

ORIGINAL

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IN REPLY REFER TO:
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P.O. Box 1531
Tampa, Florida 33601
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November 15, 2005

VIA FEDEX

Blanca S. Bayo, Director
Division of Commission Clerk & Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

RECEIVED- FPSC
05 NOV 16 AM 10: 26
COMMISSION
CLERK

Re: Petition for approval of tariff modifications related to alert days and unauthorized overruns, by Peoples Gas System

Dear Ms. Bayo:

Enclosed for filing with the Commission on behalf of Peoples Gas System, please find the original and 12 copies of Peoples' petition referenced above. Enclosed also are five copies of each of the following revised sheets to Peoples' Natural Gas Tariff, Original Volume No. 3, for which the Company's petition seeks the Commission's approval:

- Fourth Revised Sheet No. 7.607
- Fourth Revised Sheet No. 7.607-1
- Third Revised Sheet No. 7.607-2
- Third Revised Sheet No. 7.702
- Third Revised Sheet No. 7.702-1
- Second Revised Sheet No. 7.805-7
- Third Revised Sheet No. 7.805-8
- First Revised Sheet No. 7.805-9
- First Revised Sheet No. 8.103-4
- First Revised Sheet No. 8.103-5
- Second Revised Sheet No. 8.119-7

The coded (legislative style) versions of each of the above revised sheets required by Rule 25-9.005, F.A.C., are attached as exhibits to the Company's petition.

RECEIVED & FILED

Original Tariffs forwarded to CLP.
FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER DATE

11004 NOV 16 05

FPSC-COMMISSION CLERK

Blanca S. Bayo, Director
November 15, 2005
Page 2

Please acknowledge your receipt of the enclosures, the date of their filing, and the docket number assigned, on the enclosed copy of this letter, and return the same to me in the enclosed preaddressed envelope.

Thank you for your usual assistance.

Sincerely,

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

Ansley Watson, Jr.

AWjr/a
Enclosures

cc: Mrs. Wraye J. Grimard
Mrs. Kandi M. Floyd

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval of tariff)
modifications related to alert days and)
unauthorized overruns, by Peoples Gas)
System)
_____)

Docket No. 050874 - 60
Submitted for Filing:
11-16-05

**PETITION OF PEOPLES GAS SYSTEM
FOR APPROVAL OF TARIFF MODIFICATIONS**

Peoples Gas System ("Peoples", "Petitioner" or the "Company"), by its undersigned attorneys, files this petition for approval of modifications to its Natural Gas Tariff, Original Volume No. 3, relating to alert days, unauthorized overruns, and a Pool Manager's failure to deliver make-up gas after an event of force majeure, submits herewith revised tariff sheets to become effective the date of the Commission's vote, and in support of its petition states:

1. The name, address and telephone number of the petitioner are:

Peoples Gas System
P. O. Box 2562
Tampa, Florida 33601-2562
(813) 228-4111

2. The names and mailing addresses of the persons to whom notices, orders and correspondence regarding this petition are to be sent are:

Ansley Watson, Jr.
Macfarlane Ferguson & McMullen
P. O. Box 1531
Tampa, Florida 33601-1531
Tampa, Florida 33601-2562

Ms. Angela Llewellyn
Regulatory Affairs
Peoples Gas System
P. O. Box 2562

3. Peoples is a natural gas local distribution company ("LDC") providing sales and transportation delivery of natural gas throughout most of the State of Florida, and is a

DOCUMENT NUMBER - DATE

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FPSC-COMMISSION CLERK

public utility subject to the Commission's regulatory jurisdiction under Chapter 366, *Florida Statutes*.

4. By this petition, Peoples seeks the Commission's approval for certain tariff modifications designed to (i) correct inconsistencies among the unauthorized overrun provisions of various rate schedules, (ii) correct an inequity in the Company's provisions relating to charges imposed for overburns and underburns on alert days, and to the disposition of the revenues derived from such charges, and (iii) provide a more realistic penalty for a Pool Manager's failure to deliver make-up gas to the Company after an event of force majeure.

BACKGROUND

Mechanics of Gas Delivery

5. On a daily basis, an individual transportation customer (or any interruptible sales customer) nominates, and Peoples schedules, a quantity of natural gas to be delivered by Peoples to the customer's facility. The quantity nominated by the customer is both the amount to be transported on the interstate pipeline for delivery to Peoples' system, and the amount to be delivered by Peoples and consumed by the customer. Each day the transportation customer (or interruptible sales customer) actually consumes, or burns, a quantity of gas which may or may not be equal to the quantity scheduled for that day.

6. The procedure and results outlined in paragraph 5 above are basically the same for a Pool Manager serving a pool consisting of a number of transportation customers, except that the Pool Manager nominates, and is required to supply, the gas for all customers in the pool.

7. Historically, interstate pipelines' tariffs have contained a number of provisions addressing differences between the quantities of gas scheduled for a day and the quantities

of gas actually consumed on that day. Although these provisions are generally couched in terms of penalties or additional charges to a shipper for such deviations, they are really tools to manage the quantities of gas being put into the pipeline by shippers and the quantities being taken out by those same shippers. A balance between the gas input and outflow on a pipeline is required not only for operational reasons, but also because the price of gas varies from day to day during any month, sometimes significantly. Some of the tools used by pipelines as incentives to shippers to maintain the required balance between gas received and gas delivered are book-out or cash-out of monthly imbalances between receipts and deliveries, operational flow orders and alert day charges.

8. Peoples' tariff currently contains similar tools to maintain a balance on its own system. Balancing Peoples' receipts and deliveries may be even more important than it is for an interstate pipeline since imbalances can result in additional costs to Peoples which are recovered from non-transport customers through the Company's Purchased Gas Adjustment Clause ("PGA").

First, the interstate pipelines with which Peoples is interconnected no longer sell gas. They merely transport and deliver gas purchased by end-users and local distribution companies such as Peoples.

Second, under the tariffs of the interstate pipelines which deliver transportation customers' gas into Peoples' system, Peoples is the "delivery point operator" at each point on its system where gas is received, whether the gas is for the account of a transportation customer or for Peoples' system supply. As the operator of these points, Peoples is responsible to the interstate pipeline for maintaining a balance between the quantities of gas delivered into, and the quantities of gas taken out of, its distribution system. When a transportation customer is out of balance (*i.e.*, delivers or consumes more or less gas than it

nominated and scheduled), Peoples must adjust its own nominations for gas used for its firm and interruptible sales customers in order to keep its entire system in balance. These adjustments have an impact on the cost of gas and pipeline capacity Peoples' recovers through its PGA, particularly on alert days.

Unauthorized Overrun Gas

9. Currently, Peoples' Rate Schedules SIS, IS and ISLV provide that any gas taken in excess of the volume allocated to a customer in an interruption or curtailment order is considered unauthorized overrun gas, and that the Company will bill the customer for such unauthorized overrun gas at the greater of five times either (i) the highest *Gas Daily* mid-point price for gas delivered to a Gulf Coast pipeline plus Florida Gas Transmission Company's ("FGT's") FTS-2 reservation, usage, fuel and applicable surcharges, or (ii) the *Gas Daily* FGT Florida City Gate price for gas, for the calendar day on which the unauthorized overrun gas was taken. This provision is also contained in Peoples' Rider ITS, which applies to all customers taking individual transportation service from the Company.

10. Although the provision with respect to unauthorized overrun gas contained in Rider ITS is applicable to all individual transportation service customers, Rate Schedule CIS (which applies to individual transportation customers) contains a contrary provision stating that unauthorized overrun gas will be billed at the greater of \$1.50 per therm or the rate per therm imposed on the Company by its pipeline supplier.

11. Rate Schedule OSS, and the Company's standard form Contract for Interruptible Natural Gas Service, each of which applies to individual transportation customers, contain the same provisions for unauthorized overrun gas as are found in

Rate Schedule CIS, provisions which differ from the general rule of the unauthorized overrun provisions of Rider ITS.

12. The unauthorized overrun provisions in Rate Schedules CIS and OSS, and in the standard form Contract for Interruptible Natural Gas Service, that differ from the unauthorized overrun provisions of Rider ITS (and of Rate Schedules SIS, IS and ISLV) exist due to an administrative oversight; that is, Peoples simply failed to modify the inconsistent provisions of the involved rate schedules and of the contract at the time Rider ITS became effective.

