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Suite 1200
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www.akerman.com
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October 10, 2006

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COMMISSION
CLERK

VIA HAND DELIVERY

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

Re: PETITION OF THE FLORIDA DIVISION OF CHESAPEAKE UTILITIES CORPORATION FOR AUTHORITY TO IMPLEMENT PHASE TWO OF THE COMPANY'S EXPERIMENTAL TRANSITIONAL TRANSPORTATION SERVICE PILOT PROGRAM AND FOR APPROVAL OF A NEW TARIFF TO REFLECT THE COMPANY'S TRANSPORTATION SERVICE ENVIRONMENT *0606TS-GU*

Dear Ms. Bayó:

Enclosed for filing, please find an original and 7 copies of the Petition of the Florida Division of Chesapeake Utilities Corporation for Authority to Implement Phase II of the Company's Experimental Transitional Transportation Service Pilot Program and for Approval of a New Tariff to Reflect the Company's Transportation Service Environment.

Your assistance in this matter is greatly appreciated.

Sincerely,

Beth Keating
AKERMAN SENTERFITT
106 East College Avenue, Suite 1200
Tallahassee, FL 32302-1877
Phone: (850) 224-9634
Fax: (850) 222-0103

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09392 OCT 10 06

FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Petition of the Florida Division of)
Chesapeake Utilities Corporation for)
Authorization to Implement Phase Two)
of the Company's Experimental Transitional)
Transportation Service Pilot Program and)
for Approval of a New Tariff to Reflect)
the Company's Transportation Service)
Environment.)

Docket NO. 060675-6U
Filed: October 10, 2006

PETITION FOR AUTHORITY TO IMPLEMENT PHASE TWO OF THE
COMPANYS EXPERIMENTAL TRANSITIONAL TRANSPORTATION SERVICE
PILOT PROGRAM AND FOR APPROVAL OF A NEW TARIFF TO REFLECT
THE COMPANY'S TRANSPORTATION SERVICE ENVIRONMENT

1. The Florida Division of Chesapeake Utilities Corporation (the Company), by and through its undersigned counsel, hereby petitions the Florida Public Service Commission (the Commission) for authority to implement Phase Two of the Company's experimental Transitional Transportation Service (TTS) pilot program, and for approval of certain tariff changes in connection therewith, and in support hereof states as follows.

INTRODUCTION

2. The name and address of the petitioner is:

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

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

Beth Keating
Of Counsel
Akerman Senterfitt
106 East College Avenue, Suite 1200
Tallahassee, FL 32301
(850) 224-9634 (telephone)
(850) 222-0103 (fax)

Attorneys for Petitioner
The Florida Division of Chesapeake Utilities Corporation

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3. The Commission has jurisdiction to grant the relief requested pursuant to Chapter 366, Florida Statutes, including Secs. 366.03, 366.04, 366.06, 366.07 and 366.075.
4. The Company is a natural gas distribution utility subject to the regulatory jurisdiction of this Commission as prescribed in Chapter 366, Florida Statutes. Its substantial interests will be affected by the Commission's disposition of this petition in that the Company's authority to implement Phase Two of its experimental TTS Program, and adopt a new tariff whose provisions are consistent with a transportation service environment, under terms and conditions agreeable to the Company, will be thereby determined.

SUMMARY OF PETITION

5. By this Petition, the Company is seeking the Commission's authorization to:
 - Implement Phase Two of the Company's Transitional Transportation Service (TTS) program for residential and certain small commercial consumers effective April 1, 2007. Phase Two would expand the number of Pool Managers (third party gas marketers) from one to two and increase the gas supply pricing options available to consumers.
 - Revert to the remaining TTS Shipper in the event one of the two TTS Pool Managers defaults.
 - Revert to one TTS Shipper to provide gas supply for the TTS Program transportation customers (as provided under the current Phase One) if implementation of Phase Two of the experimental, pilot program proves unsuccessful.
 - Clarify the Company's role as Shipper of Last Resort in the event both TTS Pool Managers default.
 - Operate Phase Two of the TTS Program under the provisions of Chapter 366.075, Florida Statutes as an experimental, pilot program.
 - Adopt an experimental base rate design that eliminates variable charges based on therm consumption and establishes a fixed monthly charge as an option for consumers in rate classes FTS-A, FTS-B, FTS-1, FTS-2 and FTS-3 (primarily residential accounts) participating in the TTS Program. Adopt an experimental fixed charge for Energy Conservation Cost Recovery and Competitive Rate Adjustment billing adjustments for those consumers electing the experimental fixed charge base rate.
 - Consolidate the primary rules and procedures for Shippers (entities delivering gas to the Company's distribution system) currently provided in

Section 17.1 Transportation Service, Section 17.2 Transportation Aggregation Service and Section 17.3 Transitional Transportation Service of the Company's tariff into a new Shipper Services Section in the Rules and Regulations of the proposed tariff.

- Consolidate the primary rules and procedures for Consumers (end-use gas customers) currently provided in Section 17.1 Transportation Service, Section 17.2 Transportation Aggregation Service and Section 17.3 Transitional Transportation Service of the Company's tariff into a new Consumer Services Section in the Rules and Regulations of the proposed tariff. Establish specific tariff rules and procedures related to Phase Two implementation of the experimental TTS Program, as approved by the Commission.
- Revise certain administrative procedures related to the allocation of imbalance resolution and operational order credits and charges through the Company's approved Operational Balancing Account to shippers delivering gas to delivery points at which the Company is the Delivery Point Operator.
- Establish an Off-System Delivery Point Operator Service and related rate schedule in the Company's tariff.
- Eliminate current tariff sales service rate schedules and related references to merchant function activities no longer provided by the Company.
- Revise the Company's Extension of Facilities Policy. Utilize a Discounted Cash Flow model to assess the economic viability of potential facility extensions. Establish the Company's approved Return on Equity rate midpoint as the hurdle rate used to define the Maximum Allowable Construction Cost (MACC) for free facility extensions. Revise the existing Area Expansion Program (AEP) procedure to establish a fixed rate per premise for recovery of facility costs in excess of the MACC.
- Revise the Company's tariff to support its proposals.

HISTORIC BACKGROUND

6. On April 4, 2000, the Commission adopted Rule 25-7.0335, F.A.C., requiring each local distribution company to offer gas transportation service to all non-residential customers. The rule further provided that each LDC "may offer the transportation of natural gas to residential customers when it is cost effective to do so."
7. In accordance with the rule, on May 15, 2000, the Company filed a proposed transportation service tariff, as a part of its request for a general rate increase. The Company proposed to lower the eligibility threshold for individual non-

residential customers to 100,000 therms per year and adopt new Tariff procedures for administering gas deliveries by third party shippers. In addition, the Company proposed the introduction of a Transportation Aggregation Service open to all non-residential customers, regardless of consumption levels, beginning March 1, 2001. Customers electing the proposed Transportation Aggregation Service would be required to enter into an approved aggregation pool, consisting of no less than 10 customers with a combined annual usage of 100,000 therms per year, and to select from a list of qualified Pool Managers.

8. By Order No. PSC-00-2263-FOF-GU, issued on November 28, 2000, the Commission approved the Company's proposals, and the Company's modified transportation services were duly implemented, with the new Transportation Aggregation Service becoming available in March 2001.
9. Response to the Company's new transportation programs exceeded expectations. By the end of 2001, over 40% of the Company's non-residential customers were transporting. The remaining sales customers consisted of approximately 9,500 residential and small volume commercial accounts. The annual fuel requirements of these low load factor, seasonally peaking sales customers were approximately 3 million therms, less than 4% of the Company's total throughput.
10. The Company believed that over time the majority of the remaining commercial sales customers would select a Pool Manager and begin transporting. Virtually none of the new commercial accounts the Company was adding elected sales service. Given the dramatically reduced level of system throughput associated with sales service, and the continuing migration of non-residential customers to transportation service, the Company was concerned that prices for residential customers would increase. The Company anticipated gas cost increases due, in part, to the relatively small quantity of gas it would purchase for its remaining sales customers. A greater concern was the pipeline capacity quantities held by the Company to meet system growth requirements and reliably serve the seasonal peaking needs of customers. Historically, the cost of this capacity was allocated to all customers through the Commission's Purchased Gas Adjustment cost recovery procedures. As customers migrated to transportation, the Company equitably assigned capacity to those transporting customers based primarily on their average monthly load requirements. The majority of the costs for seasonal peaking and growth capacity continued to be recovered through the PGA from the remaining sales customers.
11. By the end of 2001, with less than 4% of the Company's throughput provided to sales customers, it became clear that the non-allocated capacity costs remaining to be recovered through the PGA would significantly increase the total fuel costs of the residential and small volume commercial sales customers. The Company believed that the best option for these customers

was to transfer all remaining sales accounts to transportation service. This action would enable the Company to more equitably re-allocate certain pipeline capacity quantities to all non-residential customers based on peak requirements. By shifting responsibility to meet seasonal peaking requirements for small volume customers to a third party marketer, the Company would be able to relinquish a portion of its winter peaking capacity, and eliminate the costs to ratepayers, without affecting reliability. Finally, in the Company's view, small volume customers' gas supply needs would be better served by a third party gas marketer with the ability to 'rebundle' the small volume users into a diversified, statewide customer group consisting of industrial and commercial customers with different levels of weather sensitivity and peak usage. The increased 'market power' of a larger overall customer group with greater gas volume requirements and more efficient capacity utilization would result in a higher probability of obtaining lower fuel costs than would be achievable by the diminished sales service volumes on the Company's system alone.

12. On March 28, 2002, the Company filed a petition with the Commission to establish a three-phase Transitional Transportation Service (TTS) Program to transition all remaining sales customers to transportation service and exit the retail gas sales merchant function. In Phase One of the TTS Program the Company proposed to select, through competitive bid, a gas marketer to serve as the Pool Manager for all TTS customers. Customers would be offered periodic opportunities to elect a fixed price option during Phase One. In Phase Two the Company would, through competitive bid, select two Pool Managers. Initially, Phase Two customers would be randomly and equally distributed to each Pool Manager. At prescribed intervals customers would be able to switch Pool Managers and select from multiple pricing options. Phase Three would enable all customers to select from any of the Company's authorized Pool Managers. Customers would be free to negotiate services, terms and pricing from the Pool Manager of their choice.
13. In its petition, the Company proposed to immediately transfer all non-transporting customers out of sales service and into Phase One of the TTS Program. It did not appear practical to extend the option of electing transportation service to the Company's remaining sales service customers on a voluntary basis. If the Company were to allow a slow migration of these customers from sales to transportation service, only the migrating customers would enjoy reduced gas supply costs. The Company determined that the combination of escalating fuel prices for sales customers and the associated burdensome administrative costs and requirements for the Company under an optional program warranted immediate and mandatory conversion of the remaining sales service customers to transportation service.
14. By Order No. PSC-02-1646-TRF-GU, issued on November 25, 2002, the Commission approved the implementation of Phase One of the Company's TTS program, effective November 5, 2002. The Commission also ordered

that all expenses and revenues related to the program be accounted for above the line, in a "business as usual" manner. All costs and revenues related to the program would be subject to typical earnings surveillance and rate of return authorizations. The Commission further ordered that the Company, in a subsequent filing, address the appropriate disposition of any over or under-recovery in the PGA following its exit of the merchant function.

15. The Company implemented Phase One of the approved TTS Program on November 5, 2002, and immediately assigned 9,587 residential and 552 non-transporting small commercial customers to Infinite Energy, the gas marketer selected by competitive bid to manage the TTS customer pool during Phase One. Several features of the TTS Program address fundamental issues related to the mandatory transfer of customers to transportation service, such as:
 - The TTS Program accommodates all of the Company's residential customers and those non-residential customers that are unable to meet the credit-worthiness standards of an Individual Transportation Service (ITS) gas marketer or Transportation Aggregation Service (TAS) Pool Manager are accommodated in the TTS Customer Pool.
 - The Company established procedures to ensure that it could act as the Shipper of Last Resort in the event the TTS Pool Manager was unable to reliably deliver gas, until such time as a replacement Pool Manager could be secured.
 - The Company implemented a Customer Account Administrative Service (CAAS) that provides customer billing, collection services, payment tracking, non-pay disconnects and related administrative services to the TTS Pool Manager. The Company provides such a service to simplify the transportation process for customers, to virtually eliminate the potential for "slamming," and to ensure that the fuel rates billed to TTS customers are appropriate.
 - The Company implemented a prescribed hierarchy in applying TTS customer payments. All payments are first applied to any taxes and fees imposed by government; second, to Pool Managers' fuel charges for gas supply; and third, to the Company's regulated transportation charges. This payment methodology enables the Company to retain the capability to disconnect customers for non-payment or partial payment and appropriately protect the TTS Pool Manager from customers attempting to "game the system" by attempting to only pay the regulated charges.
16. During the first year of program implementation the Company executed its plan to transition out of the merchant function. The Company discontinued all gas commodity purchases and retail fuel sales upon implementation of the program. By March 2003, all of the Company's interstate pipeline capacity

had been allocated, in accordance with a methodology approved in Order No. PSC--02-1646-TRF-GU, to individual customers or gas marketers delivering gas to the distribution system. The Company formally discontinued its PGA account at the end of August 2003 and activated its approved Operational Balancing Account on September 1, 2003. On September 30, 2003 the Company filed a petition with the Commission for the final disposition of the PGA. The Commission staff conducted a PGA true-up audit during the month of October 2003 for the audit period November 2002 through September 2003. Based on the PGA staff audit, the Commission issued Order No. PSC-04-0083-PAA-GU, on January 26, 2004, authorizing the Company to refund \$246,255 to all customers who received sales service in 2002. The Company completed the customer refunds during the billing month of March 2004. Based on the approved Commission refund methodology, the average residential customer received a refund in the amount of \$22.50. Included in the Company's petition to dispose of its PGA balance was a proposal to formally close all of its tariff sales rate schedules. Commission Order No. PSC-04-0083-PAA-GU authorized closing the sales schedules effective January 6, 2004.

17. Shortly after the TTS program was implemented, the Company received inquiries from a few very low use residential customers concerning their overall program savings. The Company worked with Commission staff to evaluate both current and projected savings for all TTS pool customers. Based on the analysis, it appeared that customers with one or two low-use appliances were not benefiting from the program. By petition filed with the Commission on May 16, 2003, the Company proposed to restructure its smallest volume rate class (0 to 500 annual therms) into three new rate classes, with lower Customer Charges for the two smallest volume classes. The restructuring proposal was designed to improve the Company's alternate fuel competitive position and ensure an appropriate overall balance of projected TTS program revenues with costs. The Commission approved Class TS-1A at an annual volume range of 0 to 130 therms, TS-1B at 131 to 250 therms and TS-1C at 251 to 500 therms. The Company further proposed a reduction in its Customer Charge rates for the TS-1A and TS-1B classes. The Commission authorized the reduction of Customer Charges for the TS-1A class from \$15.00 to \$10.00; the TS-1B class customer charge was reduced from \$15.00 to \$12.50; while the customer charge for the TS-1C class remained unchanged at \$15.00. The Transportation Charge for all three classes also remained unchanged at \$0.44073 per therm. The proposed rates reduced customer costs by approximately \$298,000 per year. The Commission authorized the new rates and classifications, effective July 15, 2003 by Order No. PSC-03-0890-TRF-GU, issued on August 4, 2003. The restructured rates were designed to achieve an appropriate overall balance of projected program revenues with costs, and to better ensure that all customers receive proportionate and immediate benefits from the program.

18. The Company conducted its initial audit of the TTS Pool Manager during 2004. The initial site visits occurred in January 2004. Additional examination of the Pool Manager's records was undertaken to assure that customer billing was appropriate and in accordance with the TTS Agreement. The Company found the TTS Pool Manager to be substantially in compliance with the TTS Agreement. The Company and Pool Manager jointly identified several administrative and record-keeping issues that could be improved. The Company has worked with the Pool Manager to improve information exchange and account administration.
19. The Company retained the services of an outside consultant to conduct a series of focus groups with customers during 2004. Mel Juardo, Ph.D., of The Profitable Group in Tampa, Florida facilitated the focus group discussions. The focus groups were designed to cover a wide range of topics on customer service and various programs offered by the Company. The overall intent was to assess customer satisfaction and begin to develop benchmarks to measure future performance. The focus groups were not specifically targeted to review the TTS Program. However, the facilitator inquired about the program and received several comments from group participants. The consultant's report noted that, "Forum participants across the board expressed satisfaction with CFG negotiating rates for them (through the RFP selection process to retain a TTS Pool Manager) and having the opportunity to lock rates in". The Company had facilitated two open enrollment periods wherein TTS consumers had the opportunity to elect a fixed price option for an annual term. In total, approximately 15% of TTS consumers elected a fixed price option. The Company's customer service representatives report virtually no negative comments from customers on the TTS Program in 2004. When comments have been received they are almost exclusively related to the opportunity to participate in the next fixed price offer from the Pool Manager. Customers appear to have accepted the program as the operating norm on the Company's distribution system.
20. In August 2004, the Company filed a petition with the Commission requesting authority to restructure its rates. The Company proposed a rate design for all customers that moved toward adoption of a Straight Fixed Variable (SFV) rate design where fixed costs are collected from fixed charges and variable costs from variable charges. The Company has proposed a rate design similar to the SFV model adopted by the Federal Energy Regulatory Commission (FERC) for regulated interstate pipeline rate designs. FERC recognized that few variable cost components remained for pipelines after commodity sales were unbundled from transportation service. A pipeline's revenue requirement was largely defined by fixed costs unaffected by the volume of gas transported on the pipeline. Pipelines made investments in facilities and incurred operating expenses that did not vary with gas usage. As a result of the implementation of the TTS program in November 2002, the Company exited the merchant function and no longer provided commodity sales service. With the elimination of gas commodity sales, the Company had fewer

variable cost elements than the interstate pipelines. Apart from a minimal annual cost for odorant, there were virtually no expenses that could be directly linked to gas throughput on the Company's distribution system. As the FERC-regulated pipelines unbundled, the approved pipeline rate designs evolved to recover increasing percentages of the total revenue requirement from fixed charges. Consistent with the model FERC followed in designing rates for unbundled pipeline service, the Company proposed to initiate moving toward a rate design that recovered a majority of the Company's revenue requirement from fixed charges.

21. By Order No. PSC-05-0208-PAA-GU, issued on February 22, 2005, the Commission approved the Company's rate design, with certain modifications to the final rates. The new rates resulted in an increase in fixed charges and a decrease in variable charges for rate classes above 3000 therms per year. No rate adjustments were proposed for customers in rate classes at 3,000 therms per year or less. The approved rate design moves to correct significant inequities that existed in the ratio of fixed to variable charge revenues between classes. For example, the Company's rates for customers in rate classes of less than 500 therms per year already provided approximately 65% of total revenues from fixed Customer Charges. By contrast, as an example, the rate class at 25,000 to 50,000 therms provided less than 23% of total class revenues from fixed charges. The two largest volume rate classes at the time for customers using more than 1,000,000 therms provided less than 10% of total revenues from fixed charges. The Company's approved rate design resulted in larger volume non-residential customers providing an increased percentage revenue contribution from fixed charges, significantly reducing the fixed charge inequity between large volume and small volume, principally residential, customers. Overall, the Company increased total revenue recovery from fixed charges from approximately 36% to approximately 52%.
22. Also included in the Company's August 2004 rate restructuring petition was a request to recognize Third Party Marketers (gas suppliers) as customers. The Company proposed to allocate certain costs to the Third Party Marketers (TPM) relative to the metering data and transportation administration services provided by the Company. In its cost of service study, the Company allocated costs to two categories of TPM, those that utilize the Company's billing service and those that did not. The Company provides general transportation administrative services (gas scheduling, consumption reports, imbalance resolution, etc.) to all shippers delivering gas to its distribution system. The Company acts as billing and payment agent for some TPMs. The TPMs gas supply charges are included on the Company's billing statement. In its petition, the Company proposed two new rate schedules TPM-1 (with billing services) and TPM-2 (without billing services). The Commission approved the TPM rate classes and rates in the above referenced Order.

23. The Commission's November 2002 Order authorizing the TTS Program required the Company to report on the results of the TTS Program at the end of each of the first two years of implementation. The Company provided its first annual report to the Commission in February 2004. The second annual report was submitted in February 2005. These reports provide an historical overview of program implementation, detailed descriptions of transition activities and estimates of customer savings.
24. During the November 5, 2002, Agenda Conference the Commission requested that the Company provide the Florida legislature an opportunity to review and comment on its TTS Program and overall unbundling activities. To date, the legislature has had at least three opportunities to review the Company's program. The Florida Senate Committee on Finance and Taxation published Report Number 2003-124 in January 2003 entitled, "Implications of the Absence of a Use Tax on Utilities for Education Funding". This report included a detailed description of deregulation activities in the utility industry including recent actions by Florida gas distributors. The Senate report specifically referenced (pages 7 and 8) the Commission's approval of the Company's unbundling program. The Company also met with the Staff Directors of the Senate Utilities and Telecommunications Committee and the House Business Regulation and Consumer Affairs Committee in 2004 and again in 2005, and provided copies of the Company's annual TTS Program report to the Commission along with a general briefing on the status of the program. The Legislature has not expressed any concerns to the Company related to its unbundling activities.
25. In addition to the above reviews of the Company's program, the 2005 Legislature enacted SB 1244 which established a process to re-institute gross receipts tax collections related to transportation service. Prior to implementation of the Act, fuel provided to a consumer by a third party marketer was generally not subject to gross receipts tax. The new law establishes a tax collection process by the transporting utility based on a consumer's metered gas quantities at a standardized fuel index price periodically set by the Department of Revenue (DOR). The law requires that the DOR publish a separate fuel price index for industrial, commercial and residential consumers. The adoption of a residential fuel price index indicates that the Legislature contemplated residential gas transportation service and provided a mechanism to ensure that gross receipts taxes were collected on fuel sold by third party marketers to residential consumers.
26. Several factors are contributing to the Company's request for Commission authorization to proceed to Phase Two of its TTS Program.
 - The Company's original agreement with Infinite Energy to provide gas supply services to the TTS Customer Pool expired in October 2005. Infinite Energy agreed to an extension of the agreement to enable the Company time to prepare for implementation of Phase Two. The

Company plans to issue a Request for Proposals in early 2007 seeking bids from gas marketers interested in serving as a TTS Pool gas supplier. Subject to Commission authorization, the new suppliers would be activated in April 2007.

- A greater number of gas suppliers are interested in participating in the TTS Program based on the experience gained over the past three and one half years of operation.
- The Company has gained significant experience and insight in the day-to-day operation of a transportation service environment. The Company is confident that its existing operational procedures and systems, coupled with the tariff modifications proposed in this petition, would leave the Company well equipped to serve both shippers and consumers. The Company now has several years of experience handling the fundamental issues involved in transporting to all customer classes. Gas Control, accounting and customer information procedures are in place to support transportation service. Procedures related to the Company's position as Delivery Point Operator (DPO), monthly imbalance resolution, the assignment and reallocation of pipeline capacity and numerous other transportation related administrative responsibilities have been in place since 2002, if not before. The Company's Commission-approved Operational Balancing Account provides specific tariff authority for the disposition of charges and credits from upstream interstate pipelines to shippers on the Company's distribution system. Several upgrades to the Company's Customer Information System (CIS) and internal administrative systems have been implemented to support the TTS Program and the Company's other transportation service programs. In short, the Company's implementation of Commission Order No. PSC-02-1646-TRF-GU, over the past three-plus years has resulted in operating practices capable of supporting the implementation of Phase Two with few procedural adjustments or resource requirements (other than those tariff revisions identified later in this Petition).
- The Company has received numerous requests from residential consumers for expansion of the program to include additional pricing options from more than one marketer. The Company has received no requests from customers to return to merchant sales service.
- A significant cost savings for TTS customers has been achieved through the Company's efforts to reallocate and relinquish quantities of interstate pipeline capacity that, prior to unbundling, were held by the Company to meet the seasonal peaking and growth needs of its customers. Historically, the cost of these capacity quantities was recovered from sales customers through the Company's PGA mechanism. When the Company unbundled, the Commission approved a methodology that enabled the Company to equitably allocate all pipeline capacity quantities among

existing customers in all service classes. In addition, the Company was able to permanently relinquish a portion of its winter season capacity held for daily peaking. The TTS Shipper is contractually obligated to deliver quantities sufficient to meet the daily requirements of the customer pool. Given the dynamic capacity market in Florida, especially during the TTS Pool's winter season peak usage period, meeting an occasional peak day has not caused problems for the current TTS Shipper. As a result of these efforts, the amount of capacity allocated to the TTS Pool by the Company is substantially less than the quantity historically assigned to residential customers. In its first report to the Commission, the Company conservatively calculated that annual capacity costs to the TTS Pool have been reduced by approximately \$849,000.

- The dynamic nature of the natural gas market makes it somewhat problematic to speculate on what "might" have occurred to consumer fuel prices had the Company continued to require consumers to purchase gas exclusively from the Company. However, one measure of the savings realized by consumers under the TTS Program is provided in Appendix A to this petition. The Company has calculated the ratio of the Company's actual Purchase Gas Adjustment monthly fuel price for a two-year period prior to implementation of the TTS Program to the monthly NYMEX settle price index. The average of the monthly ratios is 1.95, meaning the Company's PGA billing rate averaged approximately two times the NYMEX settle price. The Company has also calculated the ratio of the TTS Pool Manager's billing rates (adjusted to remove the CAAS charge collected by the Company) to the monthly NYMEX settle price index during the three plus years the TTS Program has been operational. The average of the ratios following implementation is 1.35, a substantial reduction to the pre-implementation ratio. It should also be noted that monthly pricing tied to a recognized industry price index sends timely market price signals to the Company's TTS Program customers. In the past, the Company's PGA pricing frequently reflected over or under recovered costs from prior periods that resulted in monthly prices that varied significantly from the market price for natural gas.

27. In its order approving the TTS Program in 2002, the Commission noted that the program should be operated on an experimental basis for a minimum of two years, and that any change to the program, including proceeding to Phase Two, would require affirmative action on the part of the Commission. The Company has made a significant investment in developing and implementing the transportation service practices that enabled it to exit the merchant function. Third party gas marketers currently provide all of the gas supply used by consumers on the Company's distribution system. Most of the Company's large volume customers have been purchasing gas from third party marketers for well over a decade. At this point, the use of third party gas suppliers for all consumers has become "business as usual" on the Company's distribution system. Transportation service has been well received

by customers at all usage levels. The TTS Program has been successful in allowing small volume consumers, especially residential customers, to realize some of the benefits associated with expanded fuel supplier choices. The Company is philosophically committed to providing consumers with as many opportunities to manage their fuel costs as is reasonably possible. In the Company's view, the best way to accomplish this objective is through an active and open access transportation program supplied by independent gas marketers. The implementation of Phase Two of the TTS Program is a reasonable, measured step toward that goal.

DISCUSSION OF ISSUES

Proposed Implementation of Phase Two of the TTS Program

28. The Company now seeks authorization to implement Phase Two of its TTS Program as further described in this petition. The multi-phased transition of the TTS Program originally proposed by the Company was intended to allow all stakeholders adequate time to develop the knowledge and experience needed for a successful transition to a competitive marketplace for gas supply. In the Company's view, gas service through third party marketers in a competitive marketplace would provide more efficient interstate pipeline capacity utilization, better overall gas supply price signals, increased supplier competition and greater energy choice options for individual consumers. An important feature of the Company's TTS Program during Phase One was that it maintained a contractual relationship with the TTS Shipper for the services provided to TTS customers. The Company proposes to continue such a relationship with all TTS Shippers providing service during Phase Two. The contractual relationship between the Company and TTS Shippers provides the Commission the ability to retain substantial regulatory oversight (through the Company) related to the gas supply for small volume customers. At some future date it may be appropriate for the Commission to authorize the transition of small volume gas users to a full open market for gas supply. Until such time, the Company's transitional approach has been designed to ensure reliable service at reasonable prices, while gradually introducing more options and choices (both of marketers and of services) to a better-informed customer group. Moving the TTS Program to Phase Two is a logical next step in this transition.
29. The Company proposes the following modifications to its TTS Program under Phase Two implementation:
- The Company would, through competitive bid, retain two TTS Shippers (third party gas marketers).
 - Initially, all customers in the TTS Customer Pool as of a date certain would be assigned to one of the two TTS Shippers. The Company would assign the TTS customers on an equal and random basis by customer class. The

intent of the assignment process would be to divide the customers between Shippers so that each of the respective pools initially consists of approximately equal numbers of customers and annual usage in each rate class represented in the total pool.

- Subsequent to the initial customer assignment, customer additions would be assigned to a TTS Customer Pool on an alternating, non-discriminatory basis based on the date the customer addition was received by the Company. Non-residential customers defaulting into the TTS Pool would be assigned in the same way.
- The Company would evaluate the proposals received from its RFP based on established bid criteria including price, financial stability, experience, knowledge of the Florida market, etc. The Company would establish the initial published gas commodity pricing index (for example, NYMEX Last Day Settle, Florida Gas Transmission Zone 3, etc.) used by the selected TTS Shippers. In addition, the RFP would require that prospective bidders agree to an initial index price mark-up or margin that does not exceed the current mark-up in Phase One (\$0.30 per Dt). This initial pricing mechanism would ensure that no customer, regardless of their TTS Shipper assignment would pay a mark-up greater than they are paying under Phase One. The initial price requirement enables the Company to randomly distribute customers between the two selected TTS Shippers without concern that one group might experience a material economic disadvantage resulting from disparate price markups in a respective TTS Shipper's bid. Following a relatively short transitional period as described below, customers would have the option to select from other pricing options or TTS Shippers.
- No less than six (6) months and no more than twelve (12) months following implementation of Phase Two, the Company would provide notice to all TTS Program customers, in both customer pools, of an opportunity to switch TTS Shippers or to elect an alternate gas supply pricing option. The Company would provide each TTS Shipper the opportunity to promote their respective capabilities, various pricing options or other factors that would influence customer choice, to all TTS customers during an open enrollment of approximately thirty (30) days duration. The Company would administer the open enrollment process. The Company would mail the TTS Shipper's solicitation materials to all TTS customers. Customers changing their TTS Shipper or selecting a new pricing option (fixed price or a change in index, etc.) would respond in writing to the Company. Company personnel would process all consumer selections. Those consumers not responding would receive the standard price option from their selected TTS Shipper. The Company would administer an open enrollment process as described above on at least an annual basis throughout the period Phase Two is effect.

- In all other respects, Phase Two of the TTS Program would operate as approved by the Commission in Phase One.

30. The Company proposes an effective date of April 1, 2007, for the implementation of Phase Two.

Proposed Authorization of Phase Two as an Experimental, Pilot Program

31. The Commission approved the Company's Phase One TTS Program as an experimental, pilot program in Order No. PSC-02-1646-TRF-GU. In that Order the Commission noted, "Under Chapter 366.075, Florida Statutes, we have the authority to approve experimental and transitional rates. This chapter provides sufficient authority for the action we take herein." The Company proposes to continue to designate the program elements specific to Phase Two of the TTS Program on an experimental, pilot basis.

32. The Company would propose to continue to provide the Commission annual reports on the status of the program, within ninety (90) days of the anniversary date of the Commission Order authorizing the program.

Proposed Alternate Service Option in the Event of TTS Shipper Default or if Phase Two is Unsuccessful

33. The Company anticipates that Phase Two of its TTS Program will be as successful and well received by consumers and shippers as Phase One. However, prudent planning dictates that the Company consider alternate arrangements for TTS customers in the event that the experimental Phase Two program design proves unsuccessful. There are two circumstances that should be addressed:

- The Company already has tariff authority from the Commission (Order No. PSC-02-1646-TRF-GU) to implement procedures and provide the oversight necessary to ensure continuity of service to the TTS Pool customers in a default situation. Section 17.3 (c), in the Company's approved tariff states, "If the TTS Pool Manager [TTS Shipper] defaults during the term of the initial TTS Agreement, the Company shall become the Supplier [Shipper] of Last Resort until a replacement Pool Manager [TTS Shipper] initiates service." The Company's tariff also includes an Operational Balancing Account (Second Revised Sheet Nos. 79 and 79.1) which specifically provides the authority for the Company to assign to customers the "Charges or credits associated with providing Supplier [Shipper] of Last Resort services in the event of the default of the Pool Manager [TTS Shipper] under a TTS Agreement." In Order No. PSC-02-1646-TRF-GU, the Commission also contemplated a default situation under Phase Two. The Order states, "If during Phase Two, either of the two TTS Pool Managers [TTS Shippers] defaults, the non-defaulting Pool Manager would assume gas delivery responsibilities for all customers until

arrangements to qualify a replacement Pool Manager could be made. If both Pool Managers default, the Company would act as the Shipper of Last Resort; recall the interstate pipeline capacity, arrange for gas supply and perform all other necessary functions to ensure delivery to affected customers until arrangements to qualify replacement Pool Managers could be made." The Company proposes to update the Shipper of Last Resort language under its tariff General Terms and Conditions to incorporate procedures that account for default situations in Phase Two of the TTS Program.

- In the unlikely event that consumers and/or Shippers express significant dissatisfaction with the Phase Two program design, or the Company for some unanticipated reason is unable to appropriately administer the program or some other situation renders the program unsuccessful, the Company would petition the Commission to discontinue Phase Two. At that point, the Company would anticipate that the TTS Program would revert to the highly successful Phase One program design. The transition of small volume consumers to an open market with multiple supplier choices would be suspended, at least temporarily. The Company would work with consumers, shippers and the Commission to redesign the program. Reverting to Phase One would enable the Company to continue providing transportation service to all consumers. Requiring the Company to revert to retail sales service would, in the Company's view significantly increase gas supply costs for small volume consumers.

Proposed Experimental Optional Fixed Charge Base Rate Design, ECCR Charge and CRA Charge for TTS Program Consumers in the FTS-A, FTS-B, FTS-1, FTS-2 and FTS-3 Firm Transportation Service Rate Classifications.

34. The Company seeks authorization to establish an alternate fixed charge rate design for its existing FTS-A, FTS-B, FTS-1, FTS-2 and FTS-3 Firm Transportation Service Rate Classifications. These rate classes serve consumers using less than 10,000 therms per year. The Company proposes to establish a fixed charge rate as an optional alternative for consumers receiving service under the TTS Program in the referenced rate classifications. Virtually all of the Company's residential customers are assigned to one of the above classes in the TTS Program. Approximately 369 non-residential TTS Program consumers are included in these rate classes. At present, the Company's approved rate design includes a Firm Transportation Charge for which the rate is a fixed dollar amount per month. The rate design also includes a variable component Usage Charge at a cents per therm rate multiplied by the therms consumed per month. The proposed rate would eliminate the variable Usage Charge and recover all costs through the fixed rate Firm Transportation Charge. Each consumer in the applicable rate classes would be free to choose the existing fixed plus variable rate design or the optional fixed rate only design. The Company would administer an open enrollment period in which existing TTS Program consumers would

select a rate design option by written response to the Company. Any new TTS Program consumer in the applicable rate classifications would initially receive service under the Company's existing fixed plus variable rates. New consumers would be afforded an opportunity to select the experimental fixed rate option during any subsequent open enrollment. Those consumers not responding during the initial, and any subsequent, open enrollment periods would continue service under their existing rate schedule.

35. The Company's current authorized rates were approved in its 2004 rate restructuring Order No. PSC-05-0208-PAA-GU, issued on February 22, 2005. The Company utilized the Cost of Service approved in the 2004 rate restructuring to calculate the fixed charge rates for each of the above rate classes. Exhibit B includes the "Calculation of Commission Approved Rates" schedule from the above referenced Cost of Service, which details the Company's existing fixed and variable base rates. Exhibit B also includes a similar schedule that calculates the proposed experimental fixed rates. The proposed fixed charges are designed to recover the same approximate revenue as the current fixed plus variable charges for an average use customer in a respective rate class. The total revenue requirement for each class was divided by the number of bills to arrive at the proposed experimental monthly Firm Transportation Charge. The following chart depicts the current Firm Transportation Service (FTS) and Usage Charge rates and proposed fixed rate (rounded) for each class:

<u>Rate Class</u>	<u>Current Rates</u>		<u>Proposed Experimental Rates</u>
	<u>FTS/month</u>	<u>Usage Charge/therm</u>	<u>FTS/month</u>
FTS-A	\$10.00	\$0.44073	\$15.20
FTS-B	\$12.50	\$0.44073	\$20.40
FTS-1	\$15.00	\$0.44073	\$28.00
FTS-2	\$27.50	\$0.29356	\$55.25
FTS-3	\$90.00	\$0.19781	\$189.00

36. The Company is also proposing to establish experimental fixed charges for any Commission approved surcharges applicable to those rate classes for which the experimental fixed charge base rate is available. At present the Company's tariff includes billing adjustment surcharges for Energy Conservation Cost Recovery (ECCR, see paragraph 97) and Competitive Rate Adjustment (CRA, see paragraph 101). Currently, the Commission approved ECCR and CRA surcharges are applied only to the variable rate Usage Charge on a per therm basis. Under the Company's proposal, the ECCR and CRA fixed charge surcharges would be applied to any consumer selecting the fixed charge base rate described above. Any proposed future cost recovery surcharges requested by the Company would include a fixed charge component for the applicable rate classes (the Transportation Cost Recovery mechanism, for example).

37. As noted above, in the Company's view, moving base rates toward greater recovery of fixed costs through fixed charges is an appropriate reflection of the operational and market environment in which the Company currently operates. There also appears to be a growing interest from consumers in establishing greater predictability in monthly energy costs. All of the Company's non-residential customers have the ability to select a gas marketer and negotiate short or long-term fixed price commodity purchases. The marketers providing gas supply services to the Company's transportation consumers indicate that a significant number of the larger volume accounts are routinely entering into fixed price or other price hedging agreements for all or a portion of their supply requirements. Typically, these agreements enable the consumer to commit to a given quantity of gas each month over a term of several months, or in some cases years, at a predetermined price. Regardless of market price adjustments (absent a Force Majeure) the price for gas purchased under a fixed price agreement does not change. As part of the initial TTS Program, the Company facilitated through its TTS Pool Manager, two long-term (annual) fixed price offerings for small volume consumers (primarily residential) served in the program. Over 15% of the TTS consumers elected a fixed price option. A primary reason for the Company's proposed implementation of Phase Two of the TTS Program is the expansion of pricing offerings to meet increased consumer demand for greater control over commodity price volatility. The Company's call center representatives report numerous inquiries from residential consumers interested in establishing a new fixed commodity price under the TTS Program.
38. While there is growing consumer interest and expanding market opportunity, as noted above, for consumers to select pricing strategies for gas commodity purchases, the Company offers few corresponding transportation service base rate price options. The Company has entered into several Special Contracts (approved by the Commission) that provide fixed monthly base rate charges designed to recover the Company's cost of service and provide a reasonable return. Under these contracts the fixed monthly charge does not vary based on the consumer's gas usage. The Company's current tariff limits the use of Special Contracts to consumers using 100,000 therms per year or more. Although Rule 25-9.034, F.A.C does not specifically restrict the use of Special Contracts to large volume consumers, it is not a practical rate mechanism for small volume (especially residential) consumers. The Company currently has no method to respond to smaller volume consumers desiring to pay a fixed base rate charge each month, regardless of usage. The experimental FTS fixed charge would provide such a mechanism. The Company's proposed tariff revisions include new rate schedules for the applicable rate classes incorporating a fixed monthly FTS charge.
39. The Company proposes to notify consumers of their ability to select the monthly fixed charge rate schedule by bill stuffers and other mailings. The selection of a fixed charge rate schedule would be entirely at the consumer's option. No consumer would be assigned to a fixed charge rate schedule

unless the Company received specific written authorization from the consumer electing the fixed charge. The Company proposes to provide Open Enrollment periods for consumers to select between the fixed charge rate schedule or the traditional fixed plus variable charge rate schedule. The Open Enrollment periods would be consistent with the Open Enrollment periods proposed in Phase Two of the TTS Program (no less than annually).

40. The Company seeks Commission authorization of its proposed optional FTS fixed charge base rate design under the experimental rate provisions of Chapter 366.075, Florida Statutes. The Company would report annually to the Commission on the status of the experimental rates.

Proposed Adoption of the Company's 4th Revised Tariff

41. The Company is submitting with the instant petition the proposed 4th Revised Tariff "attached as Exhibit C" which incorporates the changes necessary to operate in a transportation service only environment in final format. In addition to those tariff revisions described previously in this petition, the following discussion summarizes the Company's principal tariff revision proposals.

Deletion of Sales Service References and Related Rate Schedules

42. The Company's current tariff includes references throughout to merchant function activities related to retail gas sales service. The tariff General Sales Service Rate Schedules have been inactive since the Company's unbundling filing was approved by the Commission in November 2002 (Order No. PSC-02-1646-TRF-GU). Subsequently, by Order No. PSC-04-0083-PAA-GU, the Commission authorized closing the General Sales Rate Schedules effective January 6, 2004. The proposed 4th Revised Tariff removes all merchant function and general sales service references and Sales Service Rate Schedules from the Company's tariff. The proposed tariff is consistent with the Company's current transportation service only operations.

Tariff Rules and Regulations

43. The Company proposes to separate its tariff Rules and Regulations into three distinct sections: General Rules and Regulations, Consumer Rules and Regulations and Shipper Rules and Regulations. This new format would group the tariff's service rules based on their applicability to the Company's proposed new Classification of Customers.

General Rules and Regulations

Classification of Customers

44. The proposed General Rules and Regulations section of the Company's tariff would address two fundamental topics, the Classification of Customers and the Classification of Service. The Company proposes to classify customers as

one of two types: Consumers or Shippers. Consumers are those customers that receive traditional gas delivery service through the Company's physical distribution facilities. Shippers are those customers causing gas quantities to be delivered on an interstate or intrastate pipeline to the Company's distribution system for redelivery by the Company to Consumers. Without the administrative services and measurement data provided by the Company, Shippers would be unable to arrange gas deliveries to their end-use accounts. The Company's current tariff (First Revised Sheets No. 26, 27, Original Volume No. 3) already establishes Shippers as customers (Order No. PSC-05-0208-PAA-GU), and has historically identified several types of end-use Consumers: residential, commercial, industrial, alternate fuel and interruptible. The Company's proposed Classification of Customers more appropriately aligns the customer classes with the Tariff's Classification of Service discussed later in this petition.

45. The Company proposes to recognize four categories of Consumers: Residential, Commercial, Industrial and Special Purpose. The definitions for Residential, Commercial and Industrial Consumers included on Sheet No. 26 of the Company's current tariff would remain unchanged. A new Special Purpose Consumer category is proposed to address transportation service transactions with utilities and other entities which could not be classified as Residential, Commercial or Industrial Consumers. The Alternate Fuel Customer category along with the related Contract Transportation Service flexible rate provision in the current tariff are more appropriately addressed in the General Terms and Conditions section of the proposed tariff. Additionally, the Interruptible Customer category in the current tariff would be addressed through the Special Contract service option.
46. The Company proposes to recognize two categories of Shippers within its tariff Classification of Customers section. The first category of Shipper (TTS Shipper) would include those third party gas marketers delivering gas to the Company's distribution system for re-delivery by the Company to Consumers in its experimental TTS Program. By definition a Shipper in this category would have been selected by the Company in response to an RFP. The second category of Shipper (CI Shipper) would include those entities delivering gas to a Deliver Point at which the Company is the Delivery Point Operator for re-delivery by the Company to commercial, industrial or special purpose Consumers. The majority of Shippers would be gas marketers, however, an end-use Consumer would also be classified as a Shipper in the event the Consumer arranged for its own delivery of gas supply to the Company's distribution system. Additionally, LDCs with interconnections to the Company's distribution system would be classes as Shippers and subject to the tariff rules and regulations. A TTS Shipper would also be authorized (as they are in the current tariff) to establish a CI Shipper customer pool separate from the TTS customer pool for the purpose of providing gas supply services to commercial, industrial and special purpose Consumers.

