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RECEIVED-PPSC

06/MAR 22 PM 12:35

COMMISSION
CLERK

MEMORANDUM

TO: PSC Clerk

FROM: Wayne L. Schiefelbein *Wayne*
Of Counsel

RE: Chesapeake Utilities Corporation

DATE: March 22, 2006

On behalf of Chesapeake Utilities Corporation, enclosed for filing are an original and 15 copies of a Petition for Approval of Two Delivery Point Operator Agreements (Special Contracts) with Peninsula Energy Services Company, Inc. I have also included one copy to be date stamped and returned to me.

PLEASE OPEN A NEW DOCKET TO PROCESS THE REQUEST.

If you have any questions, please feel free to call.

WLS/dcr
Enclosures
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RECEIVED & FILED

FPSC-BUREAU OF RECORDS

Rose, Sundstrom & Bentley, LLP
2548 Blairstone Pines Drive, Tallahassee, Florida 32301

DOCUMENT NUMBER-DATE

82561 MAR 22 2006

FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of the Florida Division of
Chesapeake Utilities Corporation for
Approval of Two Delivery Point Operator
Agreements (Special Contracts) with
Peninsula Energy Services Company, Inc.

**PETITION FOR APPROVAL OF TWO DELIVERY POINT OPERATOR AGREEMENTS
(SPECIAL CONTRACTS) WITH PENINSULA ENERGY SERVICES COMPANY, INC.**

The Florida Division of Chesapeake Utilities Corporation (the Company), by and through its undersigned counsel, petitions for approval of two Delivery Point Operator Agreements (Special Contracts) with Peninsula Energy Services Company, Inc. (PESCO) and in support hereof states as follows.

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:

Wayne L. Schiefelbein
Of Counsel
Rose, Sundstrom and Bentley, LLP
2548 Blairstone Pines Drive
Tallahassee, FL 32301
(850) 877-6555 (telephone)
(850) 656-4029 (fax)

Attorneys for the Florida Division of
Chesapeake Utilities Corporation

3. The Company is a natural gas distribution utility subject to the regulatory jurisdiction of the Florida Public Service Commission (FPSC) as prescribed in Chapter 366, Florida Statutes. Its substantial interests will be affected by the FPSC's disposition of this petition in that such disposition will determine whether the Company will be permitted to enter into agreements enabling the Company to provide Delivery Point Operator services on terms and conditions agreeable to the Company and PESCO.

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

4. PESCO is a natural gas marketing company that provides retail gas commodity sales and interstate capacity management services to all types of customers throughout the State of Florida, including customers on the Company's gas distribution system. Originally organized in 1992 as a division of Chesapeake Utilities Corporation, PESCO was incorporated in Delaware as a Chesapeake subsidiary in September 2004.
5. On January 16, 2006, the Company received a request from PESCO to become the Delivery Point Operator for two industrial facilities; Minute Maid Company a Division of Coca Cola located in Apopka, and Cutrale Citrus Juices USA, Inc. located in Auburndale. Both facilities receive services from PESCO and are directly connected to the Florida Gas Transmission Company (FGT) interstate pipeline.
6. The FGT Gas Tariff, as approved by the Federal Energy Regulatory Commission (FERC), requires that all Delivery Points have a designated Delivery Point Operator (DPO). A Delivery Point is the interconnection between the FGT pipeline and a FGT customer's gas facilities. There is approximately 160-market area Delivery Points in total on the FGT transmission pipeline. There are 23 such Delivery Points where the Company owns the connecting distribution system (Native Delivery Points), where the Company is the designated DPO through a Service Agreement between FGT and the Company. The DPO is the party with which FGT resolves delivery imbalances, enforces operator orders and conducts other transactions related to gas deliveries to the Delivery Point. FGT shippers schedule quantities of gas to be delivered each day to a Delivery Point throughout a given month. Each month, FGT compares the gas quantities scheduled for delivery to the gas quantities actually measured at a Delivery Point. Any imbalance for a respective month (actual quantities over or under the scheduled quantity) that is not eliminated through imbalance trading between customers is resolved through a FERC-approved cash-out process with the DPO. When measured gas quantities exceed the scheduled quantity, FGT cashes-out the imbalance by "selling" the imbalance gas quantity to the DPO at a tariff index price. Conversely, when measured gas quantities are less than the scheduled quantity, FGT "buys" the imbalance gas quantity from the DPO at a tariff index price. The charges and credits for imbalance resolution are billed by FGT to the DPO. Similar resolution processes occur in the event of FGT Operator Orders (Alert Days, Operational Flow Orders, etc.) where the pipeline establishes delivery restrictions during periods of operational difficulty. Penalties for exceeding an Operator Order tolerance level are billed to the DPO. In situations where multiple FGT shippers deliver gas to a Delivery Point (such as a Local Distribution Company's (LDC) Delivery Point) the DPO would assign or allocate imbalance and Operator Order charges and credits to the shippers or their end-use customers. Such assignment or allocation would be based on a comparison of scheduled and actual gas quantities at the LDC level similar to that performed by FGT with the DPO.

7. Section 13 B. Operating Account, General Terms and Conditions of the FGT FERC Gas Tariff provides that any creditworthy shipper may serve as the DPO for any Delivery Point. Each Delivery Point consists of FGT facilities and customer-owned facilities to facilitate the transfer of gas to the customer. The entity that owns the non-FGT Delivery Point facilities may designate an FGT-approved third party to operate the Delivery Point, subject to the above credit-worthiness requirements. There are numerous examples of third parties acting as DPO on the FGT pipeline. Many municipal and small, regulated gas distributors have designated various third party marketers or other LDCs as their DPOs. Several of the FGT direct connect industrial customers designate a third party to be DPO. The Company has an existing DPO agreement with Polk Power Partners, L.P., for its cogeneration facility in Polk County (a non-Native Delivery Point.) The FPSC on February 27, 2006, by Order No. PSC-06-0143-PAA-GU, approved this agreement.
8. Some FGT direct connect customers do not have the internal expertise to effectively operate the Delivery Point. Many find it advantageous to integrate their Delivery Point with an entity operating multiple points. For most imbalance and Operator Order purposes, FGT aggregates all Delivery Points served by a DPO into one pool. Imbalance resolution and Operator Order violations are determined, from FGT's perspective, for the pool as a whole, not the individual shippers delivering gas to one or more of the DPO's Delivery Points. Multiple Delivery Points generally exhibit greater usage diversity (multiple customer types and consumption patterns) than one industrial customer behind one Delivery Point. This usage diversity, coupled with the overall larger gas quantities in a pool, tends to provide broader opportunities to remain within imbalance tolerances. Additionally, most DPOs serving multiple Delivery Points have a level of operating and gas market experience that helps minimize imbalance and Operator Order penalties.
9. As described above, the Company currently owns and serves as DPO for 23 Native Delivery Points with FGT, as well as operating the Polk Power Partners' non-Native Delivery Point. The Company also owns and operates two Native Delivery Points on the Gulfstream pipeline. Each month, the Company resolves delivery imbalances and Operator Order penalties, if any, with the shippers (third party gas marketers) scheduling gas to the Company's Delivery Points. At present, the Company has eight authorized shippers serving customers behind its Native Delivery Points. The Company's FPSC-approved tariff, in Section 17, General Terms and Conditions, provides procedures similar to those used by FGT for imbalance and Operator Order resolution. The Company's authorized Operational Balancing Account (OBA) mechanism is used to account for such transactions. The OBA is designed to ensure that all charges and credits received from interstate pipelines are assigned or allocated to shippers or customers on the Company's distribution system, in accordance with approved tariff provisions.

