up to 700,000 therms	\$0.009671103
<u>FTS-10</u>	>700,000 up to 1,000,000 therms	\$0.01103
<u>FTS-11</u>	>1,000,000 up to 2,500,000 therms	\$0.00967
<u>FTS-12</u>	>2,500,000 up to 10,000,000 therms	\$0.00967

(3) ~~TRANSPORTATION~~ENVIRONMENTAL COST RECOVERY CLAUSE
(~~FE~~ECR):

Applicable:

To the Monthly Rate provision in each of the Company's General Sales Service and Firm Transportation Service Rate Schedules. Customers receiving service under Rate Schedules FTS-13, TPM-1, and TPM-2, a Special Contract, the Contract Sales Service, the Contract Transportation Service, the Off-System Sales Service, and the Flexible Gas Service tariff rate schedules are specifically excluded from the application of the ~~Transportation~~Environmental Cost Recovery Clause.

The ~~Transportation~~Environmental Cost Recovery Clause specifically provides for the recovery of ~~non-recurring~~ expenses incurred, or expected to be incurred, for ~~implementing Rule 25-7.0335~~ the remediation of the Company's Manufactured Gas Plant site located in Winter Haven, Florida. ~~Recovery factors are charged only to non-residential customers who receive either transportation or sales service from the Company, excluding those non-residential customers who are in the Transitional Transportation Service pool.~~

The ~~Transportation~~Environmental Cost Recovery factors (rounded to the nearest \$.00001 per therm) shall include an amount to recover the appropriate regulatory fees (based on a multiplication factor of 1.00503)

The ~~Transportation~~Environmental Cost Recovery factors, applied to the ~~Energy Charge~~Monthly Rate for General Sales Service and Firm Transportation Service, for the period January 20024 to December 20034 for each rate schedule (~~non-residential customers only~~) are as follows:

<u>Rate Schedule</u>	<u>Classification of Service</u>	<u>\$ per therm</u>
<u>GS-1/FTS-A</u>	<u>< 130 therms</u>	<u>\$0.01199</u>
<u>GS-1/FTS-B</u>	<u>>130 up to 250 therms</u>	<u>\$0.01058</u>
GS-1/FTS-1—Commercial	<u>< 500 therms</u>	<u>\$0.029360882</u>
GS-2/FTS-2—Commercial	<u>>500 up to 3,000 therms</u>	<u>\$0.015690543</u>
GS-3/FTS-3—Commercial	<u>>3,000 up to 10,000 therms</u>	<u>\$0.012600340</u>
GS-4/FTS-4—Commercial	<u>>10,000 up to 25,000 therms</u>	<u>\$0.010090283</u>
GS-5/FTS-5—Commercial	<u>>25,000 up to 50,000 therms</u>	<u>\$0.00886256</u>
GS-6/FTS-6—Comm/Ind	<u>>50,000 up to 100,000 therms</u>	<u>\$0.00704208</u>
GS-7/FTS-7—Comm/Ind	<u>>100,000 up to 5200,000 therms</u>	<u>\$0.00444151</u>
GS-8/FTS-8—Industrial	<u>>5200,000 up to 1,0400,000 therms</u>	<u>\$0.00374110</u>
GS-9/FTS-9—Industrial	<u>>1,0400,000 up to 700,000 therms</u>	<u>\$0.00325096</u>
<u>FTS-10</u>	<u>>700,000 up to 1,000,000 therms</u>	<u>\$0.00162</u>
<u>FTS-11</u>	<u>>1,000,000 up to 2,500,000 therms</u>	<u>\$0.00086</u>
<u>FTS-12</u>	<u>>2,500,000 up to 10,000,000 therms</u>	<u>\$0.00064</u>

(4) COMPETITIVE RATE ADJUSTMENT CLAUSE:
Applicable:

To the Monthly Rate provision in each of the Company's General Sales Service and Firm Transportation Service Rate Schedules. Customers receiving service under Rate Schedules FTS-13, TPM-1, and TPM-2, a Special Contract, the Contract Sales Service, the Contract Transportation Service, the Off-System Sales Service, and the Flexible Gas Service tariff rate schedules are specifically excluded from the application of the Competitive Rate Adjustment Clause.

The ~~Energy Charge~~ Monthly Rate for General Sales Service and Firm Transportation Service is subject to adjustment in accordance with the following provisions for prior Shortfalls or Surpluses in the Company's revenues resulting from service provided under the CSS and CTS riders, respectively.

- (a) For the purposes of this clause, the following definitions shall apply:
- (1) "Actual Revenue" means Company's actual ~~Energy Charge~~Monthly Rate revenue derived from service provided to alternate fuel customers at rates prescribed, under the rates section of the CSS Rider or CTS Rider, during a Determination Period.
 - (2) "~~Base~~Tariff Revenue" means the ~~Energy Charge~~Monthly Rate revenue which Company would have derived had all gas sold or transported at rates prescribed, under the "Currently Applicable ~~Base~~Tariff Rate," during a Determination Period, been billed at the ~~base~~tariff ~~Energy Charge~~Monthly Rate.
 - (3) "Currently Applicable ~~Base~~Tariff Rate" means the General Sales Service or Firm Transportation Service Rate Schedule for which the customer would otherwise qualify for service.
 - (4) "Surplus" means the amount, if any, by which Florida Division's Actual Revenue exceeds its ~~Base~~Tariff Revenue for a Determination Period.
 - (5) "Shortfall" means the amount, if any, by which the Florida Division's ~~Base~~Tariff Revenue exceeds its Actual Revenue for a Determination Period.
- (b) The existence of a Shortfall or Surplus shall be determined by comparing Florida Division's Actual Revenue with its ~~Base~~Tariff Revenue. This determination shall be made each year for the twelve months ending ~~September 30~~December 31 ("Determination Period").
- (c) Adjustments to firm rates pursuant to this clause shall be implemented during an "Adjustment Period," which shall be the twelve months immediately following the Determination Period in the event of a Surplus. In the event of a Shortfall, any twelve successive months ending on a ~~September 30~~December 31 within five years following the Determination Period may be an Adjustment Period.

- (d) In the event of a Surplus, Florida Division shall reduce rates to General Sales Service and Firm Transportation Service customers to credit them with revenues equal to one-half the Surplus. In the event of a Shortfall, Company may increase rates to ~~firm~~ Transportation Service customers to recover an amount not to exceed one-half the Shortfall. The amount of any credit or recovery is governed by the following:

$$\begin{aligned} \text{Credit to Firm} &= (\text{Actual Revenue} - \text{Base Tariff Revenue}) \times 0.5 \\ \text{Shortfall recovery} &= (\text{Base Tariff Revenue} - \text{Actual Revenue}) \times 0.5 \end{aligned}$$

- (e) A Surplus credit or Shortfall recovery shall be implemented during an adjustment period by reducing or increasing the ~~Energy Charge~~ Monthly Rate prescribed in each General Sales Service and Firm Transportation Service rate schedule of this tariff. An adjustment factor shall be computed for each applicable rate schedule. The computation of adjustment factors for each rate schedule shall conform to the methodology approved by the Commission for use in determining cost recovery factors by rate schedule in the Company's Energy Conservation Cost Recovery Adjustment Clause.

Any variation between the actual credit to General Sales Service and Firm Transportation Service customers and the amount calculated pursuant to the preceding paragraph, or between the Actual Shortfall recovery and the amount which the Florida Division elected to recover in an Adjustment Period, shall be "trued-up" during the succeeding twelve months pursuant to methodology approved by the Florida Public Service Commission.

- (f) Company may defer all or a portion of a Shortfall recovery to a subsequent Adjustment Period or portion thereof.

(5) OPERATIONAL BALANCING ACCOUNT

The Company shall assign to Customers, Shippers, ~~Customer's agents~~Shipper's Designees or Pool Managers, directly or by reasonable allocation, all Transporter charges or credits received by the Company as Delivery Point Operator (DPO) on Transporter's interstate pipeline system. The Company shall assign to Customers, Shippers, ~~Customer's agents~~Shipper's Designees or Pool Managers, directly or by reasonable allocation, all imbalance resolution charges as defined in Section 17, Transportation Services. It is the intent of this tariff that the Company shall be authorized to recover or refund such other charges or credits, related to the provision of transportation service, as have historically been recovered from or allocated to Customers pursuant to the Commission's ongoing Purchased Gas Adjustment cost recovery proceedings.

Customers, Shippers, ~~Customer's agent~~Shipper's Designees or Pool Managers causing Gas to be delivered to the Company's distribution system shall be required to "cash-out" net imbalances, and other such charges or credits as may be directly assigned or allocated, in their operational balancing account at the end of each Gas Month. If the Company and Customer, Shipper, ~~Customer's Agent~~Shipper's Designee or Pool Manager mutually agree, the monthly Operational Balancing Account net charge or credit may be rolled-over to a succeeding monthly period(s) in accordance with such terms as may be established by the such parties. The monthly imbalance cash-out provisions for delivery imbalances are identified in Section 17, Transportation Services, of this tariff.

The Operational Balancing Account provides the tool by which the Company allocates the following charges or credits:

- (a) Charges or credits associated with balancing the Company's Delivery Points with Transporters.

- (b) Charges or credits associated with balancing, on a Monthly basis, the actual receipts of Gas by Company for ~~transportation Customers, Shippers, Shipper's Designees or Pool Managers,~~ net of transportation shrinkage, to the actual deliveries of Gas by Company for ~~transportation Customers, Shippers, Shipper's Designees or Pool Managers.~~
 - (c) Charges or credits associated with unrelinquished Transporter capacity
 - (d) Charges or credits associated with providing Supplier of Last Resort services in the event of the default of a Pool Manager under a TTS Agreement.
 - (e) In the event Company experiences unaccounted for Gas on its distribution system, Company shall be entitled to recover the cost of such unaccounted for Gas. Costs associated with transportation shrinkage, if any, shall be based upon Company's operating experience, and Company shall have the right to adjust such cost from time to time to reflect operating experience and/or any change in methodology used by Company to calculate the amount of Gas deemed as transportation shrinkage. Upon request, Company shall furnish to Customer, Shipper, Customer's Agent Shipper's Designee or Pool Manager information to support such cost allocation.
 - (f) This mechanism should not be deemed to preclude the Company from recovering other penalties and charges from its eCustomers as defined in Section 17, Transportation Services, of this tariff, the Transportation Service Agreement, Transportation Aggregation Service Agreement or Transitional Transportation Service Agreement.
- (6) TAXES AND OTHER ADJUSTMENTS APPLICABLE TO ALL RATE SCHEDULES:
There will be added to all bills rendered, all applicable local utility and franchise taxes and state gross receipts and sales taxes presently assessed by governmental authority; as well as future changes or new assessments by any governmental authority subsequent to the effective date of this tariff. All such assessments as described above shall be shown on eCustomer bills.

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GENERAL TERMS AND CONDITIONS
(Continued)

Gas service will be measured by a meter or meters at each point of delivery and the applicable rates set forth in the applicable rate schedule shall be applied to the quantity of gas so measured to determine the amount of the bill.

If a Customer ~~purchases~~transports gas under more than one rate schedule, the gas service rendered under each rate schedule shall be separately metered and separate bills shall be calculated for each type of gas service rendered. If a Customer ~~purchases~~transports gas under a particular rate schedule but receives delivery thereof at more than a single point of delivery, the Company shall consider such deliveries as separate gas service and will calculate separate bills therefore except for the convenience of the Company.

5.5 Change of Occupancy

When change of occupancy takes place on any premises to which the Company renders gas service, notice thereof shall be given by the Customer not less than three (3) days prior to the date of change. The Customer will be held responsible for all gas service furnished to such premises until such notice is received by the Company and the Company has had reasonable time to discontinue the gas service; however, the Company will automatically terminate gas service to the Customer upon receipt of an application of a succeeding occupant, if such notice has not been received prior thereto.

5.6 Delinquent Bills

Bills are due when rendered, and are delinquent in accordance with the rules established by the Florida Public Service Commission. Gas service will be discontinued after five (5) days written notice to the Customer subsequent to such delinquent date and, if discontinued, such service will not be restored until all bills are paid in full and a delinquent reconnect charge is paid (see Sheet No. 73).