Classification of Service

47. The Company proposes to reformat its existing Classification of Service tariff provisions (Fourth Revised Sheet No. 28 – Original Sheet No. 33, Original Volume No. 3). The existing Classification of Service tariff format was developed when the Company first began to unbundle its system in late 2000 (PSC Order No. PSC-00-2263-FOF-GU). Over the next several years, as the Company's transportation service programs evolved, the service options available to customers expanded. By 2003, consumers in some service classifications had as many as nine separate tariff consumer service options, including the three transportation service programs offered by the Company. However, no Shipper Services classifications were included. The Classification of Service section became a convenient place in the existing tariff to outline the myriad service and transportation program options available to each rate class.
48. In recent years the Company has moved to simplify its consumer service classes. Following two years of successfully operating a transportation service only system, the Commission in 2004 authorized the Company in Order No. PSC- PSC-04-0083-PAA-GU to officially close its General Sales Service rate schedules. In its proposed tariff the Company proposes to further simplify consumer service classes and service options. As described below in more detail, the Company's current tariff includes three consumer transportation service programs (Transportation Service, Transportation Aggregation Service and Transitional Transportation Service) as service options referenced in the Service Classification section. The proposed tariff more appropriately addresses the various policies and procedures related to transportation service in the respective Consumer and Shipper Rules and Regulations sections of the tariff (described in greater detail later in this petition). The current tariff Classification of Service establishes service classes based on annual term volumes. The applicability of annual term volumes in the tariff is related to the determination of a Consumer's Rate Schedule not a Service Classification and, in the proposed tariff, is moved to the Rate Schedule section. The proposed tariff also includes for the first time service classes for Shippers.
49. The tariff reformatting proposed in this petition would establish two principal Classifications of Service: a Consumer Services Classification and a Shipper Services Classification. The proposed Consumer Services Classification of Service identifies five services that, under certain tariff and/or contractual conditions, may be provided to the Company's Customers classified as Consumers:
- Firm Transportation Service (FTS)
 - Contract Firm Transportation Service (CFTS)
 - Special Contract Service (SCS)
 - Shipper of Last Resort Transportation Service (SOLR)

- Flexible Gas Service (FGS)

Each of the above Consumer services is currently provided under the Company's approved tariff. Again, the Consumer Services Classification reformat but does not fundamentally alter the tariff to clarify the services that may be provided to Consumer Services class customers in a transportation service only environment.

50. The proposed Shipper Services Classification of Service category identifies four primary services associated with this class of service:

- Shipper Administrative and Billing Service (SABS)
- Shipper Administrative Service (SAS)
- Delivery Point Operator Service (DPO)
- Off-System Delivery Point Operator Service (OS-DPO)

The Company currently provides all of the services included in the proposed Shipper Administrative Service, Shipper Administrative and Billing Service and Delivery Point Operator Service classifications under its existing tariff, as described in detail below. The proposed classes group these services into formal classifications, consistent with the Company's intent to provide services to Shippers in a manner similar to that offered to end-use Consumers. The Off-System Delivery Point Operator Service is currently provided by Special Contract to Shippers under approved Commission Orders.

51. The administrative services provided to Shippers are related to the delivery of gas received by the Company from such Shippers for Consumers downstream of the Company's City Gate interconnections with interstate or intrastate pipelines. The Company's administrative shipper services can be divided into three general categories.

- All Shippers receive access to the Company's meter reading data, gas control reports detailing deliveries and imbalance status, Operational Balancing Account (OBA) administration, capacity relinquishment and reassignment services, and other related administrative services. These services are included in the Company's proposed tariff under the Shipper Administrative Service classification.
- All Shippers receive services from the Company based on the Company's performance as Delivery Point Operator on the interstate pipelines. The Delivery Point Operator (DPO), acting under the respective pipeline's FERC Gas Tariff, provides services to Shippers related to the delivery of gas on the interstate pipeline to the Company's City Gate interconnections with the pipelines. Such services include gas quantity nominations, scheduling, access to pipeline meter data, imbalance resolution and the disposition of operational orders. The Company currently owns and serves

as DPO for 23 Delivery Points with FGT, as well as two Delivery Points on the Gulfstream pipeline.

- The Company also offers a Customer Account Administrative Service (CAAS) as provided in Section 17.2 (g) General Terms and Conditions of its existing tariff. The CAAS provides billing, collections, payment agent and account maintenance services in addition to the basic administrative services described in the first bullet point above. The Company offers the existing CAAS as an optional service to all Shippers. Section 17.3 (g) General Terms and Conditions, provides that CAAS is a mandatory service for TTS Pool Managers. The proposed tariff renames the CAAS to Shipper Administrative and Billing Service (SABS).

52. The reformatting of the Classification of Service organizes and renames, but does not fundamentally change, the Company's traditional and approved tariff services for Shippers delivering gas to the Company's distribution system. In addition, the Company proposes no change to the rates for Shippers authorized in its current tariff. The Company's 2004 rate restructuring (Order No. PSC-05-0208-PAA-GU) authorized rate schedules and charges for Shippers: Third Party Marketer-1 (TPM-1) and Third Party Marketer-2 (TPM-2). These rate schedules are found in the Company's tariff Rate Schedules on Original Sheet No. 56.5 and 56.6, respectively.

- The current TPM-1 rate (with billing and payment agent service) recovers the cost of providing the CAAS (renamed the SABS). The TPM-1 Rate Schedule includes a \$100 per month fixed Third Party Marketer Charge and a \$3.00 per customer monthly variable CAAS charge. Under the Company's proposed tariff the TTS Pool Managers would continue their mandatory participation in the CAAS (renamed the SABS). CI Shippers may elect the SABS service. The Company would continue to handle billing and payment collections on behalf of the TTS Pool Managers for all TTS Consumers. All Shippers not participating in the SABS would receive service under the SAS Classification of Service. The Company proposes to rename the TPM-1 Rate Schedule to Rate Schedule SABS, but make no change to the rates.
- The current TPM-2 rate recovers the administrative cost of serving those Shippers not participating in the Company's SABS billing service. The TPM-2 Rate Schedule includes a Third Party Marketer Charge of \$172.50 with no variable charge. The Company proposes to rename the TPM-2 Rate Schedule SAS, but make no change to the rates.
- The Company currently recovers the costs of providing Delivery Point Operator Services from all Consumers in its base rates. At this time, the Company is seeking to group DPO related services provided to Shippers

delivering gas to Delivery Points owned by the Company into a separate service classification. The Company is not proposing to establish a DPO Service rate at this time. During a future proceeding, the Company plans to seek authorization from the Commission to allocate certain embedded DPO service costs to Shippers, and recover such costs through a proposed DPO rate.

Proposed Off-System Delivery Point Operator Service

53. The Company is proposing to establish in its tariff an Off-System Delivery Point Operator Service. The Company currently serves as DPO for three Delivery Points on the FGT pipeline that are owned by other parties and not interconnected to the Company's distribution system. The Commission authorized the current Off-System Delivery Point agreements through Special Contracts by Order No. PSC-06-0143-PAA-GU and Order No. PSC-06-0594-PAA-GU. The services provided to these off-system delivery points is virtually identical to that for the Delivery Points owned by the Company. 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 DPO's serving multiple Delivery Points have a level of operating and gas market experience that helps minimize imbalance and Operator Order penalties.

54. 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 the Off-System DPO Service. On the contrary, adding off-system Delivery Points to the Company's FGT Delivery Point group could help mitigate imbalance and Operating Order charges that would be assessed to on-system 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 tariff provisions for the resolution of imbalances and Operational Orders will ensure that no existing shippers or consumers are adversely affected by the addition of the off-system Delivery Point(s). As DPO, the Company, or its designee, would have access to the interstate pipeline measurement data for the respective Delivery Point(s). This data provides the Company the

capability to directly assign to a Shipper any imbalance resolution and operational order charges or credits related to off-system Delivery Points without impacting any other customers.

55. In the above referenced Special Contracts the Commission has approved rates for the current Off-System DPO Service customers. In lieu of continuing to file for Special Contract authorization for future off-system DPO arrangements, the Company is proposing to establish a tariff rate schedule for the Off-System DPO Service. A fixed rate per month would be set based on the quantity of gas scheduled for delivery to the respective Delivery Point during an annual period. A Service Agreement, including any special conditions of service, would be executed with the owner of the delivery Point or the owner's designee (usually a gas marketer responsible for gas deliveries to the point). The standard Off-System DPO Service Agreement is included in the Company's proposed tariff.

Service Options

56. The Company is proposing to simplify its current tariff by eliminating the existing Service Options Section. The current section applies only to Consumers, no Shipper Services are defined. As described above, information on available services for both Consumers and Shippers would be included in the Classification of Service Section in the Company's proposed tariff.
57. Although most of the services currently listed in the Service Options Section of the Company's tariff would be incorporated in the Classification of Service Section in the proposed tariff, the Company is proposing substantive changes to its existing transportation service options. The current tariff references three distinct transportation services: Transportation Service (TS), Transportation Aggregation Service (TAS) and Transitional Transportation Service (TTS). Under the current tariff, Transportation Service applies to consumers using more than 100,000 therms per year who wish to transport on an individual basis rather than joining an aggregation pool. TS accounts are individually administered by the Company relative to gas nominations, imbalance resolution and operational order disposition. The TAS accounts are bundled into customer pools for each Pool Manager (gas marketer). The Company administers the aggregated pools, rather than the individual consumers that make up each pool. The TTS Program, as described earlier, groups into one pool all of the Company's residential consumers and those non-residential consumers who are not served by a TAS Pool Manager.
58. At the time Commission Rule 25-7.0335, F.A.C was adopted in 2000, the Company provided transportation service (similar to the current TS service) to a few (approximately 20) large volume consumers. In response to the rule, the Company began offering aggregated transportation service (TAS) to any non-residential consumer in 2001. In 2002 the TTS Program was initiated for

all residential consumers and any non-residential consumers that had not selected a TAS gas marketer. In 2002, the Company had no experience in administering a fully unbundled transportation service program that would include residential accounts, and less than a year's experience in operating an aggregated transportation service program. Establishing three separate tariff transportation service categories enabled the Company to retain a measure of control over the administration of these new initiatives. Large volume consumers already transporting (TS consumers) would continue receiving generally the same service they were accustomed to receiving. Most of these large volume consumers had existing interstate capacity release arrangements with the Company and had been transporting since the early 1990's.

59. Establishing the TAS and TTS transportation categories enabled the Company to devise specific rules for both Shippers and Consumers that ensured an orderly process to transition all customers to transportation service. The tariff rules for different categories of transportation service enabled the Company to provide the benefits of transportation service to all Consumers and administer multiple Shipper accounts without incurring adverse financial or customer service impacts. As the Company gained experience and developed expertise in administering transportation service the need for some of the original rules for Consumers and Shippers included in its current tariff diminished. The Company has already taken some interim steps to relax its transportation rules. For example, the TAS category originally included the requirement that an aggregated Customer Pool must have no fewer than ten customers and total volumes no less than 100,000 therms per year. The Company's September 30, 2003, petition to dispose of its PGA balance also included a proposal to eliminate the TAS minimum customers and annual therm requirements. These limits posed a barrier to new gas marketers interested in doing business on the Company's distribution system. By eliminating the eligibility thresholds the Company increased the number of eligible TAS Pool Managers and promoted competition through increased customer choice. By Order No. PSC-04-0083-PAA-GU, issued on January 26, 2004, the Commission authorized the elimination of the minimum customer and therm requirements. Section 17.2 (b) (1) of the Company's current tariff states that, "Each Aggregation Pool shall consist of a minimum of one (1) customer." There are no annual therm requirements. The Company has also relaxed its original restrictions on non-residential Consumers desiring to exit the TTS Program and select a TAS Pool Manager. Under the original program a non-residential Consumer could only initiate such a change during an annual "open enrollment period". The Company currently allows Consumers to select a TAS Pool Manager at any time, with a thirty-day notice.
60. The Company's current tariff describes the rules and procedures for each existing transportation program in the General Terms and Conditions Section of the tariff (TS Section 17.1, TAS Section 17.2 and TTS Section 17.3). Each

section includes rules for both Shippers and Consumers. As noted above, the Company is proposing to incorporate the existing transportation service rules and regulations in Sections 17.1, 17.2 and 17.3 into a Consumer Rules and Regulations Section and a separate Shippers Rules and Regulations Section. The Company's proposed tariff would continue to identify Consumer and/or Shipper rules that apply only to a particular transportation program, such as the experimental TTS Program, or rules that apply in special circumstances, such as the Shipper of Last Resort Transportation Service (SOLR) provided by the Company if the TTS Shippers default.

Consumer Rules and Regulations

61. The Consumer Rules and Regulations section of the tariff incorporates the traditional rules and regulations governing service to end-use customers. For the most part, the rules and regulations included in the Company's existing approved tariff also appear in its proposed Original Volume No. 4. All of the provisions have been updated to reflect that the Company is only providing transportation service with no sales service options. The consumer-related transportation rules included in Section 17 of the Company's existing tariff have been included in the proposed Consumer Rules and Regulations section. For example, Section II, B. in the proposed tariff consolidates and clarifies the existing tariff rules in Sections 17-1, 17-2 and 17-3 related to the selection of a Shipper in a new "Assignment or Selection of Shipper" section. The substantive revisions to consumer-related rules and regulations proposed by the Company are as follows.

Initiation of Service

62. Proposed Section II. A. Initiation of Service, would eliminate the current requirement for a written application for service for all residential consumers. Service requests would be accepted verbally, by telephone, or electronic communication. The consumer information required to process a service request would not change.

Assignment or Selection of Shipper

63. Most of the Consumer rules and regulations included in this section are in effect in the Company's current tariff or are part of the proposed TTS Program Phase Two implementation described earlier. Proposed Section II. B. 3, a. i, New Non-Residential Consumer Premise, and ii. Existing Non-Residential Consumer Premise, would reduce the Letter of Authorization notice period to the Company from thirty-days to ten-days required when Consumers select a new CI Shipper.

Miscellaneous Charges

64. Proposed Section II, E. Service Extension Charge, would revise the current charge for extending service to a Consumer. The current tariff approved Service Extension Charge is based on a fixed dollar per foot amount (\$4.50 per foot) based on the service line length. The per foot charge does not distinguish between service types or size. No consideration is made for the complexity of the installation, or the cost variations in materials required for non-standard installations. The Company is proposing to replace the fixed charge with a variable charge based on the actual cost of installation.
65. Proposed Section II, E, also includes a proposed provision that would enable the Company to multiply its Miscellaneous Charge amounts by 1.5 for services provided at a consumer's request on the same day of the request or outside of normal business hours. The Commission has previously authorized such after hours charges at 1.5 times the standard rates for Peoples Gas System (PGS Tariff, Third Revised Sheet No.5-101-1).

Assignment of Rate Schedules

66. Proposed Section II, F. 2., Annual Rate Schedule Review, would clarify the Company's policy related to annual rate class reassignments. The Company currently conducts an annual review of each consumer's therm usage and assigns the consumer to the applicable rate schedule based on their prior year's usage. The Company proposes to establish in its tariff a definitive effective date of January 1 each year for the reassignment of affected consumers.

Deposit Requirements

67. Proposed Section II, I. 1. a., Initial Deposit, Amount, would establish an initial deposit amount for consumers in all rate classes. The Company's current deposit amounts are determined based on an estimate of two months average consumption multiplied by the applicable variable usage rate plus the Firm Transportation Service fixed monthly charge. The proposed deposit amounts would eliminate multiple deposit amounts for customers in the same rate class. The fixed deposit amount would be set based on two-months consumption at the mid-point annual therm consumption in the therm range for the respective class multiplied by the applicable rates for the class.
68. Proposed Section II, I. 1. b., Payment Method, expands the Company's payment options to include an electronic telephone payment method and on-line web based payment method. The Company is proposing to eliminate the current tariff language that provides for in-person payments at a Company office. At this time, the Company has no immediate plans to eliminate the in-person payment option. However, given the multitude of other payment options and the expense of providing an in-person payment option, the

Company envisions discontinuing the receipt of in-person payments at a future date.

Extension of Distribution Facilities

69. Proposed Section II. O, restructures and simplifies the Company's Rules and Regulations related to the Distribution Facilities Extension Policy. Section 7 of the General Terms and Conditions in the current tariff describes several circumstances under which the Company would extend facilities to serve consumers. The criteria for free service extensions or for service extensions requiring a Contribution In Aid of Construction (CIAC) are outlined. In some circumstances, the current tariff language requires installation of certain appliances, limits the number of feet of service line, and establishes a cost per foot for extensions of certain pipe diameters. Under the current tariff a simple cost benefit evaluation is performed to determine the feasibility of a given facility extension. The Company calculates a Maximum Allowable Construction Cost (MACC) for each extension based on the estimated annual transportation service revenue from the customer(s) served by an extension multiplied by six (6). The MACC is used to delineate free extensions from those requiring CIAC. As an alternative to collecting CIAC, the current tariff provides for an Area Extension Program Charge (AEP) which may be added to the rates of consumers served by an extension in a given geographic area when the extension costs exceed the MACC.
70. The Company proposes to replace its current Extension of Facilities policy in its entirety. The new policy, titled Distribution Facilities Extension Policy, would eliminate the various conditions of service described above, and the use of the current MACC methodology. In determining the MACC for an extension of facilities the Company would utilize a more sophisticated Discounted Cash Flow (DCF) economic model rather than the current simplistic determination of annual revenues over a given period. DCF models have the capability to evaluate multiple factors in addition to revenues and provide a more realistic forecast of the economic viability of the Company's investments. Commission Rule 25-7.054 F.A.C., Extension of Facilities does not appear to require a MACC determination based solely on revenue estimates over a given period. Subsection (1) of the Rule indicates that a ... "utility shall develop a standard policy governing the amount of main and service which will be made free to connect a new customer." Subsection (1) also notes that the prudent investment of the Company's capital compared to the expected revenue from the extension should be considered. Subsection (2) of the Rule requires that each utility file ... "a detailed statement of its standard main extension policy..." with its tariff rules and regulations, and that such policy shall be uniformly applied and non-discriminatory. No mention of MACC or any other economic test is specified in Subsections (1) or (2). Subsection (3) of the Rule outlines "general principals" by which the Commission would be "guided" in the event of a dispute between a utility and a consumer related to an extension of facilities. It is in this section that the

Rule describes the MACC methodology and establishes a four-year annual revenue estimate to define the MACC threshold for dispute resolution by the Commission. Historically, Florida LDCs, including the Company, have also adopted an annual revenue threshold to determine a MACC. The four-year revenue threshold referenced in Subsection (3) has been increased by several LDCs, including the Company (currently at six-years). Subsection (3) (c) of the Rule indicates that; "Nothing in this subsection (3) shall be construed as prohibiting any utility from establishing extension policies more favorable to consumers so long as no discrimination is practiced between consumers." When Rule 25-7.054 was promulgated and amended in the 1970's and 1980's, few LDCs had the capability to produce sophisticated economic tests of their facility extensions. Given current computing technology most LDCs have developed sophisticated economic models to assess project feasibility. In the Company's view, the Rule does not preclude LDC's from using these models as the basis for evaluating facility extensions and establishing a MACC.

71. In place of its current tariff provisions, the Company proposes to adopt a Distribution Facilities Extension Policy based on the economic merits of a given project as assessed by a uniformly applied, nondiscriminatory economic evaluation tool. Each project, regardless of length of extension, number or type of consumers, mix of appliances or size of facilities required would be assessed using the same analytical model. An extension to serve a single consumer would be evaluated on the same fundamental economic basis as a multi-unit development project. The Company proposes to utilize a DCF model that determines an internal rate of return (IRR) over the estimated service life of the project. The data inputs to the model would include, but not be limited to the following:

- The estimated capital investment costs to acquire and/or install all of the distribution facilities required to serve the consumer or project requesting the extension. Such facilities would include, but not be limited to, mains, services, regulators, meters, land rights, pressure regulating stations, interconnections to interstate pipelines, appurtenant materials and other items required to complete the facility installation. Such capital investment cost estimates would be based on industry accepted engineering design, material and installation costs from bid proposals, pricing agreements and/or other industry accepted cost estimation techniques.
- Commission authorized depreciation rates.
- Applicable tax rates.
- A forecast of therm consumption by consumer type.
- A forecast of Transportation Service revenues at Commission approved rates based on projected Consumer service classifications.

- A forecast of consumer premise additions (for multi-unit projects) by year.
 - The Company's cost of debt and equity approved in its most recent rate proceeding.
 - The Company's proportion of debt to equity approved in its most recent rate proceeding.
 - A forecast of annual O&M expenses.
 - CIAC payments, if required.
72. The Company would establish a hurdle rate equal to its mid-point allowable Return on Equity (ROE) range as authorized by the Commission in the Company's most recent base rate case. The Company's current ROE mid-point is 11.5% approved in Commission Order No. PSC-00-2263-FOF-GU. Extensions of facilities that meet or exceed the Company's IRR standard would be installed at no cost to the consumer(s) or project developer. Extensions that fail to meet the IRR standard would be required to make a CIAC payment in an amount sufficient to increase the IRR to the standard. As an alternative to the CIAC payment, multi-unit development projects would be eligible, at the Company's discretion, for the Area Extension Program described in detail below. The Company would continue to apply the same practices included in its existing tariff as regards the disposition of CIAC deposits. The Company has been producing IRR analyses on all capital projects for the past several years, in addition to a determination of the MACC. Adopting the proposed IRR hurdle rate in place of the "general principal" MACC provision in Rule 25-7.054 (3) (a), as the threshold for free extensions would have virtually no impact on the number of projects deemed feasible by the Company. The Company would propose to administratively file a copy of its IRR model with the Commission. The model would be available for public inspection at the Company's principal business office.
73. Proposed Section II. O. 1, describes the Company's IRR economic test, including the use of its DCF model, in evaluating extensions of distribution facilities. The Company's MACC would be defined as the total investment level at which the IRR meets or exceeds the established threshold. This section would also include a more comprehensive definition of "Distribution Facilities" than is provided in the current tariff.
74. Proposed Section II. O. 3. a., defines "Free Distribution Extension" as any extension that meets the IRR threshold as established above.
75. Proposed Section II. O. 3. b., provides a CIAC option for distribution extensions that fail to meet the Company's MACC. The Company would continue to administer any CIAC as provided in Rule 25-7.054 (3).

76. Proposed Section II. O. 3, c., provides an Area Extension Program (AEP) Charge option for distribution extensions that fail to meet the Company's MACC and for which the collection of CIAC is not an option. The Company's existing tariff (Section 7.6 General Terms and Conditions) already includes an AEP rate adjustment mechanism whereby the Company's rates may, at its option, be adjusted for Consumers within certain geographic boundaries to enable recovery of facility extension costs that exceed the MACC. The AEP rules, procedures and rate provisions are presently combined in the General Terms and Conditions of the existing tariff. The proposed tariff would include the AEP rules in the Consumer Rules And Regulations section and establish a new Rate Schedule, the Area Expansion Program (AEP) Rider, to describe the applicable rate design. In addition, the Company is proposing to revise the current methodology for applying the AEP charge to Consumers in a given expansion area. Under the current tariff, the AEP revenue deficiency is calculated by comparing estimated project extension costs to a forecast of revenues from Consumers. Any revenue shortfall required to meet the MACC is collected through the AEP mechanism over an Amortization Period not to exceed ten-years, subject to true-up. The current AEP charge is applied on a per therm basis to a Consumer's variable rate Usage Charge. The Company's proposed modifications to its AEP rules and regulations include the following:

- The Company would evaluate potential projects to determine a MACC as described above. Any cost difference between the MACC and the estimated capital costs required to extend the distribution facilities would be defined as the AEP Recovery Amount. The AEP Recovery amount would be divided by the number of active premises projected to be served at the end of five years following the in-service date of an extension. An Amortization Period of no more than 120 months would be established. In the event a premise becomes inactive, the Amortization Period would be suspended until such time as the premise reactivates service. The AEP Recovery Amount would be divided by the projected premises to determine a per premise total, then divided by the number of months in the Amortization Period to establish a monthly billing rate per premise. The billing rate would be applied as a surcharge to the fixed rate Firm Transportation Service rate each month.
- At the end of five years following the in-service date of the extension, The Company would true-up the AEP Recovery Amount based on actual capital investment costs and revenues through a re-calculation of the MACC. The Recalculated AEP Recovery Amount and Recalculated AEP Charge would be used to determine the amount of any true-up to be billed or credited to Consumers. The Recalculated AEP Charge would be applied to premises activated prior to the end of year five following the in-service date of the extension, throughout the remaining months of the Amortization Period.

- Any premise that activates service subsequent to five years following the in-service date of the extension would not pay the AEP Charge. The Company would expect that such premises would be self-supporting as to the recovery of the capital investment required to provide service.
- At present, the AEP charge is applied to Consumers when service is activated anytime during the Amortization Period (up to ten years). The first Consumer activating service would pay the AEP Charge for the full ten-year Amortization Period. A Consumer activating service in year nine would only pay for one year. The first Consumer to activate bears more of the cost burden than the last Consumer to activate. The Company's proposed AEP modifications are more equitable. The AEP Recovery Amount would establish a fixed recovery amount for those premises activating service during the first five years. The full AEP Recovery Amount for a respective premise would be collected over 120 months of active billing. The AEP Recovery Amount would be collected from all Consumers activating service during this period, regardless of their activation date.

Obligations of Company and Consumers

77. Proposed Section II, P. 10, Non-Residential Consumer Request to Increase Usage, would require existing non-residential consumers to notify the Company sixty-days in advance of an anticipated increase in therm usage which would exceed by 25% the Consumers' current annual usage. This provision is proposed to increase the Company's ability to ensure that unexpected increases in volume by one consumer do not adversely impact other consumers. Upon receiving such a notice, the Company would assess any distribution system delivery limitations. If the consumption increase cannot be accommodated without system improvements, a cost estimate for such improvements will be produced by the Company. The service improvement to accommodate the usage increase will be evaluated in accordance with the Company's MACC provisions.

Limitation of Transportation Service

78. Proposed Section II, U. 1, New Premise and 2, Existing Premise, would include provisions enabling the Company to establish a Maximum Daily Transportation Quantity (MDTQ) for any non-residential Consumer where usage above the MDTQ could have an adverse effect on other consumers and/or compromise the integrity of the distribution system.

Shipper Rules and Regulations

79. The Shipper Rules and Regulations section of the tariff includes the rules and regulations governing service to shippers causing gas to be delivered to the Company's distribution system. As was the case with the Consumer Rules and Regulations section, most of the tariff provisions in the proposed Shipper section are already approved in the Company's existing tariff. The Shipper related transportation rules included in Sections 17.1, 17.2 and 17.3 of the Company's existing tariff have been incorporated in the proposed Original Volume No. 4 of the Company's tariff. In addition, the Company proposes to incorporate many of the general provisions in its approved Aggregated Transportation Service Agreement and Transitional Transportation Service Agreement into the tariff. The Company is proposing to standardize the procedures among all Shippers governing the fundamental provisions of delivering gas to the Company's distribution system. For example, the use of capacity released by the Company, gas nomination protocol and imbalance resolution procedures have been standardized and incorporated into the tariff. The Shipper Rules and Regulations also reflect the Company's proposed adoption of Phase II of its TTS Program. The substantive revisions to Shipper related rules and regulations proposed by the Company are as follows.

Initiation of Service

80. Proposed Section III, A. 5, Establishment of Credit, provides that all Shippers establish creditworthiness prior to the commencement of gas deliveries to the Company's distribution system. The Company proposes a credit amount equal to the Daily Capacity Quantity (DCQ) released to the Shipper by the Company times \$50.00 per Dt. This credit amount is designed to cover approximately seventy-five days of capacity payments at the Gulfstream maximum tariff demand rate. In the event of a default by a Shipper, the interstate pipeline would seek payment for capacity released by the Company to a Shipper from the primary contract holder (the Company). The Company could also have some exposure for monthly imbalance resolution charges billed to the Company, in its role as DPO, by the pipelines, which it is unable to collect from a defaulting Shipper.

Capacity Release

81. Proposed Section III, E. 3., Quantity of Capacity for Release, continues the capacity release methodology approved by the Commission in 2002 (Order No. PSC-02-1646-TRF-GU). The current tariff provides (Section 17.1, 17.2 and 17.3, General Terms and Conditions) for the relinquishment of the Company's interstate pipeline capacity to Shippers in accordance with the Commission-approved methodology described earlier in this petition. The Company fully allocated its capacity to Shippers in March 2003. At present, the Company provides a capacity reallocation service (part of the Shipper Administrative Service described above) when a Consumer changes from

one Pool Manager to another. The Company's current tariff does not adequately or with appropriate clarity address several potential circumstances that may arise related to the disposition of capacity quantities. The termination of a customer's business, conversion to an alternate fuel, the termination of a long-term capacity agreement, and reductions in customer capacity requirements are all situations that need to be more completely addressed in the tariff. For example, the existing allocation procedure allowed Consumers that had executed a capacity release agreement with the Company to receive a capacity allocation based on the quantities in their agreement. There are approximately eight large industrial consumers with capacity release agreements. The Company's proposed tariff would require such Consumers to continue to receive interstate pipeline capacity upon expiration of their respective agreements in the quantity established in the original capacity release agreement. Failure to clarify the Company's capacity relinquishment policies could lead to customer disputes or the over-allocation of capacity to the TTS Consumer Pool.

Shipper Rights to Relinquish Capacity

82. Proposed Section III, G. establishes the constraints related to a Shipper's ability to relinquish the capacity released to the Shipper by the Company. The Company proposes to allow Shipper's to relinquish capacity to third parties in any quantity for any time period so long as such capacity is recallable by the Company. Company proposes to allow Shipper's to relinquish capacity without recall rights for limited periods (up to six months), and may with prior approval allow longer-term relinquishments without recall rights. Shippers would have the obligation to maintain sufficient available capacity quantities to accommodate any reallocation of capacity by the Company required as a result of Consumers changing Shippers.

Firm Delivery Requirements

83. Proposed Section III, J, 2. Maximum Daily Transportation Quantity (MDTQ), would include a provision enabling the Company to establish a Maximum Daily Transportation Quantity (MDTQ) for any Shipper where gas deliveries to the distribution system above the MDTQ could have an adverse effect on Consumers, other Shippers and/or compromise the integrity of the distribution system.

Mutually Beneficial Transactions

84. Proposed Section III, K, Mutually Beneficial Transactions, would provide the ability for the Company to request a Shipper(s) to adjust daily delivery quantities if such an adjustment would be in the best interest of all Shippers. All transactions would be negotiated between the parties and confirmed in writing. The Company's proposed language is similar to the Mutually Beneficial Transaction language approved by the Commission in the

Company's existing Transitional Transportation Service Agreement. In addition, the language is similar to that approved by the Commission in the Peoples Gas System tariff (Gas Transportation Agreement, First Revised Sheet no. 8.114 and Firm Delivery and Operational Balancing Agreement, First Revised Sheet No. 8.119). This provision also currently appears in the Company's approved Special Contract transportation service agreement with Polk Power Partners, L.P., as approved by the Commission in Order No. PSC-06-0143-PAA-GU, issued February 27, 2006.

Scheduling and Nominating

85. Proposed Section III, L., would require that all Shippers serving end-use Consumers in rate classes FTS-7 and above (customers using 100,000 therms per year with electronic telemetry) provide individual Consumer gas quantity nominations for first-of-the-month scheduled deliveries and any intra-month quantity adjustments to the Company's gas control personnel. The Company, as Delivery Point Operator with the interstate pipelines, is responsible for the disposition of charges or credits resulting from pipeline Operational Orders. When an Operational Order (Alert Day, OFO) is issued, it generally requires a Shipper, and by extension its aggregated customers, to keep actual consumption within a specified tolerance percentage of the daily scheduled gas quantities. The individual customer nomination data is needed to ensure that Operational Order responsibility is appropriately assigned. In actual practice, the Company already receives individual customer nominations from most Shippers. The proposed tariff language would provide the Company authority to enforce such a requirement.

Monthly Balancing

86. Proposed Section III, M, would establish new imbalance resolution procedures. Each month the Company resolves imbalances between a respective Shipper's scheduled gas deliveries to the Company's delivery points on the interstate pipelines and the actual gas used by Consumers in a Shipper's customer pool during the month. The Company's existing tariff (Sections 17.1(f), 17.2(i) and 17.3(i) General Terms and Conditions) references the use of "the then effective interstate pipeline system's cash-out methodology" as the means to resolve imbalances. The Company historically has applied the cash-out methodology used by Florida Gas Transmission (FGT). There are two concerns with this methodology. First, the Company is also interconnected with the Gulfstream pipeline. Second, the FGT cash-out methodology utilizes a monthly average of gas prices at certain specified pipeline Receipt Points. The FGT imbalance period begins on the sixth day of a given month and extends through the fifth day of each succeeding month. FGT generally publishes the cash-out price by the 10th of the month following the month where the imbalance occurred. Given the timing of the FGT cash-out price, it is not possible for the Company to resolve imbalances with Shippers until the following month's billing period. In turn, most Shippers bill

Consumers for imbalances during the month following the actual imbalance. To resolve the above concerns, the Company is proposing to establish a cash-out methodology independent of FGT or Gulfstream methods. The new methodology would, establish a calendar month cash-out cycle using pricing indices and imbalance tolerance levels that are similar to those currently used by most Florida LDCs. Imbalances on Gulfstream and FGT would be aggregated and the total imbalance would be allocated to Shipper's based on their scheduled gas deliveries vs. measured usage for Consumers in their respective customer pool. The proposed methodology would enable the Company to resolve imbalances with Shippers on a more timely basis.

Operational Controls

87. Proposed Section III, N, 1, Transportation Notices and 2, Shipper Obligations, would clarify that the Company is not responsible for providing duplicate Operational Order notices to Shippers and that Shipper has the responsibility to comply with all Transporter Orders.

Proposed Section III, N, 3, Operational Flow Orders (OFO) and 4, Alert Days, would more equitably assign Transporter operational order charges received by the Company acting as DPO to the party(s) causing the charge. The Company's current tariff (Sections 17.1, 17.2 and 17.3 General Terms and Conditions) provides for a pro rata allocation of Alert Day and OFO charges to the "responsible" customers if such charges are incurred by the Company. If the Company's proposal to require gas quantity daily nomination data for large volume Consumers with telemetry is approved (paragraph 71), it would be possible to assign the Alert Day or OFO costs directly to those out-of-tolerance customers responsible for the charge. Any remaining charges not directly assigned based on the daily nomination and usage data would be held in the Company's Operational Balancing Account (OBA).

Operational Balancing Account (OBA)

88. Proposed Section III, Q, 3, Disposition of OBA Balance, would establish definitive parameters for the periodic distribution or collection of the Company's OBA balances (debit or credit balance). The OBA account was originally approved by the Commission in 2002 (Order No. PSC-02-1646-TRF-GU) and provides the mechanism by which the Company accumulates and allocates charges or credits related to imbalance resolution, operational order, and other charges or credits associated with a Shipper's gas deliveries to the Company. The Company would dispose of the OBA balance (credit or debit) to Shippers at the end of any quarter where the balance is at least \$100,000. The refund or charge to Shippers would be based on each Shipper's proportional share of the total gas quantities scheduled over an applicable OBA disposition period.

Rate Schedules

89. As noted earlier in this petition, the Company proposes to delete all sales service rate schedules. No change to the approved rate design or charges is proposed to the existing Rate Schedules FTS-A through FTS-13. Other proposed revisions or additions to the Company's approved Rate Schedules are described below.

Experimental Firm Transportation Service Fixed Charges

90. The Company is proposing to adopt, on an experimental basis, a fixed charge rate design option as an alternate to the existing approved tariff Rate Schedules FTS-A, FTS-B, FTS-1, FTS-2 and FTS-3. The proposed fixed rates for each rate class are described in detail in paragraphs 34-39 of this petition. The Company's proposed tariff includes a separate rate schedule depicting the optional fixed charge rate for each class. Each fixed charge Rate Schedule is clearly labeled as "experimental".

Contract Firm Transportation Service Rider

91. The Company's existing tariff provides a flexible rate mechanism whereby the Company's rates may be adjusted to compete with a Consumer's alternate fuel pricing or by-pass options. In the existing tariff, a Contract Transportation Service rate schedule combines the service authorization, rules and rates for the flexible rate service. In the Company's proposed new tariff, the General Rules and Regulations, Classification of Service section (Section I, B. 1, b.) would include the authorization and rules for providing flexible rates under a renamed Contract Firm Transportation Service (CFTS) provision. The CFTS Rider would establish a rate schedule under which the contract transportation rate would be provided. The rate adjustment could occur to the fixed or variable charges of the Monthly Rate in the consumer's applicable rate schedule.

Area Expansion Program Rider

92. The Company proposes to adopt an Area Extension Program Rider rate schedule to establish the rates charged to AEP Consumers as described in paragraph 76.

Shipper Administrative Service

93. The Company proposes to rename its approved Third Party Marketer-1 Rate Schedule to the Shipper Administrative Service Rate Schedule. No change in the approved rate is proposed.

Shipper Administrative and Billing Service

94. The Company proposes to rename its approved Third Party Marketer-2 Rate Schedule to the Shipper Administrative and Billing Service Rate Schedule. No change in the approved rate is proposed.

Delivery Point Operator Service

95. The Company proposes to establish a Delivery Point Operator Service Rate Schedule as a placeholder for the DPO Service rate to be proposed in a future Commission proceeding, as described in paragraphs 50 and 51 of this petition.

Off-System DPO Service

96. The Company proposes to establish an Off-System Delivery Point Operator Service Rate Schedule, as described in paragraphs 52 through 54 of this petition.

Monthly Rate Adjustments

Energy Conservation Cost Recovery Adjustment

97. The Company's current tariff (Seventh Revised Sheet No. 75) provides for the recovery of costs related to its approved Energy Conservation Program. At present, all Energy Conservation Program costs are recovered through a billing adjustment "surcharge" applied to the Company's variable Usage Charge and billed on a cents per therm basis. Under the present cost recovery mechanism, a surcharge is applied to all Rate Schedules except Special Contracts, the Contract Transportation Service Riders and the Third Party Marketer rate schedules. The Company is proposing to revise its tariff Energy Conservation Cost Recovery (ECCR) Adjustment Clause to change its billing adjustment factors from a cents per therm charge applied to the variable Usage Charge to a dollar per customer charge applied to the fixed Firm Transportation Charge for all consumers electing the experimental Firm Transportation Service Fixed Charge rate schedule, as proposed above.
98. Historically, ECCR billing factors are derived through an allocation of program costs to participating rate classes based on the total annual margin revenues generated by each class. Commission Rule No. 25-17.015 Energy Conservation Cost Recovery, however, does not appear to require such an allocation method. The Company proposes to establish fixed charge ECCR billing rates for the optional FTS-A (Exp), FTS-B (Exp), FTS-1 (Exp), FTS-2 (Exp) and FTS-3 (Exp) Firm Transportation Service rate classes. The Company's proposal is not intended to result in the recovery of energy conservation program costs above currently authorized levels. The Commission, by Order No. PSC-05-1176A-FOF-GU approved the Company's forecast conservation program expenses and ECCR billing variable factors for

2006. The fixed charge ECCR billing rates for a given consumer selecting an experimental fixed charge rate schedule would be based on the recovery amount expected from an average use consumer in the respective rate class under the current variable ECCR charges. Total revenues generated by the proposed fixed rate ECCR billing factors would be approximately equal to the revenues generated from the current variable rate billing factors based on the term and consumer forecast in the Company's approved filing.

Transportation Cost Recovery Adjustment

99. The Company proposes to establish a Monthly Rate Adjustment Rate Schedule to implement a future Transportation Cost Recovery (TCR) Mechanism. The TCR rate adjustment would be applied to all Consumers receiving Transportation Service from the Company under Rate Schedules FTS-A through FTS-12, including the experimental optional fixed rate schedules. Rates established by Special Contract, the Contract Transportation Service Rider, and the Off-System DPO Service, SAS and SABS Rate Schedules would not be subject to the TCR adjustment. The Company is proposing no TCR rates at this time. The TCR Rate Schedule is proposed as a placeholder. The Company seeks Commission approval of the proposed methodology for cost recovery. In the event the Company incurs non-recurring costs to implement the transportation service provisions included in this petition, it would request Commission approval in a future filing for recovery of such costs.
100. The Company has obtained Commission approval for TCR billing adjustments on two previous occasions. On November 14, 2001 the Company petitioned the Commission for recovery of non-recurring, non-fuel expenses related to the implementation of Rule 25-7.0335, F.A.C. These expenses supported modifications to the Company's Customer Information System, upgrades in gas control and telephone systems, consultant requirements for program development, customer education, legal filings and other one-time costs. The Commission in Order No. PSC-02-0110-TRF-GU issued on January 24, 2002, approved recovery of \$339,922 through a TCR billing adjustment over a two-year period. Commission Order No. PSC-04-0403-TRF-GU issued on April 19, 2004, finalized the disposition of the recovery true-up for the TCR. In addition, the Commission also authorized a TCR recovery for under-recovered Purchase Gas Adjustment (PGA) fuel expenses related to the Company's unbundling program. Following implementation of Rule 25-7.0335, F.A.C., the majority of the Company's industrial and commercial customers migrated to transportation service and no longer purchased gas through the Company's PGA. At the time the non-residential customers discontinued sales service and exited the PGA, the Company had a significant PGA under-recovery balance. Commission Order No. PSC-01-0304-TRF-GU issued February 5, 2001, authorized the Company to recover \$917,674 through an allocation method designed to recover such costs from the non-residential customers that caused the under-recovery. The

Commission has also approved TCR mechanisms for Peoples Gas System (Order No. PSC-00-1814-TRF-GU), Florida Public Utilities Company (Order No. PSC-01-1963-TRF-GU) and Indiantown Gas Company (Order No. PSC-03-1109-PAA-GU).

Competitive Firm Transportation Service Adjustment

101. The Company's existing tariff provides a rate adjustment mechanism to recover 50% of any reduced revenues resulting from a CFTS flexible rate adjustment from certain other ratepayers. The Company's current tariff includes the recovery mechanism in the CFTS rate schedule. The Company's proposed tariff separates the recovery mechanism from the CFTS Rider rate schedule. The recovery mechanism is proposed for inclusion in the Monthly Rate Adjustment section of the new tariff. In addition to the traditional variable rate adjustments to its Usage Charges, the Company is also proposing to establish fixed charges for those consumers opting for the experimental fixed charge base rate described earlier.