10. PESCO has requested that the Company become the DPO at the Minute Maid and Cutrale Citrus non-Native Delivery Points. The parties have negotiated and are ready to execute Delivery Point Operator Agreements for operation of the Minute Maid and Cutrale Citrus Delivery Points. Both industrial facilities have provided notification to FGT designating the Company as DPO for their respective Delivery Points. The Company is willing to provide DPO service for a reasonable fee, but has no tariff approved rate for such service. The Company has negotiated an annual rate for each Delivery Point with PESCO in the amount of \$500 for the Minute Maid non-Native Delivery Point and \$5,000 for the Cutrale Citrus non-Native Delivery Point, such rates based on the relative delivered gas quantities and value of service at the respective points. By this petition, the Company seeks FPSC approval of the Delivery Point Operator Agreements, and the proposed rates for service, as Special Contracts under the provisions of Rule 25-9.034, F.A.C. As currently structured, the DPO agreements would take effect on the first day of the month following approval by the FPSC.

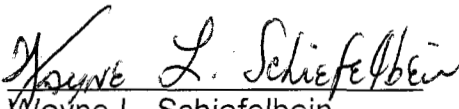
13. There are no circumstances that the Company can envision that would result in a cost increase to any of the Company's other ratepayers as a result of implementation of the agreements referenced in this Petition. On the contrary, adding the Minute Maid and Cutrale Citrus non-Native Delivery Points to the Company's FGT Delivery Point group could help mitigate imbalance and Operating Order charges that would be assessed to other customer pools or shippers. The additional gas quantities delivered through the added Delivery Points will increase the Company's total scheduled gas delivery quantities. The increased scheduled volume typically helps all other shippers on the Company's system to remain within overall system tolerance levels during pipeline operating orders, thus avoiding penalties. The Company's FPSC tariff provisions for the resolution of imbalances and Operator Orders will ensure that no existing shippers or customers are adversely affected by the addition of the Minute Maid and Cutrale Citrus Delivery Points. As DPO, the Company would have access to the FGT measurement data that records hourly gas deliveries to both facilities. This data provides the Company the capability to directly assign to PESCO any imbalance resolution and Operating Order charges or credits related to Minute Maid or Cutrale Citrus without impacting any other customers. PESCO would have the responsibility to resolve any credits or charges with its customers based on their respective contractual agreements.

14. The Company has completed a Cost of Service Study, appended hereto as Appendix A. The Company's costs of providing such service are administrative in nature. No capital investment is required. Estimated annual cost to operate the non-Native Delivery Points is estimated at \$298 for each point. The annual revenues derived from the above referenced DPO agreements would enable the Company to more than recover the fully allocated cost of serving as the DPO for the Minute Maid and Cutrale Citrus Delivery Points, and achieve a reasonable return. The Agreements generate annual revenues in excess of the annual cost to serve, thereby providing benefits to the general body of ratepayers.

15. The Company is entitled to reasonable compensation for the services rendered under the agreements referenced in this Petition. The FPSC has the authority to approve the rates charged by the Company to provide such compensation pursuant to Chapter 366, Florida Statutes.
16. The Company requests that FPSC approval of the Special Contracts referenced in this Petition be made effective as of the date of the FPSC affirmative vote, and that in the event a protest to the Order granting the instant petition is timely filed, that the authority to collect the rates proposed therein remain in effect, subject to refund, pending resolution of the protest.
17. The Company is aware of no disputed issues of material fact.

WHEREFORE, the Florida Division of Chesapeake Utilities Corporation requests that the FPSC approve the following Special Contract agreements with PESCO a) Delivery Point Operator Agreement for Minute Maid; b) Delivery Point Operator Agreement for Cutrale Citrus.

Respectfully submitted,



Wayne L. Schiefelbein
Of Counsel
Rose, Sundstrom and Bentley, LLP
2548 Blairstone Pines Drive
Tallahassee, FL 32301
(850) 877-6555 (telephone)
(850) 656-4029 (fax)

Attorneys for the Florida Division of
Chesapeake Utilities Corporation

Appendix A

INCREMENTAL COST OF SERVICE STUDY
Delivery Point Operator Service

CHESAPEAKE UTILITIES CORPORATION
FLORIDA DIVISION

ESTIMATED O&M EXPENSES

	<u>Description</u>	<u>Amount</u>
1	Scheduling & Imbalance reconciliation (30 min/mo. @ \$32.75/hr.)	\$196
2	Meter Polling (10 min/mo. @ \$32.75/hr.)	\$66
3	Billing & Collection	<u>\$36</u>
4	TOTAL ESTIMATED ANNUAL O & M EXPENSES	<u><u>\$298</u></u>

DELIVERY POINT OPERATOR AGREEMENT

This DELIVERY POINT OPERATOR AGREEMENT ("Agreement") is made and entered into on the _____ day of _____ 2006, to be effective on the first day of the Month following approval by the Florida Public Service Commission ("FPSC") (the "Effective Date"), by and between Chesapeake Utilities Corporation, a Delaware corporation doing business in Florida as Central Florida Gas Company and hereinafter referred to as "Chesapeake", and Peninsula Energy Service Company, Inc., a Delaware corporation hereinafter referred to as "Shipper".