5.7 Estimated or Adjusted Bills

Meter readings will be adjusted to compensate for meter inaccuracy or meter reading errors and may be estimated in the case of non-registering meters or the inability to obtain access to the meter on the regular meter reading date. Bills will contain reference to "Estimated Reading".

GENERAL TERMS AND CONDITIONS
(Continued)

11. RESTORATION OF SERVICE

11.1 After Discontinuance for Cause

When service has been discontinued for any of the reasons set forth in or violation of the General Terms and Conditions, service will be restored only after the following conditions are met:

- (a) All delinquent bills and amounts due Company are paid in full by Customer including a charge (see Sheet No. 73) for reconnection of service, damages, or fraudulent use.
- (b) All conditions creating violations of these General Terms and Conditions, unsafe conditions, misuse or fraudulent uses have been corrected by Customer and proven satisfactory to Company.
- (c) Customer has provided the required deposit.

11.2 After Termination of Service

Customers who restore service at the same location at which service has been terminated for a period of less than twelve (12) months, will be charged the Firm Transportation Charge for each month that service was terminated; provided that service has not been made to another customer at the same location during said period of service termination.

GENERAL TERMS AND CONDITIONS
(Continued)

- ~~(a) — All delinquent bills and amounts due Company are paid in full by Customer including a charge (see Sheet No. 73) for reconnection of service, damages, or fraudulent use.~~
- ~~(b) — All conditions creating violations of these rules and regulations, unsafe conditions, misuse or fraudulent uses have been corrected by Customer and proven satisfactory to Company.~~
- ~~(c) — Customer has provided the required deposit.~~

12. TERMINATION OF SERVICE

Subject to any existing Agreement between Customer and Company, if Customer wishes the gas service to be terminated, Customer shall give notice at the office of the Company at least three (3) days prior to the time that such termination shall become effective. Customer will be held liable both for any gas that may pass through the meter and safe custody of the Company's property until the meter has been shut off and locked by the Company.

If Customer wishes Company's property to be removed, he shall give notice at the office of the Company at least ten (10) days prior to the time of such requested removal.

13. LIMITATION OF GAS SUPPLY

Company reserves the right, subject to regulatory authority having jurisdiction, to limit, restrict or refuse service that will result in additions to its distribution system and/or production capacity and/or alterations in its contractual requirements of supply from non-affiliated companies that may jeopardize service to existing customers.

14. QUALITY OF GAS

The Quality of Gas delivered to the Company shall meet the same specifications as the FERC-approved tariff requirements of the upstream interstate pipeline systems connected to Company.

15. APPLICABILITY OF GENERAL TERMS AND CONDITIONS

Unless otherwise provided in an agreement approved by the Commission, these General Terms and Conditions apply to gas service rendered by the Florida Division in the entire service area of the Company, as such distribution system is now constituted and as it may be enlarged or extended, and to any new distribution system which may be acquired or constructed by the Florida Division.

GENERAL TERMS AND CONDITIONS
(Continued)

~~in the entire service area of the Company, as such distribution system is now constituted and as it may be enlarged or extended, and to any new distribution system which may be acquired or constructed by the Florida Division.~~

16. OWNERSHIP OF PROPERTY

The Company will own, operate and maintain all service pipes, regulators, vents, meters, meter connections, valves and other apparatus from Company mains to the outlet side of the meter and shall have a perpetual right of ingress and egress thereto.

17. TRANSPORTATION SERVICES

17.1 Transportation Service

- (a) The Company offers Transportation Service (TS) service to all large use Customers desiring to transport gas through the Company's distribution system on an individual basis. Each individual Customer, in order to qualify for the TS service must have an annual usage of over 100,000 therms per year.

Upon receipt of Customer's request for TS (see Sheet No. 125), the Company shall have 30 days to process the request and make proper arrangements with the upstream interstate pipeline system to accommodate Customer's request. Service will begin on the first day of the month after the 30 day period for processing, provided that timely nominations for the first day of the month, in accordance with the interstate pipeline's tariff, can be made by Customer.

Each Customer electing this service will be required to transport all of their natural gas requirements under this TS service.

Each Customer electing this service shall have electronic telemetering equipment installed on their measurement equipment ~~and their meter will be read at the end of the Gas Month~~

GENERAL TERMS AND CONDITIONS
(Continued)

(c) Use of Relinquished Capacity; Recall Rights

The Customers use of the relinquished capacity and the Company's right to recall shall be as stated in the Transportation Services Agreement.

(d) Customer Account Administration Service

If requested by the Shipper Designee administering service hereunder, Company shall provide to the Shipper Designee a Customer Account Administration Service to include customer service functions, gas supply billing and collections, and customer account transaction records maintenance for each Customer served by the Shipper Designee. Company shall charge Shipper Designee under rate schedule TPM-1 for such optional service.

(d)(e) Scheduling and Nominating

The Customer, or its authorized designee, shall submit to the Company all scheduling and nominating information simultaneously with its submission to the interstate pipeline system.

(e)(f) Monthly Balancing

The balancing of the quantity of Gas scheduled by the Customer and the actual usage by the Customer shall be done on a monthly basis. The Company and the Customer will resolve all imbalances at the end of each Month, as follows:

- (1) If the monthly imbalance is positive (amount of Gas scheduled is greater than actual usage by Customer), the Company shall credit to the Customer an amount based on such monthly imbalance multiplied by the price that is consistent with the then effective interstate pipeline system's cash-out methodology, with respect to the use of indexes, imbalance levels and applicable factors.
- (2) If the monthly imbalance is negative (amount of Gas scheduled is less than actual usage by Customer), the Company shall charge to the Customer an amount based on such monthly imbalance multiplied by the price that is consistent with the then effective interstate pipeline system's cash-out methodology, with respect to the use of indexes, imbalance levels and applicable factors.

GENERAL TERMS AND CONDITIONS
(Continued)

- (3) Prior to initiation of Transportation Service, the Company will provide to the Customer, by electronic means, facsimile or by hard copy, a copy of the current, approved cash out provisions of the interstate pipeline tariff. The Company further agrees to provide to the Customer, by electronic means or facsimile, a copy of all FERC approved changes to the cash out provisions within 15 days of the Company's receipt of the applicable interstate pipeline tariff. In addition, the Company will maintain, at each of its offices and on the Company's web site, a copy of the currently effective interstate pipeline's cash out provisions.

GENERAL TERMS AND CONDITIONS
(Continued)

(e) Capacity Release

The Company shall release on behalf of an Existing Customer (defined as a Customer who has received natural gas service from the Company prior to the effective date of the Transitional Transportation Service section of the tariff) to its chosen Pool Manager, interstate pipeline capacity based upon the peak capacity allocation method as further defined herein. For all rate classes up to and including the FTS-6 rate class, capacity shall be allocated at the maximum consumption level for said rate class. For FTS-7 rate class and ~~above~~through ~~TS-9~~ customers, capacity shall be allocated to each specific customer based on their actual peak month usage quantity in calendar year 2001. The Company shall allocate a blend of Florida Gas Transmission and Gulfstream Natural Gas interstate pipeline capacity for each rate classification. All Pool Managers shall receive the same per customer capacity allocation from each pipeline, based on the rate class capacity methodology described above. Capacity release will be made on a temporary basis, in accordance with applicable FERC rules and regulations, as they may change from time to time.

The interstate pipeline Receipt Points, Delivery Points and the Maximum Daily Transportation Quantities (MDTQ) that the Company shall relinquish hereunder during each individual month of the year shall be as set forth in the executed Aggregated Transportation Services Agreement between the Pool Manager and the Company.

The Pool Manager shall diligently and in a timely manner take all actions required under the approved tariff of the interstate pipeline to acquire the firm capacity rights to be relinquished. Upon completion of the above actions, the Pool Manager shall accept the temporary pipeline capacity relinquishment from the Company.

New Customers (defined as a Customer who has not received natural gas service from the Company prior the effective date of the Transitional Transportation Service section of the tariff) shall not be required to take interstate pipeline capacity from the Company.

GENERAL TERMS AND CONDITIONS
(Continued)

(f) Meter Reading

Each individual Customer whose annual consumption is 100,000 therms or less shall continue to have their meter read during the normal monthly cycle for the meter route Customer resides within. ~~Each individual Customer whose annual consumption is over 100,000 therms shall have its meter read at the end of the last day of the Gas Month.~~

(g) Customer Account Administration Service

If requested by the Pool Manager administering service hereunder, Company shall provide to the Pool Manager a Customer Account Administration Service to include customer service functions, gas supply billing and collections, and customer account transaction records maintenance for each account in the Aggregation Pool. Company shall charge a Pool Manager ~~\$2.00 per account per month~~ under rate schedule TPM-1 for such optional service.

(h) Scheduling and Nominating

The Pool Manager shall submit to the Company all scheduling and nominating information simultaneously with its submission to the interstate pipeline system.

(i) Monthly Balancing

The balancing of the monthly quantity of Gas scheduled and nominated for the Aggregation Pool and the actual monthly usage by the sum of all individual Customers shall be done on a monthly basis, or such other period as the Company and Pool Manager shall mutually agree. The Company and the Pool Manager will resolve all imbalances, as follows:

- (1) If the monthly imbalance is positive (amount of Gas scheduled is greater than aggregated actual usage by Customers), the Company shall credit to the Pool Manager an amount based on such monthly imbalance at a price that is consistent with the then effective interstate pipeline system's cash-out methodology, with respect to the use of indexes, imbalance levels and applicable factors.

GENERAL TERMS AND CONDITIONS
(Continued)

(g) Customer Account Administration Service

The Company shall provide to the TTS Pool Manager(s) a Customer Account Administration Service that includes customer service functions, gas supply billing and collections, and customer account transaction records maintenance for each account in the TTS Pool. The Company shall charge the TTS Pool Manager(s) ~~\$2.00 per account per month~~ under rate schedule TPM-1 for this required service.

(h) Scheduling and Nominating

The TTS Pool Manager(s) shall submit to the Company all scheduling and nominating information simultaneously with its submission to the interstate pipeline system.

(i) Monthly Balancing

The balancing of the monthly quantity of Gas scheduled and nominated for the TTS Pool(s) and the actual monthly usage by the sum of all individual TTS Customers shall be done on a monthly basis, or such other period as the Company and the TTS Pool Manager(s) shall mutually agree. The Company and the TTS Pool Manager(s) will resolve all imbalances as follows:

- (1) If the monthly imbalance is positive (amount of Gas scheduled is greater than aggregated actual usage by TTS Customers), the Company shall credit to the TTS Pool Manager(s) an amount based on such monthly imbalance multiplied by the price that is consistent with the then effective interstate pipeline system's cash-out methodology, with respect to the use of indexes, imbalance levels and applicable factors.
- (2) If the monthly imbalance is negative (amount of Gas scheduled is less than aggregated actual usage by TTS Customers), the Company shall charge to the TTS Pool Manager(s) an amount based on such monthly imbalance multiplied by the price that is consistent with the then effective interstate pipeline system's cash-out methodology, with respect to the use of indexes, imbalance levels and applicable factors.

TARIFF SHEETS

FINAL FORMAT

DESCRIPTION OF TERRITORY SERVED

Florida Division of Chesapeake Utilities Corporation (hereinafter called "Company") is a natural gas distribution company engaged in the business of distributing natural gas in the State of Florida.