Shipper of Last Resort Adjustment

102. The Company proposes to establish a Shipper of Last Resort (SOLR) rate adjustment mechanism. As explained earlier in this petition, the costs to be recovered by the Company through the proposed SOLR rate adjustment mechanism would closely resemble the traditional gas supply costs historically recovered through the Commission's Purchased Gas Adjustment (PGA). In the event of a default by the TTS Shippers where the Company is required to provide gas supply service (SOLR service) to the TTS Consumers, this mechanism would authorize billing of SOLR related services to TTS Consumers. The Company would expect the Commission to exercise audit oversight of any SOLR related costs and revenues in a manner similar to that provided with the PGA.

Transportation Service Agreements

103. The Company is proposing to revise the agreements it currently uses to administer transportation service. The existing Application for Gas Service (Original Sheet Nos. 117-118) is proposed for revision and is renamed Consumer Application for Transportation Service. The existing tariff Transportation Service Agreement (Original Sheet Nos. 127-151) is proposed to be deleted. As noted above, the boiler-plate transportation service requirements and service provisions included in the existing Transportation Service Agreement are duplicated in the proposed tariff. Several editorial revisions are also proposed for the Letter of Authorization (Original Sheet No. 152) used by Consumers to designate their selected gas supplier. A new Shipper Service Agreement would replace the existing Aggregated Transportation Service Agreement (Original Sheet Nos. 153-179). A new

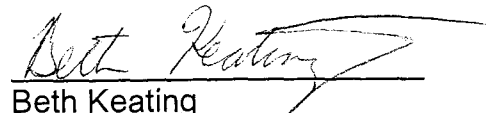
of the date of its vote, with the exception that Phase Two of the TTS Program would not be effective until April 1, 2007.

Customer Notices

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

WHEREFORE, the Florida Division of Chesapeake Utilities Corporation requests that the Commission grant this petition and approve the accompanying proposed revised tariff sheets, to become effective as of the date of the Commission's vote.

Respectfully submitted this 10th day of October, 2006,



Beth Keating
Of Counsel
Akerman Senterfitt
106 East College Avenue, Suite 1200
Tallahassee, FL 32301
(850) 224-9634 (telephone)
(850) 222-0103 (fax)

Attorneys for Petitioner
The Florida Division of Chesapeake Utilities Corporation

CERTIFICATE OF SERVICE

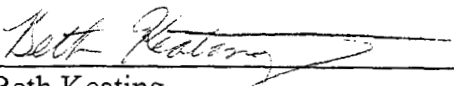
I HEREBY CERTIFY that a true and correct copy of this Petition has been served upon the following by Hand Delivery (*) and/or U.S. Mail this 10th day of October, 2006.

Connie Kummer, Bureau Chief *
Division of Economic Regulation
Room 115, Gunter Building
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Cheryl Bulecza-Banks, Bureau Chief*
Division of Economic Regulation
Room 170, Gunter Building
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Mary Ann Helton*
Office of the General Counsel
Room 370, Gunter Building
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Harold McLean, Public Counsel *
Office of the Public Counsel
111 Madison Street, Room 812
Tallahassee, FL 32399-1400



Beth Keating
Florida Bar No. 0022756
AKERMAN SENTERFITT
106 East College Avenue, Suite 1200
P.O. Box 1877 (32302)
Tallahassee, FL 32301
(850) 224-9634

*Attorneys for the Florida Division of
Chesapeake Utilities Corporation*

EXHIBIT A

EXHIBIT A
Chesapeake Utilities Corporation - Florida Division
Petition to Implement Phase II of the Transitional Transportation Program
October 2006

Comparison of Fuel Billing Rates to NYMEX Settle Price

<u>Pre-Implementation of the Phase I TTS Program</u>				<u>Post Implementation of the Phase I TTS Program</u>			
Date	CFG PGA Billing Rate	NYMEX Settle Price	Ratio CFG/NYMEX	Date	Third Party Supplier Billing Rate*	NYMEX Settle Price	Ratio TPS/NYMEX
Jan-01	\$0.744	\$0.998	74.5%	Nov-02	\$0.534	\$0.412	129.6%
Feb-01	\$1.216	\$0.629	193.3%	Dec-02	\$0.565	\$0.414	136.5%
Mar-01	\$1.216	\$0.500	243.2%	Jan-03	\$0.603	\$0.499	120.8%
Apr-01	\$1.216	\$0.538	226.0%	Feb-03	\$0.738	\$0.566	130.4%
May-01	\$1.216	\$0.489	248.7%	Mar-03	\$1.310	\$0.913	143.5%
Jun-01	\$0.945	\$0.674	140.2%	Apr-03	\$0.895	\$0.515	173.8%
Jul-01	\$0.886	\$0.318	278.6%	May-03	\$0.654	\$0.512	127.7%
Aug-01	\$0.687	\$0.317	216.7%	Jun-03	\$0.750	\$0.595	126.1%
Sep-01	\$0.687	\$0.230	298.7%	Jul-03	\$0.701	\$0.529	132.5%
Oct-01	\$0.687	\$0.183	375.4%	Aug-03	\$0.635	\$0.469	135.4%
Nov-01	\$0.587	\$0.320	183.4%	Sep-03	\$0.655	\$0.493	132.9%
Dec-01	\$0.587	\$0.232	253.0%	Oct-03	\$0.860	\$0.443	194.2%
Jan-02	\$0.587	\$0.255	230.2%	Nov-03	\$0.904	\$0.446	202.7%
Feb-02	\$0.587	\$0.200	293.5%	Dec-03	\$0.923	\$0.486	189.9%
Mar-02	\$0.587	\$0.239	245.6%	Jan-04	\$0.938	\$0.615	152.5%
Apr-02	\$0.587	\$0.347	169.2%	Feb-04	\$0.852	\$0.578	147.4%
May-02	\$0.587	\$0.332	176.8%	Mar-04	\$0.800	\$0.515	155.3%
Jun-02	\$0.587	\$0.342	171.6%	Apr-04	\$0.788	\$0.537	146.7%
Jul-02	\$0.587	\$0.328	179.0%	May-04	\$0.745	\$0.594	125.4%
Aug-02	\$0.587	\$0.298	197.0%	Jun-04	\$0.837	\$0.668	125.3%
Sep-02	\$0.587	\$0.329	178.4%	Jul-04	\$0.812	\$0.668	121.6%
Oct-02	\$0.587	\$0.369	159.1%	Aug-04	\$0.781	\$0.605	129.1%
Average	\$0.752	\$0.385	195.4%	Sep-04	\$0.713	\$0.508	140.4%
				Oct-04	\$0.899	\$0.572	157.2%
				Nov-04	\$1.064	\$0.763	139.4%
				Dec-04	\$1.024	\$0.798	128.3%
				Jan-05	\$0.813	\$0.621	130.9%
				Feb-05	\$0.821	\$0.629	130.5%
				Mar-05	\$0.842	\$0.630	133.7%
				Apr-05	\$1.021	\$0.732	139.5%
				May-05	\$0.874	\$0.675	129.5%
				Jun-05	\$0.759	\$0.612	124.0%
				Jul-05	\$0.851	\$0.698	121.9%
				Aug-05	\$0.923	\$0.765	120.7%
				Sep-05	\$1.253	\$1.085	115.5%
				Oct-05	\$1.787	\$1.391	128.5%
				Nov-05	\$1.682	\$1.383	121.6%
				Dec-05	\$1.379	\$1.118	123.3%
				Jan-06	\$1.442	\$1.143	126.2%
				Feb-06	\$1.309	\$0.840	155.8%
				Mar-06	\$1.115	\$0.711	156.8%
				Apr-06	\$1.011	\$0.723	139.8%
				May-06	\$0.863	\$0.720	119.9%
				Jun-06	\$0.739	\$0.593	124.6%
				Jul-06	\$0.751	\$0.589	127.5%
				Aug-06	\$0.882	\$0.704	125.3%
				Sep-06	\$0.841	\$0.682	123.3%
				Average	\$0.914	\$0.676	135.2%

*Adjusted to remove CFG Customer Account Administrative Charge and Gross Receipts Tax.

EXHIBIT B

EXHIBIT B

CHESAPEAKE UTILITIES CORPORATION - FLORIDA DIVISION

PETITION TO IMPLEMENT PHASE II OF THE TRANSITIONAL TRANSPORTATION PROGRAM

OCTOBER 2008

COST OF SERVICE SUMMARY - DOKET NO. 040862-OU

CURRENT APPROVED BASE RATES

LINE NO.	TOTAL	FTS-A	FTS-B	FTS-1	FTS-2	FTS-3	FTS-4	FTS-5	FTS-6	FTS-7	FTS-8	FTS-9	FTS-10	FTS-11	FTS-12	FTS-13	Special Contract	Third Party Marketer 1	Third Party Marketer 2	
1	PROPOSED TOTAL TARGET REVENUES	\$10,170,082	\$620,355	\$1,020,605	\$938,471	\$804,551	\$688,256	\$582,283	\$313,209	\$277,428	\$483,650	\$682,883	\$782,245	\$315,528	\$483,680	\$486,539	\$180,000	\$1,341,064	\$392,769	\$16,568
2	LESS: OTHER OPERATING REVENUE	\$124,722	\$82,361	\$82,361																
3	Net Target Revenues	\$10,045,360	\$557,994	\$938,244	\$856,110	\$722,190	\$605,885	\$500,383	\$313,209	\$277,428	\$483,650	\$682,883	\$782,245	\$315,528	\$483,680	\$486,539	\$180,000	\$1,341,064	\$392,769	\$16,568
4	LESS: FIRM TRANSPORTATION CHARGE REVENUES																			
5	PROPOSED FIRM TRANSPORTATION CHARGES		\$10.00	\$12.50	\$15.00	\$27.50	\$90.00	\$165.00	\$275.00	\$450.00	\$475.00	\$750.00	\$900.00	\$1,500.00	\$3,000.00	\$4,000.00	\$13,333.33	\$0.00	\$100.00	\$172.50
6	NUMBER OF BILLS	134,966	38,726	48,972	33,491	10,939	3,640	1,475	484	232	288	216	156	48	38	24	12	107	24	96
7	TOTAL FIRM TRANSPORTATION CHARGE REV.	\$4,135,772	\$387,280	\$587,150	\$502,385	\$300,823	\$327,600	\$243,375	\$133,100	\$104,400	\$136,800	\$162,000	\$140,400	\$72,000	\$108,000	\$96,000	\$180,000	\$875,540	\$2,400	\$16,560
8	LESS: OTHER NON-USAGE RATE REVENUES	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9	EQUALS: USAGE CHARGES TARGET REVENUES	\$5,909,588	\$180,734	\$371,094	\$438,106	\$303,729	\$380,656	\$318,908	\$180,109	\$173,028	\$346,850	\$520,883	\$641,845	\$243,528	\$375,680	\$380,539	\$0	\$685,524	\$390,369	\$6
10	DIVIDED BY: NUMBER OF THERMS	128,520,723	432,768	842,001	989,509	1,034,842	1,823,245	1,780,943	1,083,247	1,179,984	3,126,481	5,080,870	7,165,568	2,929,303	5,469,710	8,220,862	20,103,862	70,234,504	130,187	0
11	USAGE CHARGES PER-THERM (UNROUNDED)		\$0.440730	\$0.440729	\$0.440730	\$0.293559	\$0.197810	\$0.179067	\$0.168268	\$0.146836	\$0.110939	\$0.102317	\$0.089574	\$0.083135	\$0.068884	\$0.062779	\$0.000000	various	\$3.00	\$0.000000
12	USAGE CHARGES PER-THERM (ROUNDED)		\$0.44073	\$0.44073	\$0.44073	\$0.29356	\$0.19781	\$0.17907	\$0.16827	\$0.14684	\$0.11094	\$0.10232	\$0.08957	\$0.08314	\$0.06888	\$0.06278	\$0.00000	various	\$3.00	\$0.00000
13	USAGE CHARGE REVENUES (ROUNDED RATES)	\$5,909,588	\$190,734	\$371,095	\$438,106	\$303,730	\$380,656	\$318,913	\$180,111	\$173,033	\$346,852	\$520,888	\$641,820	\$243,542	\$375,680	\$380,548	\$0	\$685,524	\$390,368	\$0
14	SUMMARY: PROPOSED TARIFF RATES																			
15	FIRM TRANSPORTATION CHARGES		\$10.00	\$12.50	\$15.00	\$27.50	\$90.00	\$165.00	\$275.00	\$450.00	\$475.00	\$750.00	\$900.00	\$1,500.00	\$3,000.00	\$4,000.00	\$13,333.33	\$0.00	\$100.00	\$172.50
16	USAGE CHARGES (CENTS PER THERM)		44.073	44.073	44.073	29.356	19.781	17.907	16.827	14.684	11.094	10.232	8.957	8.314	6.888	6.278	0.000	various	\$3.00	\$0.00
17	PURCHASED GAS ADJUSTMENT		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	various	0.000	0.000
18	TOTAL (INCLUDING PGA)		44.073	44.073	44.073	29.356	19.781	17.907	16.827	14.684	11.094	10.232	8.957	8.314	6.888	6.278	0.000	0.000	\$3.00	\$0.00
19	SUMMARY: PRESENT TARIFF RATES																			
20	CUSTOMER CHARGES		\$10.00	\$12.50	\$15.00	\$27.50	\$42.50	\$55.00	\$125.00	\$200.00	\$300.00	\$300.00	\$500.00	\$500.00	\$700.00	\$700.00	\$700.00	various	\$2.00	\$0.00
21	TRANSPORTATION CHARGES (CENTS PER THERM)		44.073	44.073	44.073	29.356	25.285	22.132	18.802	14.709	9.774	9.774	8.723	8.723	7.892	7.892	7.892	various	0.000	0.000
22	PURCHASED GAS ADJUSTMENT		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
23	TOTAL (INCLUDING PGA)		44.073	44.073	44.073	29.356	25.285	22.132	18.802	14.709	9.774	9.774	8.723	8.723	7.892	7.892	7.892	0.000	0.000	0.000

EXHIBIT C

Florida Division of Chesapeake Utilities Corporation
Original Volume No. 4

Original Sheet No. 1

NATURAL GAS TARIFF
ORIGINAL VOLUME NO. 4
OF
FLORIDA DIVISION OF CHESAPEAKE UTILITIES CORPORATION
FILED WITH
FLORIDA PUBLIC SERVICE COMMISSION

Communications concerning this Tariff should be addressed to:

Florida Division
P. O. Box 960
Winter Haven, Florida 33882-0960

Attn: Florida Regional Manager

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

Effective:

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GENERAL DESCRIPTION OF TERRITORY SERVED

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

The Company's distribution system provides service to certain discrete areas in Citrus, DeSoto, Gadsden, Gilchrist, Hillsborough, Holmes, Jackson, Liberty, Osceola, Polk, Suwannee, Union and Washington counties.

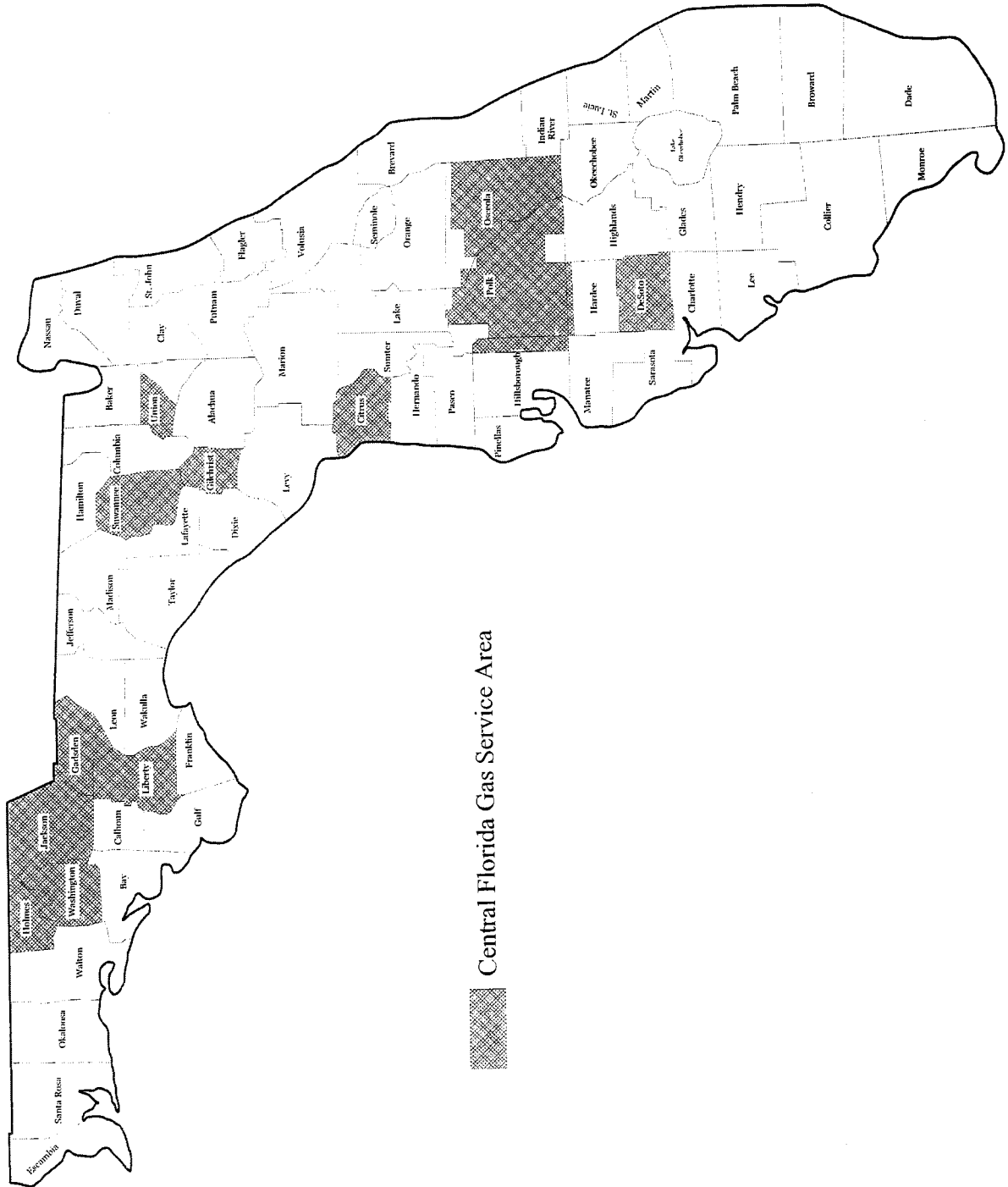
<u>County</u>	<u>City</u>
Citrus	Crystal River Inverness Lecanto
DeSoto	
Gadsden	
Gilchrist	
Hillsborough	Plant City
Holmes	
Jackson	
Liberty	
Osceola	St. Cloud

GENERAL DESCRIPTION OF TERRITORY SERVED
(Continued)

<u>County</u>	<u>City</u>
Polk	Auburndale Bartow Baseball City Davenport Dundee Eagle Lake Loughman Haines City Highland City Lake Alfred Lake Hamilton Lake Wales Mountain Lake Mulberry Nichols Waverly Winter Haven
Suwannee	
Union	
Washington	

A general map of the Company's service territories is shown on the following page.

GENERAL DESCRIPTION OF TERRITORY SERVED
(Continued)



Central Florida Gas Service Area

TECHNICAL TERMS AND ABBREVIATIONS

1. ALERT DAY
Any Gas Day where Transporter notifies Company of restrictions on deliveries of Gas within certain specified tolerances.
2. ALTERNATE FUEL
Any source of energy other than Gas delivered through Company's distribution facilities.
3. BRITISH THERMAL UNIT ("BTU")
The quantity of heat required to raise the temperature of one pound (avoirdupois) of pure water from 58.5 degrees Fahrenheit to 59.5 degrees Fahrenheit at a constant pressure of 14.73 pounds per square inch absolute.
4. CENTRAL CLOCK TIME
The clock time in the United States Central Time Zone, as adjusted for Daylight Savings Time and Standard Time.
5. COMMISSION
Florida Public Service Commission
6. COMPANY
Florida Division of Chesapeake Utilities Corporation, a Delaware Corporation, d/b/a Central Florida Gas.
7. CONSUMER
Any individual, firm or organization receiving Transportation Service at one premise under this tariff and provisions thereof.
8. CONSUMER POOL
Consumers that receive gas supply services, under the applicable provisions of this tariff, from either 1) a CI Shipper, or 2) a TTS Shipper.
9. CONSUMER'S INSTALLATION
Consumer-owned facilities, located on the outlet side of the Point of Delivery, constructed to receive Transportation Service from Company.

TECHNICAL TERMS AND ABBREVIATIONS
(Continued)

10. CUSTOMER
Any Consumer or Shipper receiving any of the services offered by the Company under this tariff and provisions thereof.
11. DAILY CAPACITY QUANTITY ("DCQ")
The quantity, in Dekatherms, of Transporter capacity released on a daily basis to each Shipper under the Commission-approved methodology described herein.
12. DEKATHERM ("DT")
1,000,000 BTU's or ten (10) Therms.
13. DELIVERY POINT
The point at the connection of the facilities of Transporter and Company at which the Gas leaves the outlet side of Transporter's custody transfer point and enters the Company's facilities.
14. FAC
Florida Administrative Code.
15. FERC
Federal Energy Regulatory Commission.
16. GAS
Natural gas that is in conformance with the quality specifications of Transporter(s).
17. GAS DAY
A period of twenty-four (24) consecutive hours beginning and ending at 9:00 a.m. Central Clock Time.
18. GAS MONTH
A period beginning at 9:00 a.m. Central Clock Time on the first day of a calendar month and ending at 9:00 a.m. Central Clock Time of the first day of the next succeeding calendar month.
19. LETTER OF AUTHORIZATION ("LOA")
Agreement executed by Consumer and Consumer's selected Shipper, and submitted to Company, which 1) authorizes Company to assign Consumer to its selected Shipper's

TECHNICAL TERMS AND ABBREVIATIONS

(Continued)

Consumer Pool; 2) affirms Consumer acceptance of Company's tariff provisions; and, 3) affirms Shipper acceptance of Company's tariff provisions.

20. **MAXIMUM ALLOWABLE OPERATING PRESSURE ("MAOP")**
The maximum pressure, in pounds per square inch ("p.s.i.g."), allowed by applicable code, regulation or product specification, for the operation of any specific portion of Company's distribution system.
21. **MAXIMUM DAILY TRANSPORTATION QUANTITY ("MDTQ")**
The maximum quantity of Gas to be transported by Company for a Consumer and/or Shipper on a daily basis in accordance with the provisions of the tariff.
22. **NOMINATION**
A request by a Shipper to a Transporter and/or Company for receipt and delivery of a physical quantity of Gas pursuant to the Transporter's and/or Company's tariff. A Nomination specifies (1) the quantity of Gas per day, measured in Dekatherms, to be received or delivered on behalf of the Shipper; (2) the Receipt Point(s) at which the Gas is to be received by Transporter; (3) the Delivery Point(s) at which the Gas is to be received by Company; (4) the period of time in which the delivery is to take place; and, (5) any other such information as may be required by Transporter's and/or Company's tariff.
23. **OPERATIONAL FLOW ORDER**
Any Gas Day where Transporter notifies Company of conditions that could threaten the safe operation or system integrity of the Transporter and where Shipper's Gas deliveries are required to be within certain specified hourly or daily Gas flow quantities.
24. **POINT OF DELIVERY**
The point at the interconnection between the facilities of Company and a Consumer at which the Gas leaves the outlet side of Company's custody transfer point and enters the Consumer's Installation.
25. **RECEIPT POINT**
The point at the interconnection between the facilities of Transporter and upstream system at which the Gas enters the facilities of Transporter.

TECHNICAL TERMS AND ABBREVIATIONS

(Continued)

26. SHIPPER
An entity causing Gas to be delivered to Company's Delivery Point(s) that has executed a CI Shipper Agreement or a TTS Shipper Agreement with the Company.
27. SHIPPER'S DESIGNEE
A Company-approved agent of Shipper.
28. THERM
A unit of heating value equivalent to one hundred thousand (100,000) British Thermal Units.
29. TRANSPORTER
Any interstate pipeline, intrastate pipeline, or local distribution company that transports Gas to Company's Delivery Point(s).
30. TRANSPORTATION SERVICE
Service provided by Company where Consumer-owned Gas is received by Company at the Delivery Point(s), transported through Company's distribution system, and delivered by Company at the Point(s) of Delivery to Consumer.

Other technical terms and expressions used in these rules and not herein defined are to be given the meaning usually accepted in the industry.

Words used in this tariff that indicate a singular number shall include the plural in each case and vice versa and words that import a person shall include legal entities, firms and corporations.

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RULES AND REGULATIONS

I. GENERAL RULES AND REGULATIONS

A. CLASSIFICATION OF CUSTOMERS

The following two (2) Customer types, Consumers and Shippers, receive certain services from the Company.

1. CONSUMERS:

a. Residential Consumers

Consumers receiving Transportation Service from the Company for use in a single family dwelling or building, or in an individual flat, apartment or condominium unit in a multiple family dwelling or building or portion thereof occupied as the home, residence or sleeping place of one or more persons. Also applies to Gas used in commonly owned facilities of condominium associations, cooperative apartments and homeowner associations subject to the following criteria:

- i. 100% of the Gas is used exclusively for the co-owner's benefit.
- ii. None of the Gas is used in any endeavor that sells or rents a commodity or provides a service for a fee or otherwise engages in a commercial or industrial enterprise.
- iii. Each Point of Delivery is separately metered and billed.
- iv. A responsible legal entity is established as the consumer to whom the Company can render its bills for said service.

b. Commercial Consumers

Consumers receiving Transportation Service from the Company engaged in selling, warehousing or distributing a commodity, product or service in some business activity or in a profession, or in some other form of economic or social activity (offices, stores, clubs, hotels, etc.)

c. Industrial Consumers

Consumers receiving Transportation Service from the Company engaged in a process which creates a product or changes raw or unfinished materials into another form of product, or which involves the extraction of a raw material from the earth (factories, mills, distilleries, machine shops, wells, refineries, plants, etc.).

RULES AND REGULATIONS
(Continued)

d. Special Purpose Consumers

Consumer receiving Transportation Service from the Company that does not meet the definition for any of the above Consumer classifications.

2. SHIPPERS:

a. TTS Shipper

Any Company-approved Shipper or Shipper Designee that is authorized to deliver Gas to Company's Delivery Point(s), which is subsequently delivered by Company at the Point(s) of Delivery to Consumers in the Transitional Transportation Service (TTS) program. The TTS program is an experimental program designed to allow Residential Consumers the opportunity to purchase Gas from one of two TTS Shippers and select from certain Gas pricing options offered by the TTS Shippers.

b. CI Shipper

Any Company-approved Shipper or Shipper Designee that is authorized to deliver Gas to: 1) Company's Delivery Point(s), which is subsequently delivered by Company at the Point(s) of Delivery to Commercial, Industrial and/or Special Purpose Consumers; or, 2) a Transporter delivery point where Company provides the Off-System Delivery Point Operator Service.

RULES AND REGULATIONS
(Continued)

B. CLASSIFICATION OF SERVICES

The Company offers certain services to Customers as defined herein.

1. CONSUMER SERVICES:

a. Firm Transportation Service (FTS)

Transportation Service provided to a Consumer under a FTS rate schedule, in accordance with the Rules and Regulations set forth in this tariff, and other approved rules or regulations of the Company, as applicable. Monthly Rate Adjustments and Taxes and Fees, as set forth on Sheet Nos. 98 – 106, may also apply. For the purposes of this tariff, “Firm” shall be defined as Company’s Gas delivery obligations to Consumer as provided in Section II.P.2.

b. Contract Firm Transportation Service (CFTS)

Transportation Service provided to a Consumer that:

- i. has annual usage greater than 50,000 therms;
- ii. has Alternate Fuel capabilities
- iii. has executed a CFTS Affidavit (Sheet Nos. 120 and 121), which is accepted by Company.

Company may periodically adjust its tariff rates for Transportation Service to compete with Consumer’s Alternate Fuel pricing as provided in the CFTS Rider, the Rules and Regulations set forth in this tariff, and other approved rules or regulations of the Company, as applicable. Monthly Rate Adjustments and Taxes and Fees, as set forth on Sheet Nos. 98 – 106, may also apply.

c. Special Contract Service (SCS)

Transportation Service provided to a Consumer, at the sole option of the Company pursuant to Commission Rule 25-9.034 FAC, where the rates, terms and/or conditions of service may be different than those set forth in the Company’s approved tariff. All SCS Consumers shall enter into a Special Contract Agreement with the Company, subject to the approval of the Commission.

RULES AND REGULATIONS

(Continued)

d. Shipper of Last Resort (SOLR) Service

In the event all TTS Shippers are terminated as provided in the Termination of Shipper Status (Section III.B) of this tariff, the Company shall become the Shipper Of Last Resort. The Company shall perform all TTS Shipper functions as defined within this tariff. The SOLR service shall be provided in accordance with the Rules and Regulations set forth in this tariff, the terms and conditions of the TTS Shipper Agreement, and other approved rules or regulations of the Company, as applicable. Monthly Rate Adjustments and Taxes and Fees, as set forth on Sheet Nos. 98 – 106, may also apply. The Company shall provide this service to Consumers until a replacement TTS Shipper is selected as provided in Section III.A.3. of the Rules and Regulations of this tariff and initiates service.

e. Flexible Gas Service (FGS)

Transportation Service provided to a Consumer, at the sole option of the Company, where rates, terms and/or conditions of service other than those provided in this tariff are required to add or retain a Consumer on the Company's distribution system. The negotiated rates and terms provided in a FGS Agreement are subject to the conditions set forth in Commission Order PSC-98-1485-FOF-GU and other approved rules or regulations of the Company, as applicable. All FGS Consumers must demonstrate a viable Alternate Fuel option and shall enter into a written FGS Agreement with the Company.

2. SHIPPER SERVICES:

a. Shipper Administrative and Billing Service (SABS)

Administrative and billing service provided to a Shipper under the SABS rate schedule, in accordance with the Rules and Regulations set forth in this tariff, as applicable. The Company shall provide the following services to Shippers under the SABS: 1) reading of Consumer's meters; 2) provision of Consumer projected monthly usage information, along with Transporter capacity quantity to be released to Shipper; 3) provision of Consumer usage information to Shipper each month; 4) retention of Consumer's historical usage information; 5) LOA retention and administration; 6) receipt and administration of Shipper's Gas rates for Consumer billing; 7) calculation and presentation of Shipper's Gas billing charges on Company's monthly bill to Consumers; 8) collection and application of Consumer payments for

RULES AND REGULATIONS

(Continued)

Shipper's Gas billing charges; 9) remittance of Consumer payments for Shipper's Gas billing charges to Shipper, net of Shipper's billing charges that are bad debt write-offs and recovery of said bad debts, the SABS tariff-approved charges and other applicable charges and adjustments; and 10) other services as the Company may determine necessary to administer Gas deliveries by Shipper's to Consumers. This service is required for TTS Shippers and is optional for CI Shippers. Monthly Rate Adjustments and Taxes and Fees, as set forth on Sheet Nos. 98 – 106, may also apply.

b. Shipper Administrative Service (SAS)

Administrative service provided to a Shipper under the SAS rate schedule, in accordance with the Rules and Regulations set forth in this tariff, as applicable. The Company shall provide the following services to Shippers under the SAS: 1) reading of Consumer's meters; 2) provision of Consumer projected monthly usage information, along with Transporter capacity quantity to be released to Shipper; 3) provision of Consumer usage information to Shipper each month; 4) retention of Consumer's historical usage information; 5) LOA retention and administration; and 6) other services as the Company may determine necessary to administer Gas deliveries by Shippers to Consumers. This service is required for CI Shippers, unless CI Shipper selects the SABS or has executed a FGS or Special Contract Agreement; and is not available to TTS Shippers. Monthly Rate Adjustments and Taxes and Fees, as set forth on Sheet Nos. 98 – 106, may also apply.

c. Delivery Point Operator (DPO) Service

Administrative service provided to a Shipper by Company, or Company's agent acting as DPO, in accordance with the Rules and Regulations set forth in this tariff, as applicable. Company shall provide the following services to Shippers under the DPO Service: 1) receipt and administration of scheduled Gas quantities for Shipper's Consumer Pool; 2) compilation of measured Gas quantities for Shipper's Consumer Pool; 3) resolution of monthly imbalances with Transporter (difference between scheduled Gas quantities for all Shippers and measured Gas quantities at the Delivery Point(s) of Company), using approved book-out and/or cash-out processes of Transporter; 4) resolution of monthly imbalances with Shipper (difference between scheduled Gas quantities and measured Gas quantities for Shipper's Consumer Pool), in accordance with this tariff; 5) administration of the OBA

RULES AND REGULATIONS

(Continued)

account, in accordance with this tariff; 6) administration of Transporter Operational Orders, including financial transactions, if any, in accordance with this tariff; and 7) other services as Company may determine necessary to administer Gas deliveries by Shippers to Consumers. All Shippers shall receive this service from Company. Company costs for this service are recovered through the Monthly Rates for all other rate schedules, as approved in Company previous rate proceeding.

d. Off-System Delivery Point Operator (OS-DPO) Service

Administrative service, in accordance with an executed Off-System Delivery Point Operator Agreement (Sheet Nos. 139 to 148), provided at Transporter delivery point(s) to a Shipper by Company, or Company's agent acting as DPO, in accordance with the Rules and Regulations set forth in this tariff, as applicable. Company shall provide the following services to Shippers under the OS-DPO Service: 1) receipt and administration of scheduled Gas quantities for Shipper's Consumer Pool; 2) compilation of measured Gas quantities for Shipper's Consumer Pool; 3) resolution of monthly imbalances with Transporter (difference between scheduled Gas quantities for all Shippers and measured Gas quantities at the Delivery Point(s) of Company), using approved book-out and/or cash-out processes of Transporter; 4) resolution of monthly imbalances with Shipper (difference between scheduled Gas quantities and measured Gas quantities for Shipper's Consumer Pool), in accordance with this tariff; 5) administration of the OBA account, in accordance with this tariff; 6) administration of Transporter Operational Orders, including financial transactions, if any, in accordance with this tariff; and 7) other services as Company may determine necessary to administer Gas deliveries by Shippers to Consumers. Monthly Rate Adjustments and Taxes and Fees, as set forth on Sheet Nos. 98 – 106, may also apply.

RULES AND REGULATIONS
(Continued)

II. CONSUMER RULES AND REGULATIONS

A. INITIATION OF SERVICE

1. Request for Transportation Service

A prospective Consumer may request Transportation Service by:

- a. Verbal, telephonic, or electronic request to a business office of Company (in the case of a Residential Consumer), or
- b. By submission to Company of a completed Business Application for Transportation Service (in the case of a non-Residential Consumer).

2. Commencement of Transportation Service

Completion of an application or the deposit of any sum of money by the prospective Consumer shall not require Company to render Transportation Service until the expiration of such time as may be reasonably required by Company to determine if such prospective Consumer has fully complied with the provisions of Company's applicable Consumer Rules and Regulations and as may reasonably be required by Company to install the required facilities to render Transportation Service to such prospective Consumer.

3. Withholding of Transportation Service

Company may withhold initiation of Transportation Service requested by any Consumer until such Consumer has paid all indebtedness for Transportation Service to the Company and such Consumer has complied with all applicable Consumer Rules and Regulations.

4. Connection and Re-Connection Charge

Company shall bill the Consumer an approved Connection or Re-Connection Charge (see Section II.E.) for initiation or restoration of Transportation Service. The Company shall bill the Consumer an approved Change of Occupancy Charge (see Section II.E.) for reading the meter at a premise where there is a change of Consumer occupancy.

RULES AND REGULATIONS
(Continued)

B. ASSIGNMENT OR SELECTION OF SHIPPER

1. Approved Shipper

Unless otherwise authorized by Company, all Consumers shall utilize a Company-approved Shipper to arrange for delivery of Consumer-owned Gas to Company at the Delivery Point(s).

2. Residential Consumer

a. Initial Residential Consumer Premise Assignment for TTS Program

Pursuant to the experimental Transitional Transportation Service (TTS) program approved by the Commission in Order (to be inserted), Company shall assign each Residential Consumer premise to one of two (2) TTS Shippers selected by the Company through a competitive bid process. Company shall identify each Residential Consumer premise by rate class and assign such Residential Consumer premise to a TTS Shipper. Each TTS Shipper shall be assigned, on a random basis, an approximately equivalent number of Residential Consumer premises from each rate class. It is Company's intent that the assignment of Residential Consumer premises to each TTS Shipper shall result in an approximately equal historical annual Therm usage quantity for each TTS Consumer Pool, based on 2006 consumption.

b. Assignment of New Residential Consumer Premises to TTS Shippers

Subsequent to the initial Residential Consumer premise assignment, new Residential Consumer premises shall be alternately assigned to each of the TTS Shippers based on meter activation date.

c. Reactivation of Existing Residential Consumer Premise

Residential Consumers reactivating Transportation Service at an existing premise shall be assigned to the TTS Shipper that was serving the previous Residential Consumer located at the premise.

d. Transfer of Residential Consumer

When a Residential Consumer transfers Transportation Service from an existing premise to another premise, said Residential Consumers' existing TTS Shipper shall transfer with the Consumer to the new premise.

RULES AND REGULATIONS

(Continued)

e. Termination of TTS Shipper Status

If Company terminates a TTS Shipper, in accordance with the Termination of Shipper Status provisions in Section III.B. of this tariff, said TTS Shipper's Residential Consumers shall be assigned by Company to the remaining TTS Shipper until a replacement TTS Shipper is selected by Company. Upon selection of a replacement TTS Shipper, said Residential Consumers shall be transferred to the replacement TTS Shipper. If both TTS Shippers are terminated, all Consumers in the TTS Consumer Pools shall receive SOLR service from Company, until new TTS Shipper(s) is selected and activated.

3. Non-Residential Consumer

a. Selection of CI Shipper

i. New Non-Residential Consumer Premise

Non-Residential Consumer establishing a new premise on Company's distribution system may select any approved CI Shipper. At least ten (10) days prior to meter activation, non-Residential Consumer and its selected CI Shipper shall execute and submit to Company a Letter of Authorization (LOA). In the event a non-Residential Consumer fails to submit a LOA selecting a CI Shipper, Company shall assign said non-Residential Consumer to a TTS Shipper (to be allocated based upon the method shown in Section II.B.2.b.).

ii. Existing Non-Residential Consumer Premise

Non-Residential Consumer activating Transportation Service at an existing premise on Company's distribution system may select any approved CI Shipper. At least ten (10) days prior to meter activation, non-Residential Consumer and its selected CI Shipper shall execute and submit to Company a LOA. In the event a non-Residential Consumer fails to submit a LOA selecting a CI Shipper, Company shall assign said non-Residential Consumer to a TTS Shipper (to be allocated based upon the method shown in Section II.B.2.b.).

iii. Transfer of Non-Residential Consumer

Non-Residential Consumers transferring Transportation Service from an existing premise to another premise shall retain its selected Shipper at the other premise, unless Consumer submits a new LOA to Company.

RULES AND REGULATIONS

(Continued)

- iv. Currently receiving service from CI Shipper
Non-Residential Consumers may request to select a different CI Shipper at any time upon execution and submission to Company of an LOA. Upon receipt, Company shall have ten (10) days to validate the LOA. Company shall determine requesting non-Residential Consumers' Shipper and shall notify via e-mail said Shipper of the non-Residential Consumer's request to change its Shipper. If the existing Shipper fails to respond to Company's notice within five (5) days or responds that the requested change is valid, then Company shall process the request. If existing Shipper responds timely that the change is not valid, then Company shall deny the request and return the LOA to the requesting non-Residential Consumer. Upon Company validation of an executed and submitted LOA, Company shall determine if the non-Residential Consumer is an Existing Consumer (as defined in Section III.E.2.) and, if so determined, shall redistribute capacity to the selected Shipper in accordance with Section III.E.3., of this tariff. Non-Residential Consumer shall begin service with the new CI Shipper on the first day of the month following the ten (10) day processing period.

- v. Currently receiving service from TTS Shipper
Non-Residential Consumers may request to select a CI Shipper at any time upon execution and submission to Company of an LOA. Upon receipt, Company shall have ten (10) days to validate the LOA. Non-Residential Consumer shall begin service with the new CI Shipper on the first day of the month following the ten (10) day processing period.

- b. Unable to receive service from CI Shipper
If for any reason a non-Residential Consumer is unable to receive service from a CI Shipper, said non-Residential Consumer shall be assigned to a TTS Shipper (to be allocated based upon the method shown in Section II.B.2.b.).

- c. Assignment of TTS Shipper
 - i. Initial non-Residential Consumer Premise Assignment for TTS Program
Pursuant to the experimental TTS program approved by the Commission in Order (to be inserted), Company shall assign each non-Residential Consumer premise receiving Transportation Service under the existing TTS program to one of two (2) TTS Shippers selected by the Company through a competitive bid process. Company shall identify such non-

RULES AND REGULATIONS

(Continued)

Residential Consumer premises by rate class. Each TTS Shipper shall be assigned, on a random basis, an approximately equivalent number of such non-Residential Consumer premises from each rate class. It is Company's intent that the assignment of non-Residential Consumer premises to each TTS Shipper shall result in an approximately equal historical annual Therm usage quantity for each TTS Consumer Pool, based on 2006 consumption.

ii. Currently receiving service from CI Shipper

Non-Residential Consumers receiving service from a CI Shipper may select to be assigned to a TTS Consumer Pool. Said non-Residential Consumer shall execute a Non-Residential Consumer Selection of TTS Shipper (see Sheet No. 119) specifying the TTS Shipper or shall be assigned by Company to a TTS Shipper, allocated based upon the method shown in Section II.B.2.b.

d. Selection of TTS Shipper

Non-Residential Consumers in a TTS Consumer Pool may change their TTS Shipper and pricing option or existing TTS Shipper's pricing option only during open enrollment periods as defined in Section II.D.

e. Termination of Shipper Status

i. CI Shipper

If Company terminates a CI Shipper, in accordance with the Termination of Shipper Status provisions in Section III.B., said CI Shipper's Consumers shall be assigned by Company to a TTS Shipper, utilizing the method shown in Section II.B.2.b.

ii. TTS Shipper

If Company terminates a TTS Shipper, in accordance with the Termination of Shipper Status provisions in Section III.B. of this tariff, said TTS Shipper's non-Residential Consumers shall revert to the remaining TTS Shipper until a replacement TTS Shipper is approved. Upon selection of a replacement TTS Shipper, said non-Residential Consumers shall be transferred back to the replacement TTS Shipper. If both TTS Shippers' rights are terminated, Company shall serve non-Residential Consumers in the TTS program under its SOLR Service, until a replacement TTS Shipper is approved or non-Residential Consumer

RULES AND REGULATIONS

(Continued)

select a CI Shipper in accordance with Section II.B.3.a.v.