Alert Day Charges and Revenues

13. Currently, Rider ITS (which is applicable to all individual transportation customers) provides for the Company's giving at least 12 hours notice via e-mail or by posting on its internet web site of an alert day. An alert day may be either an underage alert day or an overage alert day. If the Company declares an overage alert day, any excess in a customer's actual takes of gas over its scheduled quantities is recorded in an alert day account for that day, and is subject to additional charges. If the Company declares an underage alert day, any shortfall in a customer's actual takes below its scheduled quantities is recorded in an alert day account for that day, and is subject to additional charges.

14. Alert days are declared by the interstate pipelines with which Peoples' system is interconnected for the purpose of keeping the pipeline operational and in balance in terms of the gas coming into and being taken out of the pipeline system. Peoples uses alert days for that and other purposes.

15. Currently, the charges for overages or underages (as applicable) for a particular alert day are:

<u>Level</u>	<u>Alert Day Charge</u>
0 – 6%	Zero
6.01 – 10%	The higher of (i) the highest Daily Midpoint price for gas in any FGT Zone as published in <i>Gas Daily</i> for the day on which the alert day account was established, plus FGT's FTS-1 100% load factor rate, or (ii) FGT's City Gate Delivered price for gas as published in <i>Gas Daily</i> for the day on which the alert day account was established.
10.01% or greater	Two times the higher of (i) the highest Daily Midpoint price for gas in any FGT Zone as published in <i>Gas Daily</i> for the day on which the alert day account was established, plus FGT's FTS-1 100% load factor rate, or (ii) FGT's City Gate Delivered price as published in <i>Gas Daily</i> for the day on which the alert day account was established.

These charges were designed to assist in seeing that Peoples' sales customers (primarily residential and very small commercial customers) who are subject to the PGA are not adversely affected by transportation customers who fail to balance the gas they deliver into Peoples' system with the gas they consume each day.

16. Currently, Peoples' tariff provides that any revenues derived from the charges described above are to be netted against any pipeline penalties imposed on the Company for the alert day involved, and that any remainder (less any regulatory assessment fees attributable thereto) is to be credited back on a pro rata basis to customers whose takes exceeded their scheduled quantities for the alert day (when an underage alert day had been declared), or to customers whose takes were less than their scheduled quantities for the alert day (when an overage alert day had been declared). In

the event there are no such customers for the day in question, the remainder of the revenue derived is credited to the Company's PGA.

17. For a number of reasons, the current alert day tariff provisions no longer adequately protect the PGA.

Pool Manager's Failure to Deliver Gas

18. In order to serve a pool of transportation customers under Peoples Natural Choice Transportation Service Rider (Rider NCTS), a Pool Manager is required to enter into a Firm Delivery and Operational Balancing Agreement ("Firm Delivery Agreement") with the Company. The Firm Delivery Agreement requires the Pool Manager to deliver to Peoples each day a quantity of gas sufficient to meet the requirements of all customers comprising the customer pool served by the Pool Manager.

19. If a Pool Manager fails to deliver the gas required by its pool of transportation customers, Peoples must increase the amount of gas it purchases for the day, and is often required to pay a price for such gas exceeding the price at which it has purchased gas for its system supply sales customers who pay the Company's PGA. This increases the average price of gas which these sales customers pay through the PGA.

20. The Firm Delivery Agreement contains provisions intended to mitigate the impact of a Pool Manager's failure to deliver gas for its pool. If, on any day, the Pool Manager fails to deliver any portion of the quantity of gas required to be delivered, and the failure to deliver is not caused directly by a force majeure event, the Pool Manager is required to pay to Peoples for the amount of the shortfall an amount equal to five (5) times the highest price for that day of spot gas delivered to a Gulf Coast pipeline. This amount is credited to the Company's PGA.

21. On the other hand, if the Pool Manager's failure to deliver is caused directly by an event of force majeure, the Firm Delivery Agreement excuses such failure but requires the Pool Manager – after the event of force majeure – to deliver (*i.e.*, "make up") the quantity as to which it was excused as soon as possible at a rate of delivery reasonably established by Peoples. As to any portion of such quantity not made up within 30 days after the day on which the quantity was to have been delivered, the Pool Manager must pay to Peoples an amount equal to \$15.00 per MMBtu. With the Company currently paying \$15.00 per MMBtu for gas for system supply, the \$15.00 "penalty" for a Pool Manager's failure to deliver make-up gas is no longer a sufficient incentive. Further, to the extent Peoples must purchase gas at a price in excess of \$15.00, the PGA is adversely affected by such failure.

RELIEF REQUESTED

Unauthorized Overrun Gas

22. Peoples seeks approval of modifications to its Rate Schedules CIS and OSS, and to its Contract for Interruptible Natural Gas Service, in order to make the unauthorized overrun provisions of such rate schedules and contract consistent with the unauthorized overrun provisions of the Company's other interruptible rate schedules.¹ Legislative versions of the rate schedules and the contract, as modified, are attached to this petition as **Exhibits A, B and C**, respectively. Peoples' failure to make these provisions consistent among rate schedules was an administrative oversight which the Company seeks to correct by this petition.

¹ Peoples would note that the revised tariff sheets which accompany this petition include several non-substantive changes, most of which are designed to correct typographical errors arising from a change in word processing software.

23. Peoples also seeks the Commission's approval to clarify in its tariff that revenues derived from the charges imposed for unauthorized overrun gas are credited to the PGA. That clarification is set forth in Peoples' Rider ITS, which contains other modifications to be discussed below.

Alert Day Charges and Revenues

24. Peoples seeks approval for modifications to the alert day provisions of its Rider ITS. Those modifications will better protect the PGA from the actions of transportation customers who fail to abide by the tolerances set by the Company during an overage or an underage alert day, and provide an incentive to such customers to better manage their takes of gas on alert days. The modifications for which Peoples seeks the Commission's approval may be summarized as follows:

a. The alert day provisions in Special Condition 12 would be modified to require the Company to indicate in an alert day notice whether the notice applies system-wide, to a specified affected area of the system, or to one or more individual customers. The provisions would also be modified to require that the percentage tolerance for deviations from a customer's scheduled quantities for the alert day be specified in the notice, and that no tolerance percentage be less than two percent (2%).

b. The charges to be billed by the Company to a customer for an out-of-tolerance deviation between actual takes and scheduled quantities would be changed for all such deviations to two times the higher of (i) the highest Daily Midpoint price for gas in any FGT Zone as published in *Gas Daily* for the day on which the alert day account was established, plus FGT's FTS-2 100% load factor rate, or (ii) FGT's City Gate Delivered price as published in *Gas Daily* for the day

on which the alert day account was established. This is similar to the current charge for out-of-tolerance deviations which exceed 10.01%, and if approved by the Commission would apply to all out-of-tolerance deviations.

c. All revenues derived from alert day charges would be credited to the PGA.

These changes are shown in legislative form on **Exhibit D** to this petition.

25. Peoples believes the modifications with respect to the level of charges to be imposed in the event a customer fails to remain within the tolerance specified in an alert day notice, and the disposition of revenues derived from any such charges, are necessary to provide a greater incentive on an alert day for transportation customers to closely match their takes of gas to the amount they cause to be delivered into Peoples' system, thereby reducing negative impacts on the Company's PGA. It is important to note that transportation customers who balance their nominated and scheduled quantities with the amount they consume on an alert day will not be affected by these proposed changes.

26. When a customer consumes less than the quantities it has scheduled for delivery on a day, Peoples is required to reduce the amount of gas it has scheduled for delivery to meet the system supply needs of its residential and other sales customers, thereby reducing the quantity of generally lower-priced, baseload gas used by Peoples to meet its system-supply needs. When a customer consumes more than the quantity of gas it has scheduled for delivery on a day, Peoples must acquire spot gas, often at an elevated price, to make up the customer's shortfall, with the added cost being charged to the Company's PGA. For example, a transportation customer could reduce its scheduled

quantities during a weather-driven price spike (but consume more than it scheduled) and resell its gas elsewhere for a profit. These consequences are magnified on an alert day.

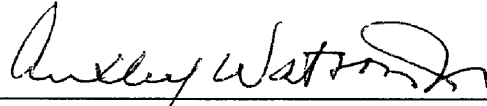
27. Attached as **Exhibit E** are examples of the effect on the PGA of the current alert day provisions and of the alert day provisions for which Peoples seeks approval. Peoples believes the proposed modifications will better protect the Company's system-sales customers who pay the PGA from transportation customers who fail to stay within the specified tolerance on alert days noticed by the Company.