WITNESSETH:

WHEREAS, Chesapeake is party to a Service Agreement with Florida Gas Transmission Company and an Operational Balancing Agreement with Gulfstream Natural Gas System, L.L.C., (collectively referred to herein as "Transporter") and serves as Delivery Point Operator for several Delivery Points on Transporter's interstate pipeline systems, as provided by the General Terms and Conditions of Transporter's Federal Energy Regulatory Commission ("FERC") tariff; and

WHEREAS, Shipper is party to a Capacity Relinquishment and Operational Order Mitigation Agreement with Cutrale Citrus Juices, USA, Inc. ("Cutrale"), which agreement assigns operational balancing responsibilities to Shipper for the Cutrale Auburndale Delivery Point with Florida Gas Transmission ("FGT"); and

WHEREAS, at Shipper's request Cutrale has designated Chesapeake as Delivery Point Operator for the Delivery Point and Chesapeake wishes to serve as such and FGT has accepted Chesapeake as the designated Delivery Point Operator,

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, the parties agree as follows:

ARTICLE I – Definitions

Unless another definition is expressly stated within this Agreement, the following terms and abbreviations, when used in this Agreement and in all exhibits, recitals, and appendices contained or attached to this agreement, are intended to and will mean as follows:

1.1 "Delivery Point"

means the point at the connection of FGT's gas transmission facilities and Cutrale's gas facilities, in the vicinity of Auburndale, Florida, at which the gas leaves the outlet

side of FGT's measuring equipment and enters Cutrale's gas facilities, such Delivery Point designated as DRN 3190 by FGT.

1.2 "Receipt or Delivery Imbalance"

means scheduled receipts or deliveries that exceed or are below the actual receipts or deliveries at the Delivery Point, as defined by the Chesapeake Florida Public Service Commission (FPSC) tariff provisions.

1.3 "Month"

means a period beginning at 9:00 a.m. CCT on the first day of a calendar month and ending at 9:00 a.m. CCT on the first day of the next succeeding calendar month; provided that, in the event of a change in the definition of the corresponding term in Chesapeake's FPSC Tariff, this definition shall be deemed to be amended automatically so that it is identical at all times to the definition of the corresponding term in said Tariff.

1.4 "Operational Order"

means an Alert Day Notice, Operational Flow Order, Pack or Draft Notice, Curtailment Order or Other Operational Control Order or any other notice or order requiring action on the part of Shipper or Cutrale relative to scheduled or delivered gas quantities, in accordance with Transporter's FERC Gas Tariff and/or Chesapeake's FPSC Tariff.

ARTICLE II – Scope Of Service

2.1 Chesapeake, as Delivery Point Operator designee for the Delivery Point, shall execute such documents as are required by the FGT FERC Gas Tariff to assume the obligations of Delivery Point Operator for the Delivery Point.

2.2 Chesapeake shall administer the Delivery Point in accordance with the provisions of the FGT FERC tariff, the Chesapeake FPSC Tariff, and the Shipper's Aggregated Pool Manager Agreement, as applicable. Resolution of Monthly Receipt or Delivery Imbalances at the Delivery Point shall be in accordance with Chesapeake's FPSC Tariff. Each month, as provided in Section 2.3, Chesapeake shall provide to Shipper a statement of any Receipt or Delivery Imbalance credits or charges and any Operational Order credits or charges for the preceding Month. Chesapeake shall provide timely notice to Shipper of any Operational Orders issued by Transporter or Chesapeake that affect the Delivery Point in accordance with the Operator Order notice provisions of Chesapeake's FPSC Tariff.

2.3 It is expressly understood that Chesapeake shall provide Delivery Point Operator services as an administrative convenience for Shipper and to facilitate Monthly imbalance resolution and Operational Order compliance. For Receipt or Delivery Imbalance resolution and Operator Order purposes, Chesapeake shall, to the extent authorized by Chesapeake's FPSC Tariff and Shipper's Aggregated Pool Manager Agreement, consider gas quantities scheduled and delivered at the Delivery

Point to be part of Shipper's aggregate gas quantities scheduled and delivered to Chesapeake delivery points. Shipper shall be solely responsible for resolving Receipt or Delivery Imbalances, and responding to any Transporter Operational Orders, such response to include but not be limited to increasing or decreasing scheduled or delivered gas quantities at the Delivery Point as may be required by Transporter and/or Chesapeake notice. Shipper shall be solely responsible for communicating to Cutrale any required adjustments to Cutrale's gas consumption at the Auburndale facility. Chesapeake shall include any charges and credits for Receipt or Delivery Imbalance resolution and Operator Orders related to the Delivery Point in Shipper's aggregated Monthly Operational Balancing Statement. Chesapeake shall render such statement to Shipper within fifteen (15) days of the end of a Month. Shipper shall remit payment to Chesapeake within ten (10) days of the Chesapeake bill statement date.

ARTICLE III - Indemnification

3.1 For value received and to induce Chesapeake to enter into this Agreement, Shipper agrees to protect, defend (at Shipper's expense and by counsel satisfactory to Chesapeake), indemnify, and save and hold harmless Chesapeake, its officers, directors, shareholders, employees, agents, successors and assigns, from and against all direct or indirect costs, expenses, damages, losses, obligations, lawsuits, appeals, claims, or liabilities of any kind or nature (whether or not such claim is ultimately defeated), including in each instance, but not limited to, all costs and expenses of investigating and defending any claim arising at any time and any final judgments, compromises, settlements, and court costs and attorney's fees, whether foreseen or unforeseen (including all such expenses, court costs, and attorney's fees in the enforcement of Chesapeake's rights hereunder) incurred by Chesapeake in connection with or arising out of or resulting from or relating to or incident to:

1. any breach of any of the representations, warranties, or covenants of Shipper contained in this Agreement or in any Exhibit, Schedule, or other document attached hereto and made a part hereof or provided pursuant hereto, specifically including but not limited to:

- (a) any FGT penalties or other expenses or liabilities for unauthorized overrun or underrun Gas, for imbalances on a pipeline system, for failure to comply with FGT's FERC Tariff, or for failure to comply with a curtailment notice or to take deliveries as scheduled; and,
- (b) any claim by a gas supplier or other party contesting Shipper's warranty of title to Gas and related obligations;

2. any claim by a creditor of Shipper as a result of any transaction pursuant to or contemplated by this Agreement;

3. any claim against Chesapeake relating to any obligation or liability of Shipper, or its affiliates, or any of them of any kind or nature; and,

4. any taxes of any federal, state or local jurisdiction related to Gas supply and/or FGT capacity upstream of the Delivery Point.