C. ASSIGNMENT OR SELECTION OF SHIPPER PRICING OPTIONS BY CONSUMERS

1. Residential Consumers

Residential Consumers assigned to a TTS Shipper shall initially receive the standard pricing option as identified in Company's TTS Shipper Agreement with each TTS Shipper. Residential Consumers transferring service from an existing premise to another premise shall retain the pricing option in effect at the original premise. Residential Consumers may change pricing options and/or Shippers during an open enrollment period as defined in Section II.D.

2. Non-Residential Consumers

a. CI Shipper

Non-Residential Consumers selecting an approved CI Shipper shall establish price and other terms and conditions of service directly with the selected CI Shipper.

b. TTS Shipper

Non-Residential Consumers assigned to a TTS Shipper shall initially receive the standard pricing option as identified in Company's TTS Shipper Agreement with each TTS Shipper. Non-Residential Consumers in the TTS program who transfer service from an existing premise to another premise shall retain the pricing option in effect at the original premise.

D. TTS PROGRAM OPEN ENROLLMENT PERIODS

1. Residential Consumers

Company shall, as provided in Commission Order (to be inserted), offer open enrollment periods where Residential Consumers may select 1) the Company's current or experimental rate; 2) TTS Shipper; and/or, 3) TTS Shipper's pricing option. Company shall communicate to Residential Consumers the specific terms and conditions of the open enrollment period. Company shall present to each Consumer the current and experimental rate schedules offered to each Consumer. Company shall also present the various pricing and other service offers on behalf of each TTS Shipper. Residential Consumers shall, in writing, make their selection of Company rate schedule, TTS Shipper and TTS Shipper pricing

RULES AND REGULATIONS

(Continued)

option to Company in accordance with the terms and conditions of the open enrollment process. Residential Consumers not designating, in writing, their selection of a Company rate schedule, TTS Shipper or TTS Shipper pricing option, shall retain their existing Company rate schedule, TTS Shipper and TTS Shipper pricing option. In the event Residential Consumers' existing TTS Shipper no longer offers their existing pricing option, and the Residential Consumer does not select an offered pricing option, the Company shall assign such Residential Consumer to their existing TTS Shipper at the standard pricing option as identified in Company's TTS Shipper Agreement with each TTS Shipper. Company does not assume any liability related to the selections made by each Residential Consumer and does not warrant that each Residential Consumer will select the Company rate schedule, TTS Shipper and/or TTS Shipper pricing option that is most advantageous.

2. Non-Residential Consumers

a. Selection of CI Shipper

Non-Residential Consumers in a TTS Consumer Pool may select any approved CI Shipper at any time in accordance with Section II.B.3.a.v.

b. Selection of TTS Shipper

Non-Residential Consumers in a TTS Consumer Pool may change their TTS Shipper and pricing option or existing TTS Shipper's pricing option only during open enrollment periods as defined in Section II.D.1.

E. MISCELLANEOUS CHARGES

The Company shall charge the Consumer the following amounts, as applicable:

<u>Description of Charge</u>	<u>Amount</u>
Residential Consumer Connection Charge:	\$30.00
Non-Residential Consumer Connection Charge:	\$60.00
Residential Consumer Re-Connection Charge:	\$30.00
Non-Residential Consumer Re-Connection Charge:	\$60.00
Collection in Lieu of Discontinuance Charge:	\$20.00
Change of Occupancy Charge:	\$15.00
Return Check Charge:	\$25.00 or 5% of the face value of the check, which ever is greater.
Service Extension Charge (Any size service line):	Actual installed cost

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

Effective:

RULES AND REGULATIONS
(Continued)

Where above services are provided outside of normal business hours, by special appointment, or same day service the charges set forth above shall be multiplied by 1.5.

F. ASSIGNMENT OF RATE SCHEDULES

1. Initial Rate Schedule Assignment

At the time of meter activation, Company shall estimate the annual usage of Consumer (based upon the connected gas consuming appliances or equipment) and shall assign Consumer to the applicable rate schedule. Company shall not be required to make any refunds to Consumers if actual annual usage is below the minimum usage level of the rate schedule assigned.

2. Annual Rate Schedule Review

Company shall review the annual usage of each Consumer at calendar year end and shall assign each Consumer to the rate schedule that corresponds to Consumer's respective annual therm usage. Such rate schedule assignments shall be effective on January 1 of each calendar year. Company shall not be required to make any refunds to Consumers if actual annual usage is below the minimum usage level of the rate schedule assigned.

G. CONSUMER'S INSTALLATION

1. Type and Maintenance

The Consumer's Installation shall be constructed and maintained in accordance with the Consumer Rules and Regulations of the Company and all governmental regulations applicable to Consumer's Installation. The Consumer shall not utilize any apparatus or device which is not properly constructed, controlled, or protected, or which may adversely affect Transportation Service; and the Company reserves the right to discontinue or withhold Transportation Service to any Consumer on account of any defect in Consumer's Installation.

2. Change of Consumer's Installation

No changes in Consumer's Installation that will affect the operation of any portion of the distribution system of the Company shall be made without written consent of the Company. The Consumer will be liable for any damage to the Company resulting from a violation of this provision.

RULES AND REGULATIONS
(Continued)

3. Inspection of Consumer's Installation

If municipal or other governmental inspection is required, the Company shall not be required to render Transportation Service until such inspection has been made and the Company has received approval from the inspecting authority. The Company reserves the right to inspect Consumer's Installation prior to rendering Transportation Service and from time to time thereafter, but assumes no responsibility whatsoever on account of having made such inspection.

4. Investigation of Suspected Gas Leak on Consumer's Installation

Company, upon request from Consumer, shall investigate a suspected Gas leak on the Consumer's Installation at no charge to the Consumer. If a leak is detected on Consumer's Installation, Company shall turn off the meter until appropriate repairs are affected. Upon Consumer request to reactivate the meter, Company shall determine if appropriate repairs have been made and, if so, turn the meter on. The approved Re-Connection Charge (Section II.E.) shall apply.

5. Indemnity to Company

The Consumer shall indemnify, hold harmless, and defend the Company from and against any and all liability, proceedings, suits, cost or expense for loss, damage or injury to persons or property, in any manner directly or indirectly connected with or growing out of the transportation and use of Gas by the Consumer downstream of the Point of Delivery.

H. CREDITWORTHINESS

The Company may require a prospective Consumer to satisfactorily establish credit before Transportation Service will be initiated, but such establishment of credit shall not relieve the prospective Consumer from complying with the Company's provisions herein for prompt payment of bills. Credit will be deemed so established if any one of the following criteria is satisfied:

1. The prospective Residential Consumer furnishes a satisfactory guarantor to secure payment of bills. A satisfactory guarantor shall, at the minimum, be a Consumer of the Company with a satisfactory payment record. A guarantor's liability shall be terminated when a Residential Consumer whose payment of bills is secured by the guarantor meets the requirements of Section II.K.1. of this tariff.

RULES AND REGULATIONS

(Continued)

2. The prospective Residential Consumer furnishes a letter from another utility showing the prospective Residential Consumers' satisfactory payment record for the preceding 23 months. Satisfactory payment record will be deemed to be established if the applicant meets the criteria stated below in Section II.K.1.
3. The prospective non-Residential Consumer has an Intelliscore of 60 or above from Experian (credit rating agency for commercial and industrial accounts) or furnishes an irrevocable letter of credit from a bank or a surety bond for the amount shown for the prospective Consumer's projected rate classification in Section II.I.1. below.

I. DEPOSIT REQUIREMENTS

If a prospective Consumer does not satisfy one of the creditworthiness criteria defined in Section H, then payment of an initial deposit shall be required according to the following criteria:

1. Initial Deposit

a. Amount

The amount of the initial deposit shall be determined by the following schedule:

<u>Rate Classification</u>	<u>Initial Deposit Amount</u>
FTS-1	\$75.00
FTS-2	\$170.00
FTS-3	\$465.00
FTS-4	\$1,000.00
FTS-5	\$1,850.00
FTS-6	\$3,200.00
FTS-7	\$4,300.00
FTS-8	\$7,650.00
FTS-9	\$11,500.00
FTS-10	\$17,000.00
FTS-11	\$30,500.00
FTS-12	\$86,500.00

b. Payment Method

The prospective Consumer shall pay a deposit by cash, check, credit card, or debit card prior to the initiation of Transportation Service. A receipt for any

RULES AND REGULATIONS

(Continued)

deposit made by a prospective Consumer shall be given to prospective Consumer. Such receipt is not negotiable or transferable.

c. Request for Billing of Initial Deposit Amount

Prospective Residential Consumers may request to be billed for the amount of the initial deposit. A bill for prospective Residential Consumer's initial deposit is due upon receipt and shall be considered delinquent by the Company at the expiration of seven (7) days from the date of mailing by the Company. Delinquent accounts are subject to Section R, Discontinuance of Transportation Service.

2. New or Additional Deposits

The Company may require, upon reasonable written notice of not less than thirty (30) days, such request or notice being separate and apart from any bill for Transportation Service, a new deposit where previously waived or returned, or an additional deposit, in order to secure payment of current bills; provided, however, that the total amount of the required new or additional deposit shall not exceed an amount equal to the average actual charges for Transportation Service for two (2) billing periods during the twelve (12) month period immediately prior to the date of notice. In the event the Consumer has had service less than twelve (12) months, then the utility shall base its new or additional deposit upon the average actual monthly billing available.

J. INTEREST ON DEPOSITS

Six percent (6%) per annum interest will be credited to Residential Consumer's account annually in accordance with the current effective rules and regulations of the Commission. Seven percent (7%) per annum will be credited annually on deposits of Residential Consumers qualifying under Section II.K.1. when the Company elects not to refund such a deposit after twenty-three (23) months. The Company shall credit annually seven percent (7%) per annum on deposits of non-Residential Consumers qualifying for refund under Section II.K.1. until the Commission sets a new interest rate applicable to the Company.

K. REFUND OF DEPOSITS

1. With Satisfactory Payment Record

After a Residential Consumer has established a satisfactory payment record and has had continuous service for a period of not less than 23 months, the Company

RULES AND REGULATIONS

(Continued)

shall refund the Residential Consumer's deposit. Company shall, at its option, either refund or pay the higher rate of interest specified in Section II.J. for non-Residential Consumer's deposit provided the non-Residential Consumer has not, in the preceding twelve (12) months: a) made more than one late payment of the bill (after the expiration of twenty (20) days from the date of mailing or delivery by Company); b) paid with a check refused by a bank; c) been disconnected for non-payment; d) tampered with the gas meter; or, e) used service in a fraudulent or unauthorized manner.

2. Termination of Service

Upon termination of service, the deposit and accrued interest may be credited against the final account and the balance, if any, shall be returned promptly to the Consumer but in no event later than fifteen (15) days after service is discontinued.

L. BILLING

1. Billing Periods

Each Consumer's meter will be read at monthly intervals, advanced or postponed by no more than five (5) days from the actual read date of the prior calendar month, and bills for Transportation Service will be rendered regularly on a monthly basis. Bills will be rendered as soon as practical after determination of their amount and shall be due and payable at the office of the Company in accordance with the Commission rules and regulations, and the requirements of this Section.

2. Partial Month

Upon commencement of Transportation Service less than fifteen (15) days prior to a regular monthly billing date and when the Transportation Service continues thereafter to the same Consumer at the same address where the Consumer is receiving Transportation Service on monthly rate schedules, no bill will be rendered for Transportation Service covering such period, but the charge for such period will be included in the bill rendered for the next succeeding monthly billing period.

3. Non-Receipt of Bills

Non-receipt of bills by Consumer shall not release or diminish obligation of Consumer with respect to payment thereof.

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

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4. Calculation of Bill

- a. A meter or meters at each Point of Delivery will measure Consumer usage and the Monthly Rates set forth in the applicable rate schedule shall be applied to determine the amount of Company's bill for Transportation Service.
- b. If a Consumer transports under more than one rate schedule, the Transportation Service rendered under each rate schedule shall be separately metered and separate bills shall be calculated. If a Consumer transports under a particular rate schedule but receives delivery thereof at more than a single Point of Delivery, the Company shall consider such deliveries as separate Transportation Service and will calculate separate bills.

5. Billing of Shipper's Charges

The Company shall include TTS Shipper's and may include CI Shipper's charges, if such Shipper has elected the SABS service, for the sale of Gas, separately identified, on its monthly bill to individual Consumers. The Company may, at its sole option, include Shipper's charges for other services on Company's monthly bill to Consumers.

6. Backbilling

The Company may backbill Consumer for any period of up to twelve (12) months for any undercharge in billing which is the result of the Company's error. In such instance, the Company shall allow the Consumer to pay over the same time period as the time period during which the underbilling occurred or some other mutually agreeable time period.

7. Delinquent Bills

Bills are due when rendered, and are delinquent in accordance with the rules established by the Commission. Transportation service will be discontinued after five (5) days written notice to the Consumer subsequent to such delinquent date and, if discontinued, such service will not be restored until all bills are paid in full and a Re-Connection Charge is paid (see Section II.E.).

8. Estimated Bills

When there is good reason for doing so, the Company may estimate the meter

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reading for billing purposes. In such circumstances, the word "Estimated" shall prominently appear on the bill.

9. Adjustment of Bills for Meter Error

a. Fast Meters

Whenever a meter is found to have an average error of more than two percent (2%) fast, the Company shall refund to the Consumer the amount billed in error for one-half the period since the last test, said one-half period not to exceed twelve (12) months except that if it can be shown that the error was due to some cause, the date of which can be fixed, the overcharge shall be computed back to, but not beyond, such date, based upon available records. If the meter has not been tested in accordance with Rule 25-7.064 F.A.C., the period for which it has been in service beyond the regular test period shall be added to the twelve (12) months in computing the refund. The refund shall not include any part of any minimum charge.

b. Slow Meters

1. Except as provided by this sub-section, the Company may backbill in the event that a meter is found to be slow, non-registering or partially registering. The Company may not backbill for any period greater than twelve (12) months from the date it removes the meter of a Consumer, which meter is later found by the Company to be slow, non-registering or partially registering. If it can be ascertained that the meter was slow, non-registering or partially registering for less than twelve (12) months prior to removal, then the Company may backbill only for the lesser period of time. In any event, the Consumer may extend the payments of the backbill over the same amount of time for which the Company issued the backbill. Nothing in this sub-section shall be construed to limit the application of Subsection 9.d. below.
2. Whenever a meter tested is found to have an average error of more than two percent (2%) slow, the Company may bill the Consumer an amount equal to the unbilled error in accordance with this Subsection. If the Company has required a deposit as permitted under Rule 25-7.065(2) F.A.C., the Consumer may be billed only for that portion of the unbilled error that is in excess of the deposit retained by the Company.
3. In the event of a non-registering or a partially registering meter, unless the

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provisions of Subsection 9.c. below apply, a Consumer may be billed on an estimate based on previous bills for similar usage.

- c. It shall be understood that when a meter is found to be in error in excess of the prescribed limits of two percent (2%) fast or slow, the figure to be used for calculating the amount of refund or charge in Subsection 9.a. or 9.b. above shall be that percentage of error as determined by the test.
- d. In the event of unauthorized use, the Consumer may be billed on a reasonable estimate of the gas consumed.

M. PAYMENTS

1. Payment Methods

Consumers may elect to pay their bill by cash, check, credit card, debit card, on-line via Company's website, or through Company's direct bank debit program no later than twenty (20) days from the date of mailing by Company.

- a. Consumers electing to pay their bill by telephone shall be required to furnish a valid credit card number to Company for processing.
- b. Consumers electing to participate in Company's direct bank debit program shall execute the Direct Debit Form (see Sheet No. 113) with Company and agree to the terms and conditions contained thereon.

2. Application of Payments

Consumer payments received by the Company shall be applied to the billed charges as follows:

a. Aging of Accounts Receivable

- i. Oldest outstanding billed charges until fully satisfied, following the payment application methodology specified below.
- ii. Proceeding to the next oldest outstanding billed charge until either the entire payment has been applied or until the entire amount owed has been satisfied, following the payment application methodology specified below.

b. Payment Application Methodology

- i. Separately stated taxes and fees, until fully satisfied; then,

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- ii. Shipper's charges for the sale of Gas, if any, until fully satisfied; then,
- iii. Company's regulated charges, until fully satisfied; then,
- iv. Other Company non-regulated charges, until fully satisfied; then
- v. Other Shipper charges.

3. Payment Dishonored by Bank

For each payment dishonored by Consumer's bank, a Returned Check Charge (see Section II.E.) shall be added to Consumer's bill for Transportation Service. Termination of service shall not be made for failure to pay the Returned Check Charge.

N. METERING

1. Use of Meters and Measuring Equipment

- a. The Company shall provide, install and properly maintain at its own expense such meter or meters, recording devices and metering equipment necessary to measure the quantity of Gas used by the Consumer.
- b. The Consumer, upon thirty (30) days notice to Company, may install, maintain and operate at Consumer's expense such check measuring equipment on Consumer's Installation as desired provided that such equipment shall be so installed as not to interfere with the safe and efficient operation of Company's equipment. No Gas shall be sub-metered or further distributed by Consumer for purpose of resale unless approved by Company.
- c. Company may furnish and install such regulating and/or flow control equipment and devices as it deems to be in the best interest of the Consumer served, or of the system in general.
- d. Only duly authorized agents of the Company or persons authorized by law shall set or remove, turn on or turn off, or in any way handle Company's meters. Only Company's duly authorized agents shall make connections to the Company's system. Unauthorized connections to, or tampering with, the Company's meter or metering equipment, or indications or evidence thereof, subjects the Consumer to immediate discontinuance of Transportation Service, prosecution under the laws of the State of Florida, adjustment of prior bills for Transportation Service furnished, and reimbursement of the Company for all expenses incurred on this account.

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2. Location of Meters

- a. The Consumer shall furnish a convenient, accessible and safe place in which the meter and/or other such facilities can be installed, operated and maintained without charge to Company. This location insofar as practical shall be outside the building and free of excessive temperature variations or potential causes of damage that might affect meter operation or accuracy.
- b. If changes in conditions on the Consumer's premises adversely affect the convenience, accessibility or safety of the meter location, the Consumer shall be responsible for the cost of relocating the meter, its appurtenances, and related piping to a location meeting the above requirements.

3. Meter Accuracy at Installation

- a. A new gas meter shall be within plus or minus one percent (1%) of accuracy to be installed for Consumer use.
- b. Each meter removed from service when opened for repairs shall be adjusted to be not more than 1 percent (1%) fast or 1 percent (1%) slow before being reset. If not opened for repairs, the meter may be reset without adjustment if found to be not more than 1 percent (1%) fast or not more than 1 percent (1%) slow provided the meter is otherwise in good condition.
- c. No meter may be installed unless it has been tested within the previous 12 months and found to be within the accuracy limits established herein.

4. Periodic Meter Tests

Meters installed will be tested periodically at reasonable intervals and in accordance with Commission Rule 25-7.064 FAC.

5. Meter Test by Request

- a. Upon written request of a Consumer, Company shall, without charge, make a test of the accuracy of the meter in use at Consumer's premise; provided, first, that the meter has not been tested by Company or by the Commission within twelve months previous to such request.
- b. Should any Consumer request a meter test more frequently than provided above, Company shall require a deposit to defray the cost of testing in

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accordance with Commission Rule 25-7.065 FAC.

- c. If the meter is found to be more than two percent (2%) fast, the deposit shall be refunded, but if below this accuracy limit, the deposit shall be retained by the Company as a service charge for conducting the test.

6. Meter Test - Referee

- a. In the event of a dispute, upon written application to the Commission by any Consumer, a test of the Company's meter at Consumer's premise shall be made or supervised as soon as practicable by a representative of the Commission.
- b. The meter shall in no way be disturbed after the Company has received notice that application has been made for such referee test unless a representative of the Commission is present or unless authority to do so is first given in writing by the Commission or by the Consumer.
- c. A written report of the results of the test shall be made by the Commission to the Consumer.

O. DISTRIBUTION FACILITIES EXTENSION POLICY

1. Feasibility Assessment

Prior to any extension of distribution facilities for the purpose of providing Transportation Service to one or more Consumer premises, the Company shall assess the economic feasibility of its investment in the extension. The Company shall compute an Internal Rate of Return (IRR) utilizing a Discounted Cash Flow model (the "IRR Model") for each proposed extension of facilities. The IRR Model shall compare the Company's investment and operating costs for the extension of facilities to the projected transportation revenues derived from the premises served by the extension over its projected life. The Company shall use its best efforts to reasonably estimate revenues resulting from an extension of facilities. Each feasibility assessment using the IRR Model shall incorporate, at a minimum, the following factors as approved by the Commission in the Company's most recent base rate or other applicable proceeding: cost of debt and equity, the proportion of debt to equity in the capital structure, transportation rates and charges, depreciation rates and incremental growth-related expenses. For the purposes of this Policy, distribution facilities shall mean: mains, services,

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land rights, city gate stations, district regulator stations, meters, regulators, other materials and appurtenances, including the installation of such facilities. The Company's IRR Model is on file with the Commission and available for inspection at Company's office during normal business hours.

2. Maximum Allowable Construction Cost

The maximum capital cost to be incurred by the company for an extension of facilities shall be defined as the Maximum Allowable Construction Cost (MACC). The MACC shall be the Company's capital investment amount for an extension of facilities that, when included in the IRR Model, produces an IRR equal to the Company's approved Return on Equity in its most recent rate proceeding.

3. Distribution Facilities Extension Options

a. Free Extensions

The Company shall extend its distribution facilities to serve prospective Consumer premises at no cost where the capital investment for such extension does not exceed the MACC.

b. Advance in Aid of Construction

Where the estimated capital investment for an extension of facilities exceeds the MACC, the Company may require that a prospective Consumer(s) or other person, such as a real estate developer, governmental entity, Shipper, or other authority ("Depositor") deposit an Advance in Aid of Construction (Advance). The amount of the Advance required from the Depositor shall equal the difference between the estimated capital investment and the MACC. The Advance made by the Depositor shall be non-interest bearing. The Company may refund a portion, or all, of the Advance to the Depositor in accordance the following provisions:

- i. At the end of the first year following the in-service date of an extension of facilities, the Company shall recalculate the MACC using its actual capital investment costs and the actual transportation revenues derived from the extension. If the recalculated MACC using actual costs and revenues exceeds the original estimated MACC, the Company shall refund to the Depositor the difference between the Original Advance and the Advance required, if any, resulting from the recalculation of the

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(Continued)

MACC.

- ii. For each additional Consumer taking service at any point on a main installed as part of a distribution facilities extension within a period of five (5) years from the in-service date of the extension, the Company shall refund to the Depositor an amount by which the MACC of each additional Consumer exceeds the capital investment costs of connecting such Consumer, provided that an additional main extension shall not have been necessary to serve such additional Consumer.
- iii. The aggregate refund to any Depositor made through the above provisions shall not exceed the original Advance of such Depositor.
- iv. The distribution facilities extension shall at all times be the property of the Company and any unrefunded portion of the Advance at the end of five (5) years shall be credited to the Company's distribution main plant account.

c. Area Extension Program

Where the estimated capital investment for an extension of distribution facilities exceeds the MACC, the Company may, at its reasonable discretion, proceed with the extension and establish an Area Extension Program (AEP) charge to recover the capital investment costs in excess of the MACC, as provided below.

i. Initial AEP Charge

The Company shall calculate the cost difference between the MACC and the estimated capital investment costs (such cost difference to include the Company's allowed cost of capital) required to extend the distribution facilities to serve the prospective Consumer(s) (the "AEP Recovery Amount"). The AEP Recovery Amount shall be divided by the number of Consumer premises projected to be served at the end of year five (5) following the in-service date of the extension. The Company shall determine a reasonable Amortization Period over which the AEP Recovery Amount shall be collected from each premise. The Amortization Period shall apply individually to each premise and shall not exceed 120 Billing Months. For the purposes of AEP cost recovery, a Billing Month shall mean a month in which Company renders a billing

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statement to an active Consumer account for a premise served by an AEP extension of facilities. In the event a premise becomes inactive, the Amortization Period shall be suspended until the premise is reactivated. The AEP Recovery Amount shall be divided by the number of months in the Amortization Period to establish a monthly AEP Charge. The AEP Charge shall be billed to each Consumer premise activating service within the initial five (5) year period following the in-service date of the extension.

ii. Recalculated AEP Charge and True-Up

At the end of year five (5) following the in-service date of an extension of facilities for which an AEP Charge has been established, the Company shall calculate the cost difference between the original MACC, based on estimated costs and revenues, and a recalculated MACC using the Company's actual capital investment costs (such costs to include the Company's allowed cost of capital) and the actual transportation revenues derived from the extension through the end of year five (5), (the "Recalculated AEP Recovery Amount"). In recalculating the MACC, the Company shall include any actual revenue received from Consumers or other entities, other than AEP Charge revenues, for the specific purpose of contributing to the recovery of the Company's capital investment cost for the extension. In recalculating the MACC, the Company shall assume that any additional capital investment required for the extension subsequent to year five (5) will be supported by the Company's base rates and charges. The actual transportation revenues derived from the extension in year five (5) shall be assumed to be the annual revenues for the remaining life of the extension, for the purpose of recalculating the MACC. A Recalculated AEP Charge for the remaining Amortization Period shall be determined as follows:

- (1) The Recalculated AEP Recovery Amount shall be divided by the actual number of Consumer premises for which gas service has been activated at the end of year five (5) following the in-service date of the extension. The Recalculated AEP Recovery Amount shall be divided by the number of months in the original Amortization Period for the AEP extension to establish a monthly Recalculated AEP Charge for each Consumer premise. The Recalculated AEP Charge shall be billed to each Consumer premise that received gas service

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during the five (5) year period following the in-service date of an AEP extension of facilities over the remaining months of the Amortization Period applicable to the premise.

- (2) For each Consumer premise that received gas service during the five (5) year period following the in-service date of an AEP extension of facilities, the Company shall determine the total AEP Recovery Amount collected from the initial AEP Charge during the Billing Months. Such amount shall be compared to the AEP Recovery Amount that would have been recovered for each premise if the Recalculated AEP Charge had been in effect over the respective Billing Months for each premise (the "True-up Amount".) A charge or credit for the True-up Amount shall be rendered by the Company to each premise within sixty (60) days of the end of the five (5) year period following the in-service date of an AEP extension of facilities, Where a True-up Amount results in a charge to Consumers, the Company may extend the payment period to recover the True-up Amount.
- (3) Neither the initial AEP Charge or the Recalculated AEP Charge shall be billed to any Consumer premise that activates gas service from an AEP extension of facilities subsequent to the end of the five (5) year period following the in-service date of an AEP extension of facilities.
- (4) Revenues from the AEP Charge shall be credited against the Company's distribution main plant account, except that the Company shall retain, as a return on its capital investment, a portion of such revenues equal to its allowed cost of capital.

4. Service Extensions From Existing Mains

The Company shall extend service facilities connecting a Consumer premise to an existing main, where the Company's capital investment to install the service does not exceed the MACC. Where the service extension capital investment exceeds the MACC, the Consumer shall pay to the Company a non-refundable amount equal to the difference between the MACC and the estimated capital cost of the service extension.

5. Temporary Service

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

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In the case of temporary service for short-term use, Company may require Consumer to pay all costs of making the service connection and removing the material after service has been discontinued, or to pay a fixed amount in advance to cover such expense; provided, however, that Consumer shall be credited with reasonable salvage realized by Company when service is terminated.

6. Relocation of Distribution Facilities

When alterations or additions to structures or improvements on premises to which Company provides transportation service necessitate the relocation of Company's distribution facilities, or when such relocation is requested by Consumer for any reason, Consumer may be required to reimburse Company for all or any part of the costs incurred by Company in the performance of such relocation.

P. OBLIGATIONS OF COMPANY AND CONSUMERS

1. Operation of Company's System

Company shall use reasonable diligence in operating its system in order to insure a uniform and adequate delivery of Gas to meet Consumers' requirements. Company is responsible for the transportation of Consumer-owned Gas, but is not responsible for providing Gas, except in the circumstances when the Company is providing SOLR Service to Consumers.

2. Company's Obligation to Provide Transportation Service to Consumers

Notwithstanding all other applicable provisions of this tariff and any Special Contract provisions to the contrary, Company shall be obligated to provide Transportation Service to Consumers if Consumers' designated Shipper meets the delivery obligations as defined in Section III.J.4. In the event Consumers' designated Shipper fails to meet said delivery obligations, the Company shall have no obligation to provide Transportation Service to said Consumers.

3. Temporary Interruptions

Company may temporarily shut off the meter to the Consumer's premises after reasonable notice for the purpose of making necessary repairs or adjustments to Company's distribution facilities, and will endeavor to make such interruptions, if required, at a time, where possible, which will cause the least inconvenience to the Consumer.

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4. Curtailments

Service may be curtailed or fully interrupted without notice in case of emergency at the sole discretion of Company in accordance with the provisions of the curtailment plan, on file with the Commission. Company assumes no liability for any loss or damage that may be sustained by Consumer by reason of any curtailment or interruption of service rendered herein.

5. Information to Consumers

Company shall maintain personnel at its general offices to assist the Consumer in acquiring Transportation Service, providing information as to rates and charges and handling Consumer inquiries or complaints. A copy of Company's approved tariff is available for inspection at the Company's general offices during normal business hours.

6. Access to Consumer's Premises

Consumer shall be obligated to allow Company or its duly authorized agents to enter Consumer's premises at all reasonable hours for obtaining meter readings, for shutting off the flow of Gas when necessary or due to any Consumer delinquency or infraction, for inspecting, removing, repairing, or protecting from abuse or fraud any of the property of Company installed on the premises or for all other reasons set forth in other sections of these Consumer Rules and Regulations. Access shall be granted at all times for emergency purposes. Any refusal on the part of Consumer to permit Company access to premises will be cause for discontinuance of Transportation Service without liability to the Company.

7. Right of Way

The Consumer shall grant or cause to be granted to Company, without cost to Company, all rights, easements, permits and/or privileges that in Company's opinion are necessary for the rendering of Transportation Service.

8. Protection of Company's Property

All property of Company installed in or upon Consumer's premises used and useful in supplying service is placed there under Consumer's protection. All reasonable care shall be exercised to prevent loss of, or damage to, such property and, ordinary wear and tear excepted, Consumer will be held liable for any such loss of property, and/or damage thereto and shall pay to Company the cost of

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necessary repairs or replacements.

9. Interfering or Tampering with Company's Property

Consumer will be held responsible for breaking the seals, tampering or interfering with Company's meter or meters, or other equipment of Company installed on Consumer's premises, and no one except employees or authorized agents of Company will be allowed to make any repairs or adjustments to any meter or other piece of apparatus belonging to Company except in cases of emergency.

10. Non-Residential Consumer Request to Increase Usage

Non-Residential Consumer at an existing premise shall notify Company of non-Residential Consumer's intent to increase its current annual usage by at least 25% at said premise at least sixty (60) days prior to the expected increase in usage. Company shall respond to non-Residential Consumer's request within thirty (30) days of receipt, indicating Company's acceptance or denial of non-Residential Consumer's request and any limitations of Transportation Service.

11. Conformance with Tariff

Upon commencement of Transportation Service in accordance with Section II, the Rules and Regulations and the applicable rate schedules of this tariff shall be binding upon Consumer and Company unless otherwise stated in a Special Contract as approved by the Commission in accordance with Commission Rule 25-9.034 FAC or as stated in a Flexible Gas Service Agreement.

Q. FORCE MAJEURE

1. In the event either Company or Consumer is unable wholly or in part by Force Majeure to carry out its obligations under this tariff, or under a Special Contract, other than to make payments due thereunder, it is agreed that on such party giving notice and full particulars of such Force Majeure to the other party as soon as 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, 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.
2. The term "Force Majeure", as employed herein, shall mean acts of God, strikes,

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lockouts, or other industrial disturbances, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, hurricanes or evacuation orders due to hurricanes, floods, washouts, arrests and restraints of government 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 well or lines of pipe, partial or entire failure of source of supply, and any other cause, whether of the kind herein enumerated or otherwise, 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 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 the delays on the part of such party in acquiring, at reasonable cost and after the exercise of reasonable diligence, such servitude, rights of way grants, permits, or licenses; and (b) in those instances where either party 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 acquire, or the delays on the part of such party in acquiring, at reasonable cost and after the exercise of reasonable diligence, such materials and supplies, permits and permissions.

3. It is understood and agreed that the settlement of strikes or lockouts shall be entirely within the discretion of the party having the difficulty, and that the above requirement that any Force Majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts by acceding to the demands of an opposing party when such course is inadvisable in the discretion of the party having the difficulty.

R. DISCONTINUANCE OF TRANSPORTATION SERVICE

The Company reserves the right, but assumes no liability for failure to do so, to discontinue service to any Consumer for cause as follows:

1. Without Notice
 - a. For Consumer's non-compliance with or violation of any State or municipal law or regulation governing gas service.
 - b. For Consumer's failure or refusal of the Consumer to correct any deficiencies

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or defects in Consumer's piping or appliances which are reported to Consumer by Company.

- c. For Consumer's use of Gas for any other property or purpose than that described in the application.
 - d. For Consumer's failure or refusal to provide adequate space for the meter and service equipment of Company.
 - e. In the event of a condition known to Company to be hazardous.
 - f. In the event of Consumer's tampering with regulators, valves, meters or other facilities furnished and owned by Company.
 - g. In the event of Consumer's unauthorized or fraudulent use of service. Whenever service is discontinued for fraudulent use of service, Company, before restoring service, may require the Consumer to make at Consumer's expense all changes in piping or equipment necessary to eliminate illegal use and to pay an amount reasonably estimated as the deficiency in revenue resulting from such fraudulent use.
2. After Five (5) Working Days Written Notice
- a. For Consumer's non-payment of Company's regulated charges.
 - b. For Consumer's failure or refusal to provide or increase a deposit, when requested, to insure payment of Company's regulated charges.
 - c. For Consumer's neglect or refusal to provide reasonable access to Company or its agents for the purpose of reading meters or inspection and maintenance of equipment owned by Company.
 - d. For Consumer's noncompliance with the Company's Rules and Regulations of this tariff, after there has been a diligent attempt to have the Consumer comply.
3. Waiver of Discontinuance of Transportation Service
Discontinuance of Transportation Service shall be temporarily waived in specific cases provided that Transportation Service is medically essential and

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discontinuance will endanger life or require hospitalization to sustain life. Prior to granting a medical waiver, the Consumer shall be required to furnish the Company written notice from a competent physician acceptable to the Company that Transportation Service is required for life support.

4. Collection in Lieu of Discontinuance of Transportation Service

A Collection in Lieu of Discontinuance Charge (Section II.E.) shall be added to the Consumer's past due bill when payment, inclusive of said charge, is made at a billed address prior to discontinuance of Transportation Service for non-payment of Company's regulated charges.

S. RESTORATION OF TRANSPORTATION SERVICE

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

1. Consumer pays, in full, for all delinquent amounts due for Company's regulated charges including a service Re-Connection Charge (Section III.E.), damages, or fraudulent use.
2. All conditions creating violations of these Rules and Regulations, unsafe conditions, misuse or fraudulent uses have been corrected by Consumer and proven satisfactory to Company.
3. Consumer has provided the required deposit.

T. TERMINATION OF TRANSPORTATION SERVICE

1. Change of Occupancy

Subject to any existing Agreement by Consumer and Company, when a change of occupancy takes place at any premise to which Company renders Transportation Service, Consumer shall provide Company with its request for termination of Transportation Service at least three (3) working days prior to the date of change. Said Consumer shall be responsible for all Transportation Service charges for such premise up to and including the effective date of change.

2. Removal of Service

If Consumer wishes Company's property to be removed, Consumer shall give

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notice at the office of the Company at least ten (10) working days prior to the time of such requested removal.

U. LIMITATION OF TRANSPORTATION SERVICE

1. New Premise

Company reserves the right, subject to the regulatory authority having jurisdiction, to limit or restrict usage through establishment of an MDTQ or refuse Transportation Service to a new premise that will result in additions to its distribution system that may jeopardize Transportation Service to existing Consumers.

2. Existing Premise

Company may establish a MDTQ for Gas for non-Residential Consumer at an existing premise who request an increase in annual usage, in accordance with Section II.P.10., if, in the reasonable opinion of Company, it is necessary to protect system integrity or to ensure other existing premises are not adversely affected by said non-Residential Consumer(s) request. Company shall not be obligated to transport non-Residential Consumer-owned Gas above non-Residential Consumer's MDTQ, if established, but may do so if feasible and without adverse affect to other Consumers, in the reasonable opinion of Company.

V. APPLICABILITY OF RULES AND REGULATIONS

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

W. OWNERSHIP OF PROPERTY

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

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(Continued)

III. SHIPPER RULES AND REGULATIONS

A. INITIATION OF SERVICE

1. TTS Shipper Requirements

TTS Shippers selected by Company shall:

- a. Execute a TTS Shipper Agreement (Sheet Nos. 122 to 136);
- b. Establish credit sufficient to Company in accordance with these Rules and Regulations; and
- c. Agree to receive SABS service.

2. CI Shipper Requirements

An entity is eligible to become a CI Shipper that has:

- a. Executed a CI Shipper Agreement (Sheet Nos. 137 to 138);
- b. Established credit sufficient to Company in accordance with these Rules and Regulations;
- c. Selected either the SABS or SAS Shipper Service.

3. TTS Shipper Competitive Bid Process

Through a competitive Request for Proposal process, the Company shall select one or more TTS Shippers to provide gas supply and related services to TTS Consumers.

4. Allocation of Consumers to TTS Shippers

Consumers shall be initially allocated to the TTS Consumer Pools in accordance with the process described in Sections II.B.2. and II.B.3.c. Residential Consumers shall be required to remain with the initial TTS Shipper until the Company offers open enrollment periods in accordance with Section II.D. Non-Residential Consumers can select any approved CI Shipper, and exit the TTS program in accordance with Section II.B.3.a.v.

5. Establishment of Credit

All Shippers shall establish credit prior to commencing deliveries of Gas hereunder, and shall maintain such credit during the term hereof, by one of the following methods:

- a. Payment of a cash deposit with Company in an amount equal to the DCQ times \$50;

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- b. Furnishing an irrevocable letter of credit from a bank, or a surety bond issued by an entity acceptable to the Company in an amount equal to the DCQ times \$50;
- c. Possessing and maintaining a Standard & Poor's Long Term Debt Rating of A- or better, a Moody's rating of A3 or better, or a comparable rating by another nationally recognized rating organization acceptable to Company; or, providing an acceptable corporate guarantee in an amount equal to the DCQ times \$50.

B. TERMINATION OF SHIPPER STATUS

Unless excused by Force Majeure, Company may terminate the Shipper's rights for the following:

1. Shipper fails to satisfy in full the terms and conditions of this tariff;
2. Shipper voluntarily suspends the transaction of business where there is an attachment, execution or other judicial seizure of any portion of their respective assets;
3. Shipper becomes insolvent or unable to pay its debts as they mature or makes an assignment for the benefit of creditors;
4. Shipper files, or there is filed against it, a petition to have it adjudged bankrupt or for an arrangement under any law relating to bankruptcy;
5. Shipper 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,
6. Shipper engages in slamming or other unlawful activities.

C. ASSIGNMENT OF RATE SCHEDULE

1. SABS Rate Schedule

Upon initiation of service, all TTS Shippers shall be assigned to the SABS rate schedule. CI Shippers may elect the SABS rate schedule.

2. SAS Rate Schedule

Upon initiation of service, all CI Shippers shall be assigned to the SAS rate schedule, unless CI Shipper has elected the SABS rate schedule.

3. DPO Rate Schedule

Upon initiation of service, all TTS Shippers and CI Shippers shall be assigned to the DPO rate schedule.

RULES AND REGULATIONS
(Continued)

4. OS-DPO Rate Schedule

Upon initiation of service, any TTS Shipper or CI Shipper who has executed an Off-System Delivery Point Operator Agreement with Company shall be assigned to the OS-DPO rate schedule.

D. TERMINATION OF CONSUMER

Any CI Shipper may terminate service for any reason to a non-Residential Consumer upon written notice to Company ten (10) days prior to the first day of the month. Unless Company receives a valid LOA requesting service from a CI Shipper, said non-Residential Consumer shall be assigned to a TTS Shipper in accordance with Section II.B.3.b.

E. CAPACITY RELEASE

1. Intent of Capacity Release

Company, through its Service Agreements with Transporters, has contracted for firm capacity rights on Transporters' pipeline systems. Company can either: 1) temporarily release to Shippers each month, utilizing the methodology described below, all Transporter capacity for Shippers' use in transporting Gas to its Consumer Pool; or, 2) retain sufficient capacity for the provision of the SOLR Service, in accordance with the applicable provisions of this tariff and release the remainder of Transporter capacity to Shippers' as described herein.

2. Capacity Release Methodology

The Company shall, to the extent Transporter capacity is available, release Transporter capacity for each Existing Consumer (defined as a non-Residential Consumer who was receiving Transportation Service from the Company on or before November 5, 2002) to its selected CI Shipper or its assigned TTS Shipper. The Company shall temporarily release all quantities of such Transporter capacity to Shippers each month in accordance with the Transporter capacity allocation method approved by the Commission in Order No. PSC-02-1646-TRF-GU and as further clarified herein.

3. Quantity of Capacity For Release

Each month, Company shall determine the DCQ to be released to each Shipper using the following methodology:

RULES AND REGULATIONS

(Continued)

- a. For an Existing Consumer whose annual Gas usage exceeded 100,000 Therms in calendar year 2001:
 - i. the DCQ shall be the daily quantity of Transporter capacity as exhibited in an executed capacity release agreement in effect on November 5, 2002 ("Capacity Agreement"). At the expiration or termination of the Capacity Agreement, Company shall continue to allocate Transporter capacity to the Existing Consumer in the same quantity as exhibited in the executed capacity release agreement; or
 - ii. the DCQ shall be the actual peak month Gas usage quantity in calendar year 2001 divided by the number of days in such peak month, rounded up to the next whole dekatherm.
 - b. For each Existing Consumer whose annual Gas usage was 100,000 Therms or less in calendar year 2001, the DCQ shall be determined by dividing the maximum usage quantity for Existing Consumer's rate classification in calendar year 2001 by 365 days; then dividing the result of this calculation (Therms per Gas Day) by 10 (to convert Therms to Dekatherms); and then rounding up to the next whole Dekatherm.
 - c. The remaining capacity quantity after the allocations resulting from Subsections 3a. and 3b. shall be the DCQ for all Residential Consumers. Company shall determine the ratio of active Residential Consumers in each TTS Shipper's Consumer Pool to the total number of active Residential Consumers on the Company's distribution system. The Residential Consumer DCQ shall be proportionately allocated to TTS Shippers based on the ratio described herein.
 - d. Each month, the Company shall determine the total DCQ for each Shipper, in accordance with the methodology described herein. Adjustments to Shipper's DCQ may occur from time to time to reflect changes in Shipper's Consumer Pool, resulting from the submission of LOAs to the Company from Consumers.
4. Allocation Of Capacity From Multiple Transporters
Company has contracted for capacity on two (2) Transporter's pipelines, Florida Gas Transmission (FGT) and Gulfstream Natural Gas System (GNGS). Company shall allocate Transporter capacity, inclusive of Receipt and Delivery

RULES AND REGULATIONS
(Continued)

Points, from all sources to Shippers using the following method:

- a. For Shippers whose Consumer Pool includes an Existing Consumer(s) with a capacity release agreement(s) in effect on November 5, 2002, capacity shall be released to Shipper as specified in such agreements.
- b. For Shippers whose Consumer Pool includes Existing Consumers without capacity release agreements in effect on November 5, 2002, the allocated Transporter capacity for such Existing Consumers shall be determined as follows. Company shall determine the quantity of FGT and GNGS capacity remaining subsequent to the allocations made in accordance with subsection a. above (the "Remaining FGT Capacity" and the "Remaining GNGS Capacity", respectively). The sum of the Remaining FGT Capacity and the Remaining GNGS Capacity shall be defined as the Remaining Transporter Capacity. Each month, Company shall divide the Remaining FGT Capacity by the Remaining Transporter Capacity and divide the Remaining GNGS Capacity by the Remaining Transporter Capacity to determine the ratio of FGT and GNGS capacity to allocate to each Shipper. Company shall apply the calculated ratio each month of FGT and GNGS capacity to the DCQ to determine the specific release of capacity for said Existing Consumers in Shipper's Customer Pool.
- c. For TTS Shippers with Residential Consumers in their Consumer Pool, the allocated Transporter capacity for such Residential Consumers, if any, shall be determined as follows. Company shall determine the quantity of FGT and GNGS capacity remaining after allocations made in accordance with Subsections 4a. and 4b. above (the "Remaining FGT TTS Capacity" and the "Remaining GNGS TTS Capacity", respectively). The sum of the Remaining FGT TTS Capacity and the Remaining GNGS TTS Capacity shall be defined as the Remaining Transporter TTS Capacity. Each month, Company shall divide the Remaining FGT TTS Capacity by the Remaining Transporter TTS Capacity and divide the Remaining GNGS TTS Capacity by the Remaining Transporter TTS Capacity to determine the ratio of FGT and GNGS capacity to allocate to each TTS Shipper. Company shall apply the calculated ratio each month of FGT and GNGS capacity to the DCQ to determine the specific release of capacity for Residential Consumers in their respective TTS Shipper Consumer Pool.