Pool Manager's Failure to Deliver Make-Up Gas

28. Finally, Peoples seeks the Commission's approval of a modification to the Firm Delivery Agreement to address a Pool Manager's failure to deliver make-up gas after an event of force majeure. The modification would increase the charge to the Pool Manager for any make-up quantities it fails to deliver from \$15.00 per MMBtu to a charge per MMBtu equal to five (5) times the highest price for that day of spot gas delivered to a Gulf Coast pipeline. This amount would be credited to the PGA to mitigate the Pool Manager's delivery failure, and is the same amount per MMBtu the Pool Manager would have paid for the delivery failure had the Pool Manager not been excused by force majeure from failing to deliver in the first instance. The changes for which Peoples seeks approval are shown in legislative style on **Exhibit F** to this petition.

WHEREFORE, Peoples respectfully requests that the Commission will enter its order permitting the revised tariff sheets submitted with this petition to become effective on the date of the Commission's vote disposing of this petition.

Respectfully submitted,



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Attorneys for Peoples Gas System

Peoples Gas System
a Division of Tampa Electric Company
Original Volume No. 3

~~Third~~ Fourth Revised Sheet No. 7.607
Cancels ~~Second~~ Third Revised Sheet No. 7.607

**CONTRACT INTERRUPTIBLE SERVICE
Rate Schedule CIS
(~~Non-West Florida Region~~)**

Availability:

Throughout the ~~Non-West Florida Region~~ Service Areas of the Company.

Applicability:

Interruptible Gas for non-residential commercial or industrial use. Service under this schedule is subject to interruption or curtailment at the sole discretion of the Company at any time and is available to Customers using 100,000 Therms per year or more. A Customer eligible for service pursuant to this rate schedule is also eligible for transportation service under Rider ITS.

Service will be provided by the Company based on available pipeline capacity and the Customer delivering suitable Gas into the Company's distribution system.

Monthly Rate:

Customer Charge: Equal to the otherwise applicable Customer Charge based on annual consumption.

Distribution Charge:

An amount not less than \$.01 per Therm nor greater than 90 percent of the currently applicable firm rate; provided however, that at any time during which the cumulative surpluses determined for all prior determination periods under the Competitive Rate Adjustment Clause (Non-West Florida Region) (see Sheet No. 7.101- 54) equal or exceed the cumulative shortfalls determined for all prior determination periods under such clause, the distribution charge shall not exceed the distribution charge established for service under Rate Schedule IS in Company's last base rate proceeding. Unless changed by Company pursuant to this Rate Schedule, the distribution charge shall be equal to the applicable interruptible rate.

The "currently applicable firm rate" as used herein means the distribution charge prescribed in the otherwise applicable rate schedule, adjusted pursuant to the Competitive Rate Adjustment Clause (Non-West Florida Region) set forth on Sheet No. 7.101-54.

The distribution charge 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 and availability of Customer's designated alternate fuel; bypass opportunities; and the nature of Customer's operations (such as load factor, fuel efficiency, alternate fuel capacity, etc.). Company may from time to time increase or reduce the distribution charge as it deems necessary or appropriate to meet competition or remain competitive, but shall have no obligation to do so; provided, however, that the distribution charge shall at all times remain within the limits set forth above.

Peoples Gas System
a Division of Tampa Electric Company
Original Volume No. 3

Fourth Third Revised Sheet No. 7.607-1
Cancels Second Third Revised Sheet No. 7.607-1

CONTRACT INTERRUPTIBLE SERVICE (Continued)
(Non-West Florida Region)

Company will notify Customer at least 48 hours in advance of any change in the distribution charge under this rate schedule.

Customer may at any time request reduction in its distribution charge by completing the form which appears on Sheet No. 8.111 and submitting the same to Company.

The bill for the Therms billed at the above rates shall be increased in accordance with the provisions of the Company's Purchased Gas Adjustment Clause set forth on Sheet No. 7.101-1, unless Customer receives transportation service under the Company's Rider ITS.

Minimum Bill: The Customer charge.

Special Conditions:

1. As a condition for receiving service pursuant to this rate schedule Customer must agree that, on termination of service hereunder, Customer will pay to Company the amount, if any, by which (A) Customer's consumption (in Therms) during the twelve (12) months immediately preceding the date on which service hereunder is terminated, times the applicable interruptible rate, exceeds (B) Customer's consumption (in Therms) during said period, times the distribution charges actually paid for such consumption by Customer.
2. A service agreement accepted by the Company is a condition precedent for service under this schedule. The term of such agreement shall be set forth therein but shall not be less than one year.
3. If the Customer's requirements for Gas change, the Customer shall notify the Company so that the daily and annual quantities in the service agreement may be changed. If the Customer's usage indicates that the amounts set forth in the then existing agreement are not applicable, the Company may require that the daily and annual estimates be changed to reflect the existing conditions.
4. Interruption and curtailment:
The Company may notify the Customer at any time to reduce or cease using Gas. The Company will endeavor to give as much notice as possible to the Customer. Any gas taken in excess of the volume allocated to the Customer in an interruption or curtailment order shall be considered unauthorized overrun gas. Company may bill and Customer shall pay for such unauthorized overrun gas at the greater of \$4.50 per Therm (i) five (5) times the highest Gas Daily mid-point price for gas delivered to a Gulf Coast pipeline plus FGT's FTS-2 reservation, usage, fuel and applicable surcharges or the rate per Therm imposed on Company by its pipeline supplier (ii) five (5) times the Gas Daily FGT Florida City gate price for gas for the calendar day on which such unauthorized overrun gas was taken.
5. Service under this schedule shall be subject to the Rules and Regulations set forth in this tariff.

Peoples Gas System
a Division of Tampa Electric Company
Original Volume No. 3

Third Second Revised Sheet No. 7.607-2
Cancels Second First Revised Sheet No. 7.607-2

CONTRACT INTERRUPTIBLE SERVICE (Continued)
(~~Non-West Florida Region~~)

6. In instances where the Customer is able to demonstrate the ability and intent to bypass the Company's distribution system and purchase Gas or another source of energy from an alternate supplier, the distribution charge shall, in the discretion of the Company, be the rate per Therm necessary to retain the Customer on the Company's distribution system, provided that such rate is demonstrated to be in the long-term best interests of both the Company and its ratepayers.
7. ~~The rates set forth above shall be subject to the operation of Company's Transition Cost Recovery Charge set forth on Sheet No. 7.101-3 according to the Customer's otherwise applicable rate classification.~~
8. ~~The rates set forth in this schedule shall be subject to the operation of the Company's Tax and Fee Adjustment Clause set forth on Sheet No. 7.101-54.~~

Peoples Gas System
A Division of Tampa Electric Company
Original Volume No. 3

Third ~~Second~~ Revised Sheet No. 7.702
Cancels ~~First~~ Second Revised Sheet No. 7.702

**OFF-SYSTEM SERVICE
Rate Schedule OSS**

Availability:

Throughout the service areas of Company, and of any interstate or intrastate natural gas pipeline serving the Company (collectively, the "Pipelines").

Applicability:

Interruptible Gas delivered by Company through the facilities of a Pipeline, using Company's transportation capacity rights on such Pipeline, to any person not connected to Company's distribution system.

This tariff is applicable to both bundled and unbundled gas service, i.e. interstate or intrastate Pipeline capacity only that is released by Company pursuant to Transporter's FERC gas tariff as well as interstate or intrastate Pipeline capacity that is bundled with natural gas supply and subsequently delivered by the Company to the Customer.

Monthly Rate:

Customer Charge: None
Transaction Charge: \$100.00 per transaction

Distribution Non-Gas Energy Charge:

For all Scheduled Quantities (as such term is defined in Special Condition 5 below), an amount not less than \$.000 per Therm nor greater than 90 percent of the currently applicable firm rate, which Distribution Charge shall be established by agreement between Company and Customer prior to each transaction pursuant to this rate schedule.

The "currently applicable firm rate", as used herein, means the distribution charge prescribed in the firm rate schedule which would apply if the daily sales represented by a transaction under this rate schedule were annualized.

The Distribution Non-Gas Energy Charge for service pursuant to this rate schedule 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 and availability of Customer's designated alternate fuel; and the nature of Customer's operations (such as load factor, fuel efficiency, alternate fuel capacity, etc.). Company may from time to time increase or reduce the Distribution Non-Gas Energy Charge as it deems necessary or appropriate to meet competition or remain competitive, but shall have no obligation to do so; provided, however, that the Distribution Non-Gas Energy Charge shall at all times remain within the limits set forth above.