In the event that any claim or demand for which Shipper would be liable to Chesapeake hereunder is asserted against or sought to be collected from Chesapeake by a third party, Chesapeake shall promptly notify Shipper of such claim or demand, specifying the nature of such claim or demand and the amount or the estimated amount thereof, if determination of an estimate is then feasible (which estimate shall not be conclusive of the final amount of such claim or demand) (the "Claim Notice"). Shipper shall have twenty (20) days, or such shorter period as the circumstances may require if litigation is involved, from the personal delivery or mailing of the Claim Notice (the "Notice Period") to notify Chesapeake:

1. whether or not it disputes its liability to Chesapeake hereunder with respect to such claim or demand; and,

2. whether or not it desires, at its sole cost and expense, to defend Chesapeake against such claim or demand.

In the event that Shipper notifies Chesapeake within the Notice Period that it desires to defend Chesapeake against such claim or demand and except as hereinafter provided, Shipper shall have the right to defend Chesapeake by appropriate proceedings, which proceedings shall be promptly settled or prosecuted by Shipper to a final conclusion in any manner as to avoid any risk of Chesapeake becoming subject to any liability for such claim or demand or for any other matter. If Chesapeake desires to participate in, but not control, any defense or settlement, it may do so at its sole cost and expense. If Shipper elects not to defend Chesapeake against such claim or demand, whether by not giving Chesapeake timely notice as provided above or otherwise, then the amount of any such claim or demand, or, if the same is contested by Shipper or by Chesapeake (Chesapeake having no obligation to contest any such claim or demand), then that portion thereof as to which such defense is unsuccessful shall be conclusively deemed to be a liability of Shipper and subject to indemnification as provided hereinabove.

3.2 For value received and to induce Shipper to enter into this Agreement, Chesapeake agrees to protect, defend (at Chesapeake's expense and by counsel satisfactory to Shipper), indemnify, and save and hold harmless Shipper, its officers, directors, shareholders, employees, agents, successors and assigns, from and against all direct or indirect costs, expenses, damages, losses, obligations, lawsuits, appeals, claims, or liabilities of any kind or nature (whether or not such claim is ultimately defeated), including in each instance, but not limited to, all costs and expenses of investigating and defending any claim arising at any time and any final judgments,

compromises, settlements, and court costs and attorney's fees, whether foreseen or unforeseen (including all such expenses, court costs, and attorney's fees in the enforcement of Shipper's rights hereunder) incurred by Shipper in connection with or arising out of or resulting from or relating to or incident to:

1. any breach of any of the representations, warranties, or covenants of Chesapeake contained in this Agreement or in any Exhibit, Schedule, or other document attached hereto and made a part hereof or provided pursuant hereto;

2. any claim by a creditor of Chesapeake as a result of any transaction pursuant to or contemplated by this Agreement; and,

3. any claim against Shipper relating to any obligation or liability of Chesapeake, or its affiliates, or any of them of any kind or nature.

In the event that any claim or demand for which Chesapeake would be liable to Shipper hereunder is asserted against or sought to be collected from Shipper by a third party, Shipper shall promptly notify Chesapeake of such claim or demand, specifying the nature of such claim or demand and the amount or the estimated amount thereof, if determination of an estimate is then feasible (which estimate shall not be conclusive of the final amount of such claim or demand) (the "Claim Notice"). Chesapeake shall have twenty (20) days, or such shorter period as the circumstances may require if litigation is involved, from the personal delivery or mailing of the Claim Notice (the "Notice Period") to notify Shipper:

1. whether or not it disputes its liability to Shipper hereunder with respect to such claim or demand; and,

2. whether or not it desires, at its sole cost and expense, to defend Shipper against such claim or demand.

In the event that Chesapeake notifies Shipper within the Notice Period that it desires to defend Shipper against such claim or demand and except as hereinafter provided, Chesapeake shall have the right to defend Shipper by appropriate proceedings, which proceedings shall be promptly settled or prosecuted by Chesapeake to a final conclusion in any manner as to avoid any risk of Shipper becoming subject to any liability for such claim or demand or for any other matter. If Shipper desires to participate in, but not control, any defense or settlement, it may do so at its sole cost and expense. If Chesapeake elects not to defend Shipper against such claim or demand, whether by not giving Shipper timely notice as provided above or otherwise, then the amount of any such claim or demand, or, if the same is contested by Chesapeake or by Shipper (Shipper having no obligation to contest any such claim or demand), then that portion thereof as to which such defense is unsuccessful shall be conclusively deemed to be a liability of Chesapeake and subject to indemnification as provided hereinabove.

3.3 The foregoing indemnification and hold harmless agreement shall benefit both parties from the date hereof and shall survive the termination of this Agreement.

ARTICLE IV - Failure to Perform: Default and Remedies

4.1 The following shall constitute an event of default:

- (a) Either party fails to satisfy in full the terms and conditions of this Agreement.
- (b) Either party voluntarily suspends the transaction of business where there is an attachment, execution or other judicial seizure of any portion of their respective assets;
- (c) Either party becomes insolvent or unable to pay its debts as they mature or makes an assignment for the benefit of creditors;
- (d) Either party files, or there is filed against it, a petition to have it adjudged bankrupt or for an arrangement under any law relating to bankruptcy;
- (e) Either party applies for or consents to the appointment of a receiver, trustee or conservator for any portion of its properties or such appointment is made without its consent; or
- (f) Either party engages in unlawful activities.

4.2 If either party fails to perform its obligations under this Agreement, the non-defaulting party shall notify the defaulting party in writing (the "Default Notice") within three (3) days after the day that the non-defaulting party obtained knowledge of such failure to perform. Each such Default Notice shall describe in detail the act or event constituting the non-performance by the defaulting party. The defaulting party shall have five (5) days after its receipt of the Default Notice to cure any such failure to perform, unless such cure can not be accomplished using reasonable efforts within said five (5) day period, in which case the defaulting party shall have such additional time as may be necessary, using reasonable efforts, to cure such non-performance (the "Default Cure Period"). Notwithstanding anything herein to the contrary, the Default Cure Period for any default for the non-payment of money shall not exceed five (5) days and for any event of default set forth in Section 4.1 (a) - (f), no cure period shall apply.