RULES AND REGULATIONS
(Continued)

5. Capacity for New Consumers

The Company shall have no obligation to release Transporter capacity on behalf of New Consumers (defined as a non-Residential Consumer who began Transportation Service with the Company on or after November 5, 2002). It shall be the responsibility of New Consumers selected Shipper or Shipper Designee to obtain sufficient Transporter capacity, in accordance with Shipper's Delivery Obligations in Section III.J.4. below.

6. Scope of Capacity Release

a. Shipper Service Agreements with Transporters

Shipper shall enter into all required agreements with each Transporter so that Shipper has all necessary rights to accept and acquire the released capacity from Company hereunder. Capacity releases shall be made on a temporary basis, in accordance with applicable FERC rules and regulations, as they may change from time to time. Shippers shall have sole responsibility for complying with all provisions of such agreements and all applicable provisions of Transporters' FERC tariffs.

b. Relinquishment Notices

Each Month, Company shall provide to Transporter the notice of capacity release required under the rules and regulations of the respective Transporter's FERC Tariff. Such notices shall offer to relinquish, on a temporary basis that portion of the Shipper's DCQ to be released by Company. Company shall diligently and in a time sufficient for Shipper to commence use of the released capacity, take all other actions required under the rules and regulations of the respective Transporter's FERC Tariff to release capacity to Shipper.

c. Acceptance of Capacity Release

Shipper shall diligently and in a timely manner take all actions necessary under the rules and regulations of Transporter's FERC tariffs to acquire and accept the capacity released, with the associated primary Receipt Points and primary Delivery Points on Transporter's system, by Company. Company has no obligation to release capacity to Shipper in quantities greater than the DCQ as determined above.

7. Capacity Exceeding Released Quantities

If Shipper in any month requires a quantity of Transporter capacity greater than

RULES AND REGULATIONS

(Continued)

the quantity of capacity released by Company, Shipper shall be responsible for taking such actions as are required to obtain sufficient Transporter capacity to meet its Consumer Pool requirements. Shippers may acquire such Transporter capacity quantities from any source.

F. CAPACITY CHARGES & PAYMENTS

1. Capacity Charges

Shipper shall pay to Transporter the maximum applicable tariff rate allowed by FERC or the negotiated rate for the capacity released and shall indemnify Company and hold it harmless from any and all rates and charges assessed by Transporter to Company for the released capacity.

2. Capacity Payments

Shipper shall make all payments to Transporters for the released capacity in accordance with Shipper's agreement(s) with Transporter(s), by Transporters' FERC Tariffs, and by any applicable FERC rule or order. If Shipper fails to make such payments, Company may make such payments on behalf of Shipper (in a manner which preserves any rights which Shipper may have to dispute the nature or amount of the charges). Shipper shall reimburse Company for such payments inclusive of interest, at the highest interest rate allowed by law, from the date such payments are made by Company to Transporter.

3. Recalled Capacity Payment

Upon the effective date of any recall by Company of any portion or all of the released capacity, Company shall be responsible for and shall pay all applicable rates and charges for such recalled capacity during the period of such recall. Company shall indemnify Shipper, and hold it harmless from any and all such charges assessed by Transporters to Shipper, for the recalled capacity after the effective date of such recall.

4. Refunds from Transporter

If, after the effective date of any Company capacity release to Shipper, Shipper receives from Transporter any refund of any charges previously paid by Company to Transporter, Shipper shall in the month following its receipt of such refund, pay (or where Company owes Shipper funds, credit) to Company the amount of such refund. If during a temporary recall of capacity, Company receives from Transporter any refund of any charges previously paid by Shipper to Transporter,

RULES AND REGULATIONS
(Continued)

Company shall pay or credit to Shipper the amount of such refund in the month following Company's receipt of such refund.

G. SHIPPER RIGHTS TO RELINQUISH CAPACITY

1. Shipper may relinquish with recall rights to a third party any portion or segment of the Transporter capacity released by Company for any period of time, subject to the rules and regulations of Transporters' FERC tariffs.
2. Shipper may relinquish without recall rights to a third party any portion or segment of the Transporter capacity released by Company for a period of time of up to six (6) months, subject to the rules and regulations of Transporters' FERC tariffs.
3. Shipper, only with prior written approval of Company, may relinquish without recall rights to a third party any portion or segment of the Transporter capacity released by Company for a period of time greater than six (6) months, subject to the rules and regulations of Transporters' FERC tariffs.
4. Shipper shall ensure that sufficient capacity is available for recall by Company to accommodate decreases in Shipper's DCQ, in accordance with Section III.H.1.
5. If, through the terms of Shipper's relinquishment of capacity that are not in accordance with the provisions of this Section, Shipper causes Company to incur incremental costs while providing SOLR Service to Consumers, Shipper shall be obligated to reimburse Company for said incremental costs.

H. RECALL RIGHTS TO RELEASED CAPACITY

1. All capacity released to Shipper by Company, or subsequently relinquished by Shipper to a third party, may be recalled by Company from time to time to facilitate the redistribution of capacity among Shippers to accommodate Consumer migration, regardless of the term of a specific capacity release by Company to Shipper or the term of any relinquishment by Shipper to a third party.
2. Company shall have the right to recall temporarily or permanently a portion or all of the capacity released hereunder, subject to the applicable notice requirements

RULES AND REGULATIONS

(Continued)

in Transporter's FERC Tariffs, in the event that (i) Shipper breaches its contractual obligations of payment to Transporter for the released capacity; or (ii) Shipper otherwise breaches the terms and conditions of this tariff. In the event Company temporarily recalls a portion of the released capacity, Company shall re-release such capacity to Shipper within ten (10) days after Shipper has provided assurance satisfactory to Company, in Company's reasonable discretion, that the cause which gave rise to Company's recall right has been removed. Neither a temporary nor a permanent recall of a portion or all of the released capacity shall become effective until Company has given Shipper notice in writing specifying the cause for the recall and Shipper has had ten (10) days after receipt of such notice to remove or correct the cause for the recall and Shipper has failed to remove or correct the cause within such ten (10) day period.

I. RETAINED RIGHT OF FIRST REFUSAL

Company shall retain the sole right to affirmatively exercise, at the time specified in the Service Agreement, Transporter's FERC tariffs, or any FERC rule or order, any right of first refusal mechanism (however denominated), including the option to extinguish such right, applicable to the released capacity; provided, however, that Company may not exercise any such right in a manner which would impair Shipper's right to use the released capacity during the term of any release.

J. FIRM DELIVERY REQUIREMENTS

1. Consumer Pool

Company shall provide to Shippers each month, at least five (5) days prior to Transporter's deadline for posting capacity releases for the first Day of the following Month, (i) a list of the accounts comprising Shipper's Consumer Pool; (ii) the DCQ that Company proposes to release to Shipper; and, (iii) the estimated total Gas requirements to meet the needs of Shipper's Consumer Pool for such following Month. Shipper shall confirm the accuracy of the list of accounts comprising Shipper's Consumer Pool with Company at least two (2) days prior to the Transporter's deadline for posting capacity releases. If Shipper has an objection to the information provided under this Section, Shipper shall immediately contact Company and agrees to cooperatively resolve all objections with Company. If Shipper fails to confirm the accuracy of said list, Company shall proceed with the release to Shipper based on the information provided.

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(Continued)

2. Maximum Daily Transportation Quantity (MDTQ)

Company may establish a MDTQ for Gas for one or more Shipper(s) if, in the reasonable opinion of the Company, it is necessary to protect system integrity or to ensure existing Consumers are not adversely affected by Shipper(s) requiring an MDTQ. Company shall not be obligated to transport Consumer-owned Gas above the Shipper's MDTQ, if established, but may do so if feasible and without adverse affect to other Consumers, in the reasonable opinion of the Company.

3. Quality

The quality of Gas delivered by Shipper to the Company shall meet the same specifications as the FERC-approved or Commission-approved tariff requirements of the Transporter connected to Company.

4. Shipper's Delivery Obligations

a. Unless excused by Force Majeure, Shipper shall cause Transporters to deliver on each Gas Day to all Transporter delivery points where Company is the DPO a quantity of Gas sufficient to reliably serve the requirements of its Consumer Pool and off-system customers. Shipper shall have no obligation to deliver Gas to Company on behalf of Consumers whose service is terminated, either upon request of the Consumer or for cause. Company shall promptly notify the Shipper of any known change in Consumer account status that will affect Gas quantity deliveries.

b. If any act or omission of Shipper causes Company, as the DPO, to incur any Transporter penalties, other expenses or liabilities of any kind, Shipper will indemnify and reimburse Company for all said penalties, other expenses or liabilities. Nothing herein shall be deemed to foreclose Company from employing other remedies, including cessation of deliveries for the unauthorized usage of Gas.

K. MUTUALLY BENEFICIAL TRANSACTIONS

Shipper recognizes that Company maintains the operation and integrity of Company distribution system on a daily basis. Shipper also recognizes that as DPO for the interstate pipeline interconnects, Company or its agent is subject to the rules and regulations of the Transporters with regard to operational flow rates, pressures and penalties. As such, Company may need Shipper to vary its daily delivery from the nominated delivery quantities. On those occasions, Company may request, at its sole discretion, and Shipper may agree to, a change to Shipper's nominated Gas supply

RULES AND REGULATIONS

(Continued)

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.

L. SCHEDULING AND NOMINATING

Each Shipper shall submit to Company all scheduling and nominating information simultaneously with its submission to Transporters. In addition, each Shipper shall submit to Company each day, scheduled volumes for each individual Consumer that has electronic telemetering equipment installed and annual usage of equal to or greater than 100,000 therms ("Telemetered Consumer").

M. MONTHLY BALANCING

The balancing of the quantity of Gas scheduled and nominated for each Shipper, at all Transporter delivery points for which Company, or Company's agent, is the DPO, and the actual usage by the sum of all individual Consumers served by each Shipper shall be done on a monthly basis. The Company and Shipper shall resolve all monthly imbalance quantities at the end of each Month, as follows:

1. If the monthly imbalance quantity is positive (amount of Gas scheduled is greater than aggregated actual usage by Consumers), the Company shall purchase from Shipper such monthly imbalance quantity at a price per therm (the "Unit Price") calculated by taking: (i) the lowest weekly average (weeks where Friday is within the calendar month) of the "Daily price survey" for Gas under the "Midpoint" column for "Florida Gas, zone 1", "Florida Gas, zone 2" or "Florida Gas, zone 3", as reported in *Platts Gas Daily*, for the Month in which the positive monthly imbalance quantity was incurred, multiplied by the applicable factor set forth below:

<u>Imbalance Level</u>	<u>Factor</u>
0% to 5%	1.00
Greater than 5% to 20%	0.90
Greater than 20%	0.80

and subtracting: (ii) the monthly per therm charge billed to Company from DPO agent (if any), as such DPO agent charges are specifically approved by the Commission. This charge is calculated by dividing the billed DPO charges by the sum of the absolute value of all Shippers positive monthly imbalance quantities

RULES AND REGULATIONS

(Continued)

and all Shippers negative monthly imbalances quantities.

The total amount due Shipper shall be the product of the Unit Price and the positive monthly imbalance.

2. If the monthly imbalance quantity is negative (amount of Gas scheduled is less than aggregated actual usage by Consumers), the Company shall sell to Shipper such monthly imbalance quantity at a price per therm (the "Unit Price") calculated by taking the sum of (i) the highest weekly average (weeks where Friday is within the calendar month) of the "Daily price survey" for Gas posted under the "Midpoint" column for "Florida Gas, zone 1", "Florida Gas, zone 2" or "Florida Gas, zone 3", as reported in *Platts Gas Daily*, for the Month in which the positive monthly imbalance quantity was incurred, multiplied by the applicable factor set forth below:

<u>Imbalance Level</u>	<u>Factor</u>
0% to 5%	1.00
Greater than 5% to 20%	1.10
Greater than 20%	1.20

and (ii) the GNGS capacity rate per Therm for 6% maximum hourly flow tariff rate (as it may change from time to time) plus the FGT FTS-1 usage rate per therm (inclusive of all applicable surcharges), and (iii) the monthly per Therm charge billed to Company from DPO agent (if any), as such DPO agent charges are specifically approved by the Commission. This charge is calculated by dividing the billed DPO charges by the sum of the absolute value of all Shippers positive monthly imbalance quantities and all Shippers negative monthly imbalances quantities.

The total amount due Company shall be the product of the Unit Price and the positive monthly imbalance.

N. OPERATIONAL CONTROLS

1. Transporter Notices

All Shippers and Shipper's Designees shall take all necessary actions to ensure that Transporter provides Transporter operational control notices directly to

RULES AND REGULATIONS
(Continued)

Shipper or Shipper's Designee. Company shall have no obligation to provide Transporter operational control notices to Shippers or Shipper's Designees.

2. Shipper Obligations

Shipper or Shipper's Designee shall be responsible for complying with Transporter's operational control notices and/or order from Transporter.

3. Operational Flow Order (OFO)

If Company as the DPO (or Company's agent acting in such capacity under contract with Company), incurs OFO penalties from Transporter, Company shall identify all Telemetered Consumers that exceeded the OFO tolerances. Company shall charge the responsible Telemetered Consumer's Shipper, at Transporter's OFO rate, for all measured quantities at each responsible Telemetered Consumer's premise that deviate from scheduled quantities. After all OFO charges are applied to the responsible Telemetered Consumer's Shipper, if any OFO charges remain, such charges shall be applied to the Operating Balancing Account ("OBA") and disposed of in accordance with the terms and conditions of the OBA mechanism.

4. Alert Day

If Company as the DPO (or Company's agent acting in such capacity under contract with Company), incurs Alert Day charges from Transporter, Company shall identify all Telemetered Consumers that exceeded the Alert Day tolerances. Company shall charge the responsible Telemetered Consumer's Shipper, at Transporter's Alert Day rate, for all measured quantities at each responsible Telemetered Consumer's premise that deviate from scheduled quantities. After all Alert Day charges are applied to the responsible Telemetered Consumer's Shipper, if any Alert Day charges remain, such charges shall be applied to the OBA and disposed of in accordance with the terms and conditions of the OBA mechanism.

5. Other Operational Balancing Controls

If Company as the DPO (or Company's agent acting in such capacity under contract with Company), incurs operational balancing tool charges from Transporter, Company shall identify all Telemetered Consumers that exceeded the operational balancing control tolerances. Company shall charge the responsible Telemetered Consumer's Shipper, at Transporter's operational balancing control rate, for all measured quantities at each responsible

RULES AND REGULATIONS

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Telemetered Consumer's premise that deviate from scheduled quantities. After all operational balancing control charges are applied to responsible Telemetered Consumer's Shipper, if any operational balancing control charges remain, such charges shall be applied to the OBA and disposed of in accordance with the terms and conditions of the OBA mechanism.

6. Operational Control Charges

All charges collected by the Company under this Section shall be applied to the OBA. Company shall not, under any circumstances, retain any of the charges collected from Shippers resulting from the application of the operational controls.

O. WARRANTY, CONTROL AND INDEMNIFICATION

1. Warranty

Shipper warrants that it will have good and merchantable title to, or that it has good right to deliver, all Gas delivered by Transporter to Company for Shipper's account at the Delivery Point(s), and that such Gas will be free and clear of all liens, encumbrances, and claims whatsoever. In the event any adverse claim in respect to said Gas is asserted, or Shipper breaches its warranty herein, Company shall not be required to perform its obligations to transport and deliver said Gas to Consumer accounts in Shipper's Consumer Pool or, subject to receipt of any necessary regulatory authorization, to continue service hereunder for Shipper until such claim has been finally determined; provided, however, that Shipper may receive service if (i) in the case of an adverse claim, Shipper furnishes a bond to Company, conditioned for the protection of Company with respect to such claim; or (ii) in the case of a breach of warranty, Shipper promptly furnishes evidence, satisfactory to Company, of Shipper's title to said Gas.

2. Control and Possession

Shipper shall be deemed to be in control and possession of Gas prior to delivery to the Delivery Point(s); and Company shall be deemed to be in control and possession of the Gas to be transported by it upon delivery of such Gas by Transporter to the Delivery Point(s), and until it shall have been delivered to Company's Point(s) of Delivery. Each party, while deemed to be in control and possession of such Gas, shall be responsible for, and shall indemnify and hold the other harmless from any and all claims, actions, suits, including attorney's fees, arising out of or relating in any way to custody and control of such Gas.

RULES AND REGULATIONS
(Continued)

3. Indemnification

The Shipper shall indemnify, hold harmless, and defend the Company from and against any and all liability, proceedings, suits, cost or expense for loss, damage or injury to persons or property, in any manner directly or indirectly connected with or growing out of the transportation of Gas by the Shipper, as such may be defined in the CI Shipper and TTS Shipper Agreements.

P. FORCE MAJEURE

1. In the event either Company or Shipper is unable wholly or in part by Force Majeure to carry out its obligations under this tariff other than to make payments due thereunder, it is agreed that on such party giving notice and full particulars of such Force Majeure to the other party as soon as 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, 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.
2. 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, hurricanes or evacuation orders due to hurricanes, floods, washouts, arrests and restraints of government 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 well or lines of pipe, partial or entire failure of source of supply, and any other cause, whether of the kind herein enumerated or otherwise, 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 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 the delays on the part of such party in acquiring, at reasonable cost and after the exercise of reasonable diligence, such servitude, rights of way grants, permits, or licenses; and (b) in those instances where either party 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 acquire, or the delays on the part of such party in acquiring, at reasonable cost and after the

RULES AND REGULATIONS

(Continued)

exercise of reasonable diligence, such materials and supplies, permits and permissions.

3. It is understood and agreed that the settlement of strikes or lockouts shall be entirely within the discretion of the party having the difficulty, and that the above requirement that any Force Majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts by acceding to the demands of an opposing party when such course is inadvisable in the discretion of the party having the difficulty.

Q. OPERATIONAL BALANCING ACCOUNT

1. Authorization for Recovery or Refund

It is the intent of this Section that the Company shall be authorized to recover or refund any and all charges or credits related to the provision of Transportation Service, as have historically been recovered from or allocated to Consumers pursuant to the Commission's ongoing Purchased Gas Adjustment cost recovery proceedings.

2. Charges or Credits

The OBA provides the mechanism by which the Company accumulates and allocates the following charges or credits, which include but are not limited to:

- a. Charges or credits associated with balancing, on a monthly basis, the measured Gas quantities at the Company's Delivery Points with Transporters with the scheduled quantities of Gas on Transporter's system.
- b. Charges or credits associated with the Monthly Balancing provisions defined in Section III.M.
- c. Charges or credits associated with the Operational Controls provisions defined in Section III.N.
- d. Charges or credits associated with any unreleased Transporter capacity.
- e. Other charges or credits related to the provision of Transportation Service that have historically been recovered from or allocated to Consumers pursuant to the Commission's ongoing Purchased Gas Adjustment cost

RULES AND REGULATIONS
(Continued)

recovery proceedings.

3. Disposition of OBA Balance

The Company shall, within 30 days after calendar quarter end, dispose of any OBA balance with Shippers, if such balance is at least \$100,000 (debit or credit balance). If the OBA balance at calendar quarter end is below \$100,000 (debit or credit balance), then the Company shall not dispose of the OBA balance until such time that the OBA balance is at least \$100,000 (debit or credit balance) at any subsequent calendar quarter. The Company shall, within 45 days after calendar year end, dispose of the OBA balance, regardless of balance amount, with Shippers. Each Shipper's refund or charge shall be based upon the proportion of scheduled Gas of each Shipper to the total amount scheduled by all Shippers during the corresponding OBA refund or charge period.

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RATE SCHEDULES
FIRM TRANSPORTATION SERVICE - A
Rate Schedule FTS-A

Availability:

Throughout the service areas of the Company.

Applicability:

Firm Transportation Service available to all Consumers whose annual metered transportation volume is 0 therms up to 130 therms. This rate schedule is closed to all Consumers, except those receiving service under rate schedules FTS-A or FTS-B as of March 3, 2005. In addition, Consumers who restore service or apply for new service at a premise where the Company provided service under Rate Schedule FTS-A at the time service was terminated shall receive service at such premise under this Rate Schedule.

Monthly Rate:

Firm Transportation Charge: \$10.00

Usage Charge: \$0.44073 per therm

Minimum Charge:

The Firm Transportation Charge.

Billing Adjustments:

The above rates shall be subject to the applicable MRAs and FTs as set forth on Sheet Nos. 98 - 106.

Miscellaneous:

If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the Consumer shall be executed. Further, the rates established in the Monthly Rate section of this rate schedule may be adjusted to provide for recovery by the Company of the costs incurred, including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, transportation under this rate schedule shall be billed at Monthly Rates stated herein.

RATE SCHEDULES
FIRM TRANSPORTATION SERVICE – A (Experimental)
Rate Schedule FTS-A (Exp)

Availability:

Throughout the service areas of the Company.

Applicability:

Firm Transportation Service available to all Consumers assigned to a TTS Shipper whose annual metered transportation volume is 0 therms up to 130 therms. This rate schedule is closed to all Consumers, except those receiving service under rate schedules FTS-A or FTS-B as of March 3, 2005. In addition, Consumers who restore service or apply for new service at a premise where the Company provided service under Rate Schedule FTS-A at the time service was terminated shall receive service at such premise under this Rate Schedule.

Monthly Rate:

Firm Transportation Charge:	\$15.20
Usage Charge:	\$0.00000 per therm

Minimum Charge:

The Firm Transportation Charge.

Billing Adjustments:

The above rates shall be subject to the applicable MRAs and FTs as set forth on Sheet Nos. 98 - 106.

Miscellaneous:

If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the Consumer shall be executed. Further, the rates established in the Monthly Rate section of this rate schedule may be adjusted to provide for recovery by the Company of the costs incurred, including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, transportation under this rate schedule shall be billed at Monthly Rates stated herein.

RATE SCHEDULES
FIRM TRANSPORTATION SERVICE - B
Rate Schedule FTS-B

Availability:

Throughout the service area of the Company.

Applicability:

Firm Transportation Service available to all Consumers whose annual metered transportation volume is greater than 130 therms up to 250 therms. This rate schedule is closed to all Consumers, except those receiving service under rate schedules FTS-A or FTS-B as of March 3, 2005. In addition, Consumers who restore service or apply for new service at a premise where the Company provided service under Rate Schedule FTS-B at the time service was terminated shall receive service at such premise under this Rate Schedule.

Monthly Rate:

Firm Transportation Charge:	\$12.50
Usage Charge:	\$0.44073 per therm

Minimum Charge:

The Firm Transportation Charge.

Billing Adjustments:

The above rates shall be subject to the applicable MRAs and FTs as set forth on Sheet Nos. 98 – 106.

Miscellaneous:

If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the Consumer shall be executed. Further, the rates established in the Monthly Rate section of this rate schedule may be adjusted to provide for recovery by the Company of the costs incurred, including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, transportation under this rate schedule shall be billed at Monthly Rates stated herein.

RATE SCHEDULES
FIRM TRANSPORTATION SERVICE – B (Experimental)
Rate Schedule FTS-B (Exp)

Availability:

Throughout the service area of the Company.

Applicability:

Firm Transportation Service available to all Consumers assigned to a TTS Shipper whose annual metered transportation volume is greater than 130 therms up to 250 therms. This rate schedule is closed to all Consumers, except those receiving service under rate schedules FTS-A or FTS-B as of March 3, 2005. In addition, Consumers who restore service or apply for new service at a premise where the Company provided service under Rate Schedule FTS-B at the time service was terminated shall receive service at such premise under this Rate Schedule.

Monthly Rate:

Firm Transportation Charge:	\$20.40
Usage Charge:	\$0.00000 per therm

Minimum Charge:

The Firm Transportation Charge.

Billing Adjustments:

The above rates shall be subject to the applicable MRAs and FTs as set forth on Sheet Nos. 98 – 106.

Miscellaneous:

If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the Consumer shall be executed. Further, the rates established in the Monthly Rate section of this rate schedule may be adjusted to provide for recovery by the Company of the costs incurred, including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, transportation under this rate schedule shall be billed at Monthly Rates stated herein.

RATE SCHEDULES
FIRM TRANSPORTATION SERVICE - 1
Rate Schedule FTS-1

Availability:

Throughout the service area of the Company.

Applicability:

Firm Transportation Service available to all Consumers whose annual metered transportation volume is 0 therms up to 500 therms. The maximum delivery pressure provided to Consumers served under this rate schedule shall be the lesser of the MAOP at the Consumer premise or five (5) p.s.i.g.

Monthly Rate:

Firm Transportation Charge:	\$15.00
Usage Charge:	\$0.44073 per therm

Minimum Charge:

The Firm Transportation Charge.

Billing Adjustments:

The above rates shall be subject to the applicable MRAs and FTs as set forth on Sheet Nos. 98 – 106.

Miscellaneous:

If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the Consumer shall be executed. Further, the rates established in the Monthly Rate section of this rate schedule may be adjusted to provide for recovery by the Company of the costs incurred, including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, transportation under this rate schedule shall be billed at Monthly Rates stated herein.

RATE SCHEDULES
FIRM TRANSPORTATION SERVICE – 1 (Experimental)
Rate Schedule FTS-1 (Exp)

Availability:

Throughout the service area of the Company.

Applicability:

Firm Transportation Service available to all Consumers assigned to a TTS Shipper whose annual metered transportation volume is 0 therms up to 500 therms. The maximum delivery pressure provided to Consumers served under this rate schedule shall be the lesser of the MAOP at the Consumer premise or five (5) p.s.i.g.

Monthly Rate:

Firm Transportation Charge:	\$28.00
Usage Charge:	\$0.00000 per therm

Minimum Charge:

The Firm Transportation Charge.

Billing Adjustments:

The above rates shall be subject to the applicable MRAs and FTs as set forth on Sheet Nos. 98 – 106.

Miscellaneous:

If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the Consumer shall be executed. Further, the rates established in the Monthly Rate section of this rate schedule may be adjusted to provide for recovery by the Company of the costs incurred, including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, transportation under this rate schedule shall be billed at Monthly Rates stated herein.

RATE SCHEDULES
FIRM TRANSPORTATION SERVICE - 2
Rate Schedule FTS-2

Availability:

Throughout the service areas of the Company.

Applicability:

Firm Transportation Service available to all Consumers whose annual metered transportation volume is greater than 500 therms up to 3,000 therms. The maximum delivery pressure provided to Consumers served under this rate schedule shall be the lesser of the MAOP at the Consumer premise or fifty (50) p.s.i.g.

Monthly Rate:

Firm Transportation Charge:	\$27.50
Usage Charge:	\$0.29356 per therm

Minimum Charge:

The Firm Transportation Charge.

Billing Adjustments:

The above rates shall be subject to the applicable MRAs and FTs as set forth on Sheet Nos. 98 – 106.

Miscellaneous:

If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the Consumer shall be executed. Further, the rates established in the Monthly Rate section of this rate schedule may be adjusted to provide for recovery by the Company of the costs incurred, including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, transportation under this rate schedule shall be billed at Monthly Rates stated herein.

RATE SCHEDULES
FIRM TRANSPORTATION SERVICE – 2 (Experimental)
Rate Schedule FTS-2 (Exp)

Availability:

Throughout the service area of the Company.

Applicability:

Firm Transportation Service available to all Consumers assigned to a TTS Shipper whose annual metered transportation volume is greater than 500 therms up to 3,000 therms. The maximum delivery pressure provided to Consumers served under this rate schedule shall be the lesser of the MAOP at the Consumer premise or fifty (50) p.s.i.g.

Monthly Rate:

Firm Transportation Charge:	\$55.25
Usage Charge:	\$0.00000 per therm

Minimum Charge:

The Firm Transportation Charge.

Billing Adjustments:

The above rates shall be subject to the applicable MRAs and FTs as set forth on Sheet Nos. 98 – 106.

Miscellaneous:

If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the Consumer shall be executed. Further, the rates established in the Monthly Rate section of this rate schedule may be adjusted to provide for recovery by the Company of the costs incurred, including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, transportation under this rate schedule shall be billed at Monthly Rates stated herein.

RATE SCHEDULES
FIRM TRANSPORTATION SERVICE - 3
Rate Schedule FTS-3

Availability:

Throughout the service areas of the Company.

Applicability:

Firm Transportation Service available to all Consumers whose annual metered transportation volume is greater than 3,000 therms up to 10,000 therms. The maximum delivery pressure provided to Consumers served under this rate schedule shall be the lesser of the MAOP at the Consumer premise or fifty (50) p.s.i.g.

Monthly Rate:

Firm Transportation Charge:	\$90.00
Usage Charge:	\$0.19781 per therm

Minimum Charge:

The Firm Transportation Charge.

Billing Adjustments:

The above rates shall be subject to the applicable MRAs and FTs as set forth on Sheet Nos. 98 – 106.

Miscellaneous:

If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the Consumer shall be executed. Further, the rates established in the Monthly Rate section of this rate schedule may be adjusted to provide for recovery by the Company of the costs incurred, including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, transportation under this rate schedule shall be billed at Monthly Rates stated herein.

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

Effective:

RATE SCHEDULES
FIRM TRANSPORTATION SERVICE – 3 (Experimental)
Rate Schedule FTS-3 (Exp)

Availability:

Throughout the service areas of the Company.

Applicability:

Firm Transportation Service available to all Consumers assigned to a TTS Shipper whose annual metered transportation volume is greater than 3,000 therms up to 10,000 therms. The maximum delivery pressure provided to Consumers served under this rate schedule shall be the lesser of the MAOP at the Consumer premise or fifty (50) p.s.i.g.

Monthly Rate:

Firm Transportation Charge:	\$189.00
Usage Charge:	\$0.00000 per therm

Minimum Charge:

The Firm Transportation Charge.

Billing Adjustments:

The above rates shall be subject to the applicable MRAs and FTs as set forth on Sheet Nos. 98 – 106.

Miscellaneous:

If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the Consumer shall be executed. Further, the rates established in the Monthly Rate section of this rate schedule may be adjusted to provide for recovery by the Company of the costs incurred, including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, transportation under this rate schedule shall be billed at Monthly Rates stated herein.

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

Effective:

RATE SCHEDULES
FIRM TRANSPORTATION SERVICE - 4
Rate Schedule FTS-4

Availability:

Throughout the service area of the Company.

Applicability:

Firm Transportation Service available to all Consumers whose annual metered transportation volume is greater than 10,000 therms up to 25,000 therms. The maximum delivery pressure provided to Consumers served under this rate schedule shall be the lesser of the MAOP at the Consumer premise or fifty (50) p.s.i.g.

Monthly Rate:

Firm Transportation Charge:	\$165.00
Usage Charge:	\$0.17907 per therm

Minimum Charge:

The Firm Transportation Charge.

Billing Adjustments:

The above rates shall be subject to the applicable MRAs and FTs as set forth on Sheet Nos. 98 – 106.

Miscellaneous:

If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the Consumer shall be executed. Further, the rates established in the Monthly Rate section of this rate schedule may be adjusted to provide for recovery by the Company of the costs incurred, including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, transportation under this rate schedule shall be billed at Monthly Rates stated herein.

RATE SCHEDULES
FIRM TRANSPORTATION SERVICE - 5
Rate Schedule FTS-5

Availability:

Throughout the service area of the Company.

Applicability:

Firm Transportation Service available to all Consumers whose annual metered transportation volume is greater than 25,000 therms up to 50,000 therms. The maximum delivery pressure provided to Consumers served under this rate schedule shall be the lesser of the MAOP at the Consumer premise or fifty (50) p.s.i.g.

Monthly Rate:

Firm Transportation Charge:	\$275.00
Usage Charge:	\$0.16627 per therm

Minimum Charge:

The Firm Transportation Charge.

Billing Adjustments:

The above rates shall be subject to the applicable MRAs and FTs as set forth on Sheet Nos. 98 – 106.

Miscellaneous:

If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the Consumer shall be executed. Further, the rates established in the Monthly Rate section of this rate schedule may be adjusted to provide for recovery by the Company of the costs incurred, including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, transportation under this rate schedule shall be billed at Monthly Rates stated herein.

RATE SCHEDULES
FIRM TRANSPORTATION SERVICE - 6
Rate Schedule FTS-6

Availability

Throughout the service area of the Company.

Applicability:

Firm Transportation Service available to all Consumers whose annual metered transportation volume is greater than 50,000 therms up to 100,000 therms. The maximum delivery pressure provided to Consumers served under this rate schedule shall be the lesser of the MAOP at the Consumer premise or fifty (50) p.s.i.g.

Monthly Rate:

Firm Transportation Charge:	\$450.00
Usage Charge:	\$0.14664 per therm

Minimum Charge:

The Firm Transportation Charge.

Billing Adjustments:

The above rates shall be subject to the applicable MRAs and FTs as set forth on Sheet Nos. 98 – 106.

Miscellaneous:

If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the Consumer shall be executed. Further, the rates established in the Monthly Rate section of this rate schedule may be adjusted to provide for recovery by the Company of the costs incurred, including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, transportation under this rate schedule shall be billed at Monthly Rates stated herein.

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

Effective:

RATE SCHEDULES
FIRM TRANSPORTATION SERVICE - 7
Rate Schedule FTS-7

Availability:

Throughout the service areas of the Company.

Applicability:

Firm Transportation Service available to all Consumers whose annual metered transportation volume is greater than 100,000 therms up to 200,000 therms. The maximum delivery pressure provided to Consumers served under this rate schedule shall be the lesser of the MAOP at the Consumer premise or one-hundred (100) p.s.i.g.

Monthly Rate:

Firm Transportation Charge:	\$475.00
Usage Charge:	\$0.11094 per therm

Minimum Charge:

The Firm Transportation Charge.

Billing Adjustments:

The above rates shall be subject to the applicable MRAs and FTs as set forth on Sheet Nos. 98 – 106.

Miscellaneous:

If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the Consumer shall be executed. Further, the rates established in the Monthly Rate section of this rate schedule may be adjusted to provide for recovery by the Company of the costs incurred, including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, transportation under this rate schedule shall be billed at Monthly Rates stated herein.

RATE SCHEDULES
FIRM TRANSPORTATION SERVICE - 8
Rate Schedule FTS-8

Availability:

Throughout the service areas of the Company.

Applicability:

Firm Transportation Service available to all Consumers whose annual metered transportation volume is greater than 200,000 therms up to 400,000 therms. The maximum delivery pressure provided to Consumers served under this rate schedule shall be the lesser of the MAOP at the Consumer premise or one-hundred (100) p.s.i.g.

Monthly Rate:

Firm Transportation Charge:	\$750.00
Usage Charge:	\$0.10232 per therm

Minimum Charge:

The Firm Transportation Charge.

Billing Adjustments:

The above rates shall be subject to the applicable MRAs and FTs as set forth on Sheet Nos. 98 – 106.

Miscellaneous:

If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the Consumer shall be executed. Further, the rates established in the Monthly Rate section of this rate schedule may be adjusted to provide for recovery by the Company of the costs incurred, including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, transportation under this rate schedule shall be billed at Monthly Rates stated herein.

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

Effective:

RATE SCHEDULES
FIRM TRANSPORTATION SERVICE - 9
Rate Schedule FTS-9

Availability:

Throughout the service areas of the Company.

Applicability:

Firm Transportation Service available to all Consumers whose annual metered transportation volume is greater than 400,000 therms up to 700,000 therms. The maximum delivery pressure provided to Consumers served under this rate schedule shall be the lesser of the MAOP at the Consumer premise or one-hundred (100) p.s.i.g.

Monthly Rate:

Firm Transportation Charge:	\$900.00
Usage Charge:	\$0.08957 per therm

Minimum Charge:

The Firm Transportation Charge.

Billing Adjustments:

The above rates shall be subject to the applicable MRAs and FTs as set forth on Sheet Nos. 98 – 106.

Miscellaneous:

If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the Consumer shall be executed. Further, the rates established in the Monthly Rate section of this rate schedule may be adjusted to provide for recovery by the Company of the costs incurred, including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, transportation under this rate schedule shall be billed at Monthly Rates stated herein.

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

Effective:

RATE SCHEDULES
FIRM TRANSPORTATION SERVICE - 10
Rate Schedule FTS-10

Availability:

Throughout the service areas of the Company.

Applicability:

Firm Transportation Service available to all Consumers whose annual metered transportation volume is greater than 700,000 therms up to 1,000,000 therms. The maximum delivery pressure provided to Consumers served under this rate schedule shall be the lesser of the MAOP at the Consumer premise or one-hundred (100) p.s.i.g.

Monthly Rate:

Firm Transportation Charge: \$1,500.00

Usage Charge: \$0.08314 per therm

Minimum Charge:

The Firm Transportation Charge.

Billing Adjustments:

The above rates shall be subject to the applicable MRAs and FTs as set forth on Sheet Nos. 98 – 106.

Miscellaneous:

If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the Consumer shall be executed. Further, the rates established in the Monthly Rate section of this rate schedule may be adjusted to provide for recovery by the Company of the costs incurred, including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, transportation under this rate schedule shall be billed at Monthly Rates stated herein.

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

Effective:

RATE SCHEDULES
FIRM TRANSPORTATION SERVICE - 11
Rate Schedule FTS-11

Availability:

Throughout the service areas of the Company.

Applicability:

Firm Transportation Service available to all Consumers whose annual metered transportation volume is greater than 1,000,000 therms up to 2,500,000 therms. The maximum delivery pressure provided to Consumers served under this rate schedule shall be the lesser of the MAOP at the Consumer premise or one-hundred (100) p.s.i.g.

Monthly Rate:

Firm Transportation Charge: \$3,000.00

Usage Charge: \$0.06868 per therm

Minimum Charge:

The Firm Transportation Charge.

Billing Adjustments:

The above rates shall be subject to the applicable MRAs and FTs as set forth on Sheet Nos. 98 – 106.

Miscellaneous:

If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the Consumer shall be executed. Further, the rates established in the Monthly Rate section of this rate schedule may be adjusted to provide for recovery by the Company of the costs incurred, including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, transportation under this rate schedule shall be billed at Monthly Rates stated herein.

RATE SCHEDULES
FIRM TRANSPORTATION SERVICE - 12
Rate Schedule FTS-12

Availability:

Throughout the service areas of the Company.

Applicability:

Firm Transportation Service available to all Consumers whose annual metered transportation volume is greater than 2,500,000 therms up to 10,000,000 therms. The maximum delivery pressure provided to Consumers served under this rate schedule shall be the lesser of the MAOP at the Consumer premise or one-hundred (100) p.s.i.g.

Monthly Rate:

Firm Transportation Charge:	\$4,000.00
Usage Charge:	\$0.06278 per therm

Minimum Charge:

The Firm Transportation Charge.

Billing Adjustments:

The above rates shall be subject to the applicable MRAs and FTs as set forth on Sheet Nos. 98 – 106.

Miscellaneous:

If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the Consumer shall be executed. Further, the rates established in the Monthly Rate section of this rate schedule may be adjusted to provide for recovery by the Company of the costs incurred, including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, transportation under this rate schedule shall be billed at Monthly Rates stated herein.

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

Effective:

RATE SCHEDULES
FIRM TRANSPORTATION SERVICE - 13
Rate Schedule FTS-13

Availability:

Throughout the service areas of the Company.

Applicability:

Firm Transportation Service available to all Consumers whose annual metered transportation volume is greater than 10,000,000 therms. The maximum delivery pressure provided to Consumers served under this rate schedule shall be the lesser of the MAOP at the Consumer premise or one-hundred (100) p.s.i.g.

Monthly Rate:

Firm Transportation Charge:	\$13,333.33
Usage Charge:	\$0.00000 per therm

Minimum Charge:

The Firm Transportation Charge.

Billing Adjustments:

The above rates shall be subject to the applicable MRAs and FTs as set forth on Sheet Nos. 98 – 106.

Miscellaneous:

If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the Consumer shall be executed. Further, the rates established in the Monthly Rate section of this rate schedule may be adjusted to provide for recovery by the Company of the costs incurred, including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, transportation under this rate schedule shall be billed at Monthly Rates stated herein.

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

Effective:

RATE SCHEDULES
CONTRACT FIRM TRANSPORTATION SERVICE RIDER
Rate Schedule CFTS-Rider

Availability:

Throughout the service areas of the Company.

Applicability:

Consumers with Alternate Fuel capabilities who execute a CFTS Form (Sheet Nos. 120 and 121), which is accepted by Company, for a minimum term of one year, and who would otherwise qualify for service under Rate Schedule FTS-6 or above.

Monthly Rate:

Consumer may at any time request a reduction in the applicable FTS rate schedule Monthly Rate by completing, and submitting to the Company, Form CFTS that appears on Sheet Nos. 120 and 121. Determination of Consumer's cost of Alternate Fuel shall be based on information set forth in Company's Form CFTS. Consumer shall certify that its cost of Alternate Fuel is less than the delivered cost of Gas transported by Company. Once a Consumer has submitted and Company has accepted Form CFTS, the Consumer shall resubmit such form, with then current information, on or before the first day of each Month thereafter, and at any time there is any change in any information contained in a form previously submitted. The Monthly Rate for a Consumer, who does not submit a properly completed Form CFTS as required hereunder, or if Company does not accept the completed form, shall be the currently applicable tariff rate for the Consumer.

