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July 7, 2006

BY HAND DELIVERY

Ms. Blanca Bayó, Director
Commission Clerk and Administrative Services
Room 110, Easley Building
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

060489-60

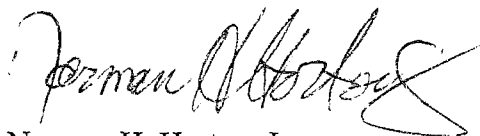
Dear Ms. Bayó:

Enclosed for filing on behalf of Florida Public Utilities Company and Indiantown Gas Company, Inc. are an original and fifteen copies of their Joint Petition for Approval of Territorial Agreement.

Please acknowledge receipt of these documents by stamping the extra copy of this letter "filed" and returning the same to me.

Thank you for your assistance with this filing.

Sincerely yours,



Norman H. Horton, Jr.

NHH/amb
Enclosures

cc: Mr. Brian Powers
Mr. Marc Seagrave

DOCUMENT NUMBER-DATE

06034 JUL-7 06

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Joint Petition for approval of)	
Territorial agreement between Florida)	Docket No.:
Public Utilities Company and Indiantown)	Filed: July 7, 2006
Gas Company, Inc.)	
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**JOINT PETITION FOR
APPROVAL OF TERRITORIAL AGREEMENT**

Petitioners Florida Public Utilities Company ("FPUC") and Indiantown Gas Company, Inc. ("IGC") hereby jointly petition the Commission pursuant to Section 366.04(3)(a), Florida Statutes, and Rule 25-7.0471, Florida Administrative Code, for approval of the Territorial Agreement ("Agreement") attached hereto as Exhibit I. In support thereof, Petitioners state:

1. Petitioners each own and operate natural gas distribution facilities in Florida, and each is a natural gas utility regulated by the Commission under Chapter 366, Florida Statutes. The names and mailing addresses of the petitioners are:

Florida Public Utilities Company 401 South Dixie Highway West Palm Beach, Florida 33401	Indiantown Gas Company, Inc. 16600 S. W. Warfield P.O. Box 8 Indiantown, FL 34956-0008
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2. The names and addresses of the persons authorized to receive notices and communications with respect to this petition are:

As to FPUC: Norman H. Horton, Jr. Messer, Caparello & Self, P. A. 215 S. Monroe Street, Suite 701 P.O. Box 1876 Tallahassee, FL 32302-1876	Mr. Marc Seagrave Florida Public Utilities Company Post Office Box 3395 West Palm Beach, FL 33402-3395
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As to IGC: Mr. Brian J. Powers
President
Indiantown Gas Company, Inc.
16600 S. W. Warfield
P. O. Box 8
Indiantown, FL 34956-0008

3. FPUC provides natural gas service to customers in Palm Beach, Seminole and Volusia Counties. Within their service areas, FPUC provides transportation and distribution of natural gas to residential and commercial users and an optional transportation only service to commercial customers.

4. The service area of IGC consists of the Indiantown Urban Services Boundary as designated by Martin County and such additional service area designated as IGC Service Area on file with the PSC. In 2003, the Commission in Order No. PSC-03-1109-PAA, approved the petition of IGC to exit the merchant function and transfer all customers to transportation service. Thus IGC does not sell natural gas to its customers but is primarily a transporter.

5. The Indiantown area generally, and the area that is the subject to this Agreement, is and will be experiencing additional construction and growth and a corresponding increase of new natural gas customers both residential and commercial. It is expected that this growth will continue. In order to enable as many persons as possible to receive natural gas service, and to avoid any unnecessary duplication of facilities, FPUC and IGC have entered into an agreement whereby FPUC would provide service to customers that are bounded by IGC's service territory. The territory will be FPUC's as will the customers, but the FPUC territory will be surrounded by IGC.