4.3 In the event of a default that is not cured within the Default Cure Period, the non-defaulting party may, at its option, exercise any, some or all of the following remedies, concurrently or consecutively:

- (a) terminate the Agreement upon written notice to the defaulting party; and/or,
- (b) any remedy existing at law or in equity.

ARTICLE V - Term

5.1 This Agreement shall be in effect for a period of twelve (12) Months beginning on the Effective Date, such period defined herein as the "Annual Period", and thereafter be extended for additional "Annual Periods"; unless either party gives written notice of termination to the other party, not less than sixty (60) days prior to the expiration of any "Annual Period". This Agreement may be terminated earlier by either party, with at least sixty (60) days written notice to the other party.

ARTICLE VI – DPO Service Charge

6.1 Commencing on the effective date of this Agreement, and continuing until this Agreement is terminated or expires, Shipper shall pay to Chesapeake a Delivery Point Operator Service Charge equal to Five Thousand Dollars (\$5,000.00) for each annual period the Agreement is in effect, or prorated for such period as the Agreement is in effect. The DPO Service Charge shall be billed quarterly, and prorated in accordance with the Effective Date and terminating date of this Agreement. Each quarterly payment shall be in the amount of \$1,250.00 dollars, billed at the beginning of each quarter by Chesapeake to Shipper in its respective Monthly Operational Balancing Statement. The DPO Service Charge shall be billed in addition to any Receipt or Delivery Imbalance resolution or Operational Order credits or charges. The charges contained herein are subject to the continuing jurisdiction of the FPSC and, as such, may be only be adjusted during the term of this Agreement by an order from the FPSC.

ARTICLE VII – Notices

7.1 Except as otherwise provided herein, any notice, request, demand, statement or report pertaining to this Agreement shall be in writing and shall be considered as effective on the receipt date, when delivered by certified or registered mail, an acknowledged electronic mail delivery or on the date sent by facsimile transmission or express mail service.

7.2 All communications with respect to this Agreement shall be sent to the following addresses:

To Chesapeake:

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

Contact Person: Brian Bilinski, Sr. Financial Analyst
Telephone: (863) 293-2125
Facsimile: (863) 294-3895

To Shipper:

Peninsula Energy Services Company, Inc.
P.O. Box 2772
Winter Haven, Florida 33881

Contact Person: Rich Kalmas, General Manager
Telephone: 863-294-6044
Facsimile: 863-299-2946

ARTICLE VIII – Tariff Revisions

8.1 Nothing contained in this Agreement shall prevent Chesapeake from proposing to, and filing with, the FPSC: (i) revisions to any effective rate schedule, (ii) superseding rate schedules, or (iii) any other modifications to its tariff for the purpose of changing the rates, charges and general terms and conditions applicable to services provided under the provisions of the Chesapeake FPSC Tariff, including the terms and conditions of this Agreement. Nothing contained in this Agreement shall prevent Shipper from opposing any changes, revisions or modifications contained in any proposal or filing made by Chesapeake to or with the FPSC that affect the charges or other provisions applicable to service provided under this Agreement, or from pursuing any other available legal remedy with respect to such changes, revisions or modifications.

ARTICLE IX – Mutually Beneficial Transactions

9.1 Shipper recognizes that as Delivery Point Operator for the interstate pipeline interconnects, Chesapeake is subject to the rules and regulations of Transporters with regard to operational flow rates, pressures and penalties. As such, Chesapeake may need the Shipper to vary its daily deliveries from the scheduled delivery quantities. On those occasions, Chesapeake may request, at its sole discretion, and the Shipper may agree to, a change to the Shipper's nominated Gas supply quantities and either Transporter's pipeline capacity. Terms and conditions of such transactions shall be

agreed upon at the time of the transaction and shall be recorded and confirmed in writing within two business days after the transaction.

ARTICLE X - Miscellaneous

10.1 Entire Agreement: This Agreement, including the exhibits attached hereto, sets forth the full and complete understanding of the parties as of the date of its execution by both parties, and it supersedes any and all prior negotiations, agreements and understandings with respect to the subject matter hereof. No party shall be bound by any other obligations, conditions or representations with respect to the subject matter of this Agreement.

10.2 Governing Law, Rules and Regulations: This Agreement shall be construed in accordance with the laws of the State of Florida, without regard to its choice of law rules; and, the terms and conditions of the Chesapeake FPSC-approved Natural Gas Tariff, and Transporter's FERC Tariff, as amended from time to time.

10.3 Amendments: Neither this Agreement nor any of the terms hereof may be terminated, amended, supplemented, waived or modified except by an instrument in writing signed by the party against which enforcement of the termination, amendment, supplement, waiver or modification shall be sought, such amendments being subject to the approval of the FPSC. A change in (a) the place to which notices pursuant to this Agreement must be sent or (b) the individual designated as the Contact Person pursuant to Section 7.2 shall not be deemed nor require an amendment of this Agreement provided such change is communicated in accordance with Section 7.1 of this Agreement.

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

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

10.6 Assignment and Transfer: No assignment of this Agreement by either party may be made without the prior written approval of the other party (which approval shall not be unreasonably withheld) and unless the assigning or transferring party's assignee or transferee shall expressly assume, in writing, the duties and obligations under this Agreement of the assigning or transferring party, and upon such assignment or transfer and assumption of the duties and obligations, the assigning or transferring party shall

furnish or cause to be furnished to the other party a true and correct copy of such assignment or transfer and assumption of duties and obligations.

10.7 Counterparts: This Agreement may be executed in counterparts, all of which taken together shall constitute one and the same instrument and each of which shall be deemed an original instrument as against any party who has signed it.

IN WITNESS WHEREOF, the parties have duly executed this Agreement, in multiple originals, effective as of the date of execution by both parties.

Chesapeake Utilities Corporation

Peninsula Energy Services Company, Inc.

BY: _____

BY: _____

NAME: _____

NAME: _____

TITLE: _____

TITLE: _____

Date: _____

Date: _____

DELIVERY POINT OPERATOR AGREEMENT

This DELIVERY POINT OPERATOR AGREEMENT ("Agreement") is made and entered into on the ___ day of _____ 2006, to be effective on the first day of the Month following approval by the Florida Public Service Commission (FPSC) (the "Effective Date"), by and between Chesapeake Utilities Corporation, a Delaware corporation doing business in Florida as Central Florida Gas Company and hereinafter referred to as "Chesapeake", and Peninsula Energy Service Company, Inc., a Delaware corporation hereinafter referred to as "Shipper".