The Monthly Rate to Consumer 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 Consumer; the delivered price of Consumer's designated Alternate Fuel; the availability of such Alternate Fuel; and the nature of Consumer's operations. Company may from time to time increase or reduce the Monthly Rate as it deems necessary or appropriate to compete with Alternate Fuel, but shall have no obligation to do so.

Company will notify Consumer immediately by telephone or electronic communication to be followed by written notification within 24 hours of any change in the Monthly Rate. The noticed change in the Monthly Rate shall

RATE SCHEDULES
CONTRACT FIRM TRANSPORTATION SERVICE RIDER
Rate Schedule CFTS-Rider
(Continued)

specify that the new Monthly Rate shall be effective beginning either the subsequent Gas Month or the subsequent Gas Day, as specified in the notice.

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

Effective:

RATE SCHEDULES
AREA EXPANSION PROGRAM RIDER
Rate Schedule AEP-Rider

Availability:

Throughout the service areas of the Company.

Applicability:

Consumers receiving Transportation Service at a premise that has been activated within the first five (5) years of the in-service date of an extension of facilities for which an AEP Charge has been established, in accordance with Section II.O.3.c.

Monthly Rate:

The AEP monthly rate shall be calculated by dividing (1) the estimated amount of additional revenue required (inclusive of the Company's estimated allowed cost of capital) in excess of the MACC by (2) the number of Consumer premises projected to be served at the end of year five (5) following the in-service date of the extension. The result of said calculation shall be divided by the number of months in the amortization period. The AEP-Rider charge shall be stated as a fixed dollar amount per Consumer premise per Month and added to the applicable Firm Transportation Charge of the Monthly Rate for each respective Consumer to which the AEP-Rider is applicable.

Each applicable Consumer premise shall be charged or credited with the "true-up" as calculated in accordance with Section II.O.3.c.

Existing Areas Subject to AEP Charge

Annual AEP Charge/Customer

None

RATE SCHEDULES

SHIPPER ADMINISTRATIVE AND BILLING SERVICE
Rate Schedule SABS

Availability:

Throughout the service areas of the Company.

Applicability:

Service under this Rate Schedule is mandatory for all TTS Shippers and may be elected by CI Shippers delivering, or causing to be delivered, Gas to the Company's distribution system for transportation to Consumers and who utilize the Company for billing Gas costs to Consumers.

Monthly Rate:

Shipper Administration Charge:	\$100.00
Consumer Charge:	\$3.00 per Consumer

Minimum Charge:

The Shipper Administration Charge.

Billing Adjustments:

The above rates shall be subject to the applicable MRAs and FTs as set forth on Sheet Nos. 98 – 106.

RATE SCHEDULES
SHIPPER ADMINISTRATIVE SERVICE
Rate Schedule SAS

Availability:

Throughout the service areas of the Company.

Applicability:

Service under this Rate Schedule is mandatory for all CI Shippers, except those CI Shippers who are also Consumers receiving service through the Special Contract Service or Flexible Gas Service, delivering, or causing to be delivered, Gas to the Company's distribution system for transportation to Consumers, and who have not selected the Company's SABS rate schedule.

Monthly Rate:

Shipper Administration Charge:	\$172.50
Consumer Charge:	\$0.00 per Consumer

Minimum Charge:

The Shipper Administration Charge.

Billing Adjustments:

The above rates shall be subject to the applicable MRAs and FTs as set forth on Sheet Nos. 98 – 106.

RATE SCHEDULES

DELIVERY POINT OPERATOR SERVICE
Rate Schedule DPO

Availability:

Throughout the areas of the state where Company's facilities are connected to Transporter's custody transfer point.

Applicability:

Service under this Rate Schedule is mandatory for all TTS Shippers and CI Shippers delivering, or causing to be delivered, Gas to the Company's distribution system for transportation to Consumers.

Monthly Rate:

Delivery Point Operator Charge: \$0.00

Billing Adjustments:

The above rates shall be subject to the applicable MRAs and FTs as set forth on Sheet Nos. 98 – 106.

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

Effective:

RATE SCHEDULES

OFF-SYSTEM DELIVERY POINT OPERATOR SERVICE
Rate Schedule OS-DPO

Availability:

Throughout the areas of the state where Company's facilities are not connected to Transporter's custody transfer point.

Applicability:

Shippers that enter into an agreement with Company whereas Company, or its agent, provides the OS-DPO Service at an off-system Delivery Point with Transporter.

Monthly Rate:

<u>Dt/day Scheduled @ Off-System Delivery Point</u>	<u>Monthly Rate</u>
Up to 500 Dt	\$ 41.67
501 – 1,000 Dt	\$ 83.34
1,001 – 2,500 Dt	\$ 208.34
2,501 – 5,000 Dt	\$ 416.67
5,001 – 10,000 Dt	\$ 833.34
10,001 – 25,000 Dt	\$ 1,250.00
Over 25,001 Dt	\$ 1,666.67

Billing Adjustments:

The above rates shall be subject to the applicable MRAs and FTs as set forth on Sheet Nos. 98 – 106.

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

Effective:

RATE SCHEDULES
MONTHLY RATE ADJUSTMENTS
Rate Schedule MRA

1. ENERGY CONSERVATION COST RECOVERY ADJUSTMENT:

Applicability:

All Consumers receiving Transportation Service from the Company and are assigned to or have selected rate schedules FTS-A, FTS-B, FTS-1, FTS-2, FTS-3, FTS-4, FTS-5, FTS-6, FTS-7, FTS-8, FTS-9, FTS-10, FTS-11, and FTS-12.

The bill for Firm Transportation Service to a Consumer in any billing period shall be adjusted as follows: the Usage Charge shall be increased or decreased to the nearest .001 cent multiplied by the tax factor of 1.00503 for each Therm to recover the conservation related expenditures by the Company. The Company shall record both projected and actual expenses and revenues associated with the implementation of the Company's energy conservation plan as authorized by the Commission. The procedure for the review, approval, recovery and recording of such costs and revenues is set forth in the Commission Rule 25-17.015, F.A.C.

The cost recovery factor for the period from January 1, 2006 through December 31, 2006 for each rate schedule is as follows:

<u>Rate Schedule</u>	<u>Classification of Service</u>	<u>Dollars per therm</u>
FTS-A	< 130 therms	\$0.21389
FTS-B	> 130 up to 250 therms	\$0.17446
FTS-1	> 0 up to 500 therms	\$0.14449
FTS-2	>500 up to 3,000 therms	\$0.09347
FTS-3	>3,000 up to 10,000 therms	\$0.05995
FTS-4	>10,000 up to 25,000 therms	\$0.04810
FTS-5	>25,000 up to 50,000 therms	\$0.03862
FTS-6	>50,000 up to 100,000 therms	\$0.03485
FTS-7	>100,000 up to 200,000 therms	\$0.02123
FTS-8	>200,000 up to 400,000 therms	\$0.01927
FTS-9	>400,000 up to 700,000 therms	\$0.01564
FTS-10	>700,000 up to 1,000,000 therms	\$0.01514
FTS-11	>1,000,000 up to 2,500,000 therms	\$0.01402
FTS-12	>2,500,000 up to 10,000,000 therms	\$0.01149

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

Effective:

RATE SCHEDULES
MONTHLY RATE ADJUSTMENTS
Rate Schedule MRA

2. ENERGY CONSERVATION COST RECOVERY ADJUSTMENT (Experimental):

Applicability:

All Consumers, assigned to a TTS Shipper, receiving Transportation Service from the Company and are assigned to or have selected rate schedules FTS-A (Exp), FTS-B (Exp), FTS-1 (Exp), FTS-2 (Exp), FTS-3 (Exp).

The bill for Firm Transportation Service to a Consumer in any billing period shall be adjusted as follows: the Firm Transportation Charge shall be increased or decreased to the nearest .01 cent multiplied by the tax factor of 1.00503 for each Consumer bill. The Company shall record both projected and actual expenses and revenues associated with the Company's Energy Conservation Program as authorized by the Commission. The procedure for the review, approval, recovery and recording of such costs and revenues is set forth in the Commission Rule 25-17.015, F.A.C.

The Energy Conservation Cost Recovery Adjustment factor for the period from January 1, 2006 through December 31, 2006 for each rate schedule is as follows:

<u>Consumer</u> <u>Rate Schedule</u>	<u>\$ per bill</u>
FTS-A (Exp)	\$ 2.04
FTS-B (Exp)	\$ 2.82
FTS-1 (Exp)	\$ 3.83
FTS-2 (Exp)	\$ 7.20
FTS-3 (Exp)	\$ 24.58

RATE SCHEDULES
MONTHLY RATE ADJUSTMENTS
Rate Schedule MRA

3. TRANSPORTATION COST RECOVERY ADJUSTMENT:

Applicability:

All Consumers receiving Transportation Service from the Company and are assigned to or have selected rate schedules FTS-A, FTS-B, FTS-1, FTS-2, FTS-3, FTS-4, FTS-5, FTS-6, FTS-7, FTS-8, FTS-9, FTS-10, FTS-11, and FTS-12.

The Transportation Cost Recovery Adjustment specifically provides for the recovery of non-recurring expenses incurred, or expected to be incurred, for implementing the Company's experimental transportation programs. Recovery factors are charged only to Residential Consumers.

The bill for Firm Transportation Service to a Consumer in any billing period shall be adjusted as follows: the Firm Transportation Charge shall be increased or decreased to the nearest .01 cent multiplied by the tax factor of 1.00503 for each Consumer bill.

The Transitional Cost Recovery Adjustment factors for the period January 1, 2006 through December 31, 2006 for each rate schedule is as follows:

<u>Rate Schedule</u>	<u>\$ per bill</u>	<u>Rate Schedule</u>	<u>\$ per bill</u>
FTS-A (Closed)	\$ 0.00	FTS-6	\$ 0.00
FTS-B (Closed)	\$ 0.00	FTS-7	\$ 0.00
FTS-1	\$ 0.00	FTS-8	\$ 0.00
FTS-2	\$ 0.00	FTS-9	\$ 0.00
FTS-3	\$ 0.00	FTS-10	\$ 0.00
FTS-4	\$ 0.00	FTS-11	\$ 0.00
FTS-5	\$ 0.00	FTS-12	\$ 0.00

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

Effective:

RATE SCHEDULES
MONTHLY RATE ADJUSTMENTS
Rate Schedule MRA

4. COMPETITIVE FIRM TRANSPORTATION SERVICE ADJUSTMENT:

Applicability:

All Consumers receiving Transportation Service from the Company and are assigned to or have selected rate schedules FTS-A, FTS-B, FTS-1, FTS-2, FTS-3, FTS-4, FTS-5, FTS-6, FTS-7, FTS-8, FTS-9, FTS-10, FTS-11, and FTS-12.

The Monthly Rate is subject to adjustment in accordance with the following provisions for prior Shortfalls or Surpluses in the Company's revenues resulting from service provided under the CFTS.

a. For the purposes of this clause, the following definitions shall apply:

1. "Actual Revenue" means Company's actual Monthly Rate revenue derived from service provided to CFTS Consumers during a Determination Period.
2. "Tariff Revenue" means the Monthly Rate revenue which Company would have derived had all gas transported to Consumers, during a Determination Period, been billed at the applicable Firm Transportation Service rate schedule.
3. "Surplus" means the amount, if any, by which Company's Actual Revenue exceeds its Tariff Revenue for a Determination Period.
4. "Shortfall" means the amount, if any, by which the Company's Tariff Revenue exceeds its Actual Revenue for a Determination Period.

b. The existence of a Shortfall or Surplus shall be determined by comparing Florida Division's Actual Revenue with its Tariff Revenue. This determination shall be made each year for the twelve months ending December 31 ("Determination Period").

c. Adjustments to firm rates pursuant to this clause shall be implemented during an "Adjustment Period," which shall be the twelve months immediately following the Determination Period in the event of a Surplus. In the event of a Shortfall, any twelve successive months ending on a December 31 within five years following the Determination Period may be an Adjustment Period.

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

Effective:

RATE SCHEDULES
MONTHLY RATE ADJUSTMENTS
Rate Schedule MRA

- d. In the event of a Surplus, Company shall reduce rates to Consumers to credit them with revenues equal to one-half the Surplus. In the event of a Shortfall, Company may increase rates to Consumers to recover an amount not to exceed one-half the Shortfall. The amount of any credit or recovery is governed by the following:

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

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

- e. A Surplus credit or Shortfall recovery shall be implemented during an adjustment period by reducing or increasing the Usage Charge prescribed in each Firm Transportation Service rate schedule of this tariff. An adjustment factor shall be computed for each applicable rate schedule. The computation of adjustment factors for each rate schedule shall conform to the methodology approved by the Commission for use in determining cost recovery factors by rate schedule in the Company's Energy Conservation Cost Recovery Adjustment.
- f. Any variation between the actual credit to Firm Transportation Service Customers and the amount calculated pursuant to the preceding paragraph, or between the Actual Shortfall recovery and the amount that the Company elected to recover in an Adjustment Period, shall be "trued-up" during the succeeding twelve months pursuant to methodology approved by the Commission.
- g. Company may defer all or a portion of a Shortfall recovery to a subsequent Adjustment Period or portion thereof.

RATE SCHEDULES
MONTHLY RATE ADJUSTMENTS
Rate Schedule MRA

5. COMPETITIVE FIRM TRANSPORTATION SERVICE ADJUSTMENT (Experimental):

Applicability:

All Consumers, assigned to a TTS Shipper, receiving Transportation Service from the Company and are assigned to or have selected rate schedules FTS-A (Exp), FTS-B (Exp), FTS-1 (Exp), FTS-2 (Exp), FTS-3 (Exp).

The Monthly Rate is subject to adjustment in accordance with the following provisions for prior Shortfalls or Surpluses in the Company's revenues resulting from service provided under the CFTS.

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

RATE SCHEDULES
MONTHLY RATE ADJUSTMENTS
Rate Schedule MRA

- d. In the event of a Surplus, Company shall reduce rates to Consumers to credit them with revenues equal to one-half the Surplus. In the event of a Shortfall, Company may increase rates to Consumers to recover an amount not to exceed one-half the Shortfall. The amount of any credit or recovery is governed by the following:

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

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

- e. A Surplus credit or Shortfall recovery shall be implemented during an adjustment period by reducing or increasing the Firm Transportation Charge prescribed in each Firm Transportation Service rate schedule of this tariff. An adjustment factor shall be computed for each applicable rate schedule. The computation of adjustment factors for each rate schedule shall conform to the methodology approved by the Commission for use in determining cost recovery factors by rate schedule in the Company's Energy Conservation Cost Recovery Adjustment (Experimental).
- f. Any variation between the actual credit to Firm Transportation Service Customers and the amount calculated pursuant to the preceding paragraph, or between the Actual Shortfall recovery and the amount that the Company elected to recover in an Adjustment Period, shall be "trued-up" during the succeeding twelve months pursuant to methodology approved by the Commission.
- g. Company may defer all or a portion of a Shortfall recovery to a subsequent Adjustment Period or portion thereof.

RATE SCHEDULES
MONTHLY RATE ADJUSTMENTS
Rate Schedule MRA

6. SHIPPER OF LAST RESORT ADJUSTMENT

Applicability:

All Consumers in a TTS Consumer Pool, only when the Company, upon default of all TTS Shippers, is providing the Shipper of Last Resort Service.

The Monthly Rate shall contain an additional component (the "SOLR Fuel Charge") for Gas supplied in any billing period. The SOLR Fuel Charge shall be Company's weighted average cost of Gas (WACOG). The WACOG shall be derived from such charges (Gas supply costs, interstate pipeline capacity charges, monthly imbalance charges, Operational Order charges, SABS Charges, etc.) that comprise the total cost of Gas to the Company. The WACOG shall be determined in accordance with the methodology adopted by the Commission on May 2, 1991, in Order No. 24463, Docket No. 910003-GU, or as such methodology may be amended from time to time by further order of the Commission. The WACOG determined as set forth above shall be grossed up by 1.00503 for regulatory fees and rounded to the nearest \$0.00001 per Therm, to be applied to the total number of Therms consumed by the Consumer during each billing period.

During the time the Company is providing SOLR Service, all over- or under-recovery of the cost of Gas supplied by the Company shall be "trued up", with interest, during succeeding billing periods as an adjustment to the WACOG. Upon selection and activation of a new TTS Shipper(s), Company shall, on a pro-rata basis, credit or bill the new TTS Shipper(s) the remaining over- or under-recovery of the cost of Gas supplied.

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

Effective:

RATE SCHEDULES
FEES AND TAXES
Rate Schedule FT

1. FEES AND TAXES

There shall be added to all bills rendered, all applicable local, state and federal fees and taxes, including but not limited to: municipal utility taxes, franchise fees, state gross receipts tax, state sales tax presently assessed by governmental authority; as well as future changes or new fees, taxes or assessments by any governmental authority subsequent to the effective date of this tariff. All such fees, taxes and assessments as described above shall be shown on Consumer bills.

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

Effective:

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BUSINESS APPLICATION FOR TRANSPORTATION SERVICE



Business Application for Transportation Service Natural Gas Propane Date: _____

Business Name: _____

Physical address for gas service: _____

City: _____ State: _____ Zip: _____

Phone number at service address: _____

Mailing address (if different from above): _____

Address: _____

City: _____ State: _____ Zip: _____

Owner/principle name: _____ Sales tax exempt number: _____

Type of business: _____

Commercial banking account number: _____

Name of institution: _____ Phone: _____

Vendor references:

1. Name: _____ Address: _____ Phone: _____

2. Name: _____ Address: _____ Phone: _____

3. Name: _____ Address: _____ Phone: _____

I request Central Florida Gas to supply service as stated hereon, until the receipt of formal notice from me requesting discontinuance of this service. I agree to pay for such service promptly each month, according to the statement shown by the meter, at the regular rates of schedule applicable for such service and provided by the regulations of the Public Service Commission and service accordingly to the rules of the local gas division.

Central Florida Gas and its representatives are hereby authorized to install the gas meter(s) and gas pipe necessary for furnishing gas, and to ditch and lay such pipe as is necessary to provide service to this property. The gas pipe up to and including the meter(s) is owned, operated and maintained by Central Florida Gas, and includes the perpetual right of ingress and egress for such purposes. All gas pipe from the outlet side of the meter(s) shall be owned, operated and maintained by the customer.

Please accept my application for natural gas service as indicated. I agree to the terms and conditions of this agreement.

Signature: _____ Date: _____

Print name: _____

Your position/title: _____ Phone number: _____

BILL

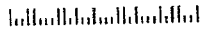


www.cfgas.com
Pay your bills online at CFGAS.COM

Account Number	Statement Summary	Total Amount Due
08-240649	Past Due 191.96	\$279.23
	Gas 87.27	
Past Due After	Other Chgs	Total Amount Paid
05/03/2006	Sharing	
Mail Payment To:	SRV#: 08-53709-1	Date Billed: 04/13/06

CENTRAL FLORIDA GAS
PO BOX 960
WINTER HAVEN FL 33882-0960

For Billing Call:
(863)293-2125
For Emergencies Call:
(800)554-6427



Please return this portion with your payment. Make check payable to: Central Florida Gas Company
Write your account number on your check.



Service Number	Meter Number	Account Activity					
08-53709-1	08-019300						
Account Number	Account Name						
08-240649							
Account Service Address & Current Phone Number							
Billing Period							
From: 03/03/06	To: 04/04/06						
Meter Readings							
Present	Previous			Difference			
288	(-) 251			(=) 37			
Rate	CCF's Used	37					
Route-Sequence	Conversion Factor	1.01690					
296-1618	BTU Factor	1.034580					
	Therms Used	38.93					
Fuel Computation							
INFINITE FUEL/THERM	\$	1.0962					
USAGE CHARGE/THERM	\$	0.39497					
FIRM TRANSPORTATION CHARGE		27.50					
USAGE CHARGE		15.38					
INFINITE FUEL		42.68					
SUBTOTAL		85.56					
GROSS RECEIPTS TAX		1.71					
TOTAL	\$	87.27					
IMPORTANT MESSAGE							
Mail Payment To: CENTRAL FLORIDA GAS PO BOX 960 WINTER HAVEN FL 33882-0960		Statement Summary					
		Past Due					
		Gas					
		Other Chgs.					
		Sharing					
		Total Amount Due					
Consecutive Date	Days In Billing Per.	Total Units Used In Billing Period	Average Daily Units Used	Avg Daily (1.00)	Average Daily Cost	Past Due After	Total Amount Paid
Apr 06	32	38.93	1.22	0	2.73	05/03/2006	
Mar 06	25	46.35	1.85	0	4.13		

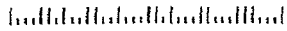
Issued by: John R. Schimkaitis, President
Chesapeake Utilities Corporation

Effective:

NOTICE OF TERMINATION



Mail Payment To	Account Number
CENTRAL FLORIDA GAS PO BOX 960 WINTER HAVEN, FL 33882-0 TELEPHONE: (863)293-2125	08 236066 / SRV#: 6439/1
	TYPE OF ACCOUNT
	GAS
07/12/2006	AMOUNT DUE PER BILL
	\$24.03
	Amount Paid



FINAL NOTICE

Please return this portion with your payment. Make check payable to:
CENTRAL FLORIDA GAS. Write your account number on your check.

Please bring entire notice when paying in person			
Dear Customer, Our records show that your payment is past due. If you have already sent us your payment, please disregard this notice. Call our office to verify that your payment has been received.	Mail Payment To	Account Number	
	CENTRAL FLORIDA GAS PO BOX 960 WINTER HAVEN, FL 33882-0 TELEPHONE: (863)293-2125		
We again remind you that your account is PAST DUE. TO AVOID COLLECTION PROCEEDINGS, we MUST receive your payment in our office immediately.		TYPE OF ACCOUNT	
		GAS	
		GAS	\$24.03
		AMOUNT DUE PER BILL	
		\$24.03	
Supplier #	Supplier Address	Rate	Mail #

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

Effective:

METER / SERVICE ORDER (front)



Time Dispatched: _____	By: _____	Date: _____
Serviced By: _____	Date Work Completed: _____	
Time Arrived: _____	Time Departed: _____	
Labor Billable? _____	Over Time Labor Charge? _____	
Service Person: _____	Charge For Labor Second Person? _____	
Time Arrived: _____	Time Departed: _____	

Customer's Signature _____	Date: _____
----------------------------	-------------

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

Effective:

DIRECT DEBIT FORM

DIRECT DEBIT FORM



I/We hereby authorize Central Florida Gas to direct debit my/our account 15 days after my/our bill date. I/We understand that Central Florida Gas reserves the right, upon written notification, to terminate this payment option. I/We may also terminate this payment option if not completely satisfied. I/We understand that my/our account may be subject to an additional charge if my/our payment is rejected, reversed or refused by Central Florida's financial institution. The withdrawal will show one of the following or a similar call to CFG's parent company, Chesapeake Utilities Corporations: - Chesapeake - CHPK - CPK

My/Our gas bill should be deducted from my/our: Checking (Enclose a voided check) Savings account as follows: (Enclose a deposit slip)

Name on account Bank Name:

Name on account Bank Phone:

Address Bank's Address

City State Zip City State Zip

Daytime Phone Bank Account# Bank Transit/ABA#

Central Florida Account # Signature of bank account holder(s)

Date Signature of bank account holder(s)

BEFORE YOU MAIL THIS FORM, DID YOU REMEMBER TO...

- Enclose a voided check or deposit slip?
- Make sure that you included your Central Florida Gas account number?
- Include all names associated with the account?
- Sign and date the above form?

CASH RECEIPT

Gas Payment _____
Service Work Chgs _____
Bad Debt Payment _____
NSF Fee _____
Turn On Fee _____
Deposit _____
Misc. _____
Balance _____



TO SAVE TIME
PLEASE BRING YOUR BILL NEXT VISIT

CUST # _____
NAME _____
STREET _____
CITY _____
SERV/EXT# _____
Source: Desk Drop Box Mail
Method: Check Cash Credit
TOTAL AMT PAID \$ _____

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

Effective:

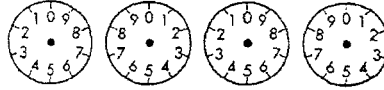
CONSUMER'S METER READING CARD

NOTICE

"Please Notice: Our meter reader was unable to secure a reading of your meter when he called today. If you will mark the dials shown on this card with the position of the hands on your meter and mail this card we will be able to verify your usage." In the interim you will receive an estimated billing.

Meter No. _____ Date _____

Book _____



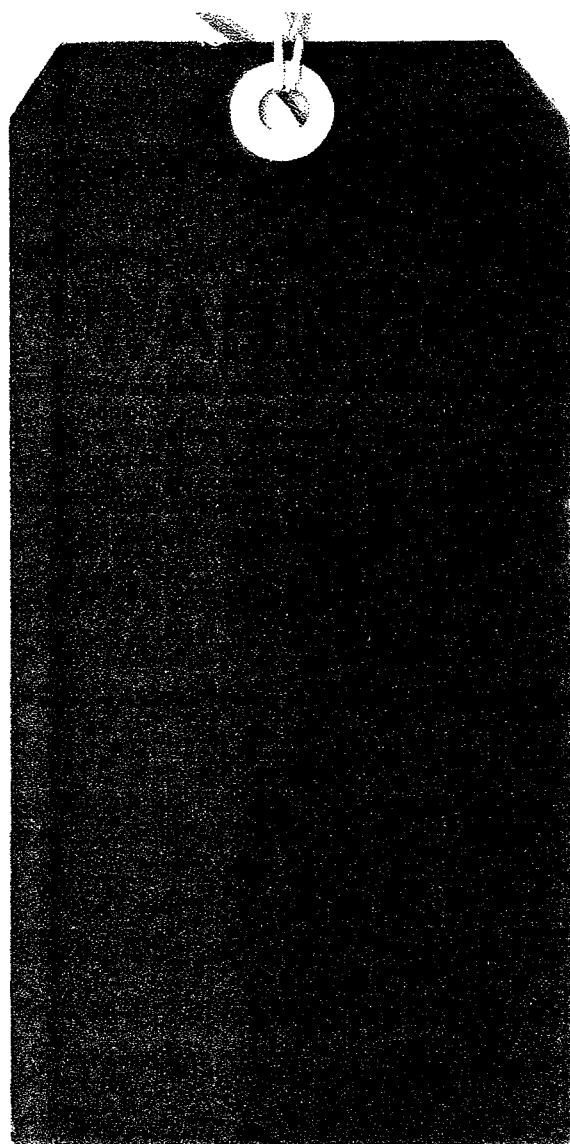
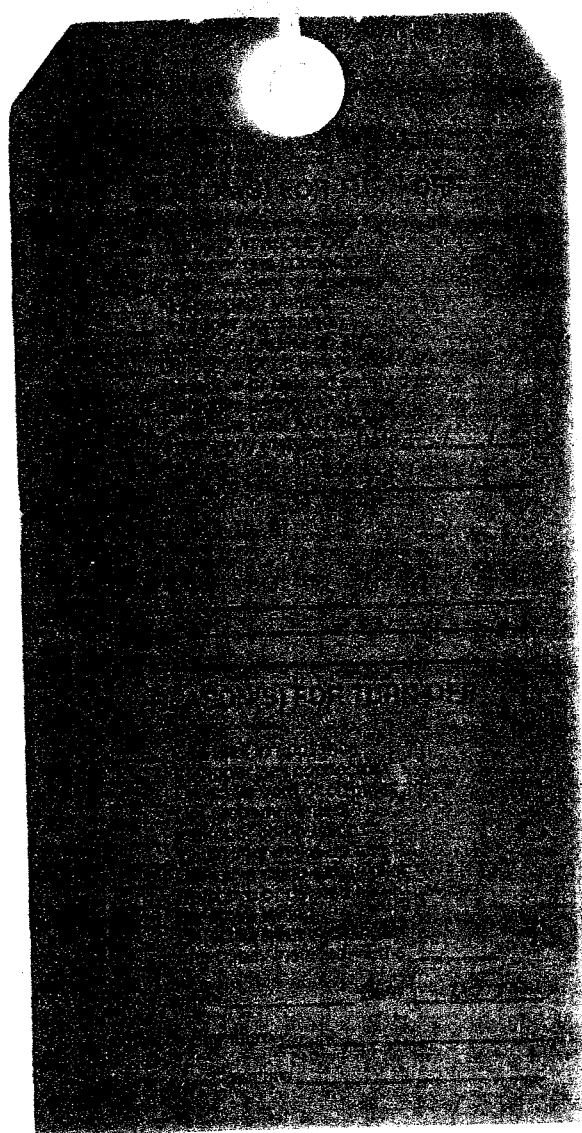
Name _____

Address _____

Date Read _____

CENTRAL FLORIDA GAS COMPANY

HAZARDOUS METER TAG



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

Effective:

SHIPPER'S DESIGNEE FORM

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

Effective:

SHIPPER'S DESIGNEE FORM

Central Florida Gas Company

CI SHIPPER DESIGNEE FORM

_____ ("CI Shipper") hereby notifies Central Florida Gas Company ("CFG") that _____ ("Designee") as its agent to perform the perform the following identified (*i.e.*, marked with an "X") obligations of CI Shipper as provided by the CFG FPSC Tariff and the applicable CI Shipper Agreement:

- | | |
|--|--|
| <input type="checkbox"/> Invoicing/Payment | <input type="checkbox"/> Monthly Imbalance Resolution |
| <input type="checkbox"/> Nominations | <input type="checkbox"/> Operator Order Responsibility |

CI Shipper, Designee and CFG hereby agree, for all purposes relating to the functions identified above, that:

1. The designation by Shipper of Agent as Shipper's Agent shall be effective as of the beginning of the Day commencing on _____.
2. Communications by CFG to Designee shall be deemed to be notice to CI Shipper. CFG has the right to rely on any written or verbal communication from Designee.
3. Designee shall perform the functions identified above in a manner consistent with CFG's Tariff on file with the Florida Public Service Commission (FPSC), as the same may be amended from time to time.
4. CI Shipper shall remain liable to CFG (a) with respect to any act or omission of Designee in the performance of the functions identified above and, (b) for all charges arising from services provided to CI Shipper by CFG as provided by CFG's FPSC Tariff and/or the CI Shipper Agreement. CI Shipper shall indemnify, hold harmless and defend CFG from and against any and all acts or omissions of Designee.

CI SHIPPER INFORMATION <i>(Full Company Legal Name)</i>	DESIGNEE INFORMATION <i>(Full Company Legal Name)</i>
SHIPPER:	DESIGNEE:
DUNS NO:	DUNS NO:
MAILING ADDRESS:	MAILING ADDRESS:
CITY:	CITY:
STATE AND ZIP CODE:	STATE AND ZIP CODE:
CONTACT PERSON:	CONTACT PERSON:
TELEPHONE:	TELEPHONE:
FAX:	FAX:
E-MAIL:	E-MAIL:

For CI Shipper:

By: _____
Name: _____
Date: _____

For Designee:

By: _____
Name: _____
Date: _____

Accepted for CFG by: _____

Date: _____

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

Effective:

LETTER OF AUTHORIZATION



Customer Service Department
P.O. Box 960
Winter Haven, FL 33881
863-293-2125

Date: _____

**Firm Transportation Service
Letter of Authorization**

Consumer's full legal name: _____

Address: _____

City/St/ZIP: _____ E-mail: _____

Phone: _____ Fax: _____

Contact name: _____ Title: _____

Account number: _____

Billing address: _____

If different from above

City/St/ZIP: _____

Consumer selects the following CI Shipper to provide natural gas supply services to the above listed account(s), pursuant to the applicable provisions of the Central Florida Gas (CFG) tariff, as the same may be amended from time to time.

CI Shipper: _____

- Consumer authorizes CFG to release to the CI Shipper named above, the twelve-month historic gas usage for the above account(s).
- Subject to the terms of this agreement, this service shall continue until the Consumer, CI Shipper or CFG gives written notice to the others of termination of this agreement. If this agreement is terminated for any reason, and Consumer has not executed a new Letter of Authorization with another CI Shipper, CFG shall immediately assign Consumer to a TTS Consumer Pool, in accordance with Section II. C. of the Rules and Regulations of the CFG Natural Gas Tariff.
- In the event the CI Shipper terminates its agreement with the Consumer, the Consumer may select a new CI Shipper without penalty. In such circumstances, Consumer understands that it may select a new CI Shipper or enter the TTS Consumer Pool by providing a ten-day written notice to CFG. The first Consumer requested change of CI Shipper shall be made at no charge to Consumer. Subsequent changes within a twelve-month period shall incur a \$25 administrative fee billed to Consumer.
- Consumer understands that it is responsible for the payment of all bills rendered to them by the CI Shipper and that bills for gas purchased by the Consumer may be rendered separately from CFGs' bills for Firm Transportation Service.

Consumer: _____ CI Shipper: _____

Print name: _____ Print name: _____

Title: _____ Title: _____

Please fax completed Letter of Authorization to 863-294-3895

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

Effective: _____

NON-RESIDENTIAL CONSUMER SELECTION OF TTS SHIPPER



Customer Service Department
P.O. Box 960
Winter Haven, FL 33881

Date: _____

863-293-2126

Firm Transportation Service
Non-Residential Consumer Selection of TTS Shipper

Consumer's full legal name: _____

Address: _____

City/St/ZIP: _____ E-mail: _____

Phone: _____ Fax: _____

Contact name: _____ Title: _____

Account number: _____

Billing address: _____

If different from above

City/St/ZIP _____

Consumer selects the following TTS Shipper to provide natural gas supply services to the above listed account(s), pursuant to the applicable provisions of the Central Florida Gas (CFG) tariff, as the same may be amended from time to time.

TTS Shipper: _____

- Consumer authorizes CFG to release to the TTS Shipper named above, the twelve-month historic gas usage for the above account(s).
- Subject to the terms of this agreement, this service shall continue until the Consumer executes a new Letter of Authorization or Letter of Authorization – Selection of TTS Shipper. If this agreement is terminated for any reason, and Consumer has not executed a new Letter of Authorization with a CI Shipper or a new Letter of Authorization – Selection of TTS Shipper, CFG shall immediately assign Consumer to a TTS Consumer Pool, in accordance with Section II. C. of the Rules and Regulations of the CFG Natural Gas Tariff.
- The first Consumer requested change of CI or TTS Shipper, other than through an open enrollment period, shall be made at no charge to Consumer. Subsequent changes within a twelve-month period shall incur a \$25 administrative fee billed to Consumer.
- Consumer understands that it is responsible for the payment of all charges rendered to them by the TTS Shipper and that bills for gas purchased by the Consumer shall **not** be rendered separately from CFGs' bills for Firm Transportation Service.

Consumer: _____

TTS Shipper: _____

Print name: _____

Print name: _____

Title: _____

Title: _____

Please fax completed Letter of Authorization to 863-294-3895

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

Effective: _____

CFTS AFFIDAVIT

To: Chesapeake Utilities Corporation
Florida Division
P. O. Box 960
Winter Haven, FL 33882-0960
Attention: Senior Financial Analyst

From: Company Name: _____
Address: _____
Contact: _____
Telephone/Fax: _____
Location of Facility _____
Receiving Offer: _____

Alternate Fuel Offer

- Fuel Supplier _____
- Fuel Type _____
- Quantity _____
- Term _____
- Price per Unit _____
- Taxes _____
- Fuel Delivery Cost _____
- Offer Expires _____

Third Party Natural Gas Costs

- Gas Supplier _____
 - Gas Supply Cost (Total) _____
- _____
- _____

Bypass Alternative

- Distance from Interstate Pipeline (Feet) _____
- Construction Cost _____
- Payback (Years) _____
- Quantity (Annual Therms) _____
- Bypass Avoidance Rate (per Therm) _____

CFTS AFFIDAVIT
(Continued)

As an Authorized Representative of (Company Name), I hereby certify that the foregoing information is true, complete and correct, and that the Company has the capability to either utilize the designated alternate fuel in the quantities specified or bypass the Florida Division at the above referenced facility. A copy of the Alternate Fuel Offer and the Third Party Natural Gas Costs or the detailed Construction Costs is attached as evidence of the bona fide offer from the Alternate Fuel provider and the natural gas costs from the third party provider or a copy of the detailed Construction Costs is attached as evidence of the bona fide opportunity to bypass.

I further certify that (Company Name) will terminate Firm Transportation Service from the Florida Division on (date) unless the total price for natural gas service is adjusted, as provided in the Florida Division's Rate Schedule Rider CFTS, to compete with the alternate fuel price or bypass price indicated above.

Customer Name: _____

By: _____

Name: _____

Title: _____

STATE OF _____)
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 20__, by _____, _____ of (Company's Legal Name), a _____ corporation, who (strike one) is personally known to me/produced _____ as identification, on behalf of said corporation.

(NOTARY SEAL)

Notary Public Signature

Typed/Printed Notary Name

Commission No.: _____

My Commission Expires: _____

TRANSITIONAL TRANSPORTATION SERVICE SHIPPER AGREEMENT

This TRANSITIONAL TRANSPORTATION SERVICE SHIPER AGREEMENT ("Agreement") is made and entered into 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 _____, a _____ corporation hereinafter referred to as "TTS Shipper".

WITNESSETH:

WHEREAS, Chesapeake operates a natural gas distribution system in the state of Florida; and

WHEREAS, the Florida Public Service Commission ("FPSC") has authorized Chesapeake to implement Phase II of its Transitional Transportation Service (TTS) Program to certain consumers as provided by Chesapeake's FPSC-approved Natural Gas Tariff (the "FPSC Tariff"); and

WHEREAS, Chesapeake is thereby authorized to select, through a Request for Proposal process, TTS Shippers to provide natural gas sales service to consumers receiving gas service under the TTS Program; and

WHEREAS, Chesapeake is a party to Service Agreements with Florida Gas Transmission Company ("FGT"), and with Gulfstream Natural Gas Systems ("GNGS") (individually the "Transporter" and collectively the "Transporters"); and

WHEREAS, TTS Shipper is an authorized Shipper on Transporters' interstate gas transmission systems, and wishes to ship certain quantities of Gas, on a firm basis, to Transporters' respective Delivery Points on Chesapeake's distribution system, for delivery by Chesapeake to the Consumer Accounts comprising the Consumer Pool (as hereinafter defined); and

WHEREAS, Chesapeake wishes to temporarily release to TTS Shipper from time to time, and TTS Shipper wishes to acquire from time to time, a portion of Chesapeake's Firm Capacity Rights under the Service Agreements, pursuant to the capacity relinquishment provisions of the General Terms and Conditions of Transporters' Federal Energy Regulatory Commission ("FERC") Natural Gas Tariffs, the Rules and Regulations of Chesapeake's FPSC Gas Tariff, and the terms and conditions of this Agreement, to enable TTS Shipper to ship Gas hereunder; and

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

Effective:

WHEREAS, Chesapeake, or its designee, has certain operational and administrative obligations, as the Delivery Point Operator ("DPO") under the Transporters FERC Natural Gas Tariffs, the Chesapeake FPSC Tariff and this Agreement.

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:

1.0 "Consumer Account"

means an individual natural gas consumer included in the Consumer Pool.

1.2 "Consumer Pool"

means, collectively, the Consumer Accounts participating in the Chesapeake's TTS Program managed by the TTS Shipper.

1.3 "Gas"

means natural gas that is in conformance with the quality specifications as defined in Transporters' respective FERC Tariffs.

1.4 "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 Transporters' FERC Tariffs, 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 tariffs.

1.5 "Open Enrollment Period"

means a period of time during which Consumer Accounts may elect to receive gas supply services from any authorized TTS Shipper, or select a gas supply pricing option, as provided by this Agreement and Chesapeake's FPSC Tariff.

1.6 "Service Agreement"

means the agreement for firm transportation service between Chesapeake and a Transporter.

1.7 "Therm"

means a unit of heat equal to 100,000 Btu's.

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Chesapeake Utilities Corporation

Effective:

Article II – Chesapeake’s Tariff Provisions

2.1 TTS Shipper agrees to comply with and be subject to all of the provisions of Chesapeake’s FPSC Tariff applicable to the service provided to TTS Shipper by Chesapeake, including any amendments thereto approved by the FPSC during the term of this Agreement. In the event of any conflict between said provisions of the FPSC Tariff and specific provisions of this Agreement, the latter shall prevail, in the absence of an FPSC Order to the contrary.

ARTICLE III – TTS Consumer Pool

3.1 The TTS Shipper shall provide natural gas sales and management services, in accordance with this Agreement and the FPSC Tariff, to all residential consumers assigned by Chesapeake to the TTS Shipper’s Consumer Pool, and those residential consumers electing to receive service from the TTS Shipper during an Open Enrollment Period. The TTS Shipper shall also provide service to those non-residential consumers assigned to the TTS Shipper’s Consumer Pool as provided by Chesapeake’s FPSC Tariff. The TTS Shipper may accept other non-residential consumers into the TTS Consumer Pool upon the request of the consumer. TTS Consumers shall have the option, during an Open Enrollment Period, as provided by tariff, to discontinue service with TTS Shipper and select any other approved TTS Shipper.

ARTICLE IV – Capacity Relinquishment

4.1 Chesapeake shall temporarily relinquish to TTS Shipper, and TTS Shipper shall accept, each month a portion of the Firm Capacity Rights that Chesapeake is entitled to relinquish under its Transporter Service Agreements, as provided by Chesapeake’s FPSC Tariff. All capacity relinquishments shall be executed in accordance with the provisions of the respective Transporter’s FERC Natural Gas Tariff.

ARTICLE V – Firm Service

5.1 Except for Force Majeure events or Mutually Beneficial Transactions, as provide by Chesapeake’s FPSC Tariff, TTS Shipper shall have a firm obligation to delivery each day to the Chesapeake distribution system, gas quantities sufficient to meet the requirements of the TTS Consumer Pool.

Article VI - Delivery Point Operator Service

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

Effective:

6.1 Chesapeake shall provide Delivery Point Operator Service (DPOS) to TTS Shipper in accordance with the provisions of Chesapeake's FPSC Tariff. DPOS shall include those activities related to nominations, scheduling, imbalance resolution, operator order disposition and other administrative and operational activities as are assigned to the Delivery Point Operator by the respective Transporter's FERC Natural Gas Tariff and/or Chesapeake's FPSC Tariff, as each may be revised from time to time.

ARTICLE VII - Indemnification

7.1

A. For value received and to induce Chesapeake to enter into this Agreement, TTS Shipper agrees to protect, defend (at TTS 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 at any time arising 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 TTS 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 Transporter penalties or other expenses or liabilities for unauthorized overrun Gas, for imbalances on a pipeline system, for failure of TTS Shipper to comply with a Transporter's FERC Tariff, or for failure to comply with a curtailment notice or to take deliveries as scheduled, pursuant to Chesapeake's FPSC Tariff; and
 - b. any breach by TTS Shipper of warranty of title to Gas and related obligations, pursuant to Chesapeake's FPSC Tariff;
2. any claim by a creditor of TTS 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 TTS Shipper, or its affiliates, or any of them of any kind or nature;

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Chesapeake Utilities Corporation

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4. any and all rates and charges assessed by Transporter(s) to Chesapeake for the relinquished capacity during the period that this Agreement remains in effect, pursuant to Chesapeake's FPSC Tariff; and
5. any taxes of any federal, state or local jurisdiction related to Gas supply and/or Transporter's capacity upstream of Chesapeake's Delivery Points, pursuant to Section 11.1 of this Agreement.