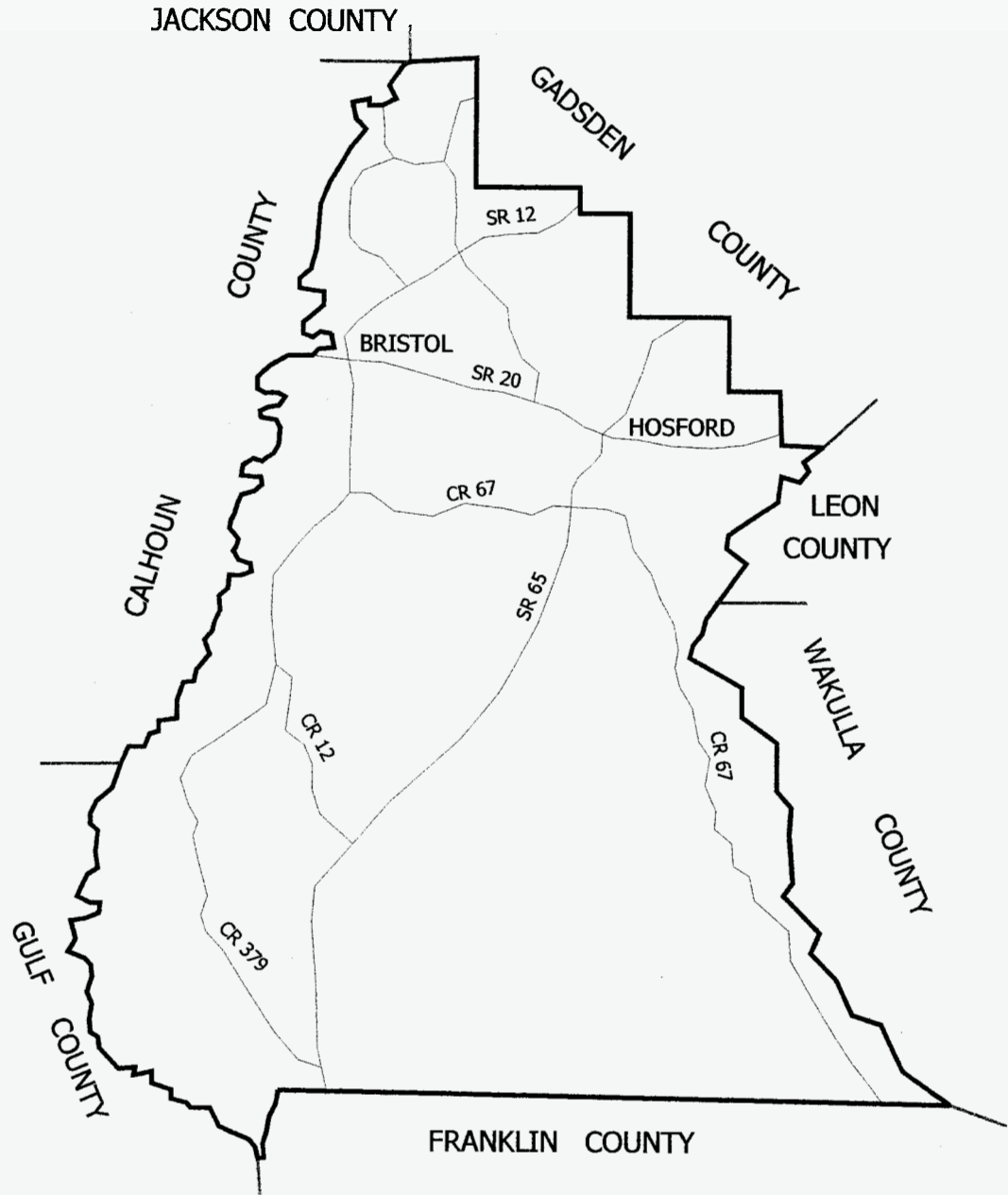
The present system of the Company is comprised of interconnected distribution facilities serving that area within and adjacent to the communities of Winter Haven, Auburndale, Bartow, Baseball City, Davenport, Loughman, Haines City, Mountain Lake, Lake Alfred, Eagle Lake, Lake Wales, Dundee, Lake Hamilton, Highland City, Waverly, Mulberry and Nichols in Polk County, Plant City in Hillsborough County and St. Cloud in Osceola County. The Company's distribution system also serves certain discrete areas within Gadsden County outside the city limits of Quincy, Havana, and Chattahoochee. Further service territories include certain discrete portions of Gilchrist, Union, Holmes, Jackson, Suwannee, Liberty, Washington and DeSoto counties. Additionally, the Company's distribution system serves all areas within Citrus County.

The Company maintains its general offices, books and records in Winter Haven, Florida, where a copy of all rate schedules, general terms and conditions, and standard forms are readily available for public inspection.

LIST OF COMMUNITIES SERVED
(Continued)

<u>Community</u>	<u>Applicable Rate Schedules</u>
Lecanto	All
Liberty County	All
Mountain Lake	All
Mulberry	All
Nichols	All
Plant City	All
St. Cloud	All
Union County	All
Washington County	All
Waverly	All
Winter Haven	All

MAPS

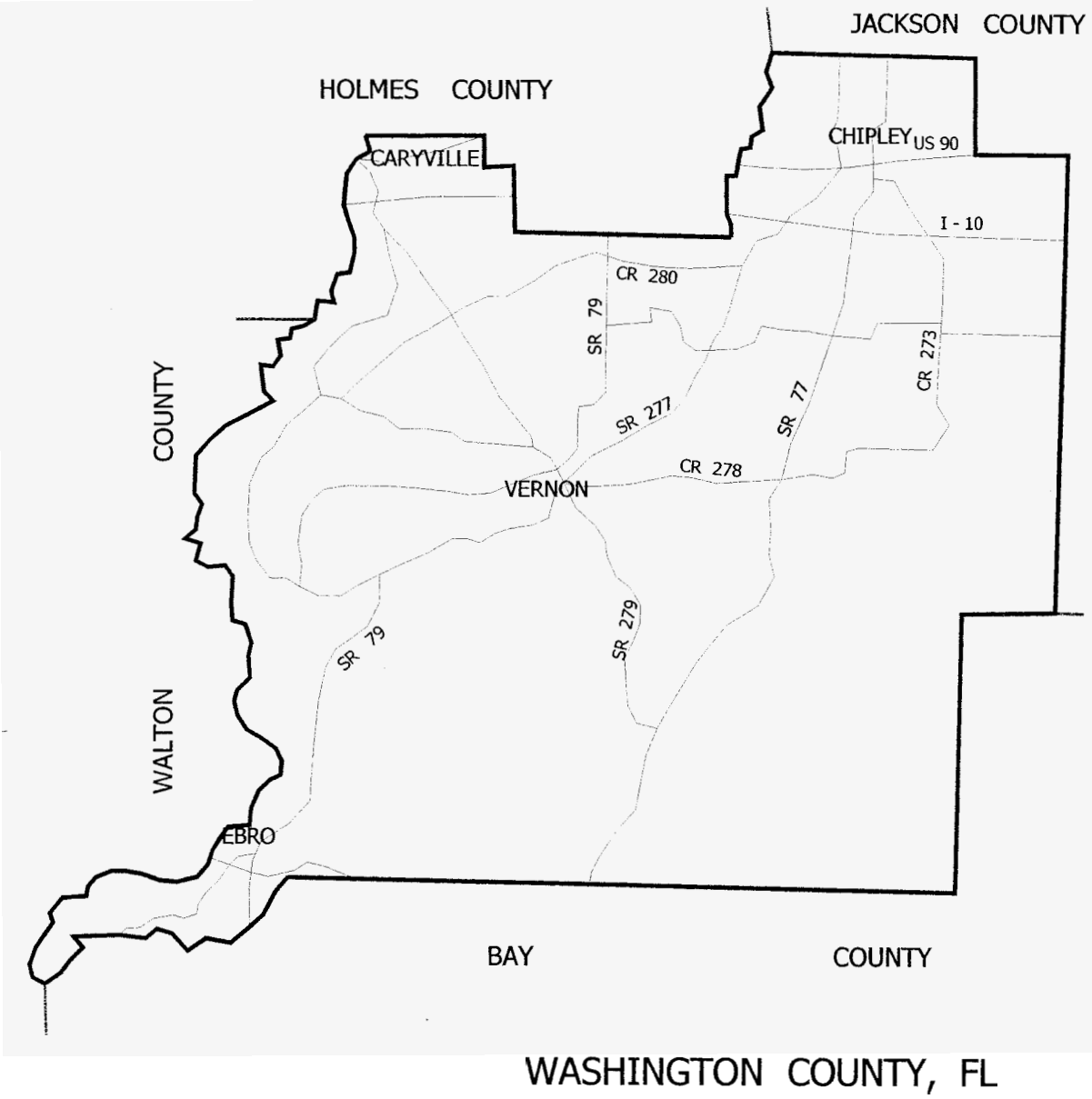


LIBERTY COUNTY, FL

Issued By: John R. Schimkaitis, President
Chesapeake Utilities Corporation

Effective:

MAPS



TECHNICAL TERMS AND ABBREVIATIONS

1. **ALERT DAY**
When Transporter determines that the pipeline is experiencing or may experience in the next Gas Day high or low line pack operating conditions which threaten the ability to render firm services.
2. **ALERT DAY NOTICE**
Notice issued by the Transporter when, at its sole discretion, reasonably exercised, Transporter determines that the pipeline is experiencing or may experience in the next Gas Day high or low line pack operating conditions which threaten the ability to render firm services.
3. **APPLICATION**
A form required by the Company to be completed and signed by prospective customers requesting gas service.
4. **ATMOSPHERIC PRESSURE**
Fourteen and seventy-three hundredth (14.73) pounds to the square inch, irrespective of actual elevation or location of the point of measurement above sea level or variations in atmospheric pressure from time to time.
5. Reserved for future use.
6. **BILLING ADJUSTMENT - BTU**
A conversion factor representing the BTU content per cubic foot used to convert cubic feet to therms for billings to customers. The BTU content shall be the BTU per cubic foot as reported by the transporting pipeline.
7. **BILLING PERIOD**
Regular monthly period in which the Company reads meter and renders Customer's bill.
8. **BILLING ADJUSTMENT - PURCHASED GAS**
A provision in the tariff for adjusting the rates for any variation in the cost of gas purchased from Company's supplier(s).

TECHNICAL TERMS AND ABBREVIATIONS
(Continued)

9. **BILLING - TAXES**
A provision in the tariff for adjusting the rates contained therein for any variation in taxes based on meters, customers, revenues or volumes assessed subsequent to the effective date of rates.
10. **BILLING UNIT**
The billing unit shall be the "therm" which will be computed by applying the "Billing Adjustment Factor – BTU" to the corrected cubic foot consumption indicated by the difference between meter readings at the beginning and end of the billing period.
11. **BRITISH THERMAL UNIT (BTU)**
The quantity of heat required to raise the temperature of one pound (avoirdupois) of pure water from 58.5 degrees Fahrenheit to 59.5 degrees Fahrenheit at a constant pressure of 14.73 pounds per square inch absolute.
12. **CLASSIFICATION OF CUSTOMER**
A classification of each Customer according to the primary use of gas and/or other services by Customer.
13. **CLASSIFICATION OF SERVICE**
A classification of each Customer according to the quantity of gas used by Customer to which a particular rate schedule applies.
14. **COMMISSION**
Florida Public Service Commission
15. **COMPANY**
Florida Division of Chesapeake Utilities Corporation, a Delaware Corporation.
16. **CONJUNCTIVE OR COMBINED BILLING**
The combination of the quantities of gas, demands, or other billing determinants of two or more meters or services into respective single quantities for the purpose of billing only as if the bill were for a single meter or service.