WITNESSETH:

WHEREAS, Chesapeake is party to a Service Agreement with Florida Gas Transmission Company and an Operational Balancing Agreement with Gulfstream Natural Gas System, L.L.C., (collectively referred to herein as "Transporter") and serves as Delivery Point Operator for several Delivery Points on Transporter's interstate pipeline systems, as provided by the General Terms and Conditions of Transporter's Federal Energy Regulatory Commission ("FERC") tariff; and

WHEREAS, Shipper is party to a gas supply and capacity management agreement with Minute Maid Company a Division of Coca Cola Company (Minute Maid), which agreement assigns operational balancing responsibilities to Shipper for the Minute Maid Plymouth Delivery Point with Florida Gas Transmission (FGT); and

WHEREAS, at Shipper's request Minute Maid has designated Chesapeake as Delivery Point Operator for the Delivery Point and Chesapeake wishes to serve as such and FGT has accepted Chesapeake as the designated Delivery Point Operator,

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, the parties agree as follows:

ARTICLE I – Definitions

Unless another definition is expressly stated within this Agreement, the following terms and abbreviations, when used in this Agreement and in all exhibits, recitals, and appendices contained or attached to this agreement, are intended to and will mean as follows:

1.1 "Delivery Point"

means the point at the connection of the facilities of FGT and the Minute Maid Plymouth facility, in the vicinity of Apopka, Florida, at which the gas leaves the outlet

side of the measuring equipment of FGT and enters Minute Maid's facility, such facility designated as DRN 3096 by FGT.

1.2 "Receipt or Delivery Imbalance"

means scheduled receipts or deliveries that exceed or are below the actual receipts or deliveries at the Delivery Point, as defined by the Chesapeake Florida Division Florida Public Service Commission (FPSC) tariff provisions.

1.3 "Month"

means a period beginning at 9:00 a.m. CCT on the first day of a calendar month and ending at 9:00 a.m. CCT on the first day of the next succeeding calendar month; provided that, in the event of a change in the definition of the corresponding term in Chesapeake's FPSC Tariff, this definition shall be deemed to be amended automatically so that it is identical at all times to the definition of the corresponding term in said Tariff.

1.4 "Operational Order"

means an Alert Day Notice, Operational Flow Order, Pack or Draft Notice, Curtailment Order or Other Operational Control Order or any other notice or order requiring action on the part of Shipper or Minute Maid relative to scheduled or delivered gas quantities, in accordance with Transporter's FERC Gas Tariff and/or Chesapeake's FPSC Tariff.

ARTICLE II – Scope Of Service

2.1 Chesapeake, as Delivery Point Operator designee for the Delivery Point, shall execute such documents as are required by the FGT FERC Gas Tariff to assume the obligations of Delivery Point Operator for the Delivery Point.

2.2 Chesapeake shall administer the Delivery Point in accordance with the provisions of the FGT FERC tariff, the Chesapeake FPSC Tariff, and the Shipper's Aggregated Pool Manager Agreement, as applicable. Resolution of Monthly Receipt or Delivery Imbalances at the Delivery Point shall be in accordance with Chesapeake's FPSC Tariff. Each month, as provided in Section 2.3, Chesapeake shall provide to Shipper a statement of any Receipt or Delivery Imbalance credits or charges and any Operational Order credits or charges for the preceding Month. Chesapeake shall provide timely notice to Shipper of any Operational Orders issued by Transporter or Chesapeake that affect the Delivery Point in accordance with the Operator Order notice provisions of Chesapeake's FPSC Tariff.

2.3 It is expressly understood that Chesapeake shall provide Delivery Point Operator services as an administrative convenience for Shipper and to facilitate Monthly imbalance resolution and Operational Order compliance. For Receipt or Delivery Imbalance resolution and Operator Order purposes, Chesapeake shall, to the extent authorized by Chesapeake's FPSC Tariff and Shipper's Aggregated Pool Manager Agreement, consider gas quantities scheduled and delivered at the Delivery

Point to be part of Shipper's aggregate gas quantities scheduled and delivered to Chesapeake delivery points. Shipper shall be solely responsible for resolving Receipt or Delivery Imbalances, and responding to any Transporter Operational Orders, such response to include but not be limited to increasing or decreasing scheduled or delivered gas quantities at the Delivery Point as may be required by Transporter and/or Chesapeake notice. Shipper shall be solely responsible for communicating to Minute Maid any required adjustments to Minute Maid's gas consumption at the Apopka facility. Chesapeake shall include any charges and credits for Receipt or delivery Imbalance resolution and Operator Orders related to the Delivery Point in Shipper's aggregated Monthly Operational Balancing Statement. Chesapeake shall render such statement to Shipper within fifteen (15) days of the end of a Month. Shipper shall remit payment to Chesapeake within ten (10) days of the Chesapeake bill statement date.

ARTICLE III - Indemnification

3.1 For value received and to induce Chesapeake to enter into this Agreement, Shipper agrees to protect, defend (at Shipper's expense and by counsel satisfactory to Chesapeake), indemnify, and save and hold harmless Chesapeake, its officers, directors, shareholders, employees, agents, successors and assigns, from and against all direct or indirect costs, expenses, damages, losses, obligations, lawsuits, appeals, claims, or liabilities of any kind or nature (whether or not such claim is ultimately defeated), including in each instance, but not limited to, all costs and expenses of investigating and defending any claim arising at any time and any final judgments, compromises, settlements, and court costs and attorney's fees, whether foreseen or unforeseen (including all such expenses, court costs, and attorney's fees in the enforcement of Chesapeake's rights hereunder) incurred by Chesapeake in connection with or arising out of or resulting from or relating to or incident to:

1. any breach of any of the representations, warranties, or covenants of Shipper contained in this Agreement or in any Exhibit, Schedule, or other document attached hereto and made a part hereof or provided pursuant hereto, specifically including but not limited to:

- (a) any FGT penalties or other expenses or liabilities for unauthorized overrun or underrun Gas, for imbalances on a pipeline system, for failure to comply with FGT's FERC Tariff, or for failure to comply with a curtailment notice or to take deliveries as scheduled; and
- (b) any claim by a gas supplier or other party contesting Shipper's warranty of title to Gas and related obligations;

2. any claim by a creditor of Shipper as a result of any transaction pursuant to or contemplated by this Agreement;

3. any claim against Chesapeake relating to any obligation or liability of Shipper, or its affiliates, or any of them of any kind or nature;

4. any taxes of any federal, state or local jurisdiction related to Gas supply and/or FGT capacity upstream of Chesapeake's.