5. Since receiving approval to exit the merchant function, IGC has focused its efforts on transportation of gas to its customers and this Agreement enables IGC to continue that direction while at the same time enabling the construction, installation and operation of additional facilities to provide natural gas service to the expanding customer population. Rather than IGC undertaking an extensive plant expansion with its limited resources, this Agreement would permit FPUC to utilize its resources to serve customers within a development that is

bounded by the current service area of IGC. FPUC will construct and own the distribution facilities within the development and IGC will transport gas from Florida Gas Transmission lines on lines owned by IGC to FPUC at a delivery point in Indiantown. This arrangement is the most efficient and effective arrangement in that it allows each of the parties to pursue their service focus and insures that customers within the development receive the benefits of reliable natural gas service.

6. While the arrangement may result in adjacent consumers being served by different utilities, the rates are similar and the economics with FPUC providing the service are such that both customer groups derive benefit from the Agreement. IGC customers benefit through the additional revenues generated by the transportation services and FPUC customers realize the benefits of growth.

7. Petitioners seek the Commission's approval of the Agreement attached as Exhibit I, pursuant to Section 366.04(3)(a), Florida Statutes, and Rule 25-7.0471, Florida Administrative Code. Under Paragraph 11 of the Agreement, approval by the Commission is a condition precedent to the effectiveness of the Agreement. Under Paragraph 12 of the Agreement, any modification to the service areas must also be reviewed and/or approved by the Commission. Moreover, prior to the second anniversary of the Commission's approval of the Agreement, and no less frequently than every five years thereafter, the parties will meet to review the status of the Agreement and will provide a written status report to the Commission.

8. A legal description of the agreed service territories and the boundary between those service areas is included in Exhibit A to the Agreement, and a map depicting the territories is included in Exhibit B to the Agreement.

9. The Agreement does not provide for or involve the transfer of any customers or facilities.

10. FPUC and IGC each represents that approval and implementation of the Agreement will not cause a decrease in the availability or reliability of natural gas service to FPUC or IGC, or to the existing or future ratepayers of either company.

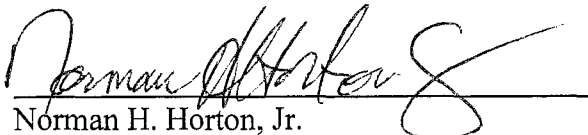
11. FPUC and IGC believe that the Commission's approval of the Agreement would be consistent with the standards set forth in Section 366.04, Florida Statutes and Rule 25-7.0471, Florida Administrative Code.

WHEREFORE, FPUC and IGC request that the Commission enter its order approving the Agreement attached hereto as Exhibit I.

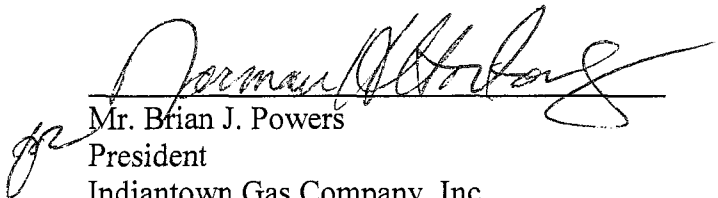
Respectfully submitted this 7th day of July, 2006.

FLORIDA PUBLIC UTILITIES COMPANY

INDIANTOWN GAS COMPANY, INC.



Norman H. Horton, Jr.
Messer, Caparello & Self, P.A.
215 S. Monroe Street, Suite 701
Post Office Box 1876
Tallahassee, FL 32302-1876
(850) 222-0720



Mr. Brian J. Powers
President
Indiantown Gas Company, Inc.
16600 S. W. Warfield
Post Office Box 8
Indiantown, FL 34956-0008
(772) 597-2168

EXHIBIT I

TERRITORIAL AGREEMENT

This TERRITORIAL AGREEMENT, ("Agreement") is made and entered into on the 1st day of July 2006, by and between Indiantown Gas Company, Inc., a Florida corporation and hereinafter referred to as ("IGC" and "Party"), and Florida Public Utilities Company, Inc., a Florida corporation hereinafter referred to as ("FPUC" and "Party"), collectively hereinafter referred to as the "Parties."