The bill for Therms billed at the above rates shall be increased by the cost per Therm of any Gas delivered to Customer pursuant to this rate schedule, including all variable costs incurred

Peoples Gas System
A Division of Tampa Electric Company
Original Volume No. 3

Third Second Revised Sheet No. 7.702-1
Cancels First Second Revised Sheet No. 7.702-1

OFF-SYSTEM SERVICE (Continued)

by Company for (or in connection with) Pipeline transportation. Company's Purchased Gas Adjustment Clause, Energy Conservation Cost Recovery Clause and Competitive Rate Adjustment Clause shall not apply to purchases of Gas made by Customer pursuant to this rate schedule.

Special Conditions:

1. Neither Customer nor Company shall have any obligation to the other for any specific minimum quantity of Gas or pipeline capacity on any day or during any month, and deliveries pursuant to this rate schedule shall be subject to curtailment or interruption at any time in the sole discretion of Company.
2. Amounts payable to Company pursuant to this rate schedule shall be subject to the operation of the Company's Tax and Fee Adjustment Clause set forth on Sheet No. 7.101-4.
3. Disposition of Net Revenues and Transaction Charges. For purposes of this paragraph 3, "net revenues" shall mean the total Distribution Non-Gas Energy Charges received by Company for service pursuant to this rate schedule. Twenty-five percent (25%) of all net revenues shall be retained by Company above the line as regulated revenues, and the remaining seventy-five percent (75%) of such net revenues (and all Transaction Charges) shall be used to reduce Company's cost of Gas recovered through the Purchased Gas Adjustment Clause.
4. Interruption and Curtailment. Company may notify Customer at any time to reduce or cease using Gas. Company will endeavor to give as much notice as possible to Customer.

Any gas taken in excess of the volume allocated to the Customer in an interruption or curtailment order shall be considered unauthorized overrun gas. Company may bill and Customer shall pay for such unauthorized overrun gas, ~~in addition to other charges payable hereunder,~~ at the greater of ~~\$1.50 per Therm~~ (i) five (5) times the highest Gas Daily mid-point price for gas delivered to a Gulf Coast pipeline plus FGT's FTS-2 reservation, usage, fuel and applicable surcharges or the rate per Therm imposed on Company by the delivering pipeline (ii) five (5) times the Gas Daily FGT Florida City gate price for gas for the calendar day on which such unauthorized overrun gas was taken.
5. For each day on which Customer desires to receive service pursuant to this rate schedule, Customer shall provide a nomination to Company specifying the quantity of Gas it desires to receive at the specified point of delivery pursuant to this Agreement. Following receipt of a timely and complete nomination from Customer, Company will confirm the quantities of Gas to be made available for delivery to Customer at such point of delivery. Quantities confirmed by PGS for delivery shall be "Scheduled Quantities".
6. The point of delivery for all Gas sold pursuant to this rate schedule shall be the delivery point of the delivering Pipeline specified by Customer.
7. Except as modified by the provisions set forth above, service under this rate schedule shall be subject to the Rules and Regulations set forth in this tariff.

Peoples Gas System
a Division of Tampa Electric Company
Original Volume No. 3

First Revised Original Sheet No. 8.103-4
Cancels Original Sheet No. 8.103-4

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

Seller will maintain its meter or meters in good order and to this end will make periodic tests of its meter or meters at intervals of one (1) year or at such shorter intervals as Seller may desire. If Buyer is dissatisfied with the accuracy of a meter at any time, it may call upon Seller to have the meter tested, and if a test has not been made within one (1) year, Seller will make such test without charge. If the meter has been tested within one (1) year, Seller will nevertheless make the test required, but if the meter when tested is proved to be accurate within plus or minus two percent ($\pm 2\%$) or less, Buyer will pay Seller for the costs incurred in the conduct of such test.

ARTICLE IX - DELIVERY PRESSURES

Buyer and Seller agree that the pressure at which Seller shall be obligated to deliver the gas sold hereunder shall not exceed _____ pounds per square inch gauge.

ARTICLE X - DELIVERY POINT

The point of delivery shall be as set forth in Seller's tariff, as Seller shall determine (any meter or meters and other facilities of Seller, if located on property of Buyer, to be on an easement furnished to Seller by Buyer). Buyer shall install and maintain at its expense its facilities from the point of delivery of the gas delivered hereunder to the point of use in good condition at all times. Seller shall be deemed to be in control and possession of the gas up to such point of delivery, after which Buyer shall be deemed to be in control and possession thereof, and Seller shall have no responsibility with respect thereto or on account of said delivery, and Buyer shall indemnify and hold harmless Seller from any and all loss or damage in this connection. Buyer shall have no responsibility with respect thereto or on account of anything which may be done, happen or arise with respect to said gas before said delivery, and Seller shall indemnify and hold harmless Buyer from any and all loss or damage in this connection.

ARTICLE XI - CURTAILMENT AND/OR INTERRUPTION

It is specifically agreed that delivery of gas by Seller hereunder is subject to curtailment and/or interruption in accordance with Seller's tariff and Seller's curtailment plan on file with the FPSC. In the event the FPSC or other government agency or department having jurisdiction orders a change in Seller's curtailment plan or Seller changes the plan or its tariff, curtailment and/or interruption of service shall be made on whatever basis or priority is so ordered or established, and Seller shall be relieved from any and all liabilities, penalties, alternate fuel subsidies, price adjustments and claims of whatever kind or type, resulting from or arising out of Seller's interruption or curtailment of deliveries thereunder. The Company may notify the Customer at any time to reduce or cease using Gas. Seller agrees to provide Buyer, if reasonably practicable, with at least two (2) hours' notice of curtailment or interruption of service, either orally or in writing, provided that Seller shall not be so obligated when interruption or curtailment of service is caused by conditions of force majeure.

Any gas taken by Buyer in excess of ~~one hundred five percent (105%)~~ of the volume allocated to Buyer in an interruption or curtailment order from Seller shall be considered to be unauthorized overrun gas. Seller shall bill and Buyer shall pay for such unauthorized overrun gas at a rate which is the greater of (i) ~~one dollar and fifty cents (\$1.50) per therm~~ five (5) times the highest Gas Daily mid-point price for gas delivered to a Gulf Coast pipeline plus FGT's FTS-2 reservation, usage, fuel and applicable surcharges or (ii) ~~the rate per therm imposed on Seller by its pipeline supplier(s) or transporters, in addition to the charges otherwise payable hereunder for such gas~~ five (5) times the Gas Daily FGT Florida City gate price for gas for the calendar day on which such unauthorized overrun gas was taken.

Peoples Gas System
a Division of Tampa Electric Company
Original Volume No. 3

First Revised Original Sheet No. 8.103-5
Cancels Original Sheet No. 8.103-5

ARTICLE XII - FORCE MAJEURE

In the event of either party hereto being rendered unable, wholly or in part, by reason of force majeure, to carry out its obligations under this Agreement including, but not limited to, the inability of Buyer to use the gas as herein contemplated, other than to make payment then due hereunder, it is agreed that on such party giving written or telegraphic notice with full particulars of such force majeure event to the other party as soon as reasonably possible after the occurrence of the cause relied on, then the obligations of the party giving such notice, so far as they are affected by such force majeure event, shall be suspended during the continuance of any inability so caused but for no longer period, and such cause shall, as far as possible, be remedied with all reasonable dispatch.

The term "force majeure" as employed herein shall mean acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accidents to machinery or lines of pipe, the necessity for making repairs or alterations to machinery or lines of pipe, freezing of wells or lines of pipe, temporary or permanent failure of source of supply, and any other causes not within the control of the party claiming suspension and which by the exercise of due diligence, such party is unable to prevent or overcome; such term shall likewise include (a) in those instances where either party hereto is required to obtain servitudes, rights-of-way, grants, permits or licenses to enable such party to fulfill its obligations hereunder, the inability of such party to acquire, or delays on the part of such party in acquiring, at reasonable cost and after the exercise of reasonable diligence, such servitudes, rights-of-way, grants, permits or licenses; and (b) in those instances where either party hereto is required to furnish materials and supplies for the purpose of constructing or maintaining facilities or is required to secure grants or permissions from any governmental agency to enable such party to fulfill its obligations hereunder, the inability of such party to acquire, or delays on the part of such party in acquiring, after the exercise of reasonable diligence, such materials and supplies, permits and permissions. It is understood and agreed that the settlement of strikes, lockouts or other labor difficulties shall be entirely within the discretion of the party having the difficulty, and the above requirement that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes, lockouts or other labor difficulties by acceding to the demands of an opposing party when such course is inadvisable in the discretion of the party having the difficulty.