TECHNICAL TERMS AND ABBREVIATIONS
(Continued)

21. **CURTAILMENT**
Temporary discontinuance of gas service in accordance with the provisions of the Company's end use curtailment or interruption plan.
22. **CUSTOMER**
Any individual, firm or organization receiving gas service at one location and/or other services rendered by the Company under this tariff and provisions thereof.
23. Reserved for future use.
24. **CUSTOMER'S INSTALLATION**
All pipe and fittings, regulators, cocks, valves, vents, circulating pipes, connections, appliances and apparatus of every kind and nature used in connection with or forming a part of an installation for utilizing gas for any purpose located on the outlet side of the Company's meter located on Customer's premises.
25. **CUSTOMER POOL**
A group of customers that either 1) elect, in accordance with the applicable transportation provisions, Transportation Aggregation Service with an approved Pool Manager, or 2) are assigned to the Transitional Transportation Service Pool Manager.
26. **DEKATHERM**
1,000,000 BTU's (1 MMBTU) or ten (10) therms.
27. **DELIVERY GAS DAY**
A period of twenty-four (24) consecutive hours beginning and ending at 9:00 a.m. Central Clock Time.
28. **DELIVERY POINT or POINT OF DELIVERY**
 - (a) **The point at the connection of the facilities of Transporter and of a downstream third party at which the gas leaves the outlet side of Transporter's measuring equipment and enters the downstream party's facilities, OR**

TECHNICAL TERMS AND ABBREVIATIONS
(Continued)

36. **GAS SERVICE**
Sales and/or transportation of gas by the Company to a Customer pursuant to an application or service agreement of which there has been acceptance by the Company.
37. **HEATING VALUE**
The amount of heat measured in BTU per cubic foot that is produced when a unit quantity of gas is completely burned. For purposes herein the heating value shall be the BTU as measured by the interstate pipeline adjusted for pressure base.
38. **MAINS**
Pipes installed to transport gas within a service area to points of connection with the service pipes.
39. **MAIN EXTENSION**
Gas mains added to an existing distribution system to serve new customers.
- 39.1 **MAXIMUM ALLOWABLE OPERATING PRESSURE ("MAOP")**
The maximum pressure at which a pipeline or segment of a pipeline may be operated in accordance with Part 49 of the Code of Federal Regulations, Section 192.
40. **MAXIMUM DAILY TRANSPORTATION QUANTITY ("MDTQ")**
The maximum quantity of gas to be transported by Company for a Shipper on a daily basis in accordance with the provisions of a Transportation Service or Transportation Aggregation Agreement.
41. **MCF**
One thousand cubic feet.
42. **METER**
Any device or instrument used by the Company in measuring a quantity of gas.
43. **METER READING DATE**
The day upon which an authorized employee or agent of the Company reads the meter of a Customer.
44. **METER TURN-ON CHARGE**
An amount to be paid by Customer at initiation or restoration of gas service for unlocking the meter and lighting of gas appliances.

TECHNICAL TERMS AND ABBREVIATIONS
(Continued)

52. SHIPPER
Customer who has executed a Transportation Service Agreement, or a Pool Manager who has executed a Transportation Aggregation Agreement or a Transitional Transportation Service Agreement with the Company, and who has acquired capacity with a Transporter.
- 52.1 SHIPPER'S DESIGNEE
A Company-approved contractually authorized agent of Shipper.
53. SPECIFIC GRAVITY
Specific gravity of the gas delivered shall be determined with an Edwards or other standard type gravity balance by test made as near the first of each month as practicable; or by a recording gravitometer of standard manufacture installed at a suitable location.
54. STANDARD DELIVERY PRESSURE
The standard delivery pressure is assumed to be seven inches (7") of water column, 14.98 psia, where the atmospheric pressure is assumed to be 14.73 psia. No adjustment will be made for variations from the normal atmospheric pressure at the Customer's meter. Gas delivered at standard delivery pressure may vary from three inches (3") to two pounds (2 lbs.) of water column.
55. SUBMETERING
The remetering of gas purchased by a Customer for distribution to the Customer's tenants through Customer-owned or rented meters.
56. SUPERCOMPRESSIBILITY FACTOR
The multiplier used to correct the metered volume of natural gas for deviation from Boyle's law and varies according to the pressure, temperature and specific gravity. Where this factor is applied to measured volumes that are computed to base conditions, these volumes are greater than that obtained by the strict application of the ideal gas laws. The factor is obtained from the supercompressibility tables published in the American Gas Association Gas Measurement Committee Report No. 3, as amended from time to time.
57. SUPPLIER
Any entity from which the Company or its Customers obtains its gas supply.

TECHNICAL TERMS AND ABBREVIATIONS
(Continued)

58. SUPPLIER OF LAST RESORT
The Company, under circumstances where all Transitional Transportation Service Pool Manager(s) default, shall provide gas supply and capacity management activities until a replacement Pool Manager can begin providing service.
59. THERM
A unit of heating value equivalent to one hundred thousand (100,000) British Thermal Units.

CLASSIFICATION OF CUSTOMERS
(Continued)

4. ALTERNATE FUEL CUSTOMERS

Applies to any Commercial or Industrial Customer whose annual metered gas volume exceeds 50,000 therms, and who has the continuing capability to utilize an alternate fuel which displaces natural gas transported by the Company. Alternate Fuel Customers shall, by a contract in writing, provide from time to time, sufficient evidence of the alternate fuel price to warrant an adjustment in the Company's Monthly Rate for the Rate Schedule under which the customer receives natural gas service. In all cases where continuous operation of a customer's facilities is necessary, the Alternate Fuel Customer shall, continuously maintain the capability to utilize a supply of alternate fuel of sufficient capability to allow the curtailment of natural gas without adversely impacting the customer's operation.

5. INTERRUPTIBLE CUSTOMERS

At the sole option of the Company, a customer without alternate fuel capabilities whose annual metered gas volume exceeds 100,000 therms, and who, by a contract in writing, agrees to interrupt their natural gas supply and discontinue operations to the benefit of other distribution system customers in the event a curtailment is required, may be designated an Interruptible Customer. Such customers may be deemed eligible to receive service under the Company's Special Contract provisions.

6. THIRD PARTY MARKETERS

Applies to any Company-approved Shipper Designee or Pool Manager that provides gas supply and related services to Customers.

CLASSIFICATION OF SERVICE

Service Classification A: 0 – 130 Annual Therms (Closed)

Applicability

Residential, Commercial or Industrial customers whose metered consumption is 130 therms per year or less.

Service Options

- | | |
|---|-----------------------------|
| 1. General Sales Service: | Rate Schedule GS-1 (Closed) |
| 2. Aggregated Transportation Service: | Rate Schedule FTS-A |
| 3. Transitional Transportation Service: | Rate Schedule FTS-A |

Terms and Conditions of Service

1. Gas service provided to customers in this Service Classification shall be subject to the General Terms and Conditions set forth in this tariff, and other approved rules or regulations of the Company as applicable.

Service Classification B: 130 – 250 Annual Therms (Closed)

Applicability

Residential, Commercial or Industrial customers whose metered consumption is greater than 130 therms per year up to 250 therms per year.

Service Options

- | | |
|---|-----------------------------|
| 1. General Sales Service: | Rate Schedule GS-1 (Closed) |
| 2. Aggregated Transportation Service: | Rate Schedule FTS-B |
| 3. Transitional Transportation Service: | Rate Schedule FTS-B |

Terms and Conditions of Service

1. Gas service provided to customers in this Service Classification shall be subject to the General Terms and Conditions set forth in this tariff, and other approved rules or regulations of the Company as applicable.

CLASSIFICATION OF SERVICE
(Continued)

Service Classification No. 1: 0 – 500 Annual Therms

Applicability

Residential, Commercial or Industrial customers whose metered consumption is no greater than 500 therms per year. The maximum delivery pressure provided to customers served under this rate schedule shall be the lesser of the MAOP at the customer location or five (5) p.s.i.g.

Service Options

- | | |
|---|-----------------------------|
| 1. General Sales Service: | Rate Schedule GS-1 (Closed) |
| 2. Aggregated Transportation Service: | Rate Schedule FTS-1 |
| 3. Transitional Transportation Service: | Rate Schedule FTS-1 |

Terms and Conditions of Service

1. Gas service provided to customers in this Service Classification shall be subject to the General Terms and Conditions set forth in this tariff, and other approved rules or regulations of the Company as applicable.

Service Classification No. 2: 500 – 3,000 Annual Therms

Applicability

Residential, Commercial or Industrial customers whose metered consumption is greater than 500 therms per year up to 3,000 therms per year. The maximum delivery pressure provided to customers served under this rate schedule shall be the lesser of the MAOP at the customer location or fifty (50) p.s.i.g.

Service Options

- | | |
|---|-----------------------------|
| 1. General Sales Service: | Rate Schedule GS-2 (Closed) |
| 2. Aggregated Transportation Service: | Rate Schedule FTS-2 |
| 3. Transitional Transportation Service: | Rate Schedule FTS-2 |

Terms and Conditions of Service

1. Gas service provided to customers in this Service Classification shall be subject to the General Terms and Conditions set forth in this tariff, and other approved rules or regulations of the Company as applicable.

CLASSIFICATION OF SERVICE
(Continued)

Service Classification No. 3: 3,000 – 10,000 Annual Therms

Applicability

Residential, Commercial or Industrial customers whose metered consumption is greater than 3,000 therms up to 10,000 therms per year. The maximum delivery pressure provided to customers served under this rate schedule shall be the lesser of the MAOP at the customer location or fifty (50) p.s.i.g.

Service Options

- | | |
|---|-----------------------------|
| 1. General Sales Service: | Rate Schedule GS-3 (Closed) |
| 2. Aggregated Transportation Service: | Rate Schedule FTS-3 |
| 3. Transitional Transportation Service: | Rate Schedule FTS-3 |

Terms and Conditions of Service

1. Gas service provided to customers in this Service Classification shall be subject to the General Terms and Conditions set forth in this tariff, and other approved rules or regulations of the Company as applicable.

Service Classification No. 4: 10,000 – 25,000 Annual Therms

Applicability

Commercial or Industrial customers whose metered consumption is greater than 10,000 therms up to 25,000 therms per year. The maximum delivery pressure provided to customers served under this rate schedule shall be the lesser of the MAOP at the customer location or fifty (50) p.s.i.g.

Service Options

- | | |
|---|-----------------------------|
| 1. General Sales Service: | Rate Schedule GS-4 (Closed) |
| 2. Aggregated Transportation Service: | Rate Schedule FTS-4 |
| 3. Transitional Transportation Service: | Rate Schedule FTS-4 |

Terms and Conditions of Service

1. Gas service provided to customers in this Service Classification shall be subject to the General Terms and Conditions set forth in this tariff, and other approved rules or regulations of the Company as applicable.

CLASSIFICATION OF SERVICE
(Continued)

Service Classification No. 5: 25,000 – 50,000 Annual Therms

Applicability

Commercial or Industrial customers whose metered consumption is greater than 25,000 therms up to 50,000 therms per year. The maximum delivery pressure provided to customers served under this rate schedule shall be the lesser of the MAOP at the customer location or fifty (50) p.s.i.g.

Service Options

- | | |
|---|-----------------------------|
| 1. General Sales Service: | Rate Schedule GS-5 (Closed) |
| 2. Aggregated Transportation Service: | Rate Schedule FTS-5 |
| 3. Transitional Transportation Service: | Rate Schedule FTS-5 |

Terms and Conditions of Service

1. Gas service provided to customers in this Service Classification shall be subject to the General Terms and Conditions set forth in this tariff, and other approved rules or regulations of the Company as applicable.

Service Classification No. 6: 50,000 – 100,000 Annual Therms

Applicability

Commercial or Industrial customers whose metered consumption is greater than 50,000 therms up to 100,000 therms per year. The maximum delivery pressure provided to customers served under this rate schedule shall be the lesser of the MAOP at the customer location or fifty (50) p.s.i.g.

Service Options

- | | |
|---|-----------------------------|
| 1. General Sales Service: | Rate Schedule GS-6 (Closed) |
| 2. Aggregated Transportation Service: | Rate Schedule FTS-6 |
| 3. Transitional Transportation Service: | Rate Schedule FTS-6 |

Terms and Conditions of Service

1. Gas service provided to customers in this Service Classification shall be subject to the General Terms and Conditions set forth in this tariff, and other approved rules or regulations of the Company as applicable.

CLASSIFICATION OF SERVICE
(Continued)

Service Classification No. 7: 100,000 – 200,000 Annual Therms

Applicability

Commercial or Industrial customers whose metered consumption is greater than 100,000 therms up to 200,000 therms per year. The maximum delivery pressure provided to customers served under this rate schedule shall be the lesser of the MAOP at the customer location or one-hundred (100) p.s.i.g.

Service Options

- | | |
|---|-----------------------------|
| 1. General Sales Service: | Rate Schedule GS-7 (Closed) |
| 2. Contract Sales Service: | Rider CSS (Closed) |
| 3. Aggregated Transportation Service: | Rate Schedule FTS-7 |
| 4. Transitional Transportation Service: | Rate Schedule FTS-7 |
| 5. Transportation Service: | Rate Schedule FTS-7 |
| 6. Contract Transportation Service: | Rider CTS |

Terms and Conditions of Service

1. Gas service provided to customers in this Service Classification shall be subject to the General Terms and Conditions set forth in this tariff, and other approved rules or regulations of the Company as applicable.