WITNESSETH:

WHEREAS, the Parties are both natural gas distribution companies and public utilities authorized by the Florida Public Service Commission ("FPSC") to serve customers in the State of Florida; and

WHEREAS, there exists an unprecedented increase in the long-term projected residential and commercial growth rate in the vicinity of unincorporated Indiantown in Martin County, Florida ("Indiantown") and the IGC gas distribution service territory; and

WHEREAS, in order to ensure that gas distribution service is available to as many persons in the vicinity of Indiantown as possible and to avoid any uneconomic duplication of distribution facilities used to provide such service, the Parties desire to enter into this Agreement;

NOW, THEREFORE, in fulfillment of the purposes and desires aforesaid, and in consideration of the mutual covenants and agreements set forth herein, the Parties agree as follows:

1. The Parties' service areas in the vicinity of Indiantown shall be as designated in the attached Exhibit A, which is incorporated herein by reference and made a part hereof. The service area reserved hereunder for IGC shall be the entire Indiantown Urban Services Boundary as designated by Martin County and such additional area designated as "IGC Service Area" in Exhibit A, except for that shaded area designated as "FPUC Service Area" on the territory map included in Exhibit A, which area is more fully described in the legal description of "FPUC Service Area" also included in Exhibit A.
2. It is the intent of the Parties that this Agreement shall establish the provisions under which certain additional areas in the vicinity of Indiantown may, subject to agreement between the Parties, and further subject to FPSC approval as described herein, be reserved for each Party. As future residential and commercial development occurs in the IGC

Service Area, the Parties may, from time to time, agree to an amended delineation of service territory for each Party. It is further intended by the Parties that such delineation shall be considered on a case-by-case basis as specific development projects materialize in and around the IGC Service Area. In the event the Parties agree to amend the service territory boundaries as described in Exhibit A, subsequent to the Effective Date of the Agreement the Parties shall execute new Exhibits depicting such territorial agreement.

3. Each Party shall have the authority to serve all customers within their respective service areas as designated in this Agreement, under the terms and conditions of their respective FPSC approved tariffs.
4. IGC shall not provide natural gas service to any customer within the designated service area of FPUC, without the express written consent of FPUC and the approval of the FPSC. FPUC shall not provide natural gas service to any customer within the designated service area of IGC, without the express written consent of IGC and the approval of the FPSC. Notwithstanding the above, either Party may request that the other Party provide natural gas service to potential customers within the first Party's service area. The Party receiving the request may elect to provide service to such potential customers in its sole discretion, subject to approval of the FPSC.
5. Neither of the Parties shall solicit potential or existing natural gas customers within the other Party's service area as defined in this Agreement. Each Party agrees to refrain from installing distribution facilities that would duplicate facilities of the other Party, or that would intrude into the other Party's service area, except as specifically provided in this Agreement.
6. Except as otherwise set forth in this Agreement, neither party shall provide service to an applicant for natural gas service if the applicant is located outside a Party's designated service area, and inside the designated service area of the other Party unless ordered to do so by the FPSC or by a Court of competent jurisdiction.
7. Should a development project or customer requesting natural gas service be located in such a manner that the development project or customer location is bisected by the service area boundary lines established in this Agreement, the Party executing an agreement with said development project or customer for service shall serve the entire development project or customer and the boundary line shall be modified to include the entire area of the development project or customer within the service area of that Party, subject to the approval of the FPSC. In such circumstance the Parties shall jointly and expeditiously seek approval of the FPSC for

amendment of this Agreement to reflect the modified service area boundary lines.