INDIVIDUAL TRANSPORTATION SERVICE Rider ITS (Continued)

Transporter shall be conclusive for all purposes under the Gas Transportation Agreement, including without limitation, determining daily quantities actually delivered at the PGS Receipt Point(s) for Customer's account; provided, however, that in the case of any discrepancy between allocation statements, Customer and Company will cooperate to determine which statement is correct; and provided further, however, that unless such discrepancy is resolved to the satisfaction of Company and Transporter, as between Company and Customer, Transporter's allocation statement shall control and shall provide the quantity to be used for all calculations and adjustments under the Gas Transportation Agreement.

9. Inspection. Both Customer and Company shall have the right during the term of the Gas Transportation Agreement and for a period of three (3) years thereafter, upon reasonable prior notice and during normal business hours, to examine the records and documents of the other party to such agreement to the extent necessary to verify the accuracy of any statement or charge made thereunder. Each party to such agreement shall keep each such record and document for a period of three (3) years from the date the same is created or any entry or adjustment thereto is made.
10. Nominations required by the Gas Transportation Agreement shall be submitted electronically in accordance with instructions furnished by the Company, or in the form set forth on Sheet No. 8.115.
11. If a Customer takes service under (a) an interruptible rate schedule or (b) this Rider, then the Company will install and maintain equipment for the monitoring of the Customer's hourly Gas flow. Customer shall reimburse the Company for the expense incurred for the investment in and installation of such equipment.
12. Allocations and Penalties. Company may, in its sole discretion and with at least 12 hours notice within a Day, post a notice on its Internet web site or give notice by e-mail to any Customer receiving service pursuant to this Rider that the Alert Day provisions of this Special Condition 12 are in effect, and whether the Alert Day is an Overage Alert Day or an Underage Alert Day, whether the notice applies system-wide, to an affected area, or to one or more individual Customers, and the tolerance percentage applicable to the Alert Day; provided, however, that such tolerance percentage shall not be less than 2%. The following provisions of this Special Condition shall apply on any such Day.
 - (a) On an Overage Alert Day, to the extent a Customer's Actual Takes exceed the Customer's Scheduled Quantities, such overages shall be recorded in an Alert Day Account specific to the particular Alert Day and shall be subject to the Alert Day Charges set forth in paragraph (c) below.
 - (b) On an Underage Alert Day, to the extent a Customer's Actual Takes are less than the Customer's Scheduled Quantities, such underages shall be recorded in an Alert Day Account specific to the particular Alert Day and shall be subject to the Alert Day Charges set forth in paragraph (c) below.

INDIVIDUAL TRANSPORTATION SERVICE Rider ITS (Continued)

- (c) Alert Day Charges. For each Alert Day Account established during the preceding Month, Company shall bill to Customer, and Customer shall pay to Company, in addition to any other amounts payable pursuant to Customer's Gas Transportation Agreement or this tariff, an Alert Day Charge per MMBtu determined as follows:

~~Overage/
Underage
Level~~ _____

Alert Day Charges

~~0—6%~~ _____ Zero

~~6.01—10%~~ _____ The higher of (i) the highest Daily Midpoint price for Gas in any FGT Zone as published in *Gas Daily* for the Day on which the Alert Day Account was established, plus FGT's FTS-1 100% load factor rate, or (ii) FGT's City Gate Delivered price for Gas as published in *Gas Daily* for the Day on which the Alert Day Account was established.

~~10.01% or greater~~ _____ Two equal to two times the higher of (i) the highest Daily Midpoint price for Gas in any FGT Zone as published in *Gas Daily* for the Day on which the Alert Day Account was established, plus FGT's FTS-12 100% load factor rate, or (ii) FGT's City Gate Delivered price for Gas as published in *Gas Daily* for the Day on which the Alert Day Account was established.

The Overage/Underage Level for each Customer's Alert Day Account shall be calculated by dividing the Customer's overage or underage (as the case may be) for such Day by the Scheduled Quantities for the Day on which the Alert Day Account was established. A Customer's failure to receive notice pursuant to this Special Condition 12 shall not excuse Customer from any Alert Day Charges assessed hereunder.

- (d) Revenues derived from Alert Day Charges imposed by Company pursuant to this Special Condition 12 on any Day shall be ~~netted against any FGT penalty charges incurred by Company for the same Day, and any remainder (less Regulatory Assessment Fees attributable thereto) credited back on a pro rata basis to (i) all Customers subject to the Alert Day whose Actual Takes were less than their Scheduled Quantities for such Day when the Alert Day was an Overage Alert Day or (ii) all Customers subject to the Alert Day whose Actual Takes exceeded their Scheduled Quantities for such Day when the Alert Day was an Underage Alert Day. If, (i) on an Overage Alert Day, the Actual Takes of no Customer subject to the Alert Day were less than~~

INDIVIDUAL TRANSPORTATION SERVICE Rider ITS (Continued)

~~such Customer's Scheduled Quantities for such Day, or (ii) on an Underage Alert Day, the Actual Takes of no Customer subject to the Alert Day exceeded such Customer's Scheduled Quantities for such Day, revenues derived from Alert Day Charges for such Day (less Regulatory Assessment Fees attributable thereto) shall be credited to the Purchased Gas Adjustment Clause.~~

- (e) No penalty debits ~~or credits~~ will be assessed if they are less than \$5.00 in value.
 - (f) If, on a Day on which a Customer is subject to an Alert Day Notice issued pursuant to this Special Condition 12, Company orders such Customer to curtail or interrupt pursuant to Special Condition 3, such Customer shall be subject to the greater of (i) any Alert Day Charges incurred by Customer pursuant to this Special Condition 12 or (ii) any penalty payable by Customer for unauthorized overrun Gas pursuant to Special Condition 343.
13. A Customer which provides a written request to discontinue service hereunder to return to sales service (if such service is then available from Company) will be required to remain on sales service for a period of not less than twelve (12) Months.
14. It is the Customer's obligation to make payments to the Company (or to an Authorized Payment Agent of the Company) of all bills rendered. Payment by a Customer to a third party (including a Third Party Gas Supplier) which has not been designated by Company as an Authorized Payment Agent will not satisfy the Customer's obligation to make payment of Company's bill for Gas Service.

Assumptions for All Examples:

- Only two customers on the Peoples system, Customer A and Customer B.
- All overburns and underburns exceed the tolerance specified for the Alert Day.
- Average cost of Peoples' system supply gas is \$14.00/MMBtu (delivered).
- Average cost of spot gas on the Alert Day is \$20.00/MMBtu (delivered).
- Peoples incurs no pipeline penalties.

Example 1 – Overage Alert Day:

Customer A overburns by 100 MMBtu. Customer B underburns by 200 MMBtu. Peoples buys 100 MMBtu of spot gas to cover Customer A's overburn.

Under the current alert day tariff provisions:

- If both customers' deviations from the tolerance for the alert day are between zero and 6%, no Alert Day Charges are assessed against either customer, so there are no Alert Day Revenues. However, the PGA incurs an additional cost of \$2,000 for the spot gas Peoples had to purchase to keep its system in balance.
- If both customers' deviations from the tolerance for the alert day are between 6.01% and 10%, Customer A is assessed Alert Day Charges of \$2,000. These charges/Alert Day Revenues are credited to Customer B, whose actual takes of gas were less than his scheduled quantities for the day. The PGA still incurs an additional cost of \$2,000 for the spot gas Peoples had to purchase to keep its system in balance.
- If both customers' deviations from the tolerance for the alert day are 10.01% or greater, Customer A is assessed Alert Day Charges of \$4,000. These charges/Alert Day Revenues are credited to Customer B, whose actual takes of gas were less than his scheduled quantities for the day. The PGA still incurs an additional cost of \$2,000 for the spot gas Peoples had to purchase to keep its system in balance.

Under the proposed modifications to the alert day tariff provisions:

- Regardless of the percentage deviation from the tolerance for the alert day, Customer A is assessed Alert Day Charges of \$4,000. The PGA is charged \$2,000 for the spot gas Peoples had to purchase to keep its system in balance, and the \$4,000 paid by Customer A is credited to the PGA, for a net gain of \$2,000.

Example 2 – Underage Alert Day:

Customer A overburns by 100 MMBtu. Customer B underburns by 200 MMBtu. Peoples buys 100 MMBtu of spot gas to cover Customer A's overburn.