In the event that any claim or demand for which Shipper would be liable to Chesapeake hereunder is asserted against or sought to be collected from Chesapeake by a third party, Chesapeake shall promptly notify Shipper of such claim or demand, specifying the nature of such claim or demand and the amount or the estimated amount thereof, if determination of an estimate is then feasible (which estimate shall not be conclusive of the final amount of such claim or demand) (the "Claim Notice"). Shipper shall have twenty (20) days, or such shorter period as the circumstances may require if litigation is involved, from the personal delivery or mailing of the Claim Notice (the "Notice Period") to notify Chesapeake:

1. whether or not it disputes its liability to Chesapeake hereunder with respect to such claim or demand; and,

2. whether or not it desires, at its sole cost and expense, to defend Chesapeake against such claim or demand.

In the event that Shipper notifies Chesapeake within the Notice Period that it desires to defend Chesapeake against such claim or demand and except as hereinafter provided, Shipper shall have the right to defend Chesapeake by appropriate proceedings, which proceedings shall be promptly settled or prosecuted by Shipper to a final conclusion in any manner as to avoid any risk of Chesapeake becoming subject to any liability for such claim or demand or for any other matter. If Chesapeake desires to participate in, but not control, any defense or settlement, it may do so at its sole cost and expense. If Shipper elects not to defend Chesapeake against such claim or demand, whether by not giving Chesapeake timely notice as provided above or otherwise, then the amount of any such claim or demand, or, if the same is contested by Shipper or by Chesapeake (Chesapeake having no obligation to contest any such claim or demand), then that portion thereof as to which such defense is unsuccessful, shall be conclusively deemed to be a liability of Shipper and subject to indemnification as provided hereinabove.

3.2 For value received and to induce Shipper to enter into this Agreement, Chesapeake agrees to protect, defend (at Chesapeake's expense and by counsel satisfactory to Shipper), indemnify, and save and hold harmless Shipper, its officers, directors, shareholders, employees, agents, successors and assigns, from and against all direct or indirect costs, expenses, damages, losses, obligations, lawsuits, appeals, claims, or liabilities of any kind or nature (whether or not such claim is ultimately defeated), including in each instance, but not limited to, all costs and expenses of investigating and defending any claim arising at any time and any final judgments,

compromises, settlements, and court costs and attorney's fees, whether foreseen or unforeseen (including all such expenses, court costs, and attorney's fees in the enforcement of Shipper's rights hereunder) incurred by Shipper in connection with or arising out of or resulting from or relating to or incident to:

1. any breach of any of the representations, warranties, or covenants of Chesapeake contained in this Agreement or in any Exhibit, Schedule, or other document attached hereto and made a part hereof or provided pursuant hereto;

2. any claim by a creditor of Chesapeake as a result of any transaction pursuant to or contemplated by this Agreement;

3. any claim against Shipper relating to any obligation or liability of Chesapeake, or its affiliates, or any of them of any kind or nature; and,

In the event that any claim or demand for which Chesapeake would be liable to Shipper hereunder is asserted against or sought to be collected from Shipper by a third party, Shipper shall promptly notify Chesapeake of such claim or demand, specifying the nature of such claim or demand and the amount or the estimated amount thereof, if determination of an estimate is then feasible (which estimate shall not be conclusive of the final amount of such claim or demand) (the "Claim Notice"). Chesapeake shall have twenty (20) days, or such shorter period as the circumstances may require if litigation is involved, from the personal delivery or mailing of the Claim Notice (the "Notice Period") to notify Shipper:

1. whether or not it disputes its liability to Shipper hereunder with respect to such claim or demand; and,

2. whether or not it desires, at its sole cost and expense, to defend Shipper against such claim or demand.

In the event that Chesapeake notifies Shipper within the Notice Period that it desires to defend Shipper against such claim or demand and except as hereinafter provided, Chesapeake shall have the right to defend Shipper by appropriate proceedings, which proceedings shall be promptly settled or prosecuted by Chesapeake to a final conclusion in any manner as to avoid any risk of Shipper becoming subject to any liability for such claim or demand or for any other matter. If Shipper desires to participate in, but not control, any defense or settlement, it may do so at its sole cost and expense. If Chesapeake elects not to defend Shipper against such claim or demand, whether by not giving Shipper timely notice as provided above or otherwise, then the amount of any such claim or demand, or, if the same is contested by Chesapeake or by Shipper (Shipper having no obligation to contest any such claim or demand), then that portion thereof as to which such defense is unsuccessful, shall be conclusively deemed to be a liability of Chesapeake and subject to indemnification as provided hereinabove.

3.3 The foregoing indemnification and hold harmless agreement shall benefit both parties from the date hereof and shall survive the termination of this Agreement.

ARTICLE IV - Failure to Perform: Default and Remedies

4.1 The following shall constitute an event of default:

- (a) Either party fails to satisfy in full the terms and conditions of this Agreement.
- (b) Either party voluntarily suspends the transaction of business where there is an attachment, execution or other judicial seizure of any portion of their respective assets;
- (c) Either party becomes insolvent or unable to pay its debts as they mature or makes an assignment for the benefit of creditors;
- (d) Either party files, or there is filed against it, a petition to have it adjudged bankrupt or for an arrangement under any law relating to bankruptcy;
- (e) Either party applies for or consents to the appointment of a receiver, trustee or conservator for any portion of its properties or such appointment is made without its consent; or
- (f) Either party engages in unlawful activities.

4.2 If either party fails to perform its obligations under this Agreement, the non-defaulting party shall notify the defaulting party in writing (the "Default Notice") within three (3) days after the day that the non-defaulting party obtained knowledge of such failure to perform. Each such Default Notice shall describe in detail the act or event constituting the non-performance by the defaulting party. The defaulting party shall have five (5) days after its receipt of the Default Notice to cure any such failure to perform, unless such cure can not be accomplished using reasonable efforts within said five (5) day period, in which case the defaulting party shall have such additional time as may be necessary, using reasonable efforts, to cure such non-performance (the "Default Cure Period"). Notwithstanding anything herein to the contrary, the Default Cure Period for any default for the non-payment of money shall not exceed five (5) days and for any event of default set forth in Section 4.1 (a) - (f), no cure period shall apply.