8. In the event that FPUC declines to serve a development project or customer or FPUC is unable to execute a service agreement with a development project or customer, IGC retains the right to amend the FPUC Service Area to exclude the entire area of the development project or customer location and to a) provide service to such project or customer through IGC facilities or, b) negotiate a territorial agreement with another public utility to provide such service. Any such modification of service area boundary lines shall be subject to approval of the FPSC.
9. In the event that a Party determines, in specific instances, that good engineering practice or economic constraints on that Party indicate that any small service area and/or any future natural gas customer within that Party's service area as defined in this Agreement should not be served by that Party, such Party shall notify the other Party and request the other Party to serve such small service area and/or customer. If the Parties reach agreement thereon, the Parties shall jointly and expeditiously seek approval of the FPSC for amendment of this Agreement to reflect the modified service area boundary lines.
10. This Agreement does not provide for the transfer of any existing customers or facilities.
11. The provisions and the Parties' performance of the Agreement are subject to the regulatory authority of the FPSC, whose approval of the Agreement shall be an absolute condition precedent to the validity, enforceability and applicability of the Agreement. This Agreement shall have no force or effect whatsoever until approval has been obtained from the FPSC and the Parties hereby agree to jointly petition the FPSC for such approval. This Agreement shall become effective on the date of expiration of the appeal period following the issuance by the FPSC of an order approving this Agreement ("the Effective Date"). In the event the FPSC declines to approve this Agreement, the same shall be of no force or effect, and neither Party shall have any claim against the other arising out of this Agreement.
12. This Agreement, the service areas, and any territorial boundary lines set forth herein may be modified only upon agreement of the Parties and the approval of the FPSC.
13. The Parties have entered into this Agreement solely for the purpose of adhering to state policy favoring territorial agreements between public utilities. This Agreement is governed by Section 366.04(3), Florida Statutes, which expressly confers authority to the FPSC to approve

territorial agreements between natural gas utilities. Upon approval this Agreement shall merge into and become part of the FPSC order approving the Agreement.

14. As soon as practicable following the Effective Date of this Agreement, each Party agrees to file with the FPSC any revisions to its FPSC approved tariff which may be required as a result of the FPSC approval of this Agreement. Each Party shall provide a copy of the revised approved tariff to the other Party.
15. This Agreement shall become void and unenforceable should the FPSC's jurisdiction in service territorial matters be ruled invalid by a Court of final jurisdiction.
16. This Agreement shall become effective on the Effective Date and shall remain in effect for, a) an initial period of thirty (30) years and shall automatically renew for successive ten (10) year periods unless either Party gives written notice of intent to terminate at least one (1) year prior to the end of the initial term or any renewal period or, b) until modified or vacated by a final and non-appealable order of the FPSC or a Court of competent jurisdiction.
17. Prior to the second anniversary of the effective date of FPSC approval of this Agreement, and no less frequently than every fifth anniversary thereafter, the Parties shall review the status of this Agreement and shall submit a joint status report to the FPSC or any successor agency with power to consider approval or modification hereof. The parties agree that failure to timely submit such joint report shall not affect the effectiveness of this Agreement nor shall it affect the FPSC continuing oversight of this Agreement.
18. The parties shall enter into a Transportation Service Agreement whereby, pursuant to such agreement, IGC shall receive FPUC gas at the IGC delivery point with Florida Gas Transmission and transport such gas through the IGC distribution system for delivery to the IGC delivery point(s) with FPUC. IGC shall construct, own, and maintain gas facilities capable of transporting quantities of gas, up to the MDTQ established in the Transportation Services Agreement, to the IGC delivery point(s) with FPUC. FPUC agrees to transport all gas quantities required to serve customers in all FPUC Service Areas designated under this Agreement, through the IGC distribution system as provided by the IGC Transportation Service Agreement.
19. Nothing in this agreement shall be construed to preclude either Party from requesting service from FGT and/or Gulfstream Natural Gas System to construct and operate a delivery point(s) for the purpose of providing gas

service to development projects or customers outside the designated areas.