CLASSIFICATION OF SERVICE
(Continued)

Service Classification No. 8: 200,000 – 400,000 Annual Therms

Applicability

Commercial or Industrial customers whose metered consumption is greater than 200,000 therms up to 400,000 therms per year. The maximum delivery pressure provided to customers served under this rate schedule shall be the lesser of the MAOP at the customer location or one-hundred (100) p.s.i.g.

Service Options

- | | |
|---|-----------------------------|
| 1. General Sales Service: | Rate Schedule GS-7 (Closed) |
| 2. Contract Sales Service: | Rider CSS (Closed) |
| 3. Aggregated Transportation Service: | Rate Schedule FTS-8 |
| 4. Transitional Transportation Service: | Rate Schedule FTS-8 |
| 5. Transportation Service: | Rate Schedule FTS-8 |
| 6. Contract Transportation Service: | Rider CTS |

Terms and Conditions of Service

1. Gas service provided to customers in this Service Classification shall be subject to the General Terms and Conditions set forth in this tariff, and other approved rules or regulations of the Company as applicable.

CLASSIFICATION OF SERVICE
(Continued)

Service Classification No. 9: 400,000 – 700,000 Annual Therms

Applicability

Commercial or Industrial customers whose metered consumption is greater than 400,000 therms up to 700,000 therms per year. The maximum delivery pressure provided to customers served under this rate schedule shall be the lesser of the MAOP at the customer location or one-hundred (100) p.s.i.g.

Service Options

- | | |
|---|-----------------------------|
| 1. General Sales Service: | Rate Schedule GS-8 (Closed) |
| 2. Contract Sales Service: | Rider CSS (Closed) |
| 3. Aggregated Transportation Service: | Rate Schedule FTS-9 |
| 4. Transitional Transportation Service: | Rate Schedule FTS-9 |
| 5. Transportation Service: | Rate Schedule FTS-9 |
| 6. Contract Transportation Service: | Rider CTS |

Terms and Conditions of Service

1. Gas service provided to customers in this Service Classification shall be subject to the General Terms and Conditions set forth in this tariff, and other approved rules or regulations of the Company as applicable.

CLASSIFICATION OF SERVICE
(Continued)

Service Classification No. 10: 700,000 – 1,000,000 Annual Therms

Applicability

Commercial or Industrial customers whose metered consumption is greater than 700,000 therms up to 1,000,000 therms per year. The maximum delivery pressure provided to customers served under this rate schedule shall be the lesser of the MAOP at the customer location or one-hundred (100) p.s.i.g.

Service Options

- | | |
|---|-----------------------------|
| 1. General Sales Service: | Rate Schedule GS-8 (Closed) |
| 2. Contract Sales Service: | Rider CSS (Closed) |
| 3. Aggregated Transportation Service: | Rate Schedule FTS-10 |
| 4. Transitional Transportation Service: | Rate Schedule FTS-10 |
| 5. Transportation Service: | Rate Schedule FTS-10 |
| 6. Contract Transportation Service: | Rider CTS |

Terms and Conditions of Service

1. Gas service provided to customers in this Service Classification shall be subject to the General Terms and Conditions set forth in this tariff, and other approved rules or regulations of the Company as applicable.

CLASSIFICATION OF SERVICE
(Continued)

Service Classification No. 11: 1,000,000 – 2,500,000 Annual Therms

Applicability

Commercial or Industrial customers whose metered consumption is greater than 1,000,000 therms up to 2,500,000 therms per year. The maximum delivery pressure provided to customers served under this rate schedule shall be the lesser of the MAOP at the customer location or one-hundred (100) p.s.i.g.

Service Options

- | | |
|---|-----------------------------|
| 1. General Sales Service: | Rate Schedule GS-9 (Closed) |
| 2. Contract Sales Service: | Rider CSS (Closed) |
| 3. Aggregated Transportation Service: | Rate Schedule FTS-11 |
| 4. Transitional Transportation Service: | Rate Schedule FTS-11 |
| 5. Transportation Service: | Rate Schedule FTS-11 |
| 6. Contract Transportation Service: | Rider CTS |

Terms and Conditions of Service

1. Gas service provided to customers in this Service Classification shall be subject to the General Terms and Conditions set forth in this tariff, and other approved rules or regulations of the Company as applicable.

CLASSIFICATION OF SERVICE
(Continued)

Service Classification No. 12: 2,500,000 – 10,000,000 Annual Therms

Applicability

Commercial or Industrial customers whose metered consumption is greater than 2,500,000 therms up to 10,000,000 therms per year. The maximum delivery pressure provided to customers served under this rate schedule shall be the lesser of the MAOP at the customer location or one-hundred (100) p.s.i.g.

Service Options

- | | |
|---|-----------------------------|
| 1. General Sales Service: | Rate Schedule GS-9 (Closed) |
| 2. Contract Sales Service: | Rider CSS (Closed) |
| 3. Aggregated Transportation Service: | Rate Schedule FTS-12 |
| 4. Transitional Transportation Service: | Rate Schedule FTS-12 |
| 5. Transportation Service: | Rate Schedule FTS-12 |
| 6. Contract Transportation Service: | Rider CTS |

Terms and Conditions of Service

1. Gas service provided to customers in this Service Classification shall be subject to the General Terms and Conditions set forth in this tariff, and other approved rules or regulations of the Company as applicable.

CLASSIFICATION OF SERVICE
(Continued)

Service Classification No. 13: Greater than 10,000,000 Annual Therms

Applicability

Commercial or Industrial customers whose metered consumption is greater than 10,000,000 therms per year. The maximum delivery pressure provided to customers served under this rate schedule shall be the lesser of the MAOP at the customer location or one-hundred (100) p.s.i.g.

Service Options

- | | |
|---|-----------------------------|
| 1. General Sales Service: | Rate Schedule GS-9 (Closed) |
| 2. Contract Sales Service: | Rider CSS (Closed) |
| 3. Aggregated Transportation Service: | Rate Schedule FTS-13 |
| 4. Transitional Transportation Service: | Rate Schedule FTS-13 |
| 5. Transportation Service: | Rate Schedule FTS-13 |
| 6. Contract Transportation Service: | Rider CTS |

Terms and Conditions of Service

1. Gas service provided to customers in this Service Classification shall be subject to the General Terms and Conditions set forth in this tariff, and other approved rules or regulations of the Company as applicable.

SERVICE OPTIONS
(Continued)

4. TRANSITIONAL TRANSPORTATION SERVICE

All Customer Classifications in all Service Classifications, except customers served under the Flexible Gas Service rate schedule or under a Special Contract, may elect to transport customer owned gas on the Company's distribution system as part of a Transitional Transportation Service Customer Pool. This service shall be provided in accordance with Section 17.3, Transitional Transportation Service, Sheet Nos. 112.1 – 112.5.

5. TRANSPORTATION SERVICE

All Customer Classifications in all Service Classifications, whose annual metered gas volume exceeds 100,000 therms, may elect to individually transport customer owned gas on the Company's distribution system. This service shall be provided in accordance with Section 17.1, Transportation Service, Sheet Nos. 101 to 105.

6. CONTRACT TRANSPORTATION SERVICE

Alternate Fuel Customers (metered gas volume over 50,000 annual therms) may elect to purchase natural gas from a supplier and arrange for the transportation of said natural gas on the interstate pipeline for delivery into the Company's distribution system. Customers electing this service option must enter into a contract with the Company to transport customer owned gas on the Company's distribution system for a period of not less than one year. The Monthly Rate for this service option shall be subject to the Company's Competitive Rate Adjustment pricing mechanism. It is the intention of the Company that the Monthly Rate be determined based upon the competitive pricing of the customer's alternate fuel. In establishing the customer's Monthly Rate, the Company may analyze: the cost of gas available to the customer; the delivered price of the customer's alternate fuel; the availability of such fuel; and the nature of the customer's operations. The Company may from time to time increase or reduce the Monthly Rate as it deems necessary or appropriate to compete with alternate fuel, but shall have no obligation to do so. Contract Transportation Service shall be provided in accordance with Section 17, Transportation Services, Sheet Nos. 101 to 112 (as applicable), and Rider CTS, Sheet Nos. 62 to 64.

SERVICE OPTIONS
(Continued)

7. FLEXIBLE GAS SERVICE

At the sole option of the Company, service agreements with terms and conditions other than those set forth in the Company's tariff, may be executed with customers demonstrating viable alternate fuel options. Under this service option, the Company assumes the investment risk of serving the customer in return for the option to establish rates, capital repayment, length of service, operating conditions, etc. outside the normal regulatory process. Flexible Gas Service customers must not cause any additional cost to the Company's other customer.

8. SPECIAL CONTRACTS

Any customer who, at the sole option of the Company, and with the approval of the Commission, receives general sales or transportation service from the Company under written contractual terms and conditions other than those set forth in the Company's approved tariff.

9. LOAD PROFILE ENHANCEMENT SERVICE

Residential, commercial and industrial customers served under any Rate Schedule, adding separately metered incremental gas volumes consumed during the months of April through October may elect the rate discount available under Rider LE, Sheet Nos. 57 to 58.

10. THIRD PARTY MARKETER SERVICE

Any Shipper Designee or Pool Manager that transports Gas on the Company's distribution system under Transportation Service, Transportation Aggregation Service and/or Transitional Transportation Service.

INDEX OF RATE SCHEDULES

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Firm Transportation Service - A	FTS-A	40
Firm Transportation Service - B	FTS-B	40.1
Firm Transportation Service - 1	FTS-1	40.2
General Sales Service - 2	GS-2	41 (Closed)
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General Sales Service - 3	GS-3	43 (Closed)
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Firm Transportation Service - 8	FTS-8	54
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Firm Transportation Service - 9	FTS-9	56
Firm Transportation Service – 10	FTS-10	56.1
Firm Transportation Service – 11	FTS-11	56.2
Firm Transportation Service – 12	FTS-12	56.3
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Flexible Gas Service	FGS	71
Miscellaneous Charges and Fees	MCF	73
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FIRM TRANSPORTATION SERVICE - A
Rate Schedule FTS-A

Availability:

Throughout the service area of the Company.

Applicability:

Transportation Aggregation Service and Transitional Transportation Service available to, where applicable, Residential, Commercial and Industrial customers whose annual metered transportation volume is 0 therms up to 130 therms. This rate schedule is closed to all customers, except those receiving service under rate schedules FTS-A or FTS-B as of the Effective Date of this tariff sheet.

Monthly Rate:

Firm Transportation Charge:	\$10.00
Usage Charge:	\$0.44073 per therm
Minimum Bill:	The Firm Transportation Charge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 79.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of transportation service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the Monthly Rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, transportation under this rate schedule shall be billed at Monthly Rates stated herein.

FIRM TRANSPORTATION SERVICE - B
Rate Schedule FTS-B

Availability:

Throughout the service area of the Company.

Applicability:

Transportation Aggregation Service and Transitional Transportation Service available to, where applicable, Residential, Commercial and Industrial customers whose annual metered transportation volume is greater than 130 therms up to 250 therms. This rate schedule is closed to all customers, except those receiving service under rate schedules FTS-A or FTS-B as of the Effective Date of this tariff sheet.

Monthly Rate:

Firm Transportation Charge:	\$12.50
Usage Charge:	\$0.44073 per therm
Minimum Bill:	The Firm Transportation Charge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 79.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of transportation service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the Monthly Rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, transportation under this rate schedule shall be billed at Monthly Rates stated herein.

FIRM TRANSPORTATION SERVICE - 1
Rate Schedule FTS-1

Availability:

Throughout the service area of the Company.

Applicability:

Transportation Aggregation Service and Transitional Transportation Service available to, where applicable, Residential, Commercial and Industrial customers whose annual metered transportation volume is 0 therms up to 500 therms. The maximum delivery pressure provided to customers served under this rate schedule shall be the lesser of the MAOP at the customer location or five (5) p.s.i.g.

Monthly Rate:

Firm Transportation Charge:	\$15.00
Usage Charge:	\$0.44073 per therm
Minimum Bill:	The Firm Transportation Charge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 79.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of transportation service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the Monthly Rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, transportation under this rate schedule shall be billed at Monthly Rates stated herein.

FIRM TRANSPORTATION SERVICE - 2
Rate Schedule FTS-2

Availability:

Throughout the service area of the Company.