Under the current alert day tariff provisions:

- If both customers' deviations from the tolerance for the alert day are between zero and 6%, no Alert Day Charges are assessed against either customer, so there are no Alert Day Revenues. However, the PGA incurs an additional cost of \$2,000 for the spot gas Peoples had to purchase to keep its system in balance.
- If both customers' deviations from the tolerance for the alert day are between 6.01% and 10%, Customer B is assessed Alert Day Charges of \$4,000. These charges/Alert Day Revenues are credited to Customer A, whose actual takes of gas exceeded his scheduled quantities for the day. The PGA still incurs an additional cost of \$2,000 for the spot gas Peoples had to purchase to keep its system in balance.
- If both customers' deviations from the tolerance for the alert day are 10.01% or greater, Customer B is assessed Alert Day Charges of \$8,000. These charges/Alert Day Revenues are credited to Customer A, whose actual takes of gas exceeded his scheduled quantities for the day. The PGA still incurs an additional cost of \$2,000 for the spot gas Peoples had to purchase to keep its system in balance.

Under the proposed modifications to the alert day tariff provisions:

- Regardless of the percentage deviation from the tolerance for the alert day, Customer B is assessed Alert Day Charges of \$8,000. The PGA is charged \$2,000 for the spot gas Peoples had to purchase to keep its system in balance, and the \$8,000 paid by Customer B is credited to the PGA, for a net gain of \$6,000.

Peoples Gas System
a Division of Tampa Electric Company
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Second First Revised Sheet No. 8.119-7
Cancels First Revised Original Sheet No. 8.119-7

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

ARTICLE VII - FORCE MAJEURE

To the extent provided in this article, Pool Manager shall be excused from delivering, on any Day, the amount of Gas required under Article IV, if (and only to the extent) such delivery is prevented by a Force Majeure event. For purposes of this Agreement, "Force Majeure" events shall be limited to those which directly cause the failure of Firm transportation of Gas to the Primary FGT Delivery Point(s), where the cause of such failure constitutes an event of force majeure pursuant to the terms of FGT's FERC Tariff. If, at the time of any such failure, Pool Manager is delivering Gas to or for the account of persons other than the Customer Accounts in the Customer Pool, the quantity of Gas as to which Pool Manager shall be excused from delivering pursuant to Article IV will be no more than a proportionate amount of the total deliveries curtailed by FGT due to the Force Majeure event. Pool Manager is responsible for establishing, to the reasonable satisfaction of PGS, Pool Manager's entitlement to the excuse from performance provided by this article. Any quantities of Gas which Pool Manager is excused from delivering pursuant to this article shall be made up by Pool Manager as soon as possible at a rate of delivery reasonably established by PGS, and Pool Manager shall pay to PGS, for any such quantities which have not been made-up by Pool Manager within thirty (30) Days following the Day on which they were to have been delivered by Pool Manager pursuant to Article IV, an amount per MMBtu equal to \$15.00 per MMBtu five (5) times the highest price, during such 30-Day period, for spot gas delivered to a Gulf Coast pipeline, as published in *Gas Daily*. Billing and payment of any amounts payable by Pool Manager to PGS pursuant to this article shall be in accordance with Article VI.

ARTICLE VIII - MISCELLANEOUS

Except for Gas purchased by PGS from Pool Manager pursuant to Section 5.5(a), nothing in this Agreement shall be construed as vesting in PGS title to any Gas delivered by Pool Manager hereunder.

Neither PGS nor Pool Manager is in any way or for any purpose, by nature of this Agreement or otherwise, a partner, joint venturer, agent, employer or employee of the other. Nothing in this Agreement is intended to be for the benefit of, or to create any duty or liability to, any person not a party hereto.

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

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

Venue for any action between the parties hereto arising out of this Agreement shall be in a court, located in the State of Florida, having jurisdiction. In any such action, the reasonable attorneys' fees and costs of the party prevailing in such action shall be recovered by such party from the other party. Neither PGS nor Pool Manager shall be liable to the other or to any person claiming through the other for special, indirect, punitive or consequential damages, lost profits or lost opportunity costs relating to any matter covered by this Agreement.

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

Issued By: William N. Cantrell, President
Issued On: ~~November 1, 2000~~ November 15, 2005

Effective: November 1, 2000

**CONTRACT INTERRUPTIBLE SERVICE
Rate Schedule CIS**

Availability:

Throughout the Service Areas of the Company.

Applicability:

Interruptible Gas for non-residential commercial or industrial use. Service under this schedule is subject to interruption or curtailment at the sole discretion of the Company at any time and is available to Customers using 100,000 Therms per year or more. A Customer eligible for service pursuant to this rate schedule is also eligible for transportation service under Rider ITS.

Service will be provided by the Company based on available pipeline capacity and the Customer delivering suitable Gas into the Company's distribution system.

Monthly Rate:

Customer Charge: Equal to the otherwise applicable Customer Charge based on annual consumption.

Distribution Charge:

An amount not less than \$.01 per Therm nor greater than 90 percent of the currently applicable firm rate; provided however, that at any time during which the cumulative surpluses determined for all prior determination periods under the Competitive Rate Adjustment Clause (Non-West Florida Region) (see Sheet No. 7.101-5) equal or exceed the cumulative shortfalls determined for all prior determination periods under such clause, the distribution charge shall not exceed the distribution charge established for service under Rate Schedule IS in Company's last base rate proceeding. Unless changed by Company pursuant to this Rate Schedule, the distribution charge shall be equal to the applicable interruptible rate.

The "currently applicable firm rate" as used herein means the distribution charge prescribed in the otherwise applicable rate schedule, adjusted pursuant to the Competitive Rate Adjustment Clause (Non-West Florida Region) set forth on Sheet No. 7.101-5.

The distribution charge 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 and availability of Customer's designated alternate fuel; bypass opportunities; and the nature of Customer's operations (such as load factor, fuel efficiency, alternate fuel capacity, etc.). Company may from time to time increase or reduce the distribution charge as it deems necessary or appropriate to meet competition

CONTRACT INTERRUPTIBLE SERVICE (Continued)

or remain competitive, but shall have no obligation to do so; provided, however, that the distribution charge shall at all times remain within the limits set forth above. Company will notify Customer at least 48 hours in advance of any change in the distribution charge under this rate schedule.

Customer may at any time request reduction in its distribution charge by completing the form which appears on Sheet No. 8.111 and submitting the same to Company.

The bill for the Therms billed at the above rates shall be increased in accordance with the provisions of the Company's Purchased Gas Adjustment Clause set forth on Sheet No. 7.101-1, unless Customer receives transportation service under the Company's Rider ITS.

Minimum Bill: The Customer charge.

Special Conditions:

1. As a condition for receiving service pursuant to this rate schedule Customer must agree that, on termination of service hereunder, Customer will pay to Company the amount, if any, by which (A) Customer's consumption (in Therms) during the twelve (12) months immediately preceding the date on which service hereunder is terminated, times the applicable interruptible rate, exceeds (B) Customer's consumption (in Therms) during said period, times the distribution charges actually paid for such consumption by Customer.
2. A service agreement accepted by the Company is a condition precedent for service under this schedule. The term of such agreement shall be set forth therein but shall not be less than one year.
3. If the Customer's requirements for Gas change, the Customer shall notify the Company so that the daily and annual quantities in the service agreement may be changed. If the Customer's usage indicates that the amounts set forth in the then existing agreement are not applicable, the Company may require that the daily and annual estimates be changed to reflect the existing conditions.
4. Interruption and curtailment:
The Company may notify the Customer at any time to reduce or cease using Gas. The Company will endeavor to give as much notice as possible to the Customer. Any gas taken in excess of the volume allocated to the Customer in an interruption or curtailment order shall be considered unauthorized overrun gas. Company may bill and Customer shall pay for such unauthorized overrun gas at the greater of (i) five (5) times the highest Gas Daily mid-point price for gas delivered to a Gulf Coast pipeline plus FGT's FTS-2 reservation, usage, fuel and applicable surcharges or (ii) five (5) times the Gas Daily FGT Florida City gate price for gas for the calendar day on which such unauthorized overrun gas was taken.