20. This Agreement is only between IGC and FPUC and only involves the retail distribution of natural gas and shall not affect or bind other affiliates or subsidiaries of IGC or FPUC.
21. Should either Party become a party in a legal action or administrative proceeding to which the other Party is not a party and which action relates to this Agreement, the Party to such action shall notify the other Party of such legal action, and provide such other Party with copies of the then-existing pleadings filed in such action. Such notice with accompanying pleadings shall be provided no later than ten (10) days after initiating, formally seeking to intervene in, or being served with a pleading naming that Party as a defendant in any such action.
22. All notices under this Agreement must be in writing and may be sent by facsimile, a nationally recognized courier service, first class mail or hand-delivered, to the Parties at the addresses and facsimile numbers set forth below:

To IGC:

Brian Powers
President
Indiantown Gas Company
16600 S.W. Warfield
P.O. Box 8
Indiantown, Florida 34956
Phone: 772-597-2168
Facsimile: 772-597-2068

To FPUC:

C.L. Stein
Senior Vice President & C.O.O.
Florida Public Utilities Company
401 S. Dixie Highway
P.O. Box 3395
West Palm Beach, Florida 33402
Phone: 561-838-1760
Facsimile: 561-833-8562


with a copy to:


Marc L. Schneiderman

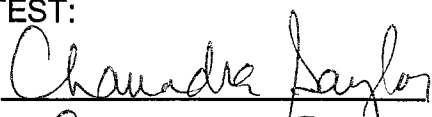
Director Corporate Services
Florida Public Utilities Company
401 S. Dixie Highway
P.O. Box 3395
West Palm Beach, Florida 33402
Phone: 561-838-1767
Facsimile: 561-833-8562

23. This Agreement shall be binding upon the Parties hereto and their successors and assigns.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be signed by their respective officers thereunto duly authorized as of the date first stated above.

ATTEST:
By: 
Name: Marc S. Seagrave

Indiantown Gas Company, Inc.
By: 
Name: BRIAN POWES
Title: President

ATTEST:
By: 
Name: Chaundra Saylor



Florida Public Utilities Company 
By: 
Name: C.L. STEIN
Title: S.R.V.P./L.O.O

EXHIBIT A

Territorial Agreement
Between
Indiantown Gas Company, Inc.
And
Florida Public Utilities Company

Legal Description of IGC Service Area

A parcel of land located in Martin County, Florida being more particularly described as follows:

Beginning at the Northeast corner of Section 24, Township 39 South, Range 39 East; Thence West along the North lines of Sections 24, 23, 22, 21, 20, and 19, Township 39 South, Range 39 East, to the Northwest corner of said Section 19; Thence, along the North lines of Sections 24 and 23, Township 39 South, Range 38 East, to the Northwest corner of said Section 23; Thence South, along the West lines of Sections 23 and 26, Township 39 South, Range 38 East, to the intersection with the Northeasterly right-of-way line of State Road 710 (Warfield Boulevard); Thence Northwesterly along said Right-of-Way line, to the intersection with the West line of Section 22, Township 39 South Range 38 East; Thence South along the West lines of Sections 22, 27, and 34, Township 39 South, Range 38 East, to the Southwest corner of said Section 34; Thence South along the West line of Section 3, Township 40 South, Range 38 East, to the intersection with the South line of the St. Lucie Canal as described in Plat Book 2, Page 35 and Plat Book 10, Page 84, of the public records of Martin County, Florida; Thence Easterly along said South Right- of-Way line of the St. Lucie Canal through Sections 3, 10, 11, and 12, Township 40 South, Range 38 East; Thence continue along said South Right-of-Way line through Sections 7 and 8, of Township 40 South, Range 39 East, to the intersection with the Southerly Right-of-Way line of State Road 710 (Warfield Boulevard); Thence Southeasterly along said Southeasterly right-of-way line to the intersection with the Southerly prolongation of the Easterly Right-of-Way line of S.W. Indiantown Avenue; Thence Northeasterly along said prolongation and the Easterly Right-of-Way line of S.W. Indiantown Avenue and the Northerly prolongation thereof to the intersection with the South Right-of-Way line of aforementioned St. Lucie Canal; Thence Northeasterly, along said Right-of-Way line through Sections 8, 9, 4, 3,

and 2, Township 40 South, Range 39 East and Sections 35 and 36, Township 39 South, Range 39 East to the intersection with the East line of said Section 36; Thence North along the East line of Sections 36, 25, and 24, Township 39 South, Range 39 East to the Northeast corner of said Section 24 and the Point of Beginning.