Applicability:

Transportation Aggregation Service and Transitional Transportation Service available to, where applicable, Residential, Commercial and Industrial customers whose annual metered transportation volume is greater than 500 therms up to 3,000 therms. The maximum delivery pressure provided to customers served under this rate schedule shall be the lesser of the MAOP at the customer location or fifty (50) p.s.i.g.

Monthly Rate:

Firm Transportation Charge:	\$27.50
Usage Charge:	\$0.29356 per therm
Minimum Bill:	The Firm Transportation Charge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 79.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of transportation service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the Monthly Rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, transportation under this rate schedule shall be billed at Monthly Rates stated herein.

FIRM TRANSPORTATION SERVICE - 3
Rate Schedule FTS-3

Availability:

Throughout the service area of the Company.

Applicability:

Transportation Aggregation Service and Transitional Transportation Service available to, where applicable, Residential, Commercial and Industrial customers whose annual metered transportation volume is greater than 3,000 therms up to 10,000 therms. The maximum delivery pressure provided to customers served under this rate schedule shall be the lesser of the MAOP at the customer location or fifty (50) p.s.i.g.

Monthly Rate:

Firm Transportation Charge:	\$120.00
Usage Charge:	\$0.13228 per therm
Minimum Bill:	The Firm Transportation Charge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 79.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of transportation service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the Monthly Rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, transportation under this rate schedule shall be billed at Monthly Rates stated herein.

FIRM TRANSPORTATION SERVICE - 4
Rate Schedule FTS-4

Availability:

Throughout the service area of the Company.

Applicability:

Transportation Aggregation Service and Transitional Transportation Service available to Commercial and Industrial customers whose annual metered transportation volume is greater than 10,000 therms up to 25,000 therms. The maximum delivery pressure provided to customers served under this rate schedule shall be the lesser of the MAOP at the customer location or fifty (50) p.s.i.g.

Monthly Rate:

Firm Transportation Charge:	\$250.00
Usage Charge:	\$0.10396 per therm
Minimum Bill:	The Firm Transportation Charge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 79.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of transportation service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the Monthly Rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, transportation under this rate schedule shall be billed at Monthly Rates stated herein.

FIRM TRANSPORTATION SERVICE - 5
Rate Schedule FTS-5

Availability:

Throughout the service area of the Company.

Applicability:

Transportation Aggregation Service and Transitional Transportation Service available to Commercial and Industrial customers whose annual metered transportation volume is greater than 25,000 therms up to 50,000 therms. The maximum delivery pressure provided to customers served under this rate schedule shall be the lesser of the MAOP at the customer location or fifty (50) p.s.i.g.

Monthly Rate:

Firm Transportation Charge:	\$430.00
Usage Charge:	\$0.09270 per therm
Minimum Bill:	The Firm Transportation Charge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 79.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of transportation service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the Monthly Rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, transportation under this rate schedule shall be billed at Monthly Rates stated herein.

FIRM TRANSPORTATION SERVICE - 6
Rate Schedule FTS-6

Availability:

Throughout the service area of the Company.

Applicability:

Transportation Aggregation Service and Transitional Transportation Service available to Commercial and Industrial customers whose annual metered transportation volume is greater than 50,000 therms up to 100,000 therms. The maximum delivery pressure provided to customers served under this rate schedule shall be the lesser of the MAOP at the customer location or fifty (50) p.s.i.g.

Monthly Rate:

Firm Transportation Charge:	\$795.00
Usage Charge:	\$0.07530 per therm
Minimum Bill:	The Firm Transportation Charge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 79.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of transportation service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the Monthly Rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, transportation under this rate schedule shall be billed at Monthly Rates stated herein.

FIRM TRANSPORTATION SERVICE - 7
Rate Schedule FTS-7

Availability:

Throughout the service area of the Company.

Applicability:

Transportation Service, Transportation Aggregation Service and Transitional Transportation Service available to Commercial and Industrial customers whose annual metered transportation volume is greater than 100,000 therms up to 200,000 therms. The maximum delivery pressure provided to customers served under this rate schedule shall be the lesser of the MAOP at the customer location or one-hundred (100) p.s.i.g.

Monthly Rate:

Firm Transportation Charge:	\$1,100.00
Usage Charge:	\$0.05106 per therm
Minimum Bill:	The Firm Transportation Charge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 79.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of transportation service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the Monthly Rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, transportation under this rate schedule shall be billed at Monthly Rates stated herein.

FIRM TRANSPORTATION SERVICE - 8
Rate Schedule FTS-8

Availability:

Throughout the service area of the Company.

Applicability:

Transportation Service, Transportation Aggregation Service and Transitional Transportation Service available to Commercial and Industrial customers whose annual metered transportation volume is greater than 200,000 therms up to 400,000 therms. The maximum delivery pressure provided to customers served under this rate schedule shall be the lesser of the MAOP at the customer location or one-hundred (100) p.s.i.g.

Monthly Rate:

Firm Transportation Charge:	\$1,875.00
Usage Charge:	\$0.04525 per therm
Minimum Bill:	The Firm Transportation Charge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 79.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of transportation service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the Monthly Rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, transportation under this rate schedule shall be billed at Monthly Rates stated herein.

FIRM TRANSPORTATION SERVICE - 9
Rate Schedule FTS-9

Availability:

Throughout the service area of the Company.

Applicability:

Transportation Service, Transportation Aggregation Service and Transitional Transportation Service available to Commercial and Industrial customers whose annual metered transportation volume is greater than 400,000 therms up to 700,000 therms. The maximum delivery pressure provided to customers served under this rate schedule shall be the lesser of the MAOP at the customer location or one-hundred (100) p.s.i.g.

Monthly Rate:

Firm Transportation Charge:	\$3,025.00
Usage Charge:	\$0.04015 per therm
Minimum Bill:	The Firm Transportation Charge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 79.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of transportation service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the Monthly Rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, transportation under this rate schedule shall be billed at Monthly Rates stated herein.

FIRM TRANSPORTATION SERVICE - 10
Rate Schedule FTS-10

Availability:

Throughout the service area of the Company.

Applicability:

Transportation Service, Transportation Aggregation Service and Transitional Transportation Service available to Commercial and Industrial customers whose annual metered transportation volume is greater than 700,000 therms up to 1,000,000 therms. The maximum delivery pressure provided to customers served under this rate schedule shall be the lesser of the MAOP at the customer location or one-hundred (100) p.s.i.g.

Monthly Rate:

Firm Transportation Charge:	\$6,125.00
Usage Charge:	\$0.03540 per therm
Minimum Bill:	The Firm Transportation Charge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 79.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of transportation service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the Monthly Rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, transportation under this rate schedule shall be billed at Monthly Rates stated herein.

FIRM TRANSPORTATION SERVICE - 11
Rate Schedule FTS-11

Availability:

Throughout the service area of the Company.

Applicability:

Transportation Service, Transportation Aggregation Service and Transitional Transportation Service available to Commercial and Industrial customers whose annual metered transportation volume is greater than 1,000,000 therms up to 2,500,000 therms. The maximum delivery pressure provided to customers served under this rate schedule shall be the lesser of the MAOP at the customer location or one-hundred (100) p.s.i.g.

Monthly Rate:

Firm Transportation Charge:	\$9,150.00
Usage Charge:	\$0.03263 per therm
Minimum Bill:	The Firm Transportation Charge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 79.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of transportation service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the Monthly Rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, transportation under this rate schedule shall be billed at Monthly Rates stated herein.

FIRM TRANSPORTATION SERVICE - 12
Rate Schedule FTS-12

Availability:

Throughout the service area of the Company.

Applicability:

Transportation Service, Transportation Aggregation Service and Transitional Transportation Service available to Commercial and Industrial customers whose annual metered transportation volume is greater than 2,500,000 therms up to 10,000,000 therms. The maximum delivery pressure provided to customers served under this rate schedule shall be the lesser of the MAOP at the customer location or one-hundred (100) p.s.i.g.

Monthly Rate:

Firm Transportation Charge:	\$13,250.00
Usage Charge:	\$0.03053 per therm
Minimum Bill:	The Firm Transportation Charge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 79.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of transportation service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the Monthly Rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, transportation under this rate schedule shall be billed at Monthly Rates stated herein.

FIRM TRANSPORTATION SERVICE - 13
Rate Schedule FTS-13

Availability:

Throughout the service area of the Company.

Applicability:

Transportation Service, Transportation Aggregation Service and Transitional Transportation Service available to Commercial and Industrial customers whose annual metered transportation volume is greater than 10,000,000 therms. The maximum delivery pressure provided to customers served under this rate schedule shall be the lesser of the MAOP at the customer location or one-hundred (100) p.s.i.g.

Monthly Rate:

Firm Transportation Charge:	\$13,333.33
Usage Charge:	\$0.00000 per therm
Minimum Bill:	The Firm Transportation Charge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 79.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of transportation service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the Monthly Rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, transportation under this rate schedule shall be billed at Monthly Rates stated herein.

THIRD PARTY MARKETER - 1
Rate Schedule TPM-1

Availability:

Throughout the service area of the Company.

Applicability:

Service under this Rate Schedule is applicable to all Shipper Designee's and Pool Managers (such entities designated as Third Party Marketers) delivering, or causing to be delivered, Gas to the Company's distribution system for transportation to Customers and who utilize the Company for billing Gas costs to Customers.

Monthly Rate:

Third Party Marketer Charge:	\$100.00
CAAS Charge:	\$3.00 per Customer

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 79.

THIRD PARTY MARKETER - 2
Rate Schedule TPM-2

Availability:

Throughout the service area of the Company.

Applicability:

Service under this Rate Schedule is applicable to all Shipper Designee's and Pool Managers (such entities designated as Third Party Marketers) delivering, or causing to be delivered, Gas to the Company's distribution system for transportation to Customers and who do not utilize the Company for billing Gas costs to Customers.

Monthly Rate:

Third Party Marketer Charge:	\$172.50
CAAS Charge:	\$0.00 per Customer

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 79.

CONTRACT TRANSPORTATION SERVICE
Rider CTS

Availability:

In all of the Company's service area.

Applicability:

To any alternate fuel customer who enters into a Transportation Service Agreement with the Company, for a minimum term of one year, and who would otherwise qualify for service under Rate Schedule FTS-6 or above. Service under this Rider shall be subject to: (a) the special conditions set forth in this Rider, (b) the provisions of the Transportation Service Agreement between the Company and the Customer, if applicable and, (c) the Customer's ability to arrange sufficient transportation service by transporter(s).

Monthly Rate:

The Monthly Rate for service hereunder shall be subject to a flexible pricing mechanism. It is the intention of Company that the Monthly Rate shall be determined based upon competition with Customer's alternate fuel.

The Monthly Rate to Customer shall be determined by Company based upon Company's evaluation of competitive conditions. Such conditions may include, but are not necessarily limited to: the cost of gas which is available to serve Customer; the delivered price of Customer's designated alternate fuel; the availability of such fuel; and the nature of Customer's operations. Company may from time to time increase or reduce the Monthly Rate as it deems necessary or appropriate to compete with alternate fuel, but shall have no obligation to do so.

CONTRACT TRANSPORTATION SERVICE
Rider CTS
(Continued)

Customer may at any time request a reduction in its transportation charge by completing the Form CRA – CTS or CRA – BYPASS that appears on Sheet Nos. 67.1 and 67.2 or 67.3 and 67.4, respectively, and submitting the same to Company. During any period in which the Monthly Rate is discounted, Customer shall complete and submit the same form with then current information as close as practicable to the first day of each month.

Company will notify customer immediately by telephone communication to be followed by written notification within 24 hours of any change in the Monthly Rate under this Rate Schedule. The rate change shall be effective at 9:00 a.m. Central Clock Time on the first day of the Month for which the rate applies or at 9:00 a.m. Central Clock Time on the day following notification to customer of a change in rates which may occur at any time during the billing month.

Notwithstanding the other provisions of this Rate Schedule, the Company may enter into a contract with an alternate fuel transportation customer to provide service under terms other than those set forth herein; provided that the charges prescribed in any such contract shall be established with the objective of enabling the Company to recover at a minimum the fully allocated cost of serving that customer. Any such contract shall be subject to approval by the Florida Public Service Commission, and the Commission shall have continuing jurisdiction over the rates charged therein.