In the event that any claim or demand for which TTS 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 TTS 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"). TTS 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 TTS Shipper notifies Chesapeake within the Notice Period that it desires to defend Chesapeake against such claim or demand and except as hereinafter provided, TTS Shipper shall have the right to defend Chesapeake by appropriate proceedings, which proceedings shall be promptly settled or prosecuted by TTS 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 TTS 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 TTS 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 TTS Shipper and subject to indemnification as provided hereinabove.

B. For value received and to induce TTS Shipper to enter into this Agreement, Chesapeake agrees to protect, defend (at Chesapeake's expense and by counsel satisfactory to TTS Shipper), indemnify, and save and hold harmless TTS 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,

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but not limited to, all costs and expenses of investigating and defending any claim at any time arising 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 TTS Shipper's rights hereunder) incurred by TTS 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, specifically including but not limited to:
 - a. Chesapeake's responsibility to pay Transporter(s) for recalled capacity, during the period of recall, pursuant to Chesapeake's FPSC Tariff; and
 - b. any breach by Chesapeake of warranty of title to Gas and related obligations, pursuant to Chesapeake's FPSC Tariff;
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 TTS Shipper relating to any obligation or liability of Chesapeake, or its affiliates, or any of them of any kind or nature; and,
4. any and all rates and charges assessed by Transporter(s) to TTS Shipper for any recalled capacity during the period that such recall remains in effect.

In the event that any claim or demand for which Chesapeake would be liable to TTS Shipper hereunder is asserted against or sought to be collected from TTS Shipper by a third party, TTS 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 TTS Shipper:

1. whether or not it disputes its liability to TTS Shipper hereunder with respect to such claim or demand; and,
2. whether or not it desires, at its sole cost and expense, to defend TTS Shipper against such claim or demand.

In the event that Chesapeake notifies TTS Shipper within the Notice Period that it desires to defend TTS Shipper against such claim or demand and except as hereinafter provided,

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Chesapeake Utilities Corporation

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Chesapeake shall have the right to defend TTS 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 TTS Shipper becoming subject to any liability for such claim or demand or for any other matter. If TTS 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 TTS Shipper against such claim or demand, whether by not giving TTS 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 TTS Shipper (TTS 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.

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

ARTICLE VIII – Consumer Pricing

8.1 Intent and Initial Consumer Pricing

It is the intent of Phase II of the Chesapeake TTS Program to facilitate periodic Open Enrollment Periods during which consumers would have the option to choose one of multiple TTS Shipper pricing options. Upon implementation of Phase II of the TTS Program, all consumers in the Consumer Pool shall receive the Standard Price Option as defined in Section 8.2. Within one hundred eighty (180) days of the effective date of Phase II of the TTS Program, Chesapeake shall administer the first Open Enrollment Period. At a minimum, during each Open Enrollment Period, TTS Shipper shall offer all residential consumers the ability to select from no fewer than two (2) gas supply pricing options: the Standard Price Option based on an industry commodity index price and a Fixed Price option, as described in 8.4 below.

8.2 Standard Price Option – FGT Zone 3 Commodity Index Price

As required by Chesapeake's FPSC Tariff, all residential consumers initially entering the TTS Consumer Pool shall be billed for services received from the TTS Shipper each Month at the Standard Price Option billing rate. Such consumers shall receive the Standard Price Option billing rate until such time as they may elect a different pricing option as provided by Chesapeake's FPSC Tariff. For the purposes of this Agreement, the Standard Price Option billing rate shall include a commodity price index equal to the commodity price published in the publication "Inside FERC's Gas Market Report," in the table, Prices of Spot Gas Delivered to Pipelines, Florida Gas Transmission, for Zone 3 delivery on the first day of each month for the respective month of delivery. If, during the effective period of this Agreement, the specified index ceases to be published or is not published for any period, the Parties will mutually agree upon a new gas index. The Standard Price Option shall establish a billing rate for consumers

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Chesapeake Utilities Corporation

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that includes the above Gas commodity price index and all other price components allowable under this Agreement or Chesapeake's FPSC Tariff, required to provide a Monthly billing rate to TTS Consumers. The TTS Shipper shall provide the Standard Price Option billing rate to TTS Consumers each Month during the entire term of this Agreement.

8.3 Standard Price Option – TTS Shipper Margin

The TTS Shipper shall include a margin of _____ per therm in the Standard Price Option billing rate provided in Section 8.2.

8.4 Fixed Price Option

During each Open Enrollment Period, the TTS Shipper shall offer TTS consumers served by any TTS Shipper no less than one (1) Fixed Price billing rate over a term of no less than six (6) consecutive months, such term to begin on the first day of a month within sixty (60) days of the end of the Open Enrollment Period. The Fixed Price Option shall establish a billing rate(s) for consumers that include the Gas commodity price and all other price components allowable under this Agreement or Chesapeake's FPSC Tariff, required to provide a Monthly billing rate to TTS consumers. Except as provided by Force Majeure, the TTS Shipper may not adjust a Fixed Price Option billing rate in any Month during the entire term of the Fixed Price agreement with a TTS consumer.

8.5 Other Pricing Options

During any Open Enrollment Period, the TTS Shipper may offer pricing options that establish commodity indices other than the Standard Price Option FGT Zone 3 index, The TTS Shipper may also offer consumers multiple Fixed Price Option billing rates and/or terms. Such options shall be approved by Chesapeake, at its sole discretion, in advance of any offer by the TTS Shipper.

8.6 Other Charges and Credits

The TTS Shipper may pass through to consumers in the Consumer Pool those charges related to the acquisition and utilization of interstate pipeline capacity directly assigned or allocated to the TTS Shipper by Chesapeake, and such additional quantities of capacity provided by TTS Shipper pursuant to Chesapeake's Tariff, including applicable Transporter surcharges and fuel retention costs. TTS Shipper may pass through to consumers in the Consumer Pool those charges assessed to TTS Shipper by Chesapeake under the provision of its FPSC Tariff DPOS and Shipper Administrative and Billing Service (SABS). TTS Shipper may pass through to consumers in the Consumer Pool all tax obligations related to service to TTS consumers, TTS Shippers margin, and any other applicable charge as provided in this Agreement or the Chesapeake Tariff. TTS Shipper shall pass through to consumers in the Consumer Pool those credits assessed to TTS Shipper by Chesapeake under the provision of its FPSC Tariff DPOS.

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The TTS Shipper shall credit to the Consumer Pool fifty percent (50%) of all monies received from any re-relinquished interstate pipeline capacity.

8.7 Administration of Open Enrollment Periods

Chesapeake shall be responsible for administering all Open Enrollment Periods and those reasonable costs associated with educating and informing consumers about the TTS Shipper and its pricing options. Chesapeake shall be responsible for the administrative processing of consumer pricing and TTS Shipper selections.

ARTICLE IX – Consumer Account Billing and Payment

9.1 Consumer Billing

On a monthly basis, the TTS Shipper shall provide to Chesapeake the current month's billing rate(s), in dollars per therm, for the Commodity Index Price, Fixed Price(s), if any, and Other Pricing Option(s), if any, as provided in Article VIII. The TTS Shipper billing rate(s) shall include all billing components, i.e. commodity, capacity, margin, taxes, other charges or credits. Chesapeake shall bill the consumers in the TTS Shipper's Consumer Pool the applicable billing rate, as a single line item charge on Chesapeake's monthly billing statements. The Chesapeake billing statement shall identify the charges as the cost of gas provided by the TTS Shipper. Chesapeake shall bill each consumer based on the measured gas quantities at each consumer premise. Under the Fixed Price option, a consumer shall enter into a full requirements agreement with the TTS Shipper, but would have no specific minimum volume commitments. The fixed price purchase gas quantity would equal the Gas quantities measured monthly by Chesapeake at each participating consumer premise over the term of the fixed price contract.

9.2 Shipper Administrative and Billing Service

During the term of this Agreement, Chesapeake shall provide billing, payment remittance, and administrative services to the TTS Shipper for the consumers in the Consumer Pool, in accordance with the Shipper Administrative and Billing Service (SABS) as provided by Chesapeake's FPSC Tariff. Chesapeake shall be responsible for monitoring Consumer Account non-payment and partial payment amounts and administering the Consumer Account notices and service disconnect procedures, as allowed by FPSC Rules and its FPSC Tariff. Chesapeake shall reconcile all consumer payments received through its customary payment remittance and collection efforts, and, subject to Section 9.3, remit to the TTS Shipper those funds related to the total cost of gas. Chesapeake shall allow TTS Shipper reasonable access to meter readings, consumption data, account payment information and other such information as may be required to conduct an independent audit of the payment remittance services. Each

month the TTS Shipper shall pay to Chesapeake an amount equal to that provided by the SABS Rate Schedule in the Chesapeake FPSC Tariff.

9.3 Payment to TTS Shipper

By the fifteenth day of each Month, Chesapeake shall remit to the TTS Shipper, an amount equal to the metered volume of Gas recorded during the preceding Chesapeake billing month for each Consumer Account, multiplied by the applicable billing rate for the respective Consumer Accounts, less an amount deducted for non-payments or partial payments for the preceding Month's Consumer Account billings, plus an amount for payments received for outstanding non-payment or partial payment amounts recorded during a prior billing period, and less SASB charges, and other fees, if any, to which the Parties may mutually agree. Any charges or credits resulting from the DPOS and/or the disposition of the Operational Balancing Account shall be separately billed in accordance with Chesapeake's FPSC Tariff. Nothing in this Agreement shall be construed as a guarantee by Chesapeake of payment to the TTS Shipper of any TTS Shipper charges included on any billing statement produced by Chesapeake for which payments are not received from consumers. In the event of partial payments by consumers, Chesapeake shall first apply the funds received from the partial payment to any tax amounts for which Chesapeake is responsible for collecting from the Consumer Account. Any remaining balance from the partial payment shall next be applied against the TTS Shipper's cost of gas charges, completely satisfying such charges before applying any remaining funds to Chesapeake charges. Partial payments by consumers that result in non-payment of Chesapeake's regulated transportation charges shall be subject to disconnect under Chesapeake's service disconnect procedures, pursuant to the FPSC Tariff.

ARTICLE X – Consumer Bad Debt

10.1 Chesapeake shall diligently execute the service discontinuation provisions of its FPSC Tariff. The TTS Shipper may take such reasonable actions as are necessary to recover any monetary loss due to non-payment of consumer bills and/or to collect debts resulting from the non-payment of consumer bills, including recovery of such debts through a surcharge to the Consumer Pool billing rate. Any such bad debt collections through surcharge shall be subject to audit by Chesapeake.

ARTICLE XI – Taxes Billed to Consumers

11.1 As provided in Section 8.6 and Section 9.1, the TTS Shipper may include all taxes related to providing gas supply service to TTS consumers in its monthly billing rates. Chesapeake shall have no responsibility for the collection of any TTS Shipper tax obligation, other than to the extent such taxes are included in the TTS Shipper's monthly billing rates. Chesapeake shall not be responsible for the remittance of any taxes to any jurisdiction on

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behalf of the TTS Shipper. The TTS Shipper shall be responsible for remittance of all taxes related to Gas supply and Transporter capacity upstream of the Chesapeake Delivery Point with the Consumer Accounts in the Consumer Pool. Chesapeake shall be responsible for collection and remittance of all taxes related to the transportation of Gas on its distribution system, including Florida State Gross Receipts Taxes.

ARTICLE XII – Program Revisions

12.1 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 the service provided under the TTS provisions of the Chesapeake Tariff, including the terms and conditions of this Agreement. Nothing contained in this Agreement shall prevent TTS 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 XIII – Term and Termination

13.1 Term

This Agreement shall be effective on the date authorized by the FPSC for the implementation of Phase Two of Chesapeake's TTS Program and shall continue in effect for a period of two (2) years, and shall thereafter be extended for additional annual periods; unless either party gives written notice of termination to the other party, not less than ninety (90) days prior to the expiration of the initial term. This Agreement may be terminated earlier: (a) at Chesapeake's option in accordance with the provisions of its FPSC Tariff, or (b) otherwise in accordance with the provisions of this Agreement and the Parties' respective rights under applicable law.

13.2 Termination Due to Program Amendment or Modification

Should any amendment or modification to Chesapeake's authority to provide service under Phase Two of the TTS Program under its FPSC Tariff cause the terms and conditions hereof to change such that performance hereunder would be unreasonably burdensome for either party, then such burdened party may, by providing no less than thirty (30) days written notice to the other party, terminate this Agreement, without penalty, effective no earlier than on the first Day of the Month subsequent to said thirty (30) day notice period.

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Chesapeake Utilities Corporation

Effective:

ARTICLE XIV – Assignment and Transfer

14.1 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.

ARTICLE XV - Governmental Authorizations; Compliance With Law

15.1 Compliance with Law

This Agreement shall be subject to all valid applicable state, local and federal laws, orders, directives, rules and regulations of any governmental body, agency or official having jurisdiction over this Agreement. The parties shall comply at all times with all applicable Federal, state, municipal, and other laws, ordinances and regulations. The parties shall furnish any information or execute any documents required by any duly constituted Federal or state regulatory authority in connection with the performance of this Agreement. In the event this Agreement or any provisions herein shall be found contrary to or in conflict with any such law, order, directive, rule or regulation, the latter shall be deemed to control, but nothing in this Agreement shall prevent either party from contesting the validity of any such law, order, directive, rule or regulation, nor shall anything in this Agreement be construed to require either party to waive its respective rights to assert the lack of jurisdiction of the FPSC or the FERC over this Agreement or any part thereof. In the event any law, order, directive, rule, or regulation shall prevent either party from performing hereunder, then neither party shall have any obligation to the other during the period that performance is precluded.

15.2 Applicable Law and Venue

This Agreement and any dispute arising hereunder shall be governed by and interpreted in accordance with the laws of the State of Florida. Unless otherwise agreed in writing by the parties, venue for any legal action hereunder shall be in either Alachua or Polk County, Florida.

15.3 Revisions to Taxes

If, during the term of this Agreement, the Federal Government, or any State, municipality or subdivision of such Government, should increase any present tax or levy any additional tax, relating to the service provided by Chesapeake under this Agreement, any such additional tax required by law to be paid by Chesapeake shall, in Chesapeake's discretion, insofar as such discretion is provided for under applicable law, be either separately stated on the total amount of the bill or computed on a cents per therm basis and added to the then effective rate for

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

Effective:

Chesapeake's services hereunder. If, during the term of this Agreement, the Federal Government, or any State, municipality or subdivision of such Government, should decrease or eliminate any tax relating to the service provided by Chesapeake under this Agreement, the reduction in such tax required to be paid by Chesapeake shall, in Chesapeake's discretion, insofar as such discretion is provided for under applicable law, be either separately stated as a deduction to the total amount of the bill or computed on a cents per therm basis and subtracted from the then effective rate hereunder.

ARTICLE XVI – Notices

16.1 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 mailed by certified or registered mail, or on the date sent by facsimile transmission or express mail service.

16.2 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
Attention: Brian Bilinski
Telephone: (863) 293-2125
Facsimile: (863) 294-3895
E-Mail: bbilinski@cfgas.com

To TTS Shipper:

Attention:
Telephone:
Facsimile:
E-Mail:

ARTICLE XVI - Miscellaneous

16.1 Headings: All article headings, section headings and subheadings in this Agreement are inserted only for the convenience of the parties in identification of the provisions hereof and shall not affect any construction or interpretation of this Agreement.

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

Effective:

16.2 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.

16.3 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. 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 18.2 shall not be deemed nor require an amendment of this Agreement provided such change is communicated in accordance with Section 18.1 of this Agreement. Further, the parties expressly acknowledge that the limitations on amendments to this Agreement set forth in this section shall not apply to or otherwise limit the effectiveness of amendments which are necessary to comply with the requirements of, or are otherwise approved by, FERC, the FPSC, or their successor agencies or authorities.

16.4 Severability: If any provision of this Agreement becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement shall continue in full force and effect without said provision; provided however that if such severability materially changes the economic benefits of this Agreement to either party, the parties shall negotiate an equitable adjustment in the provisions of this Agreement in good faith.

16.5 Waiver: No waiver of any of the provisions of this Agreement shall be deemed to be, nor shall it constitute, a waiver of any other provision whether similar or not. No single waiver shall constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.

16.6 Attorney's Fees and Costs: In the event of any litigation between the parties arising out of or relating to this Agreement, the prevailing party shall be entitled to recover all costs incurred and reasonable attorney's fees, including attorney's fees in all investigations, trials, bankruptcies, and appeals.

16.7 Independent Parties: Chesapeake and TTS Shipper shall perform hereunder as independent parties and neither Chesapeake or TTS Shipper is in any way or for any purpose, by virtue of this Agreement or otherwise, a partner, joint venturer, 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.

16.8 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.

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

Effective:

16.9 Subject to Audit: Chesapeake shall have the right to audit TTS Shippers books and records for the purpose of determining compliance with the provisions of this Agreement and Chesapeake's FPSC Tariff as they relate to services provided hereunder. TTS Shipper shall make such books and records available to Chesapeake, upon reasonable notice, at TTS Shippers principal place of business during regular business hours.

ARTICLE XVII- Other Services

17.1 The TTS Shipper may offer additional services to consumers the TTS Consumer Pool. Inclusion of charges for additional services on the Chesapeake billing statements thereto shall be at the sole option of Chesapeake.

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

"Chesapeake"

"TTS Shipper"

Chesapeake Utilities Corporation

BY: _____

BY: _____

NAME: _____

NAME: _____

TITLE: _____

TITLE: _____

DATE: _____

DATE: _____

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

Effective:

CI-SHIPPER AGREEMENT

This CI SHIPPER AGREEMENT is made and entered into by and between Chesapeake Utilities Corporation, a Delaware corporation hereinafter referred to as "Chesapeake" and _____ a _____ corporation hereinafter referred to as "CI Shipper".

WITNESSETH:

WHEREAS, Shipper desires to operate as a CI Shipper on Chesapeake's gas distribution system, and is requesting service as provided in Chesapeake's Florida Public Service Commission (FPSC) Tariff, and

WHEREAS, Chesapeake offers such service under the applicable Rate Schedules and Rules and Regulations of its FPSC Tariff, and

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

1. CI Shipper agrees to comply with and be subject to all of the provisions of Chesapeake's FPSC Tariff applicable to the service provided to CI Shipper by Chesapeake.
2. CI Shipper must elect one of the following Shipper Classifications of Service:

_____ Shipper Administrative and Billing Service (SABS). Chesapeake's SABS is an optional service for CI Shippers. The SABS provides customer billing, payment remittance and administrative services related to gas transportation deliveries to CI Shipper's as provided in Chesapeake's FPSC Tariff. CI Shipper's selecting SABS shall be billed for service in accordance with Chesapeake's SABS rate schedule.

_____ Shipper Administrative Service (SAS). Chesapeake's SAS is mandatory for all CI Shippers, except those opting for the SABS described above. The SAS provides the administrative services related to gas transportation deliveries, without the customer billing and payment remittance services provided by the SABS. CI Shipper's selecting SAS shall be billed for service in accordance with Chesapeake's SAS rate schedule.

3. Notices or communications to CI Shipper shall be given to:

Mailing Address:

Attention: _____
Telephone: _____
Facsimile: _____
E-mail: _____

4. This Agreement shall become effective at the start of the Gas Day (as defined in Transporter's FERC Gas Tariff) on _____.

IN WITNESS WHEREOF, the parties have duly executed this Agreement in multiple originals on _____.

Chesapeake

Shipper

BY: _____

BY: _____

NAME: _____

NAME: _____

TITLE: _____

TITLE: _____

OFF SYSTEM DELIVERY POINT OPERATOR AGREEMENT

This OFF SYSTEM DELIVERY POINT OPERATOR AGREEMENT ("Agreement") is made and entered into on _____, to be effective on the first day of the Month of _____ (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 _____ a _____ corporation hereinafter referred to as "Shipper".

WITNESSETH:

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

WHEREAS, at Shipper's desires to designated Chesapeake as Delivery Point Operator for the Delivery Point and Chesapeake wishes to serve as such and Transporter 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 Transporter and Shipper's facility, at which the gas leaves the outlet side of the measuring equipment of Transporter and enters Shipper's facility, such facility designated as _____ by Transporter.

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

Effective:

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 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 Transporter's 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 Transporter's FERC tariff, the Chesapeake Florida Division FPSC Tariff, 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 by tariff, 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, 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. 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 at any time arising 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 Transporter penalties or other expenses or liabilities for unauthorized overrun or underrun Gas, for imbalances on a pipeline system, for failure to comply with Transporter'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 Transporter 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 at any time arising 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) any remedy specifically provided for in this Agreement, and/or,
- (b) terminate the Agreement upon written notice to the defaulting party; and/or,
- (c) 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 – Rate for Service

6.1 Commencing on the Effective Date of this Agreement, and continuing until this Agreement is terminated or expires, Shipper shall pay to Chesapeake an Off-System Delivery Point Operator Charge as provided in Chesapeake's approved FPSC Tariff. The DPO Service Charge shall be billed in addition to any Receipt or Delivery Imbalance resolution or Operational Order credits or charges.

ARTICLE VII – Notices

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

Effective:

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:

Name:
Address:
Contact Person:
Telephone:
Facsimile:

ARTICLE VIII – Tariff Revision

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

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

Effective:

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 Delivery Point, 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 Florida Public Service Commission 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.

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

Effective:

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 Effective Date provide above.

Chesapeake Utilities Corporation

Shipper

BY: _____

BY: _____

NAME: _____

NAME: _____

TITLE: _____

TITLE: _____

DATE: _____

DATE: _____

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

Effective:

Central Florida Gas Company

CI Shipper – Consumer Termination Notice

Date: _____

CI Shipper: _____

CI Shipper provides notice to Central Florida Gas Company (CFG) that gas supply service to the following consumer shall be terminated as provided by CFG's FPSC Gas Tariff:

Consumer Name: _____

Service Location: _____

CFG Account No: _____

Effective Date of Termination: _____

Note: A Separate termination notice must be provided for each CFG account.

A copy of this notice may be provided to the above listed consumer by CFG. CI Shipper is responsible for providing notice to consumer of its gas supply service termination.

Executed For CI Shipper:

By: _____

Name: _____

Title: _____

Received for CFG by: _____

Date: _____

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GAS TRANSPORTATION AGREEMENT

BETWEEN

THE CENTRAL FLORIDA GAS COMPANY DIVISION OF
CHESAPEAKE UTILITIES CORPORATION

AND

AUBURNDALE POWER PARTNERS, LIMITED PARTNERSHIP

JULY 8, 1993

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

Effective:

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GAS TRANSPORTATION AGREEMENT

THIS AGREEMENT is made and entered into this 8th day of July, 1993, between the Central Florida Gas Company Division of CHESAPEAKE UTILITIES CORPORATION, a Delaware corporation, ("Transporter"), and AUBURNDALE POWER PARTNERS, LIMITED PARTNERSHIP, a Delaware limited partnership ("Shipper") (collectively, the "Parties").

RECITALS

WHEREAS, Transporter operates facilities for the distribution of natural gas in the State of Florida; and

WHEREAS, Shipper has requested that Transporter: (1) receive certain quantities of natural gas for Shipper's account from Peoples Gas System ("PGS") downstream of the Lake Blue Gate Station (as defined in Article 1 below) to be installed on the pipeline system of Florida Gas Transmission Company ("FGT") to serve PGS near Auburndale, Florida; (2) transport such natural gas on the "Pipeline Facilities" (as defined in Article 1 below); and (3) redeliver such natural gas to Shipper's Power Generation Facility (as defined in Article 1 below) to be located approximately 2.3 miles from the Lake Blue Gate Station; and

WHEREAS, Transporter is agreeable to constructing such Pipeline Facilities and to providing such transportation service in accordance with the terms hereof;

NOW, THEREFORE, in consideration of the premises and mutual covenants and agreements set forth herein, the Parties agree as follows:

ARTICLE 1

DEFINITIONS

As used herein, the following terms shall have the meanings set forth below:

"Affiliate" shall mean a corporation or other entity that directly or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control with, another corporation or entity.

"Agreement" shall mean this contract, including the exhibits attached hereto, as the same may be amended from time to time.

"Annual Period" shall mean any one of a succession of consecutive 12-month periods, the first of which shall begin on the Commercial Operations Date, provided that such date is the first day of a calendar month, or otherwise on the first day of the month immediately following the month in which the Commercial Operations Date occurs.

"Base Term" shall have the meaning set forth in Article 2.1.

"Btu" shall mean the amount of heat required to raise the temperature of one pound of water from 59.F. to 60.F. at a constant pressure of 14.73 p.s.i.a.

"Commercial Operations Date" shall mean the day (as to which there is agreement between Shipper and Florida Power Corporation) on which the Power Generation Facility achieves "Commercial In-Service Status" (as defined in the Power Purchase Agreement), notice of which shall be given promptly by Shipper to Transporter.

"Cubic Foot of Gas" shall mean, for measurement purposes, the amount of Gas which occupies one cubic foot of space when the Gas is at a pressure of 14.73 p.s.i.a. and a temperature of 60.F.

"Day" shall mean a period of twenty-four (24) consecutive hours beginning and ending at 8:00 a.m. Eastern Standard Time.

"Delivery Point" shall mean the point at which the pipes or apparatus associated with the Pipeline Facilities are connected at the fitting on the outlet side of the PGS measuring facilities to be installed at the Lake Blue Gate Station, as more particularly described in Exhibit A hereto.

"°F." shall mean degree(s) Fahrenheit.

"FERC" shall mean the Federal Energy Regulatory Commission or any successor agency or any other federal agency having like jurisdiction.

"FGT" shall mean Florida Gas Transmission Company, a Delaware corporation, and its successors and assigns.

"Financier" shall mean any person or entity lending money to Shipper for the construction, operation, maintenance, repair, or alteration of the Power Generation Facility, any person or entity providing funds for the refinancing or the taking-out of such loans, and the nominees or designees of any such persons or entities.

"Force Majeure" shall have the meaning set forth in Article 8.2.

"FPSC" shall mean the Florida Public Service Commission or any successor agency or any other governmental agency having like state jurisdiction.

"Gas" shall mean natural and/or residue gas in any mixture of hydrocarbons or of hydrocarbons and noncombustible gases, in a gaseous state, consisting essentially of methane and meeting the quality specifications which FGT requires with regard to deliveries into its system.

"Gate Station Facilities" shall mean any facilities, including the Lake Blue Gate Station, constructed and/or operated by PGS for the purpose of receiving Gas from an interstate or intrastate pipeline.

"Lake Blue Gate Station" shall mean the FGT gate station located near Auburndale, Florida, to be constructed by FGT.

"Letter of Credit" shall have the meaning set forth in Article 6.5.

"Mcf" shall mean 1,000 Cubic Feet of Gas.

"MMBtu" shall mean 1,000,000 Btu's or ten (10) Therms.

"Month" shall mean a calendar month.

"Party" or "Parties" shall mean Transporter and Shipper, as the case may be, and their successors and assigns.

"PGS" shall mean Peoples Gas System, Inc., a Florida corporation, and its successors and assigns.

"Pipeline Facilities" shall mean the pipes, fittings, regulators, cocks, valves, vents, circulating pipes, connectors, appliances and apparatus of every kind and nature installed by Transporter to transport Gas from the Delivery Point to the Redelivery Point, including all additions, replacements, improvements, substitutions, and increments thereto, and all related personal property, and all real property interests necessary for

the operation, maintenance and modification of such facilities, as more particularly described in Exhibit A hereto.

"Power Generation Facility" shall mean Shipper's Gas-fired electric generation facility with a planned net electrical generating capacity of approximately 200,000 kilowatts, including the boilers, turbines, generators and all appurtenant structures, equipment and real property interests owned or leased by Shipper, to be located on Chambers Road, Auburndale, Polk County, Florida.

"Power Purchase Agreement" shall mean that certain Negotiated Contract For The Purchase Of Firm Capacity And Energy From A Qualifying Facility entered into on March 18, 1991 by and between El Dorado Energy Company (as assigned to Shipper on March 9, 1993) and Florida Power Corporation, as amended or modified from time to time.

"p.s.i.a." shall mean pounds per square inch absolute.

"p.s.i.g." shall mean pounds per square inch gauge.

"QF" shall mean a qualifying cogeneration facility meeting the criteria for such qualification as set forth in 18 C.F.R. Part 292 (1992) promulgated by the FERC under the Public Utility Regulatory Policies Act of 1978, as the same may be amended or superseded from time to time.

"Redelivery Point" shall mean the point at which the pipes or apparatus associated with the Pipeline Facilities are connected at the fitting on the inlet side of PGS's meter to be installed at the site of the Power Generation Facility as more particularly described in Exhibit A hereto.

"Renewal Term" shall have the meaning set forth in Article 2.2.

"Tariff" shall mean Transporter's Natural Gas Tariff currently filed with the FPSC, as such tariff may be amended with approval of the FPSC from time to time.

"Therm" shall mean a unit of heat equal to 100,000 Btu's.

ARTICLE 2

TERM

2.1 Base Term. Subject to all other provisions, conditions, and limitations hereof, this Agreement shall be effective on the date first set forth above, and shall continue in full force and effect for a period of twenty (20) Annual Periods from the Commercial Operations Date (the "Base Term").

2.2 Renewal Term. This Agreement shall be renewed automatically from Annual Period to Annual Period commencing with the expiration of the Base Term (each such Annual Period constituting a "Renewal Term") unless either Party, at least eighteen (18) Months prior to the expiration of the Base Term or any Renewal Term, gives notice to the other Party of its intention to terminate this Agreement at the expiration of such Base Term or Renewal Term.

2.3 Early Termination. Notwithstanding the foregoing:

A. Should the FPSC fail to approve this Agreement on terms acceptable to both Parties, either Party shall have the right, within fifteen (15) days of the issuance of any such FPSC order, to terminate this Agreement upon thirty (30) days' prior

notice to the other Party. Any such FPSC approval shall be deemed to be acceptable if it does not materially alter the terms and conditions of this Agreement.

B. Shipper shall have the right to terminate this Agreement upon thirty (30) days' prior notice to Transporter, upon the occurrence of any of the following events: (i) Shipper fails to obtain construction and/or permanent financing for the Power Generation Facility on terms acceptable to Shipper; (ii) the Power Purchase Agreement is terminated; (iii) any of Shipper's agreements with FGT and/or PGS for services relating to the Power Generation Facility are terminated which results in the loss of Gas service to the Power Generation Facility; (iv) Transporter fails to obtain from the FPSC, within six (6) months from the date of execution of this Agreement by both Parties, an order approving amendment(s) to Transporter's existing territorial agreement with PGS pursuant to Article 3.6; (v) FERC denies or revokes certification of the Power Generation Facility as a QF; or (vi) Shipper permanently discontinues the development and/or operation of the Power Generation Facility.

C. Termination of this Agreement for any reason, including those set forth in this Article 2.3, shall not relieve Shipper of its payment obligations under Article 6.4 of this Agreement.

ARTICLE 3

PIPELINE FACILITIES

3.1 Construction. In order to provide service under this Agreement it will be necessary for Transporter to construct the Pipeline Facilities. The Pipeline Facilities shall be dedicated for the sole purpose of providing service under this Agreement to the Power Generation Facility. Subject to receipt by Transporter of FPSC approval of this Agreement, all necessary permits, rights-of-way and any other required authorizations, Transporter shall construct such Pipeline Facilities as are required to provide service under this Agreement. Transporter shall commence such construction in a diligent and workmanlike manner with the intent of completing the construction by December 15, 1993, and Transporter shall notify Shipper upon completion of the Pipeline Facilities. If, however, after proceeding with due diligence, Transporter is unable to complete construction of the Pipeline Facilities by December 15, 1993, Transporter shall continue to proceed with due diligence to complete construction of such Pipeline Facilities at the earliest practicable date thereafter. Transporter shall not be liable, nor shall this Agreement be subject to cancellation if, despite its exercise of due diligence, Transporter is unable to complete the construction of the Pipeline Facilities by December 15, 1993.

3.2 Capacity. The Pipeline Facilities shall be designed, constructed, operated and maintained so as not to exceed a maximum allowable operating pressure ("MAOP") of 721 p.s.i.g., and shall have the capability of transporting 45.6 MMBtu per Day.

3.3 Ownership. The Pipeline Facilities shall be designed, constructed, owned, operated and maintained by Transporter, and shall remain the property of Transporter upon termination or expiration of this Agreement.

3.4 PGS Meter at Lake Blue Gate Station. In the event that: (1) the ownership of the Lake Blue Gate Station is transferred to either Transporter or Shipper, or (2) the PGS meter at the Lake Blue Gate Station is removed, Transporter will, at Shipper's option, either accept deliveries of Gas by Shipper in lieu of PGS pursuant to Article 4 of this Agreement, or accept deliveries of Gas directly from FGT on behalf of Shipper; provided, however that, if Shipper becomes the owner of the Lake Blue Gate Station and such gate station is no longer used to deliver gas for use at the Power Generation Facility, Transporter shall have the option of purchasing the Lake Blue Gate Station from Shipper at the depreciated book value of such facilities; provided, further that, if Transporter becomes the owner of the Lake Blue Gate Station and this Agreement is otherwise in full force and effect, the Fixed Quarterly Charge in Section 6.1 of this Agreement shall be increased to reflect the additional costs of ownership and maintenance of such gate station to provide service under this Agreement.

3.5 Compliance With Applicable Law. Transporter shall operate and maintain the Pipeline Facilities in accordance with applicable federal, state and local laws, ordinances and regulations, including, without limitation, any environmental laws, rules, ordinances or regulations.

3.6 Territorial Agreement. Transporter shall use its best efforts to enter into good faith negotiations with PGS, within fifteen (15) days after execution of this Agreement by both Parties, to amend Transporter's existing territorial agreement with PGS to permit PGS to own Gate Station Facilities and provide transportation service in Transporter's franchised service territory only with respect to Gas transported to the Power Generation Facility under this Agreement. In the event that Transporter and PGS reach agreement on such an amendment, Transporter shall use its best efforts to file jointly with PGS, within fifteen (15) days after execution of such amendment, a formal petition with the FPSC requesting that the FPSC approve the amendment. Shipper shall intervene in support of such joint petition at the FPSC.

ARTICLE 4

TRANSPORTATION OF SHIPPER'S GAS

4.1 Shipper's Responsibility. Shipper shall make all necessary arrangements with other parties for transportation of Shipper's Gas prior to delivery by PGS to Transporter. Shipper shall cause PGS to deliver to Transporter the quantities of Gas to be transported by Transporter hereunder at the Delivery Point. Transporter shall have no responsibility for transportation of Shipper's Gas prior to receipt of such Gas from PGS at the Delivery Point.

4.2 Quantities of Gas. Transporter agrees to receive from PGS at the Delivery Point daily quantities of Gas, within the

MAOP specified in Section 3.2 of this Agreement, and to redeliver such quantities of Gas to Shipper at the Redelivery Point. Transporter shall be under no obligation and shall have no responsibility to redeliver quantities of Gas on any Day in excess of the quantities received from PGS at the Delivery Point on such Day. In the event of a dispute regarding the quantities of Gas received and/or redelivered under this Article 4.2, the Parties agree to use the meter installed by PGS at the Delivery Point and generally accepted natural gas utility practices to determine the quantities received and/or redelivered hereunder.

4.3 Interruption of Service. Transporter shall not be required to deliver Gas to the Redelivery Point to the extent that Transporter must curtail or interrupt service because of: (1) performance of required maintenance on the Pipeline Facilities; (2) occurrence of a Force Majeure event; (3) curtailment or interruption of deliveries by FGT at the Lake Blue Gate Station or by PGS at the Delivery Point; (4) an order of the FPSC directing curtailment of Shipper's service; or (5) Shipper's failure to pay the Fixed Quarterly Charge for a period of sixty (60) days after notice of such nonpayment. Transporter shall provide Shipper with notice of the need for curtailment or interruption of deliveries of Gas to the Power Generation Facility pursuant to this Article 4.3 as soon as practicable. Notwithstanding the provisions of this Article 4.3, Transporter shall use commercially reasonable efforts to schedule and perform all major maintenance of the Pipeline Facilities during periods when the Power Generation Facility is not in service.

Transporter hereby waives any right it may have to curtail or otherwise disrupt deliveries of Gas under this Agreement except as provided in this Article 4.3.

4.4 Delivery Pressure. Transporter shall use commercially reasonable efforts to deliver the Gas to the Redelivery Point at a pressure of no less than the pressure at which Gas is delivered to Transporter, as such pressure is measured by PGS at the Delivery Point, less any loss of pressure associated with friction. Transporter shall not be required to install any pipeline, compression or other facilities, other than the Pipeline Facilities contemplated by this Agreement, to guarantee any specific delivery pressure.

ARTICLE 5

TITLE, CONTROL AND INDEMNIFICATION

5.1 Good and Merchantable Title to Gas. Shipper warrants that it will have good and merchantable title to all Gas delivered to Transporter by PGS for Shipper's account at the Delivery Point.

A. Shipper will indemnify Transporter and save it harmless from all suits, actions, debts, accounts, damages, costs, including reasonable attorney's fees, losses, and expenses arising out of the adverse claim of any person or persons to said Gas, or title thereto, for any royalties, taxes, licenses, fees or charges which are applicable prior to the time of delivery of said Gas to Transporter or after redelivery by Transporter to Shipper.

B. Transporter will indemnify Shipper and save it harmless from all suits, actions, debts, accounts, damages, costs, including reasonable attorney's fees, losses, and expenses arising out of the adverse claim of any person or persons to said Gas, or title thereto, for any royalties, taxes, licenses, fees or charges which are applicable while said Gas is in Transporter's possession and control prior to the time of redelivery of said Gas to Shipper.

5.2 Control. Transporter shall be deemed to be in control and possession of the Gas to be transported by it upon delivery of such Gas at the Delivery Point and until it shall have been redelivered to Shipper at the Redelivery Point; and Shipper shall be deemed to be in control and possession of such Gas prior to such delivery to Transporter and after such redelivery to Shipper. Each Party, while deemed to be in control and possession of such Gas, shall be responsible for, and will indemnify and hold the other harmless from, any and all claims, actions, suits, including attorney's fees, arising out of or relating in any way to custody and control of such Gas.

ARTICLE 6

CONTRACT RATE

- 6.1 Fixed Quarterly Charge. Commencing on the earlier of:
- (a) the first day on which service is provided to the Power Generation Facility under this Agreement, or
 - (b) April 1, 1994, provided that the Pipeline Facilities are ready for service hereunder and Transporter has given Shipper written notice of such, whether or not service has commenced under this Agreement,

(such earlier date being the "Commencement Date") and on the first day of each calendar quarter thereafter during the Base Term, Shipper shall pay Transporter a fixed quarterly charge of thirty-two thousand eight hundred and fifty dollars (\$32,850.00) (the "Fixed Quarterly Charge"). In the event that service to the Power Generation Facility under this Agreement commences on a date other than the first day of a calendar quarter, the Fixed Quarterly Charge for that initial period shall be reduced proportionately. The Fixed Quarterly Charge is a negotiated rate under Transporter's Large Volume Contract Transportation Service (LVCTS) Rate Schedule, as contained in Transporter's Tariff, as such Rate Schedule may be amended from time to time, except that the Fixed Quarterly Charge includes only Transporter's charge for Gas transported and redelivered under this Agreement and does not include any charges for transportation service by FGT, PGS or any other transporter transporting Shipper's Gas prior to delivery to Transporter at the Delivery Point. The Fixed Quarterly Charge is

subject to the continuing jurisdiction of the FPSC to the extent such charge is determined in a base rate proceeding to be less than the fully allocated cost of service during the Base Term of this Agreement.

6.2 Renewal Term Charge. Unless either Party gives notice to the other Party of its intention to terminate this Agreement at the expiration of the Base Term pursuant to Article 2.2, at least sixty (60) days prior to the end of the Base Term Transporter and Shipper shall submit for FPSC approval a Renewal Term rate based on Transporter's fully allocated costs of operating and maintaining the Pipeline Facilities per Renewal Term (the "Renewal Term Charge"). The Renewal Term Charge is subject to the continuing jurisdiction of the FPSC to the extent such charge is determined in a base rate proceeding to be less than the fully allocated cost of service during any Renewal Term of this Agreement.

6.3 Taxes. If, during the term of this Agreement, the Federal Government, or any State, municipality or subdivision of such State, should increase any present tax or levy any additional tax relating to the service provided by Transporter under this Agreement, any such additional tax directly attributable to such service and actually paid by Transporter shall be added to the Fixed Quarterly Charge, and in such event Transporter shall provide to Shipper supporting documentation with any bill or statement.

6.4 Payment Upon Early Termination. The Fixed Quarterly Charge is based in part upon Transporter's incurring estimated construction and interest costs associated with the Pipeline Facilities of seven hundred nine thousand three hundred and twenty-five dollars (\$709,325.00) (the "Pipeline Construction Costs"). In the event that this Agreement is terminated for any reason after Transporter has incurred such costs and before Shipper has paid Transporter the total Pipeline Construction Costs, Shipper shall pay Transporter, within thirty (30) days after such termination becomes effective, a sum equal to the difference between the Pipeline Construction Costs and the aggregate amount in Fixed Quarterly Charges (less applicable taxes charged to Shipper pursuant to Article 6.3 hereof), which Shipper had paid to Transporter prior to that date for service under this Agreement. In the event that this Agreement is terminated pursuant to Article 2.3 before Transporter has completed construction of the Pipeline Facilities, and Transporter has not incurred all such Pipeline Construction Costs, Shipper shall pay Transporter, within thirty (30) days after such termination becomes effective and upon receiving reasonably satisfactory evidence of Transporter's incurrence of the construction and interest costs associated with the Pipeline Facilities, a sum equal to the amount of such costs incurred by Transporter up until the date of Transporter's receipt of Shipper's termination notice pursuant to Article 2.3B, and upon receipt of such amount Transporter shall return the Letter of

Credit to the bank issuing such Letter of Credit for cancellation.

6.5 Irrevocable Letter of Credit.

A. To provide assurance of payment of the Fixed Quarterly Charges and any termination payment which may be required under Article 6.4 hereof, Shipper shall provide to Transporter, upon execution of this Agreement by both Parties, and thereafter shall cause to be maintained in effect, an Irrevocable Letter of Credit in an initial aggregate face amount of Seven Hundred Nine Thousand Three Hundred Twenty-five dollars (\$709,325.00) (the "Letter of Credit"). The Letter of Credit shall be in favor of Transporter as beneficiary, shall be substantially in the form and substance as Exhibit B hereto, shall be issued and confirmed, if applicable, by financial institutions satisfactory to Transporter in its reasonable discretion, shall be dated no later than the date of delivery and shall: (i) expire no later than seventy (70) months after the Commencement Date, or (ii) if scheduled to expire earlier than such date, be replaced before such expiration by a substitute Letter of Credit satisfying the terms of this Agreement. Shipper shall give Transporter prior notice of its intent to replace the Letter of Credit with a substitute Letter of Credit. Transporter shall be obligated to immediately notify the bank issuing any Letter of Credit being replaced hereunder of Transporter's receipt of a substitute Letter of Credit and, upon such receipt, shall return the replaced Letter of Credit to the bank issuing such Letter of Credit for cancellation. The effectiveness of any

substitute Letter of Credit may be conditioned on Transporter's release of the Letter of Credit being replaced hereunder.