Legal Description of FPUC Service Area

A parcel of land located in the Northwest one-quarter (NW ¼) of Section 5, Township 40 South, Range 39 East, and in the Southwest one-quarter (SW ¼) of Section 32, Township 39, Range 39 East, Martin County, Florida, being more particularly described as follows:

From the Northeast corner of said Northwest one-quarter, bear South 89°20'20" West, along the North line of said Northwest one-quarter of Section 5, a distance of 681.63 feet to the intersection with the West line of the Third Addition To Indiantown Park as recorded in Plat Book 5, Page 21, Martin County, Florida, Public Records, and the Point of Beginning; thence South 00°39'40" East, along said West line of the Third Addition To Indiantown Park, a distance of 305.00 feet; thence North 89°20'20" East, along the South line of said Third Addition To Indiantown Park, a distance of 148.19 feet; thence South 00°01'20" East, along the West line of said Third Addition To Indiantown Park, a distance of 1227.44 feet to the point of curvature of a curve concave to the Northwest, said curve having a central angle of 35°48'20" and a radius of 125.00 feet; thence Southwesterly along the arc of said curve, a distance of 78.12 feet to the point of tangency; thence South 35°47'00" West, along the tangent line of said curve, a distance of 231.80 feet to the intersection with a curve concave to the Southwest, having a radius of 3115.00 feet, and whose center bears South 35°47'00" West; thence Northwesterly, along the arc of said curve, through a central angle of 13°12'52.4", a distance of 718.44 feet; thence North 78°43'03.7" West, a distance of 25.49 feet; thence North 00°01'20" West, a distance of 1464.85 feet; thence North 89°20'20" East, a distance of 658.07 feet; thence South 00°39'40" East, a distance of 35.00 feet to the Point of Beginning.

Together with a parcel of land adjacent to the South, being more particularly described as follows:

Beginning 1429.85 feet South of and 1339.7 feet West of the Northeast corner of the Northwest one-quarter of said Section 5, thence run Southwesterly 250.12 feet to the North right-of-way of Cherokee Drive; thence run Southeasterly 684.62 feet along the said North right-of-way of Cherokee Drive; thence run Northeasterly 250.12 feet along the Northwesterly right-of-way of Lee Avenue to the intersection with a curve concave to the Southwest, having a radius of

3115.00 feet, and whose center bears South 35°47'00" West; thence Northwesterly, along the arc of said curve, through a central angle of 13°12'52.4", a distance of 718.44 feet; thence North 78°43'03.7" West, a distance of 25.49 feet to the Point of Beginning.

**EXHIBIT A
(Continued)**

**Territorial Agreement
Between
Indiantown Gas Company, Inc.
And
Florida Public Utilities Company**

IGC and FPUC Service Area Map

STATE OF FLORIDA



OFFICE OF COMMISSION CLERK
ANN COLE
COMMISSION CLERK

Public Service Commission

Docket No. : 060489-GU

Docket Title: Joint petition for approval of territorial agreement whereby Florida Public Utilities Company would provide service to customers within a development bounded by Indiantown Gas Company, Inc.'s current service area.

DN 06034-06: MAP OF INDIANTOWN GAS COMPANY SERVICE TERRITORY IN MARTIN COUNTY, FLORIDA

[CLK NOTE: MAP PORTION OF TESTIMONY EXHIBIT CAN BE FOUND IN MAPS MICROFILM.]

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD • TALLAHASSEE, FL 32399-0850

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