Terms and Conditions of Service:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 - 79.
2. Service under this Rate Schedule is subject to the General Terms and Conditions of the Company applicable to transportation service.

CONTRACT TRANSPORTATION SERVICE

Rider CTS
(Continued)

3. Customer bears sole responsibility for all costs incurred up to the designated point of delivery on Company's system.
4. Service under this schedule shall be subject to the terms and conditions of the Transportation Service Agreement (TSA) between the Company and the Customer, if applicable, and, unless otherwise indicated herein or in the TSA, to the General Terms and Conditions set forth in this tariff.
5. Customer will notify the Company of its "first of the month" nomination to transporter eight business days prior to the first of the month.
5. Customer will notify the Company of any intra-month nominations to transporter at least twenty-four (24) hours before the effective date of such nominations.
6. Alternate Fuel Certification:
The customer shall certify that its cost of alternate fuel is less than the delivered cost of gas received under Company's Transportation Service. Determination of customer's cost of alternate fuel shall be based on information set forth in Company's Form CRA – CTS or CRA - BYPASS (set forth on Sheet Nos. 67.1 and 67.2 or 67.3 and 67.4, respectively). Once a customer has submitted such form, and the same has been accepted by the Company, the customer shall resubmit such form, with then current information, on the first day of each Month thereafter, and at any time there is any change in any information contained in a form previously submitted. The Monthly Rate for a customer who submits no Form CRA – CTS or CRA - BYPASS to Company, or who fails to submit such form (properly completed) as required hereunder, or whose completed form if not accepted by Company, shall be the currently applicable tariff rate.
7. Transportation service rendered under this Rate Schedule may be curtailed or fully interrupted at the sole discretion of the Company in accordance with the Transportation Service Agreement, if applicable, and the provisions of the Curtailment Plan. The Company assumes no liability for any loss or damage that may be sustained by customer by reason of any curtailment or interruption of transportation service rendered under this Rate Schedule.

(2) ENERGY CONSERVATION COST RECOVERY ADJUSTMENT CLAUSE:
Applicable:

To the Monthly Rate provision in each of the Company's Rate Schedules. Customers receiving service under Rate Schedules FTS-13, TPM-1, and TPM-2, a Special Contract, the Contract Sales Service, the Contract Transportation Service, the Off-System Sales Service and the Flexible Gas Service tariff Rate Schedules are specifically excluded from the application of the Energy Conservation Cost Recovery Adjustment Clause.

The bill for gas or transportation service supplied to a customer in any billing period shall be adjusted as follows:

Each Rate Schedule shall be increased or decreased to the nearest .001 cent multiplied by the tax factor of 1.00503 for each therm of gas sales or transportation to recover the conservation related expenditures by the Company. The Company shall record both projected and actual expenses and revenues associated with the implementation of the Company's energy conservation plan as authorized by the Commission. The procedure for the review, approval, recovery and recording of such costs and revenues is set forth in the Commission Rule 25-17.015, F.A.C.

The cost recovery factor for the period from January 1, 2004 through December 31, 2004 for each rate schedule is as follows:

<u>Rate Schedule</u>	<u>Classification of Service</u>	<u>\$ per therm</u>
GS-1/FTS-A	< 130 therms	\$0.12762
GS-1/FTS-B	>130 up to 250 therms	\$0.12762
GS-1/FTS-1	>0 up to 500 therms	\$0.12762
GS-2/FTS-2	>500 up to 3,000 therms	\$0.06704
GS-3/FTS-3	>3,000 up to 10,000 therms	\$0.04020
GS-4/FTS-4	>10,000 up to 25,000 therms	\$0.03155
GS-5/FTS-5	>25,000 up to 50,000 therms	\$0.02807
GS-6/FTS-6	>50,000 up to 100,000 therms	\$0.02134
GS-7/FTS-7	>100,000 up to 200,000 therms	\$0.01333
GS-8/FTS-8	>200,000 up to 400,000 therms	\$0.01333
GS-9/FTS-9	>400,000 up to 700,000 therms	\$0.01103
FTS-10	>700,000 up to 1,000,000 therms	\$0.01103
FTS-11	>1,000,000 up to 2,500,000 therms	\$0.00967
FTS-12	>2,500,000 up to 10,000,000 therms	\$0.00967

(3) ENVIRONMENTAL COST RECOVERY CLAUSE (ECR):

Applicable:

To the Monthly Rate provision in each of the Company's General Sales Service and Firm Transportation Service Rate Schedules. Customers receiving service under Rate Schedules FTS-13, TPM-1, and TPM-2, a Special Contract, the Contract Sales Service, the Contract Transportation Service, the Off-System Sales Service, and the Flexible Gas Service tariff rate schedules are specifically excluded from the application of the Environmental Cost Recovery Clause.

The Environmental Cost Recovery Clause specifically provides for the recovery of expenses incurred, or expected to be incurred, for the remediation of the Company's Manufactured Gas Plant site located in Winter Haven, Florida.

The Environmental Cost Recovery factors (rounded to the nearest \$.00001 per therm) shall include an amount to recover the appropriate regulatory fees (based on a multiplication factor of 1.00503)

The Environmental Cost Recovery factors, applied to the Monthly Rate for General Sales Service and Firm Transportation Service, for the period January 2004 to December 2004 for each rate schedule are as follows:

<u>Rate Schedule</u>	<u>Classification of Service</u>	<u>\$ per therm</u>
GS-1/FTS-A	< 130 therms	\$0.01199
GS-1/FTS-B	>130 up to 250 therms	\$0.01058
GS-1/FTS-1	< 500 therms	\$0.00882
GS-2/FTS-2	>500 up to 3,000 therms	\$0.00543
GS-3/FTS-3	>3,000 up to 10,000 therms	\$0.00340
GS-4/FTS-4	>10,000 up to 25,000 therms	\$0.00283
GS-5/FTS-5	>25,000 up to 50,000 therms	\$0.00256
GS-6/FTS-6	>50,000 up to 100,000 therms	\$0.00208
GS-7/FTS-7	>100,000 up to 200,000 therms	\$0.00151
GS-8/FTS-8	>200,000 up to 400,000 therms	\$0.00110
GS-9/FTS-9	>400,000 up to 700,000 therms	\$0.00096
FTS-10	>700,000 up to 1,000,000 therms	\$0.00162
FTS-11	>1,000,000 up to 2,500,000 therms	\$0.00086
FTS-12	>2,500,000 up to 10,000,000 therms	\$0.00064

(4) COMPETITIVE RATE ADJUSTMENT CLAUSE:
Applicable:

To the Monthly Rate provision in each of the Company's General Sales Service and Firm Transportation Service Rate Schedules. Customers receiving service under Rate Schedules FTS-13, TPM-1, and TPM-2, a Special Contract, the Contract Sales Service, the Contract Transportation Service, the Off-System Sales Service, and the Flexible Gas Service tariff rate schedules are specifically excluded from the application of the Competitive Rate Adjustment Clause.

The Monthly Rate for General Sales Service and Firm Transportation Service is subject to adjustment in accordance with the following provisions for prior Shortfalls or Surpluses in the Company's revenues resulting from service provided under the CSS and CTS riders, respectively.

- (a) For the purposes of this clause, the following definitions shall apply:
- (1) "Actual Revenue" means Company's actual Monthly Rate revenue derived from service provided to alternate fuel customers at rates prescribed, under the rates section of the CSS Rider or CTS Rider, during a Determination Period.
 - (2) "Tariff Revenue" means the Monthly Rate revenue which Company would have derived had all gas sold or transported at rates prescribed, under the "Currently Applicable Tariff Rate," during a Determination Period, been billed at the tariff Monthly Rate.
 - (3) "Currently Applicable Tariff Rate" means the General Sales Service or Firm Transportation Service Rate Schedule for which the customer would otherwise qualify for service.
 - (4) "Surplus" means the amount, if any, by which Florida Division's Actual Revenue exceeds its Tariff Revenue for a Determination Period.
 - (5) "Shortfall" means the amount, if any, by which the Florida Division's Tariff Revenue exceeds its Actual Revenue for a Determination Period.
- (b) The existence of a Shortfall or Surplus shall be determined by comparing Florida Division's Actual Revenue with its Tariff Revenue. This determination shall be made each year for the twelve months ending December 31("Determination Period").
- (c) Adjustments to firm rates pursuant to this clause shall be implemented during an "Adjustment Period," which shall be the twelve months immediately following the Determination Period in the event of a Surplus. In the event of a Shortfall, any twelve successive months ending on a December 31 within five years following the Determination Period may be an Adjustment Period.

- (d) In the event of a Surplus, Florida Division shall reduce rates to General Sales Service and Firm Transportation Service customers to credit them with revenues equal to one-half the Surplus. In the event of a Shortfall, Company may increase rates to Firm Transportation Service customers to recover an amount not to exceed one-half the Shortfall. The amount of any credit or recovery is governed by the following:

$$\text{Surplus credit} = (\text{Actual Revenue} - \text{Tariff Revenue}) \times 0.5$$
$$\text{Shortfall recovery} = (\text{Tariff Revenue} - \text{Actual Revenue}) \times 0.5$$

- (e) A Surplus credit or Shortfall recovery shall be implemented during an adjustment period by reducing or increasing the Monthly Rate prescribed in each General Sales Service and Firm Transportation Service rate schedule of this tariff. An adjustment factor shall be computed for each applicable rate schedule. The computation of adjustment factors for each rate schedule shall conform to the methodology approved by the Commission for use in determining cost recovery factors by rate schedule in the Company's Energy Conservation Cost Recovery Adjustment Clause.

Any variation between the actual credit to General Sales Service and Firm Transportation Service customers and the amount calculated pursuant to the preceding paragraph, or between the Actual Shortfall recovery and the amount which the Florida Division elected to recover in an Adjustment Period, shall be "trued-up" during the succeeding twelve months pursuant to methodology approved by the Florida Public Service Commission.

- (f) Company may defer all or a portion of a Shortfall recovery to a subsequent Adjustment Period or portion thereof.

(5) OPERATIONAL BALANCING ACCOUNT

The Company shall assign to Customers, Shippers, Shipper's Designees or Pool Managers, directly or by reasonable allocation, all Transporter charges or credits received by the Company as Delivery Point Operator (DPO) on Transporter's interstate pipeline system. The Company shall assign to Customers, Shippers, Shipper's Designees or Pool Managers, directly or by reasonable allocation, all imbalance resolution charges as defined in Section 17, Transportation Services. It is the intent of this tariff that the Company shall be authorized to recover or refund such other charges or credits, related to the provision of transportation service, as have historically been recovered from or allocated to Customers pursuant to the Commission's ongoing Purchased Gas Adjustment cost recovery proceedings.

Customers, Shippers, Shipper's Designees or Pool Managers causing Gas to be delivered to the Company's distribution system shall be required to "cash-out" net imbalances, and other such charges or credits as may be directly assigned or allocated, in their operational balancing account at the end of each Gas Month. If the Company and Customer, Shipper, Shipper's Designee or Pool Manager mutually agree, the monthly Operational Balancing Account net charge or credit may be rolled-over to a succeeding monthly period(s) in accordance with such terms as may be established by the such parties. The monthly imbalance cash-out provisions for delivery imbalances are identified in Section 17, Transportation Services, of this tariff.

The Operational Balancing Account provides the tool by which the Company allocates the following charges or credits:

- (a) Charges or credits associated with balancing the Company's Delivery Points with Transporters.

- (b) Charges or credits associated with balancing, on a Monthly basis, the actual receipts of Gas by Company for Customers, Shippers, Shipper's Designees or Pool Managers, net of transportation shrinkage, to the actual deliveries of Gas by Company for Customers, Shippers, Shipper's Designees or Pool Managers.
 - (c) Charges or credits associated with unrelinquished Transporter capacity.
 - (d) Charges or credits associated with providing Supplier of Last Resort services in the event of the default of a Pool Manager under a TTS Agreement.
 - (e) In the event Company experiences unaccounted for Gas on its distribution system, Company shall be entitled to recover the cost of such unaccounted for Gas. Costs associated with transportation shrinkage, if any, shall be based upon Company's operating experience, and Company shall have the right to adjust such cost from time to time to reflect operating experience and/or any change in methodology used by Company to calculate the amount of Gas deemed as transportation shrinkage. Upon request, Company shall furnish to Customer, Shipper, Shipper's Designee or Pool Manager information to support such cost allocation.
 - (f) This mechanism should not be deemed to preclude the Company from recovering other penalties and charges from its Customers as defined in Section 17, Transportation Services, of this tariff, the Transportation Service Agreement, Transportation Aggregation Service Agreement or Transitional Transportation Service Agreement.
- (6) TAXES AND OTHER ADJUSTMENTS APPLICABLE TO ALL RATE SCHEDULES:
There will be added to all bills rendered, all applicable local utility and franchise taxes and state gross receipts and sales taxes presently assessed by governmental authority; as well as future changes or new assessments by any governmental authority subsequent to the effective date of this tariff. All such assessments as described above shall be shown on Customer bills.