4.3 In the event of a default that is not cured within the Default Cure Period, the non-defaulting party may, at its option, exercise any, some or all of the following remedies, concurrently or consecutively:

- (a) terminate the Agreement upon written notice to the defaulting party; and/or,
- (b) any remedy existing at law or in equity.

ARTICLE V - Term

5.1 This Agreement shall be in effect for a period of twelve (12) Months beginning on the Effective Date, such period defined herein as the "Annual Period", and thereafter be extended for additional "Annual Periods"; unless either party gives written notice of termination to the other party, not less than sixty (60) days prior to the expiration of any "Annual Period". This Agreement may be terminated earlier by either party, with at least sixty (60) days written notice to the other party.

ARTICLE VI – DPO Service Charge

6.1 Commencing on the effective date of this Agreement, and continuing until this Agreement is terminated or expires, Shipper shall pay to Chesapeake a Delivery Point Operator Service Charge equal to Five Hundred Dollars (\$500.00) for each annual period the Agreement is in effect, or prorated for such period as the Agreement is in effect. The DPO Service Charge shall be billed quarterly, and prorated in accordance with the Effective Date and terminating date of this Agreement. Each quarterly payment shall be in the amount of \$125.00 dollars, billed at the beginning of each quarter by Chesapeake to Shipper in the respective Monthly Operational Balancing Statement. The DPO Service Charge shall be billed in addition to any Receipt or Delivery Imbalance resolution or Operational Order credits or charges. The charges contained herein are subject to the continuing jurisdiction of the FPSC and, as such, may be only be adjusted during the term of this Agreement by an order from the FPSC.

ARTICLE VII – Notices

7.1 Except as otherwise provided herein, any notice, request, demand, statement or report pertaining to this Agreement shall be in writing and shall be considered as effective on the receipt date, when delivered by certified or registered mail, an acknowledged electronic mail delivery or on the date sent by facsimile transmission or express mail service.

7.2 All communications with respect to this Agreement shall be sent to the following addresses:

To Chesapeake:

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

Contact Person: Brian Bilinski, Sr. Financial Analyst
Telephone: (863) 293-2125
Facsimile: (863) 294-3895

To Shipper:

Peninsula Energy Services Company, Inc.
P.O. Box 2772
Winter Haven, Florida 33881

Contact Person: Rich Kalmas, General Manager
Telephone: 863-294-6044
Facsimile: 863-299-2946

ARTICLE VIII – Tariff Revisions

8.1 Nothing contained in this Agreement shall prevent Chesapeake from proposing to, and filing with, the FPSC: (i) revisions to any effective rate schedule, (ii) superseding rate schedules, or (iii) any other modifications to its tariff for the purpose of changing the rates, charges and general terms and conditions applicable to services provided under the provisions of the Chesapeake FPSC Tariff, including the terms and conditions of this Agreement. Nothing contained in this Agreement shall prevent Shipper from opposing any changes, revisions or modifications contained in any proposal or filing made by Chesapeake to or with the FPSC that affect the charges or other provisions applicable to service provided under this Agreement, or from pursuing any other available legal remedy with respect to such changes, revisions or modifications.

ARTICLE IX – Mutually Beneficial Transactions

9.1 Shipper recognizes that as Delivery Point Operator for the interstate pipeline interconnects, Chesapeake is subject to the rules and regulations of Transporters with

regard to operational flow rates, pressures and penalties. As such, Chesapeake may need the Shipper to vary its daily deliveries from the scheduled delivery quantities. On those occasions, Chesapeake may request, at its sole discretion, and the Shipper may agree to, a change to the Shipper's nominated Gas supply quantities and either Transporter's pipeline capacity. Terms and conditions of such transactions shall be agreed upon at the time of the transaction and shall be recorded and confirmed in writing within two business days after the transaction.

ARTICLE X - Miscellaneous

10.1 Entire Agreement: This Agreement, including the exhibits attached hereto, sets forth the full and complete understanding of the parties as of the date of its execution by both parties, and it supersedes any and all prior negotiations, agreements and understandings with respect to the subject matter hereof. No party shall be bound by any other obligations, conditions or representations with respect to the subject matter of this Agreement.

10.2 Governing Law, Rules and Regulations: This Agreement shall be construed in accordance with the laws of the State of Florida, without regard to its choice of law rules; and, the terms and conditions of the Chesapeake FPSC-approved Natural Gas Tariff, and Transporter's FERC Tariff, as amended from time to time.

10.3 Amendments: Neither this Agreement nor any of the terms hereof may be terminated, amended, supplemented, waived or modified except by an instrument in writing signed by the party against which enforcement of the termination, amendment, supplement, waiver or modification shall be sought, such amendments subject to the approval of the FPSC. A change in (a) the place to which notices pursuant to this Agreement must be sent or (b) the individual designated as the Contact Person pursuant to Section 7.2 shall not be deemed nor require an amendment of this Agreement provided such change is communicated in accordance with Section 7.1 of this Agreement.

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

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

10.6 Assignment and Transfer: No assignment of this Agreement by either party may be made without the prior written approval of the other party (which approval shall

not be unreasonably withheld) and unless the assigning or transferring party's assignee or transferee shall expressly assume, in writing, the duties and obligations under this Agreement of the assigning or transferring party, and upon such assignment or transfer and assumption of the duties and obligations, the assigning or transferring party shall furnish or cause to be furnished to the other party a true and correct copy of such assignment or transfer and assumption of duties and obligations.

10.7 Counterparts: This Agreement may be executed in counterparts, all of which taken together shall constitute one and the same instrument and each of which shall be deemed an original instrument as against any party who has signed it.

IN WITNESS WHEREOF, the parties have duly executed this Agreement, in multiple originals, effective as of the date of execution by both parties.

Chesapeake Utilities Corporation

Peninsula Energy Services Company, Inc.

BY: _____

BY: _____

NAME: _____

NAME: _____

TITLE: _____

TITLE: _____

Date: _____

Date: _____

Appendix A

**INCREMENTAL COST OF SERVICE STUDY
Delivery Point Operator Service**

CHESAPEAKE UTILITIES CORPORATION
FLORIDA DIVISION

ESTIMATED O&M EXPENSES

	<u>Description</u>	<u>Amount</u>
1	Scheduling & Imbalance reconciliation (30 min/mo. @ \$32.75/hr.)	\$196
2	Meter Polling (10 min/mo. @ \$32.75/hr.)	\$66
3	Billing & Collection	<u>\$36</u>
4	TOTAL ESTIMATED ANNUAL O & M EXPENSES	<u><u>\$298</u></u>