CONTRACT INTERRUPTIBLE SERVICE (Continued)

5. Service under this schedule shall be subject to the Rules and Regulations set forth in this tariff.
6. In instances where the Customer is able to demonstrate the ability and intent to bypass the Company's distribution system and purchase Gas or another source of energy from an alternate supplier, the distribution charge shall, in the discretion of the Company, be the rate per Therm necessary to retain the Customer on the Company's distribution system, provided that such rate is demonstrated to be in the long-term best interests of both the Company and its ratepayers.
7. The rates set forth in this schedule shall be subject to the operation of the Company's Tax and Fee Adjustment Clause set forth on Sheet No. 7.101-5.

**OFF-SYSTEM SERVICE
Rate Schedule OSS**

Availability:

Throughout the service areas of Company, and of any interstate or intrastate natural gas pipeline serving the Company (collectively, the "Pipelines").

Applicability:

Interruptible Gas delivered by Company through the facilities of a Pipeline, using Company's transportation capacity rights on such Pipeline, to any person not connected to Company's distribution system.

This tariff is applicable to both bundled and unbundled gas service, i.e. interstate or intrastate Pipeline capacity only that is released by Company pursuant to Transporter's FERC gas tariff as well as interstate or intrastate Pipeline capacity that is bundled with natural gas supply and subsequently delivered by the Company to the Customer.

Monthly Rate:

Customer Charge:	None
Transaction Charge:	\$100.00 per transaction
Distribution Charge:	

For all Scheduled Quantities (as such term is defined in Special Condition 5 below), an amount not less than \$.000 per Therm nor greater than 90 percent of the currently applicable firm rate, which Distribution Charge shall be established by agreement between Company and Customer prior to each transaction pursuant to this rate schedule.

The "currently applicable firm rate", as used herein, means the distribution charge prescribed in the firm rate schedule which would apply if the daily sales represented by a transaction under this rate schedule were annualized.

The Distribution Charge for service pursuant to this rate schedule 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 and availability of Customer's designated alternate fuel; and the nature of Customer's operations (such as load factor, fuel efficiency, alternate fuel capacity, etc.). Company may from time to time increase or reduce the Distribution Charge as it deems necessary or appropriate to meet competition or remain competitive, but shall have no obligation to do so; provided, however, that the Distribution Charge shall at all times remain within the limits set forth above.

The bill for Therms billed at the above rates shall be increased by the cost per Therm of any Gas delivered to Customer pursuant to this rate schedule, including all variable costs incurred by Company for (or in connection with) Pipeline transportation. Company's

OFF-SYSTEM SERVICE (Continued)

Purchased Gas Adjustment Clause, Energy Conservation Cost Recovery Clause and Competitive Rate Adjustment Clause shall not apply to purchases of Gas made by Customer pursuant to this rate schedule.

Special Conditions:

1. Neither Customer nor Company shall have any obligation to the other for any specific minimum quantity of Gas or pipeline capacity on any day or during any month, and deliveries pursuant to this rate schedule shall be subject to curtailment or interruption at any time in the sole discretion of Company.
2. Amounts payable to Company pursuant to this rate schedule shall be subject to the operation of the Company's Tax and Fee Adjustment Clause set forth on Sheet No. 7.101-4.
3. Disposition of Net Revenues and Transaction Charges. For purposes of this paragraph 3, "net revenues" shall mean the total Distribution Charges received by Company for service pursuant to this rate schedule. Twenty-five percent (25%) of all net revenues shall be retained by Company above the line as regulated revenues, and the remaining seventy-five percent (75%) of such net revenues (and all Transaction Charges) shall be used to reduce Company's cost of Gas recovered through the Purchased Gas Adjustment Clause.
4. Interruption and Curtailment. Company may notify Customer at any time to reduce or cease using Gas. Company will endeavor to give as much notice as possible to Customer.

Any gas taken in excess of the volume allocated to the Customer in an interruption or curtailment order shall be considered unauthorized overrun gas. Company may bill and Customer shall pay for such unauthorized overrun gas at the greater of (i) five (5) times the highest Gas Daily mid-point price for gas delivered to a Gulf Coast pipeline plus FGT's FTS-2 reservation, usage, fuel and applicable surcharges or (ii) five (5) times the Gas Daily FGT Florida City gate price for gas for the calendar day on which such unauthorized overrun gas was taken.

5. For each day on which Customer desires to receive service pursuant to this rate schedule, Customer shall provide a nomination to Company specifying the quantity of Gas it desires to receive at the specified point of delivery pursuant to this Agreement. Following receipt of a timely and complete nomination from Customer, Company will confirm the quantities of Gas to be made available for delivery to Customer at such point of delivery. Quantities confirmed by PGS for delivery shall be "Scheduled Quantities".
6. The point of delivery for all Gas sold pursuant to this rate schedule shall be the delivery point of the delivering Pipeline specified by Customer.
7. Except as modified by the provisions set forth above, service under this rate schedule shall be subject to the Rules and Regulations set forth in this tariff.

INDIVIDUAL TRANSPORTATION SERVICE Rider ITS (Continued)

Transporter shall be conclusive for all purposes under the Gas Transportation Agreement, including without limitation, determining daily quantities actually delivered at the PGS Receipt Point(s) for Customer's account; provided, however, that in the case of any discrepancy between allocation statements, Customer and Company will cooperate to determine which statement is correct; and provided further, however, that unless such discrepancy is resolved to the satisfaction of Company and Transporter, as between Company and Customer, Transporter's allocation statement shall control and shall provide the quantity to be used for all calculations and adjustments under the Gas Transportation Agreement.

9. Inspection. Both Customer and Company shall have the right during the term of the Gas Transportation Agreement and for a period of three (3) years thereafter, upon reasonable prior notice and during normal business hours, to examine the records and documents of the other party to such agreement to the extent necessary to verify the accuracy of any statement or charge made thereunder. Each party to such agreement shall keep each such record and document for a period of three (3) years from the date the same is created or any entry or adjustment thereto is made.
10. Nominations required by the Gas Transportation Agreement shall be submitted electronically in accordance with instructions furnished by the Company, or in the form set forth on Sheet No. 8.115.
11. If a Customer takes service under (a) an interruptible rate schedule or (b) this Rider, then the Company will install and maintain equipment for the monitoring of the Customer's hourly Gas flow. Customer shall reimburse the Company for the expense incurred for the investment in and installation of such equipment.
12. Allocations and Penalties. Company may, in its sole discretion and with at least 12 hours notice within a Day, post a notice on its Internet web site or give notice by e-mail to any Customer receiving service pursuant to this Rider that the Alert Day provisions of this Special Condition 12 are in effect, whether the Alert Day is an Overage Alert Day or an Underage Alert Day, whether the notice applies system-wide, to an affected area, or to one or more individual Customers, and the tolerance percentage applicable to the Alert Day; provided, however, that such tolerance percentage shall not be less than 2%. The following provisions of this Special Condition shall apply on any such Day.
 - (a) On an Overage Alert Day, to the extent a Customer's Actual Takes exceed the Customer's Scheduled Quantities, such overages shall be recorded in an Alert Day Account specific to the particular Alert Day and shall be subject to the Alert Day Charges set forth in paragraph (c) below.
 - (b) On an Underage Alert Day, to the extent a Customer's Actual Takes are less than the Customer's Scheduled Quantities, such underages shall be recorded in an Alert Day Account specific to the particular Alert Day and shall be subject to the Alert Day Charges set forth in paragraph (c) below.

INDIVIDUAL TRANSPORTATION SERVICE Rider ITS (Continued)

- (c) Alert Day Charges. For each Alert Day Account established during the preceding Month, Company shall bill to Customer, and Customer shall pay to Company, in addition to any other amounts payable pursuant to Customer's Gas Transportation Agreement or this tariff, an Alert Day Charge per MMBtu equal to two times the higher of (i) the highest Daily Midpoint price for Gas in any FGT Zone as published in *Gas Daily* for the Day on which the Alert Day Account was established, plus FGT's FTS-42 100% load factor rate, or (ii) FGT's City Gate Delivered price for Gas as published in *Gas Daily* for the Day on which the Alert Day Account was established.

The Overage/Underage Level for each Customer's Alert Day Account shall be calculated by dividing the Customer's overage or underage (as the case may be) for such Day by the Scheduled Quantities for the Day on which the Alert Day Account was established. A Customer's failure to receive notice pursuant to this Special Condition 12 shall not excuse Customer from any Alert Day Charges assessed hereunder.

- (d) Revenues derived from Alert Day Charges imposed by Company pursuant to this Special Condition 12 on any Day (less Regulatory Assessment Fees attributable thereto) shall be credited to the Purchased Gas Adjustment Clause.