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GENERAL TERMS AND CONDITIONS
(Continued)

Gas service will be measured by a meter or meters at each point of delivery and the applicable rates set forth in the applicable rate schedule shall be applied to the quantity of gas so measured to determine the amount of the bill.

If a Customer transports gas under more than one rate schedule, the gas service rendered under each rate schedule shall be separately metered and separate bills shall be calculated for each type of gas service rendered. If a Customer transports gas under a particular rate schedule but receives delivery thereof at more than a single point of delivery, the Company shall consider such deliveries as separate gas service and will calculate separate bills therefore except for the convenience of the Company.

5.5 Change of Occupancy

When change of occupancy takes place on any premises to which the Company renders gas service, notice thereof shall be given by the Customer not less than three (3) days prior to the date of change. The Customer will be held responsible for all gas service furnished to such premises until such notice is received by the Company and the Company has had reasonable time to discontinue the gas service; however, the Company will automatically terminate gas service to the Customer upon receipt of an application of a succeeding occupant, if such notice has not been received prior thereto.

5.6 Delinquent Bills

Bills are due when rendered, and are delinquent in accordance with the rules established by the Florida Public Service Commission. Gas service will be discontinued after five (5) days written notice to the Customer subsequent to such delinquent date and, if discontinued, such service will not be restored until all bills are paid in full and a delinquent reconnect charge is paid (see Sheet No. 73).

5.7 Estimated or Adjusted Bills

Meter readings will be adjusted to compensate for meter inaccuracy or meter reading errors and may be estimated in the case of non-registering meters or the inability to obtain access to the meter on the regular meter reading date. Bills will contain reference to "Estimated Reading".

GENERAL TERMS AND CONDITIONS
(Continued)

11. RESTORATION OF SERVICE

11.1 After Discontinuance for Cause

When service has been discontinued for any of the reasons set forth in or violation of the General Terms and Conditions, service will be restored only after the following conditions are met:

- (a) All delinquent bills and amounts due Company are paid in full by Customer including a charge (see Sheet No. 73) for reconnection of service, damages, or fraudulent use.
- (b) All conditions creating violations of these General Terms and Conditions, unsafe conditions, misuse or fraudulent uses have been corrected by Customer and proven satisfactory to Company.
- (c) Customer has provided the required deposit.

11.2 After Termination of Service

Customers who restore service at the same location at which service has been terminated for a period of less than twelve (12) months, will be charged the Firm Transportation Charge for each month that service was terminated; provided that service has not been made to another customer at the same location during said period of service termination.

GENERAL TERMS AND CONDITIONS
(Continued)

12. TERMINATION OF SERVICE

Subject to any existing Agreement between Customer and Company, if Customer wishes the gas service to be terminated, Customer shall give notice at the office of the Company at least three (3) days prior to the time that such termination shall become effective. Customer will be held liable both for any gas that may pass through the meter and safe custody of the Company's property until the meter has been shut off and locked by the Company.

If Customer wishes Company's property to be removed, he shall give notice at the office of the Company at least ten (10) days prior to the time of such requested removal.

13. LIMITATION OF GAS SUPPLY

Company reserves the right, subject to regulatory authority having jurisdiction, to limit, restrict or refuse service that will result in additions to its distribution system that may jeopardize service to existing customers.

14. QUALITY OF GAS

The Quality of Gas delivered to the Company shall meet the same specifications as the FERC-approved tariff requirements of the upstream interstate pipeline systems connected to Company.

15. APPLICABILITY OF GENERAL TERMS AND CONDITIONS

Unless otherwise provided in an agreement approved by the Commission, these General Terms and Conditions apply to gas service rendered by the Florida Division in the entire service area of the Company, as such distribution system is now constituted and as it may be enlarged or extended, and to any new distribution system which may be acquired or constructed by the Florida Division.

GENERAL TERMS AND CONDITIONS
(Continued)

16. OWNERSHIP OF PROPERTY

The Company will own, operate and maintain all service pipes, regulators, vents, meters, meter connections, valves and other apparatus from Company mains to the outlet side of the meter and shall have a perpetual right of ingress and egress thereto.

17. TRANSPORTATION SERVICES

17.1 Transportation Service

- (a) The Company offers Transportation Service (TS) service to all large use Customers desiring to transport gas through the Company's distribution system on an individual basis. Each individual Customer, in order to qualify for the TS service must have an annual usage of over 100,000 therms per year.

Upon receipt of Customer's request for TS (see Sheet No. 125), the Company shall have 30 days to process the request and make proper arrangements with the upstream interstate pipeline system to accommodate Customer's request. Service will begin on the first day of the month after the 30 day period for processing, provided that timely nominations for the first day of the month, in accordance with the interstate pipeline's tariff, can be made by Customer.

Each Customer electing this service will be required to transport all of their natural gas requirements under this TS service.

Each Customer electing this service shall have electronic telemetering equipment installed on their measurement equipment.

GENERAL TERMS AND CONDITIONS
(Continued)

(c) Use of Relinquished Capacity; Recall Rights

The Customers use of the relinquished capacity and the Company's right to recall shall be as stated in the Transportation Services Agreement.

(d) Customer Account Administration Service

If requested by the Shipper Designee administering service hereunder, Company shall provide to the Shipper Designee a Customer Account Administration Service to include customer service functions, gas supply billing and collections, and customer account transaction records maintenance for each Customer served by the Shipper Designee. Company shall charge Shipper Designee under rate schedule TPM-1 for such optional service.

(e) Scheduling and Nominating

The Customer, or its authorized designee, shall submit to the Company all scheduling and nominating information simultaneously with its submission to the interstate pipeline system.

(f) Monthly Balancing

The balancing of the quantity of Gas scheduled by the Customer and the actual usage by the Customer shall be done on a monthly basis. The Company and the Customer will resolve all imbalances at the end of each Month, as follows:

- (1) If the monthly imbalance is positive (amount of Gas scheduled is greater than actual usage by Customer), the Company shall credit to the Customer an amount based on such monthly imbalance multiplied by the price that is consistent with the then effective interstate pipeline system's cash-out methodology, with respect to the use of indexes, imbalance levels and applicable factors.
- (2) If the monthly imbalance is negative (amount of Gas scheduled is less than actual usage by Customer), the Company shall charge to the Customer an amount based on such monthly imbalance multiplied by the price that is consistent with the then effective interstate pipeline system's cash-out methodology, with respect to the use of indexes, imbalance levels and applicable factors.

GENERAL TERMS AND CONDITIONS
(Continued)

- (3) Prior to initiation of Transportation Service, the Company will provide to the Customer, by electronic means, facsimile or by hard copy, a copy of the current, approved cash out provisions of the interstate pipeline tariff. The Company further agrees to provide to the Customer, by electronic means or facsimile, a copy of all FERC approved changes to the cash out provisions within 15 days of the Company's receipt of the applicable interstate pipeline tariff. In addition, the Company will maintain, at each of its offices and on the Company's web site, a copy of the currently effective interstate pipeline's cash out provisions.

GENERAL TERMS AND CONDITIONS
(Continued)

(e) Capacity Release

The Company shall release on behalf of an Existing Customer (defined as a Customer who has received natural gas service from the Company prior to the effective date of the Transitional Transportation Service section of the tariff) to its chosen Pool Manager, interstate pipeline capacity based upon the peak capacity allocation method as further defined herein. For all rate classes up to and including the FTS-6 rate class, capacity shall be allocated at the maximum consumption level for said rate class. For FTS-7 rate class and above customers, capacity shall be allocated to each specific customer based on their actual peak month usage quantity in calendar year 2001. The Company shall allocate a blend of Florida Gas Transmission and Gulfstream Natural Gas interstate pipeline capacity for each rate classification. All Pool Managers shall receive the same per customer capacity allocation from each pipeline, based on the rate class capacity methodology described above. Capacity release will be made on a temporary basis, in accordance with applicable FERC rules and regulations, as they may change from time to time.

The interstate pipeline Receipt Points, Delivery Points and the Maximum Daily Transportation Quantities (MDTQ) that the Company shall relinquish hereunder during each individual month of the year shall be as set forth in the executed Aggregated Transportation Services Agreement between the Pool Manager and the Company.

The Pool Manager shall diligently and in a timely manner take all actions required under the approved tariff of the interstate pipeline to acquire the firm capacity rights to be relinquished. Upon completion of the above actions, the Pool Manager shall accept the temporary pipeline capacity relinquishment from the Company.

New Customers (defined as a Customer who has not received natural gas service from the Company prior the effective date of the Transitional Transportation Service section of the tariff) shall not be required to take interstate pipeline capacity from the Company.

GENERAL TERMS AND CONDITIONS
(Continued)

(f) Meter Reading

Each individual Customer whose annual consumption is 100,000 therms or less shall continue to have their meter read during the normal monthly cycle for the meter route Customer resides within.

(g) Customer Account Administration Service

If requested by the Pool Manager administering service hereunder, Company shall provide to the Pool Manager a Customer Account Administration Service to include customer service functions, gas supply billing and collections, and customer account transaction records maintenance for each account in the Aggregation Pool. Company shall charge Pool Manager under rate schedule TPM-1 for such optional service.

(h) Scheduling and Nominating

The Pool Manager shall submit to the Company all scheduling and nominating information simultaneously with its submission to the interstate pipeline system.

(i) Monthly Balancing

The balancing of the monthly quantity of Gas scheduled and nominated for the Aggregation Pool and the actual monthly usage by the sum of all individual Customers shall be done on a monthly basis, or such other period as the Company and Pool Manager shall mutually agree. The Company and the Pool Manager will resolve all imbalances, as follows:

- (1) If the monthly imbalance is positive (amount of Gas scheduled is greater than aggregated actual usage by Customers), the Company shall credit to the Pool Manager an amount based on such monthly imbalance at a price that is consistent with the then effective interstate pipeline system's cash-out methodology, with respect to the use of indexes, imbalance levels and applicable factors.

GENERAL TERMS AND CONDITIONS
(Continued)

(g) Customer Account Administration Service

The Company shall provide to the TTS Pool Manager(s) a Customer Account Administration Service that includes customer service functions, gas supply billing and collections, and customer account transaction records maintenance for each account in the TTS Pool. The Company shall charge the TTS Pool Manager(s) under rate schedule TPM-1 for this required service.

(h) Scheduling and Nominating

The TTS Pool Manager(s) shall submit to the Company all scheduling and nominating information simultaneously with its submission to the interstate pipeline system.

(i) Monthly Balancing

The balancing of the monthly quantity of Gas scheduled and nominated for the TTS Pool(s) and the actual monthly usage by the sum of all individual TTS Customers shall be done on a monthly basis, or such other period as the Company and the TTS Pool Manager(s) shall mutually agree. The Company and the TTS Pool Manager(s) will resolve all imbalances as follows:

- (1) If the monthly imbalance is positive (amount of Gas scheduled is greater than aggregated actual usage by TTS Customers), the Company shall credit to the TTS Pool Manager(s) an amount based on such monthly imbalance multiplied by the price that is consistent with the then effective interstate pipeline system's cash-out methodology, with respect to the use of indexes, imbalance levels and applicable factors.
- (2) If the monthly imbalance is negative (amount of Gas scheduled is less than aggregated actual usage by TTS Customers), the Company shall charge to the TTS Pool Manager(s) an amount based on such monthly imbalance multiplied by the price that is consistent with the then effective interstate pipeline system's cash-out methodology, with respect to the use of indexes, imbalance levels and applicable factors.