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IN REPLY REFER TO:

Ansley Watson, Jr.
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July 13, 2006

VIA FEDEX

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

2006 JUL 14 AM 9:30
DISTRIBUTION CENTER

Dear Ms. Bayo:

Enclosed is a report called for in the Peoples Gas System/Chesapeake Utilities Corporation Territorial Agreement. This is simply an update on the status of this agreement, and we are requesting no action by the Commission in response to this filing.

Please acknowledge your receipt and the date of filing of the enclosures on the duplicate copy of this letter and return the same to me in the enclosed preaddressed envelope.

Thank you for your usual assistance.

Sincerely,



ANSLEY WATSON, JR.

- OMP _____
- COM _____
- CTR _____
- ECR _____
- GCL _____
- OPC _____
- RCA _____
- SCR _____
- SGA _____
- SEC 1
- OTH Kim P.

AWjr/a
Enclosure

cc: Mrs. Kandi M. Floyd, Peoples Gas System
Mr. Lance Horton, Peoples Gas System
Mr. Thomas A. Geoffroy, Florida Division of Chesapeake Utilities Corporation
Wayne L. Schiefelbein, Esquire, Attorney for Florida Division of Chesapeake Utilities Corporation

DOCUMENT NUMBER-DATE

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**JOINT REPORT OF
PEOPLES GAS SYSTEM AND THE FLORIDA DIVISION OF
CHESAPEAKE UTILITIES CORPORATION
ON STATUS OF TERRITORIAL AGREEMENT**

In Order No. PSC-99-2228-PAA-GU issued on November 10, 1999, in Docket No. 990921-GU, the Commission approved the amended and restated territorial agreement entered into between Peoples Gas System, a division of Tampa Electric Company ("PGS"), and the Florida Division of Chesapeake Utilities Corporation ("CUC") (the "Agreement"). Section 4.5 of the Agreement calls for a meeting of the parties prior to the second anniversary of the effective date of the Agreement (and no more than every fifth anniversary thereafter), and a joint report on the status of the Agreement to be submitted to the Commission following such meetings. A report in compliance with the requirements of Section 4.5 of the Agreement was filed by the parties on January 4, 2002.

By the instant report, PGS and CUC advise the Commission that (i) the Agreement remains in full force and effect, (ii) no modifications have been proposed in the terms of the Agreement, and (iii) no disputes between the parties have arisen concerning the provisions of the Agreement.

The parties will advise the Commission to the extent that any changes to the Agreement are proposed, and will petition the Commission to resolve any disputes which may arise with respect to the provisions of the Agreement if the parties are unable to resolve the same.


DATED this 13th day of July, 2006.

DOCUMENT NUMBER-DATE

06171 JUL 14 8

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Respectfully submitted,



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