INDIVIDUAL TRANSPORTATION SERVICE Rider ITS (Continued)

- (e) No penalty debits will be assessed if they are less than \$5.00 in value.
 - (f) If, on a Day on which a Customer is subject to an Alert Day Notice issued pursuant to this Special Condition 12, Company orders such Customer to curtail or interrupt pursuant to Special Condition 3, such Customer shall be subject to the greater of (i) any Alert Day Charges incurred by Customer pursuant to this Special Condition 12 or (ii) any penalty payable by Customer for unauthorized overrun Gas pursuant to Special Condition 3.
13. A Customer which provides a written request to discontinue service hereunder to return to sales service (if such service is then available from Company) will be required to remain on sales service for a period of not less than twelve (12) Months.
14. It is the Customer's obligation to make payments to the Company (or to an Authorized Payment Agent of the Company) of all bills rendered. Payment by a Customer to a third party (including a Third Party Gas Supplier) which has not been designated by Company as an Authorized Payment Agent will not satisfy the Customer's obligation to make payment of Company's bill for Gas Service.

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

Seller will maintain its meter or meters in good order and to this end will make periodic tests of its meter or meters at intervals of one (1) year or at such shorter intervals as Seller may desire. If Buyer is dissatisfied with the accuracy of a meter at any time, it may call upon Seller to have the meter tested, and if a test has not been made within one (1) year, Seller will make such test without charge. If the meter has been tested within one (1) year, Seller will nevertheless make the test required, but if the meter when tested is proved to be accurate within plus or minus two percent ($\pm 2\%$) or less, Buyer will pay Seller for the costs incurred in the conduct of such test.

ARTICLE IX - DELIVERY PRESSURES

Buyer and Seller agree that the pressure at which Seller shall be obligated to deliver the gas sold hereunder shall not exceed _____ pounds per square inch gauge.

ARTICLE X - DELIVERY POINT

The point of delivery shall be as set forth in Seller's tariff, as Seller shall determine (any meter or meters and other facilities of Seller, if located on property of Buyer, to be on an easement furnished to Seller by Buyer). Buyer shall install and maintain at its expense its facilities from the point of delivery of the gas delivered hereunder to the point of use in good condition at all times. Seller shall be deemed to be in control and possession of the gas up to such point of delivery, after which Buyer shall be deemed to be in control and possession thereof, and Seller shall have no responsibility with respect thereto or on account of said delivery, and Buyer shall indemnify and hold harmless Seller from any and all loss or damage in this connection. Buyer shall have no responsibility with respect thereto or on account of anything which may be done, happen or arise with respect to said gas before said delivery, and Seller shall indemnify and hold harmless Buyer from any and all loss or damage in this connection.

ARTICLE XI - CURTAILMENT AND/OR INTERRUPTION

It is specifically agreed that delivery of gas by Seller hereunder is subject to curtailment and/or interruption in accordance with Seller's tariff and Seller's curtailment plan on file with the FPSC. In the event the FPSC or other government agency or department having jurisdiction orders a change in Seller's curtailment plan or Seller changes the plan or its tariff, curtailment and/or interruption of service shall be made on whatever basis or priority is so ordered or established, and Seller shall be relieved from any and all liabilities, penalties, alternate fuel subsidies, price adjustments and claims of whatever kind or type, resulting from or arising out of Seller's interruption or curtailment of deliveries thereunder. The Company may notify the Customer at any time to reduce or cease using Gas. Seller agrees to provide Buyer, if reasonably practicable, with at least two (2) hours' notice of curtailment or interruption of service, either orally or in writing, provided that Seller shall not be so obligated when interruption or curtailment of service is caused by conditions of force majeure.

Any gas taken by Buyer in excess of the volume allocated to Buyer in an interruption or curtailment order from Seller shall be considered to be unauthorized overrun gas. Seller shall bill and Buyer shall pay for such unauthorized overrun gas at a rate which is the greater of (i) five (5) times the highest Gas Daily mid-point price for gas delivered to a Gulf Coast pipeline plus FGT's FTS-2 reservation, usage, fuel and applicable surcharges or (ii) five (5) times the Gas Daily FGT Florida City gate price for gas for the calendar day on which such unauthorized overrun gas was taken.

ARTICLE XII - FORCE MAJEURE

In the event of either party hereto being rendered unable, wholly or in part, by reason of force majeure, to carry out its obligations under this Agreement including, but not limited to, the inability of Buyer to use the gas as herein contemplated, other than to make payment then due hereunder, it is agreed that on such party giving written or telegraphic notice with full particulars of such force majeure event to the other party as soon as reasonably possible after the occurrence of the cause relied on, then the obligations of the party giving such notice, so far as they are affected by such force majeure event, shall be suspended during the continuance of any inability so caused but for no longer period, and such cause shall, as far as possible, be remedied with all reasonable dispatch.

The term "force majeure" as employed herein shall mean acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accidents to machinery or lines of pipe, the necessity for making repairs or alterations to machinery or lines of pipe, freezing of wells or lines of pipe, temporary or permanent failure of source of supply, and any other causes not within the control of the party claiming suspension and which by the exercise of due diligence, such party is unable to prevent or overcome; such term shall likewise include (a) in those instances where either party hereto is required to obtain servitudes, rights-of-way, grants, permits or licenses to enable such party to fulfill its obligations hereunder, the inability of such party to acquire, or delays on the part of such party in acquiring, at reasonable cost and after the exercise of reasonable diligence, such servitudes, rights-of-way, grants, permits or licenses; and (b) in those instances where either party hereto is required to furnish materials and supplies for the purpose of constructing or maintaining facilities or is required to secure grants or permissions from any governmental agency to enable such party to fulfill its obligations hereunder, the inability of such party to acquire, or delays on the part of such party in acquiring, after the exercise of reasonable diligence, such materials and supplies, permits and permissions. It is understood and agreed that the settlement of strikes, lockouts or other labor difficulties shall be entirely within the discretion of the party having the difficulty, and the above requirement that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes, lockouts or other labor difficulties by acceding to the demands of an opposing party when such course is inadvisable in the discretion of the party having the difficulty.

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

ARTICLE VII - FORCE MAJEURE

To the extent provided in this article, Pool Manager shall be excused from delivering, on any Day, the amount of Gas required under Article IV, if (and only to the extent) such delivery is prevented by a Force Majeure event. For purposes of this Agreement, "Force Majeure" events shall be limited to those which directly cause the failure of Firm transportation of Gas to the Primary FGT Delivery Point(s), where the cause of such failure constitutes an event of force majeure pursuant to the terms of FGT's FERC Tariff. If, at the time of any such failure, Pool Manager is delivering Gas to or for the account of persons other than the Customer Accounts in the Customer Pool, the quantity of Gas as to which Pool Manager shall be excused from delivering pursuant to Article IV will be no more than a proportionate amount of the total deliveries curtailed by FGT due to the Force Majeure event. Pool Manager is responsible for establishing, to the reasonable satisfaction of PGS, Pool Manager's entitlement to the excuse from performance provided by this article. Any quantities of Gas which Pool Manager is excused from delivering pursuant to this article shall be made up by Pool Manager as soon as possible at a rate of delivery reasonably established by PGS, and Pool Manager shall pay to PGS, for any such quantities which have not been made-up by Pool Manager within thirty (30) Days following the Day on which they were to have been delivered by Pool Manager pursuant to Article IV, an amount per MMBtu equal to five (5) times the highest price, during such 30-Day period, for spot gas delivered to a Gulf Coast pipeline, as published in *Gas Daily*. Billing and payment of any amounts payable by Pool Manager to PGS pursuant to this article shall be in accordance with Article VI.

ARTICLE VIII - MISCELLANEOUS

Except for Gas purchased by PGS from Pool Manager pursuant to Section 5.5(a), nothing in this Agreement shall be construed as vesting in PGS title to any Gas delivered by Pool Manager hereunder.

Neither PGS nor Pool Manager is in any way or for any purpose, by nature of this Agreement or otherwise, a partner, joint venturer, agent, employer or employee of the other. Nothing in this Agreement is intended to be for the benefit of, or to create any duty or liability to, any person not a party hereto.

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

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

Venue for any action between the parties hereto arising out of this Agreement shall be in a court, located in the State of Florida, having jurisdiction. In any such action, the reasonable attorneys' fees and costs of the party prevailing in such action shall be recovered by such party from the other party. Neither PGS nor Pool Manager shall be liable to the other or to any person claiming through the other for special, indirect, punitive or consequential damages, lost profits or lost opportunity costs relating to any matter covered by this Agreement.

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