B. Should Shipper not provide a letter of credit acceptable to Transporter within ten (10) business days of the notice to commence construction of the Pipeline Facilities under Section 3.1 hereof, either Party may terminate this Agreement with no further obligation to the other Party. In the event the bank issuing the then-current Letter of Credit should file for bankruptcy or become insolvent, Transporter may, at its sole discretion, suspend deliveries of Gas under this Agreement, upon thirty (30) days written notice to Shipper, until a new letter of credit is provided. All other provisions of this Agreement shall survive any suspension of deliveries by Transporter.

C. Transporter hereby agrees that Bank of America and any bank or lending institution deemed to be investment grade by Standard and Poor's Corporation or Moody's Investors Services, Inc. is an acceptable issuing financial institution for any Letter of Credit hereunder, and that no confirming bank shall be required for the negotiation of the Letter of Credit.

D. If there shall be insufficient payment to Transporter of the amounts and obligations allocated to Shipper under Section 6.1 or Section 6.4 hereof, when any such amounts or obligations are due and payable, Transporter may draw under the Letter of Credit for payment of such amounts.

E. The face amount of the Letter of Credit shall automatically reduce (i) upon receipt by the bank issuing the Letter of Credit of written notice from Shipper of payment of any

Fixed Quarterly Charge made pursuant to Section 6.1 hereof (exclusive of any applicable taxes assessed pursuant to Section 6.3 hereof), in an amount equal to the amount of such payment, and (ii) on the date any demand for payment thereunder is honored, in an amount equal to the amount of such draw. Shipper shall be under no obligation to reinstate any face amount of the Letter of Credit upon or after any reductions in such stated amount.

6.6 FERC Order No. 636 Transition Costs. Shipper shall not be liable under this Agreement for any costs directly or indirectly associated with FGT's compliance with FERC Order No. 636 (57 Fed. Reg. 13,267 (April 16, 1992), III FERC Stats. and Regs. ¶ 30,939 (1992)), which are incurred by or allocated to Transporter under Transporter's service agreements with FGT, and Transporter shall take no affirmative action seeking to impose upon Shipper under this Agreement any Order No. 636 - related charges which are incurred by or allocated to Transporter under its service agreements with FGT.

ARTICLE 7

TARIFF APPLICABILITY

Sections 8.4, 14, and 16 of the General Terms and Regulations of Transporter's Tariff, including any amendments thereto which become effective during the term of this Agreement, are hereby incorporated into this Agreement and made a part hereof for all purposes. Any and all other provisions of the General Terms and Conditions of such Tariff are specifically

waived by the Parties. In the event of any conflict between said provisions of said General Rules and Regulations and specific provisions of this Agreement, the latter shall prevail.

ARTICLE 8

FORCE MAJEURE

8.1 Suspension of Performance. In the event of either Party, Transporter or Shipper, being rendered unable wholly or in part by Force Majeure to carry out its obligations under this Agreement, other than to make payments due hereunder, it is agreed that on such Party giving notice and full particulars of such Force Majeure to the other Party as soon as 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, 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.

8.2 Definition. 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 government and people, civil disturbances, explosions, breakage or freezing of or accidents to the Pipeline Facilities, and any other cause, whether of the kind herein enumerated or otherwise, 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 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 the delays on the part of such Party in acquiring, at reasonable cost and after the exercise of due diligence, such servitudes, rights of way grants, permits, or licenses; and (b) in those instances where either Party 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 acquire, or the delays on the part of such Party in acquiring, at reasonable cost and after the exercise of due diligence, such materials and supplies, permits and permissions.

8.3 Settlement of Strikes. It is understood and agreed that the settlement of strikes or lockouts shall be entirely within the discretion of the Party having the difficulty, and that the above requirement that any Force Majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts when such course is inadvisable in the discretion of the Party having the difficulty.

ARTICLE 9

DISPUTE RESOLUTION

9.1 Purpose and Scope.

A. The Parties agree that any dispute arising under this Agreement which is not subject to the exclusive jurisdiction of the FPSC shall be resolved solely by application of the procedures set forth in this Article 9. The procedures set forth herein may be modified by agreement of the Parties with respect to any particular dispute which is subject to these procedures.

B. Each Party shall continue to perform its obligations under this Agreement pending final resolution of any dispute which is subject to these procedures. All applicable statutes of limitation and defenses based upon the passage of time shall be tolled while the procedures specified in this Article 9 are pending. The Parties shall take such action, if any, as may be required to effectuate such tolling.

9.2 Commencement of Dispute Resolution Proceeding. A dispute subject to the procedures provided herein shall be resolved in a dispute resolution proceeding ("DRP"). A DRP shall be commenced by either Party giving written notice to the other of the matter in dispute.

9.3 Negotiations. Within ten (10) days after delivery of such notice, authorized officers of the Parties shall meet at a mutually acceptable time and place in or near Winter Haven, Florida to exchange relevant information and to attempt to resolve the dispute through good faith negotiations. Requests for information shall be reasonable; responses shall be prompt

and complete. If the matter is not resolved within thirty (30) days after delivery of the notice to commence, the DRP shall proceed to mediation.

9.4 Mediation.

A. Within forty (40) days after delivery of the notice to commence the DRP, the Parties shall attempt to agree on the selection of a mediator with professional experience in natural gas and electric generation issues (the "Mediator"), or, failing such agreement, the Parties shall select a Mediator from the Center for Public Resources' Panel of Neutrals or other agreed upon registry of persons skilled in dispute resolution. The Parties shall bear equally the costs of the Mediator.

B. Within twenty (20) days after selection of the Mediator, the Parties shall meet at a mutually acceptable time and place to present their positions to the Mediator. At least five (5) days prior to such meeting, each Party shall submit to the Mediator and to the other Party a statement of position on the issues remaining in dispute and a summary of the evidence and arguments supporting its position.

C. The Mediator shall prescribe the order of, and appropriate time limits for, the Parties' presentations at the meeting. The Mediator may request the Parties to provide additional information or arguments in support of their positions at or following the meeting. The Mediator, with the agreement of the Parties, may schedule additional mediation meetings.

D. The Mediator shall not have any ex parte communication with either of the Parties.

9.5 Mediator's Recommended Decision.

A. If the Parties fail to resolve all disputed issues through the mediation process described above, the Mediator shall submit to them, within thirty (30) days after the final mediation meeting, a draft recommended decision. The Parties may submit to the Mediator their comments on the draft recommended decision within fifteen (15) days after its issuance, and each Party shall submit a copy of such comments to the other Party. The Mediator shall submit to the Parties a final decision on all remaining issues within fifteen (15) days after receipt of any comments by the Parties.

B. The Parties agree to be bound by the Mediator's final decision, except that either Party may, within fifteen (15) days after the issuance of the Mediator's final decision, file a petition with the FPSC seeking review of the decision solely on the grounds that such decision: (i) was procured by corruption, fraud or undue means; (ii) was the result of evident partiality or misconduct by the Mediator; or (iii) would, if given effect, be unlawful under the laws of the State of Florida. If the FPSC makes any such finding, the Mediator's decision shall be given no effect, and the FPSC shall issue its own decision on the issues remaining in dispute.

9.6. Confidentiality. All communications by the Parties or their representatives with respect to a dispute which is the subject of a DRP shall be privileged and confidential and shall not be disclosed or admissible in evidence, unless: (i) they bear directly on allegations that the Mediator's decision should

be rejected for reasons of fraud, corruption, misconduct or evident partiality; or (ii) the FPSC or a court of competent jurisdiction determines that such disclosure is necessary.

ARTICLE 10

MISCELLANEOUS

10.1 Notice and Service. All notices, consents or approvals required or permitted to be given hereunder shall be in writing and shall be deemed given to a Party at its address set forth below, or to such other address as any Party may designate from time to time by notice to the other Party given in accordance herewith: (i) upon delivery in person; (ii) on the third (3rd) business day after mailing by registered or certified mail, postage prepaid; (iii) on the next business day after timely delivery to an overnight common carrier service, service fee payable by the sending Party, for next-day delivery; or (iv) on the date of facsimile transmission by telephone line provided such transmission is followed by delivery of a copy of such notice within twenty-four (24) hours pursuant to clauses (i) or (iii):

Shipper: Auburndale Power Partners,
 Limited Partnership
 12500 Fair Lakes Circle
 Suite 420
 Fairfax, Virginia 22033-3808
 Attention: Executive Director

Transporter: Central Florida Gas Company
 Post Office Box 960
 Winter Haven, Florida 33882
 Attention: Division Manager

or such other address as such Party may hereafter specify for the purposes by notice to the other Party.

10.2 Captions. The captions in this Agreement are for the convenience of the Parties in identification of the provisions hereof and are not intended to be inclusive, definitive or to affect the meaning, content or scope of this Agreement.

10.3 Assignment. This Agreement shall be binding upon and inure to the benefit of the respective successors and permitted assigns of the Parties. The respective rights and obligations of either Party hereto shall not be assignable without the consent of the other Party, and such consent shall not be unreasonably withheld. Notwithstanding the foregoing, Shipper is expressly permitted to assign this Agreement to any Financier, any Affiliate of Shipper, to any limited or general partnership in which Shipper is a partner, and to a person to which the Power Purchase Agreement is assigned in compliance with the provisions of the Power Purchase Agreement.

10.4 Cooperation with Financier.

A. Transporter agrees that in connection with the collateral assignment by Shipper to Financier, it will execute an appropriate consent to such assignment as reasonably requested by such Financier acknowledging, in effect, that this Agreement has been duly authorized and is valid and enforceable against Transporter and does not conflict with any law binding upon Transporter or its articles of incorporation or by-laws, that this Agreement is in full force and effect, that Transporter will not agree to any amendment to this Agreement without Financier's

approval in writing, that it will deliver to Financier a copy of each notice of default and will give Financier a reasonable opportunity (in any event not less than thirty (30) days) to cure, that it will not terminate this Agreement without giving Financier prior notice, and that in the event Financier succeeds to the interest of Shipper under this Agreement by reason of the exercise of its rights under its loan documentation with Shipper, Transporter will accept performance by Financier or its successors or assigns notwithstanding any restriction under or in accordance with this Agreement. Transporter also agrees, upon request of Shipper, to furnish to Financier a reasonable opinion of counsel to Transporter with respect to the enforceability of the Agreement against Transporter.

B. The Parties recognize that this Agreement is subject to approval by Financier and if any such Financier requires any reasonable modifications to the provisions of this Agreement, Shipper shall request that Transporter consent to such modifications. Transporter may withhold its consent if the requested modification is: (i) made after Shipper and Financier have entered into a credit facility and the Financier has authorized the release of funds under such credit facility; (ii) inconsistent with the regulatory requirements of the FPSC or any other body having jurisdiction over the Parties; or (iii) will have a material adverse effect on Transporter.

10.5 Consents and Approvals. Consents and approvals contemplated by this Agreement shall not be unreasonably delayed or withheld.

10.6 Governing Law. The interpretation and performance of this Agreement shall be in accordance with the laws of the State of Florida.

10.7 Applicable Law.

A. This Agreement shall be subject to all of the rules, regulations, and orders of any duly constituted federal or state regulatory authorities having jurisdiction hereof. The Parties shall comply at all times with all applicable federal, state, municipal, and other laws, ordinances and regulations. Transporter and/or Shipper will furnish any information or execute any documents required by any duly constituted federal or state regulatory authority in connection with the performance of this Agreement.

B. In the event this Agreement or any provisions herein shall be found contrary to or in conflict with any such law, order, directive, rule or regulation, the latter shall be deemed to control, but nothing in this Agreement shall prevent either Party from contesting the validity of any such law, order, directive, rule or regulation, nor shall anything in this Agreement be construed to require either Party to waive its respective rights to assert the lack of jurisdiction of any governmental agency other than the FPSC over this Agreement or any Party thereof. In the event of such contestation, and unless otherwise prohibited from doing so, Transporter shall continue to transport and Shipper shall continue to take Gas pursuant to the terms of this Agreement. In the event any law, order, directive, rule, or regulation shall prevent either Party from performing

hereunder, then neither Party shall have any obligation to the other during the period that performance is precluded.

10.8 Filing With FPSC. Not later than five (5) days after execution of this Agreement by both Parties, Transporter shall file this Agreement with the FPSC for approval. Shipper agrees to intervene and support Transporter's request for such approval.

10.9 Entire Agreement. This Agreement supersedes any and all oral or written agreements and understandings heretofore made relating to the subject matters herein and constitutes the entire agreement and understanding of the Parties relating to the subject matters herein.

10.10 Severability. If any provision of this Agreement becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement shall continue in full force and effect without said provision; provided, however, that if such severability materially changes the economic benefits of this Agreement to either Party, the Parties shall negotiate an equitable adjustment in the provisions of this Agreement in good faith.

10.11 Survival of Obligations. Shipper's obligation with respect to payments and the Letter of Credit required under Article 6 of this Agreement, and Shipper's and Transporter's obligations with respect to indemnification under this Agreement shall survive termination or expiration of this Agreement. Shipper's obligation with respect to the Letter of Credit required under Article 6 of this Agreement shall survive assignment of this Agreement until a replacement letter of credit

on similar terms and conditions as the Letter of Credit is put in place by Shipper's assignee.

10.12 Legal Fees. In the event of litigation between the Parties 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.

10.13 Amendments. No amendment or modification of the terms of this Agreement shall be binding on Transporter or Shipper unless reduced in writing and signed by both Parties.

10.14 Counterparts. This Agreement may be executed in any number of counterparts, and each executed counterpart shall have the same force and effect as an original instrument.

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.

WITNESS:

Cynthia Morregha
Name:

SHIPPER:

AUBURNDALE POWER PARTNERS,
LIMITED PARTNERSHIP

By: *Don Fields*
Don Fields
Executive Director

WITNESS:

Peggy Minton
Name: Peggy Minton

TRANSPORTER:

Central Florida Gas Company
Division of CHESAPEAKE UTILITIES
CORPORATION

By: *Ralph J. Adkins*
Name: Ralph J. Adkins
Title: President and CEO

EXHIBIT A

DESCRIPTION OF PIPELINE FACILITIES

The Pipeline Facilities shall consist of the following:

- A. An interconnecting pipe having a minimum diameter of ten (10) inches connecting the Delivery Point to the Redelivery Point, including: (i) approximately twelve thousand one-hundred (12,100) feet of ten (10) inch coated steel pipe along the West and South sides of Recker Highway (SR 655) from the FGT/PGS Lake Blue Gate Station south of SR 542 to Chambers Road; (ii) approximately eight hundred (800) feet of ten (10) inch coated steel pipe along the East side of Chambers Road and onto the site of the Power Generation Facility; (iii) one (1) ten (10) inch block valve at the FGT/PGS Lake Blue Gate Station; and (iv) one (1) ten (10) inch block valve and one (1) four (4) inch blow-down valve at the site of the Power Generation Facility;
- B. An odorizing system for odorizing Shipper's Gas, consisting of one (1) odorant injector assembly with above-ground bulk odorant storage facilities (not to exceed one thousand (1,000) gallons capacity) to be installed at the FGT/PGS Lake Blue Gate Station; and
- C. Any and all real and personal property associated with paragraphs A and B immediately above.

A map illustrating the general design and location of the Pipeline Facilities is attached hereto.

(1 of 2)

AMENDMENT NO. 1 TO GAS TRANSPORTATION AGREEMENT

This Amendment made and entered into this 23rd day of September, 1993, between the Central Florida Gas Company Division of Chesapeake Utilities Corporation, a Delaware corporation, ("Transporter"), and Auburndale Power Partners, Limited Partnership, a Delaware limited partnership ("Shipper") (collectively, the "Parties"), constitutes an amendment to the Gas Transportation Agreement dated July 8, 1993, between the Parties (the "Agreement").

- A. Transporter and Shipper previously entered into the Agreement for Transporter's delivery of natural gas on behalf of Shipper through new pipeline facilities to be constructed by Transporter (the "Pipeline Facilities").
- B. Transporter and Shipper desire to amend to Agreement in order to clarify the capacity of the Pipeline Facilities.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, and for such other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree to amend the Agreement as follows:

- 1. Article 3.2, on page 8, is amended by deleting "45.6 MMBtu per day" therefrom and inserting "45,600 MMBtu per day" in lieu thereof.
- 2. All terms and conditions of the Agreement not expressly amended herein shall remain in full force and effect.
- 3. This Amendment supplements the Agreement, and supersedes any and all prior understandings between the Parties with respect to the subject matter herein.
- 4. This Amendment shall be effective as of the date set forth above, and the effectiveness of this Agreement shall not be subject to approval by the Florida Public Service Commission.
- 5. This Amendment may be executed in any number of counterparts, and each executed counter part shall have the same force and effect as an original instrument.

lab\wpdat\florida\auburn\gastrans.agr
09-22-93/17:00

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

Effective:

GAS TRANSPORTATION AGREEMENT

CTS GAS TRANSPORTATION SERVICE AGREEMENT

THIS AGREEMENT, entered into this 8th day of March, 1999, by and between **Chesapeake Utilities Corporation**, a Delaware corporation (doing business in Florida as Central Florida Gas Company and hereinafter referred to as "CUC"), and **Citrosuco North America, Inc.**, a Delaware corporation ("Shipper").

WITNESSETH:

WHEREAS, CUC operates facilities for the distribution of natural gas in the State of Florida;
and

WHEREAS, Shipper has requested that CUC receive certain quantities of gas for Shipper's account, transport such quantities on CUC's distribution system, and redeliver same to Shipper's Facility located at 5937 Highway 60 East, Lake Wales, Polk County, Florida, and CUC agrees to provide such service in accordance with the terms hereof,

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 the following terms and abbreviations, when used in this Agreement and in all exhibits, recitals, and appendices contained in or attached to this Agreement are intended to and will mean as follows:

- 1.1 "Btu" means the amount of heat required to raise the temperature of one pound of water from 59°F. to 60°F. at a constant pressure of 14.73 p.s.i.a.
- 1.2 "Day" means a period of 24 consecutive hours beginning and ending at 10:00 A.M. Eastern clock time, or as defined in Florida Gas Transmission Company's ("FGT's") FERC Tariff, as the same may be amended from time to time.
- 1.3 "°F." means degree(s) Fahrenheit.
- 1.4 "Delivery Point" means the point at the connection of the facilities of an upstream party and a downstream party's facility at which the gas leaves the outlet side of the measuring equipment of the upstream party and enters the downstream party's facility.

GAS TRANSPORTATION AGREEMENT

- 1.5 "Gas" means natural gas which is in conformance with the quality specifications of the Transporter.
- 1.6 "Lease" means that certain Pipeline Lease Agreement between Shipper and CUC dated as of even date herewith.
- 1.7 "Maximum Daily Transportation Quantity" or "MDTQ" means the largest quantity of gas, expressed in MMBtu, that CUC is obligated to transport and make available to a Shipper under any applicable Service Agreement or Service Agreements for Firm Transportation Service on any one day.
- 1.8 "Month" means a period beginning at 10:00 A.M. Eastern clock time on the first day of a calendar month and ending at 10:00 A.M. Eastern clock time on the first day of the next succeeding calendar month, or as defined in FGT's FERC Tariff, as the same may be amended from time to time.
- 1.9 "MMBtu" means 1,000,000 Btu's or ten (10) therms.
- 1.10 "p.s.i.a." means pounds per square inch absolute.
- 1.11 "Receipt Point" means the point at which gas is received by Transporter into Transporter's system from an upstream service or facility.
- 1.12 "Service Commencement Date" means the date on which title to the Pipeline is conveyed by Bosek, Gibson and Associates, Inc. ("BGA") to Shipper pursuant to Paragraph 26.3 of the General Conditions attached as Exhibit A to the Contract between BGA and Lessor, dated as of even date herewith and providing for BGA's construction of the Pipeline.
- 1.13 "Shipper" means Citrosuco North America, Inc., a Delaware corporation, and its successors and assigns.
- 1.14 "Therm" means a unit of heat equal to 100,000 Btu's.
- 1.15 "Transporter" means Florida Gas Transmission Company, a Delaware corporation, and its successors and assigns.
- 1.16 "Transporter's Delivery Point" means the delivery point on Transporter's system known as CFG-Lake Wales, DRN 3197.

ARTICLE II
POINTS OF DELIVERY AND REDELIVERY

- 2.1 Shipper shall cause the Transporter to deliver to CUC at Transporter's Delivery Point the quantities of gas to be transported by CUC hereunder. CUC shall have no responsibility for

GAS TRANSPORTATION AGREEMENT

transportation of Shipper's gas prior to receipt of such gas from the Transporter at Transporter's Delivery Point. CUC shall deliver such quantities of gas received from the Transporter at Transporter's Delivery Point for Shipper's account to the meter at Shipper's facility located at 5937 Highway 60 East, Lake Wales, Polk County, Florida.

ARTICLE III
QUANTITIES

- 3.1 Subject to the terms and conditions of this Agreement, CUC agrees to receive from the Transporter, at Transporter's Delivery Point, on a daily basis, a quantity of gas up to Shipper's Maximum Daily Transportation Quantity ("MDTQ"), and to transport and deliver equivalent quantities to Shipper at the meter at Shipper's Facility. Shipper's MDTQ under this Agreement shall be the quantity of gas per day as shown in Exhibit A to this Agreement, which is incorporated herein by reference and made a part hereof.
- 3.2 CUC agrees to increase the MDTQ under this Agreement upon request of Shipper provided CUC determines in its reasonable judgment that the increase requested will not have an adverse effect on the operation of CUC's distribution system. If an increase in the MDTQ has been requested by Shipper and CUC determines that the increase requested will require upgrades to the portion of its distribution system used to provide service to Shipper hereunder, CUC agrees to increase the MDTQ as requested by Shipper if Shipper agrees to contribute financially to the cost of such improvements (a) in the manner then provided in CUC's Natural Gas Tariff on file with the FPSC, or (b) in such other manner as may be acceptable to CUC.

ARTICLE IV
SCHEDULING AND BALANCING

- 4.1 Shipper shall be responsible for nominating quantities of gas to be delivered by the Transporter to Transporter's Delivery Point and by CUC to the meter at Shipper's Facility. Shipper shall promptly provide notice to CUC, via facsimile transmission, of all such nominations. Imbalances between quantities (i) scheduled for delivery by the Transporter to CUC and/or delivery by CUC to the meter at Shipper's Facility, and (ii) actually delivered by the Transporter and/or CUC hereunder, shall be resolved in accordance with the applicable provisions of CUC's Florida Public Service Commission ("FPSC") Natural Gas Tariff, as such provisions may be amended from time to time, subject to approval by the FPSC.
- 4.2 The Parties hereto recognize the desirability of maintaining a uniform rate of flow of gas to the meter at Shipper's Facility over each 24-hour period and each day throughout each month. Therefore, CUC agrees to receive from the Transporter for Shipper's account at Transporter's Delivery Point and deliver to the meter at Shipper's Facility up to the MDTQ as described in Exhibit A attached hereto, subject to any restrictions imposed by the Transporter and to the provisions of Articles V and IX of this Agreement, and Shipper agrees to use commercially reasonable efforts to regulate its deliveries from CUC's gas distribution

GAS TRANSPORTATION AGREEMENT

system at a daily rate of flow not to exceed the applicable MDTQ for the month in question, subject to any additional restrictions imposed by the Transporter or by CUC pursuant to Articles V and VI of this Agreement.

- 4.3 CUC shall make available to Shipper, at Shipper's cost, electronic information with respect to consumption of gas at Shipper's facility as well as all other electronic information CUC obtains from such electronic equipment as may be installed by CUC at Shipper's facility.

ARTICLE V
CURTAILMENT

- 5.1 This Agreement shall be and remain in all respects subject to the applicable provisions of the General Rules and Regulations of CUC's Natural Gas Tariff, as they specifically apply to curtailment, and as approved by the FPSC or its appropriate successor agency or authority, all of which are made a part hereof by this reference.

ARTICLE VI
TITLE, CONTROL AND INDEMNIFICATION

- 6.1 Shipper warrants that it will have good and merchantable title to all gas delivered by the Transporter to CUC for Shipper's account at Transporter's Delivery Point, and that such gas will be free and clear of all liens, encumbrances, and claims whatsoever. Shipper will indemnify CUC and save it harmless from all suits, actions, debts, accounts, damages, costs including reasonable attorneys' fees, losses, and expenses arising from or out of the adverse claim of any and all persons to said gas. CUC will indemnify Shipper and save it harmless from all suits, actions, debts, accounts, damages, costs including reasonable attorneys' fees, losses, and expenses arising from or out of the adverse claim of any and all persons to gas delivered for the account of Shipper to CUC for transportation hereunder which arise from or relate to CUC's transportation of said gas on CUC's distribution system. In the event any adverse claim in respect to said gas is asserted, or Shipper breaches its warranty herein, CUC shall not be required to perform its obligations to transport and deliver gas to the meter at Shipper's Facility or, subject to receipt of any necessary regulatory obligation, to continue service hereunder for Shipper, until such claim has been finally determined; provided, however, that Shipper may receive service if (i) in the case of an adverse claim, Shipper furnishes a bond to CUC, conditioned for the protection of CUC with respect to such claim; or (ii) in the case of a breach of warranty, Shipper furnishes evidence, satisfactory to CUC, of Shipper's title to said gas.
- 6.2 CUC shall be deemed to be in control and possession of the gas to be transported by it upon delivery of such gas by the Transporter to CUC for Shipper's account at Transporter's Delivery Point and until it shall have been delivered to Shipper at the meter at Shipper's Facility; and Shipper shall be deemed to be in control and possession of such gas prior to such delivery to CUC and after such delivery by CUC to Shipper. Each party, while deemed to be in control and possession of such gas, shall be responsible for, and shall indemnify and hold

GAS TRANSPORTATION AGREEMENT

the other harmless from any and all claims, actions, suits, including reasonable attorneys' fees, arising out of or relating in any way to custody and control of such gas.

ARTICLE VII
RATE

- 7.1 During the Initial Term of this Agreement (as defined in Article VIII), CUC shall perform the transportation services provided for in this Agreement in accordance with CUC's approved CTS Transportation Service Rate Schedule at a transportation charge of \$147,000.00 per year (fractional portions of a year in proportion), said amount to be paid by Shipper to CUC within twenty (20) days following the Service Commencement Date, and a like amount to be paid by Shipper to CUC within twenty (20) days following each anniversary of the Service Commencement Date during the term of this Agreement. The transportation charge to be paid to CUC by Shipper during any Secondary Term (as defined in Article VIII) for which the term of this Agreement may be extended shall be \$147,000.00 per year, such amount to be adjusted by the lesser of three percent (3%) per year or the change in the Producer Price Index, from the base year of 1999 through the year in which such Secondary Term commences (fractional portions of a year in proportion), said amount to be paid by Shipper to CUC within twenty (20) days following each anniversary of the Service Commencement Date during any Secondary Term of this Agreement.
- 7.2 CUC and Shipper recognize that (i) the CTS Transportation Service Rate Schedule may change from time to time due to changes in CUC's operations and (ii) that the aforesaid or otherwise applicable rate schedules may be revised, amended or superseded from time to time subject to the approval of the FPSC. CUC and Shipper agree that in any such case, the newly applicable transportation rate schedule or the transportation rate schedule that supersedes any applicable transportation rate schedule or the revised or amended transportation rate schedule, as the case may be, shall apply to this Agreement.
- 7.3 Nothing contained in this Agreement shall prevent CUC from proposing to, and filing with, the FPSC: (i) changes and 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 other provisions applicable to the service provided under 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 CUC 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.
- 7.4 If, during the term of this Agreement, the Federal Government, or any State, municipality or subdivision of such Government, should increase any present tax or levy any additional tax (excluding, in either case, any state or federal income tax), relating to the service provided by CUC under this Agreement, any such additional tax required by law to be paid by CUC

GAS TRANSPORTATION AGREEMENT

shall, in CUC's discretion, insofar as such discretion is provided for under applicable law, be either be separately stated on the total amount of the bill or computed on a cents per therm basis and added to the then effective rate for CUC's services hereunder. If, during the term of this Agreement, the Federal Government, or any State, municipality or subdivision of such Government, should decrease or eliminate any tax (excluding, in either case, any state or federal income tax) relating to the service provided by CUC under this Agreement, the reduction in such tax required to be paid by CUC shall, in CUC's discretion, insofar as such discretion is provided for under applicable law, be either be separately stated as a deduction to the total amount of the bill or computed on a cents per therm basis and subtracted from the then effective rate hereunder.

ARTICLE VIII
TERM

- 8.1 Subject to all other provisions, conditions, and limitations hereof, this Agreement shall be effective upon the date of its execution by both parties. The term of this Agreement shall commence on the Service Commencement Date and shall continue in full force and effect until the beginning of the day commencing on October 1, 2009 (the "Initial Term"). Thereafter, Shipper shall have the unilateral right to extend the term of this Agreement for one or more periods of five (5) years, or such other period as to which CUC may agree (any such period being hereinafter referred to as a "Secondary Term"), by giving CUC written notice of the exercise of such right not less than ninety (90) days prior to the expiration of the Initial Term (or any Secondary Term for which this Agreement has been previously extended).
- 8.2 Notwithstanding the provisions of Section 8.1, the provisions and the parties' performance of this Agreement are subject to the regulatory authority of the FPSC, and appropriate approval by the FPSC of the provisions of this Agreement is a condition precedent to the validity, enforceability and applicability hereof. This Agreement shall have no effect whatsoever until FPSC approval thereof shall have been obtained; provided, however, that CUC shall exercise its best efforts to seek and obtain such approval so that the services contemplated by this Agreement may commence on or before October 1, 1999.

ARTICLE IX
CUC'S TARIFF PROVISIONS

CUC's applicable Rate Schedule provisions and applicable Subsections of the General Rules and Regulations of CUC's Natural Gas Tariff approved with the FPSC, including any amendments thereto approved by the FPSC during the term of this Agreement, are hereby incorporated into this Agreement and made a part hereof for all purposes. In the event of any conflict between said provisions of CUC's FPSC Tariff and specific provisions of this Agreement, the latter shall prevail in the absence of an FPSC order to the contrary.

GAS TRANSPORTATION AGREEMENT

ARTICLE X
DISPUTE RESOLUTION

- 10.1 Except as provided in Section 10.2 below, prior to initiating arbitration to resolve a dispute under this Agreement, the parties agree to submit any and all disputes to pre-arbitration mediation under the Florida Rules for Certified and Court Appointed Mediators and Florida Rules of Civil Procedure 1.700 through 1.730 and 1.750, excluding subsection (b), together with the rules of the American Arbitration Association or the Foundation for Dispute Resolution. Accordingly, the parties agree to strictly follow said rules and abide by any agreement entered into as a result of such mediation. Good faith compliance with this section shall be considered a condition precedent to the right to arbitration under this Agreement. This section shall be deemed to be a material inducement to each party's entering into this Agreement.
- 10.2 Subject to Section 10.1, any dispute relating to or arising under this Agreement shall be decided by arbitration conducted in accordance with the arbitration rules and regulations (latest edition) established by the American Arbitration Association ("AAA"), by a single arbitrator appointed by the parties or, failing agreement as to such appointment within thirty (30) days of a party's proposal of an arbitrator, by an arbitrator appointed by the AAA. The physical location of the arbitration shall be in the State of Florida. The decision of such arbitrator shall be final and binding on the parties, who will pay the cost of the arbitrator as he or she directs.

ARTICLE XI
FORCE MAJEURE

- 11.1 In the event of either party hereto being rendered unable, wholly or in part, by force majeure to carry out its obligations under this Agreement, other than to make payments due hereunder, it is agreed that the obligations of such party, so far as they are affected by such force majeure, shall be suspended during the continuation of any inability so caused but for no longer period; and such cause shall as far as possible be remedied with all reasonable dispatch, provided, however, that no party hereto shall be required against its will to adjust any labor dispute. It is agreed that such party shall give notice and full particulars of such force majeure event in writing, telecopied to the other party as soon as reasonably possible after the occurrence of such event.
- 11.2 The term "force majeure" 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, hurricanes and hurricane warnings, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, the necessity for maintenance of or making repairs or alterations to machinery or lines of pipe, freezing of wells or lines of pipe, partial or entire failure of wells, curtailment, interruption or other unavailability of firm transportation, and any other causes, whether of the kind herein enumerated or otherwise, not

GAS TRANSPORTATION AGREEMENT

within the control of the party claiming suspension and which, in each of the above cases, by the exercise of due diligence such party is unable to prevent or overcome; such terms shall likewise include the inability of either party to acquire, or delays on the part of such party in acquiring at reasonable cost and by the exercise of reasonable diligence, servitudes, rights of way grants, permits, permissions, licenses, materials or supplies which are required to enable such party to fulfill its obligations hereunder.

ARTICLE XII
MISCELLANEOUS PROVISIONS

- 12.1 Notices and other communications. Any notice, request, demand, statement or payment provided for in this Agreement, unless otherwise specified, shall be sent to the parties hereto at the following addresses:

CUC:

Chesapeake Utilities Corporation
Florida Division
P. O. Box 960
Winter Haven, Florida 33882-0960
Attention: Transportation and Exchange
Coordinator
Telephone: (941) 293-1053
Facsimile: (941) 294-3895

Shipper:

Citrosuco North America, Inc.
P. O. Box 3950
Lake Wales, Florida 33859-3950
Attention: Elliott Seabrook
Telephone: (941) 696-7400
Facsimile: (941) 696-1303

- 12.2 Headings. All article headings, section headings and subheadings in this Agreement are inserted only for the convenience of the parties in identification of the provisions hereof and shall not affect any construction or interpretation of this Agreement.
- 12.3 Entire Agreement. This Agreement, the Master Agreement between the parties of even date herewith, and the Pipeline Lease Agreement between the parties of even date herewith, including the exhibit attached hereto, set forth the full and complete understanding of the parties as of the date of their execution by both parties, and supersede any and all prior negotiations, agreements and understandings with respect to the subject matter hereof and thereof. No party shall be bound by any other obligations, conditions or representations with respect to such subject matter.
- 12.4 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. 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 12.1 shall not be deemed nor require an amendment of this Agreement provided such change is communicated in accordance with section 12.1 of this Agreement. Further, the parties expressly acknowledge that the limitations on amendments to this Agreement set forth in this section shall not apply to or otherwise limit the effectiveness of amendments which are

GAS TRANSPORTATION AGREEMENT

necessary to comply with the requirements of, or are otherwise approved by, the FPSC or its successor agency or authority.

- 12.5 Severability. If any provision of this Agreement becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement shall continue in full force and effect without said provision.
- 12.6 Waiver. No waiver of any of the provisions of this Agreement shall be deemed to be, nor shall it constitute, a waiver of any other provision whether similar or not. No single waiver shall constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.
- 12.7 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.
- 12.8 Independent Parties. CUC and Shipper shall perform hereunder as independent parties and neither CUC or Shipper is in any way or for any purpose, by virtue of this Agreement or otherwise, a partner, joint venturer, 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.
- 12.9 Assignment and Transfer. No assignment of this Agreement by either party may be made without the prior written approval of the other party (which 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.
- 12.10 Governmental Authorizations: Compliance with Law. This Agreement shall be subject to all valid applicable state, local and federal laws, orders, directives, rules and regulations of any governmental body, agency or official having jurisdiction over this Agreement and the transportation of gas hereunder. CUC and Shipper shall comply at all times with all applicable federal, state, municipal, and other laws, ordinances and regulations. CUC and/or Shipper will furnish any information or execute any documents required by any duly constituted federal or state regulatory authority in connection with the performance of this Agreement. Each party will proceed with diligence to file any necessary applications with any governmental authorities for any authorizations necessary to carry out its obligations under this Agreement. In the event this Agreement or any provisions herein shall be found contrary to or in conflict with any such law, order, directive, rule or regulation, the latter shall be deemed to control, but nothing in this Agreement shall prevent either party from contesting

GAS TRANSPORTATION AGREEMENT

the validity of any such law, order, directive, rule or regulation, nor shall anything in this Agreement be construed to require either party to waive its respective rights to assert the lack of jurisdiction of any governmental agency other than the FPSC over this Agreement or any part thereof. In the event of any such contest, and unless otherwise prohibited from doing so under this Section 12.10, CUC shall continue to transport and Shipper shall continue to take gas pursuant to the terms of this Agreement. In the event any law, order, directive, rule or regulation shall prevent either party from performing hereunder, then neither party shall have any obligation to the other during the period that performance is precluded.

- 12.11 Law Governing Agreement; Venue. This Agreement and any dispute arising hereunder shall be governed by and interpreted in accordance with the laws of the State of Florida. The venue for any action, at law or in equity, commenced by either party against the other and arising out of or in connection with this Agreement shall be in a court of the State of Florida having jurisdiction.
- 12.12 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.

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GAS TRANSPORTATION AGREEMENT

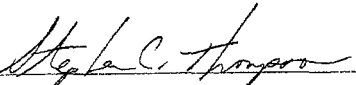
IN WITNESS WHEREOF, the parties have executed this Agreement on the dates stated below.


CUC:

SHIPPER:

CHESAPEAKE UTILITIES CORPORATION

CITROSUCO NORTH AMERICA, INC.

By: 

By: 

Name: Stephen C. Thompson

Name: J. ELLIOTT SEABROOK

Title: Vice President

Title: PRESIDENT

Date: March 8, 1999

Date: March 8, 1999

GAS TRANSPORTATION AGREEMENT

EXHIBIT A
TO
CTS GAS TRANSPORTATION SERVICE AGREEMENT
BETWEEN
CHESAPEAKE UTILITIES CORPORATION
AND
CITROSUCO NORTH AMERICA, INC.

Transporter's Delivery Point

Gas to be delivered to Shipper's Facility shall be received by CUC at the interconnect between Florida Gas Transmission Company ("FGT") and CUC known as FGT's DRN 3197:

<u>Period</u>	<u>MDTQ (MMBtu)</u>
January	6,500
February	6,500
March	6,500
April	6,500
May	6,500
June	6,500
July	2,000
August	2,000
September	2,000
October	6,500
November	6,500
December	6,500

CUC:

CHESAPEAKE UTILITIES CORPORATION

By: Stephen C. Thompson

Name: Stephen C. Thompson

Title: Vice President

Date: March 8, 1999

SHIPPER:

CITROSUCO NORTH AMERICA, INC.

By: J. Elliott Seabrook

Name: J. ELLIOTT SEABROOK

Title: PRESIDENT

Date: March 8, 1999

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

Effective:

SPECIAL CONTRACT

MADE AND ENTERED INTO BETWEEN

**CHESAPEAKE UTILITIES CORPORATION
D/B/A CENTRAL FLORIDA GAS COMPANY**

AND

**THE MINUTE MAID COMPANY,
A DIVISION OF
THE COCA-COLA COMPANY**

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

Effective:

SPECIAL CONTRACT

THIS AGREEMENT is entered into by and between Chesapeake Utilities Corporation, a Delaware corporation, doing business as Central Florida Gas Company, (the "Company") and, The Minute Maid Company, A Division of The Coca-Cola Company, a Delaware corporation (the "Shipper").

WITNESSETH:

WHEREAS, Company operates facilities for the distribution of natural gas in the State of Florida; and

WHEREAS, Shipper has requested that Company receive from Transporters certain quantities of Gas for Shipper's account, transport such quantities on Company's distribution system, and deliver same to Shipper's facilities located on Derby Ave. in the City of Auburndale, Florida ("Shipper's Facility") and Company agrees to provide such service in accordance with the terms hereof;

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, 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 "Btu" means the amount of heat required to raise the temperature of one pound of water from 59 degrees Fahrenheit to 60 degrees Fahrenheit at a constant pressure of 14.73 p.s.i.a.
- 1.2 "Day" means a period of 24 consecutive hours beginning and ending at 9:00 a.m. Central Clock Time ("CCT"); provided that, in the event of a change in the definition of the corresponding term in the tariff of Transporter(s) on file with the Federal Energy Regulatory Commission ("FERC"), 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(s).
- 1.3 "Dekatherm" or "Dt" means 1,000,000 Btu's or ten (10) Therms.
- 1.4 "Delivery Point" means the point at the connection of the facilities of an upstream party and a downstream party's facility at which the Gas leaves the outlet side of the measuring equipment of the upstream party and enters the downstream party's facility.

- 1.5 "Distribution Facilities" means Company-owned facilities starting from the interconnection with a Transporter's pipeline and ending with the outlet side of the measuring equipment of Company's facilities.
- 1.6 "Gas" means natural gas which is in conformance with the quality specifications of the Transporter.
- 1.7 "Maximum Daily Transportation Quantity" or "MDTQ" means the largest quantity of Gas, expressed in Dt's, that Company is obligated to transport and make available for delivery to Shipper under this Agreement.
- 1.8 "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 the tariff of Transporter(s) on file with the FERC, 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(s).
- 1.9 "P.O.I." means Point of Interest, that is, the point at which control and possession of Gas passes from a Transporter to Company.
- 1.10 "p.s.i.a." means pounds per square inch absolute.
- 1.11 "p.s.i.g." means pounds per square inch gauge.
- 1.12 "Receipt Point" means the point at which Gas is received by a Transporter into Transporter's system from an upstream service or facility.
- 1.13 "Therm" means a unit of heat equal to 100,000 Btu's.
- 1.14 "Transporter" means any third party pipeline or pipelines utilized to effect delivery of Gas to the Shipper's Facility.

ARTICLE II
POINTS OF DELIVERY

- 2.1 Shipper shall cause the Transporter to deliver to Company at the Delivery Point on the Transporter's system, (which specified Delivery Point is hereinafter referred to as "Transporter's Delivery Point"), the quantities of Gas to be transported by Company hereunder. Company shall have no responsibility for transportation of Shipper's Gas prior to receipt of such Gas from the Transporter at Transporter's Delivery Point. Company shall deliver such quantities of Gas received from the Transporter at Transporter's Delivery Point for Shipper's account to Company's Delivery Point at the Shipper's Facility.

ARTICLE III
QUANTITIES

- 3.1 Subject to the terms and conditions of this Agreement, Company agrees to receive from the Transporter, at Transporter's Delivery Point, on a daily basis, a quantity of Gas up to Shipper's MDTQ, and Company agrees to transport and deliver equivalent quantities to Shipper at Company's Delivery Point located at the Shipper's Facility. Shipper's MDTQ under this Agreement shall be the quantity of Gas per day as shown in Exhibit A to this Agreement, which is incorporated herein by reference and made a part hereof.

ARTICLE IV
SCHEDULING AND BALANCING

- 4.1 Shipper shall be responsible for nominating quantities of Gas to be delivered by the Transporter to Transporter's Delivery Point and delivered by Company to the Shipper's Facility. Shipper shall promptly provide notice to Company of all such nominations. Such notices shall be provided to Company by facsimile transmission or by other electronic means. Imbalances between quantities (i) scheduled for delivery by the Transporter to Transporter's Delivery Point to be delivered by Company to the Shipper's Facility, and (ii) actually delivered by the Transporter and Company hereunder, shall be resolved in accordance with the applicable provisions of Company's Florida Public Service Commission ("FPSC") Natural Gas Tariff, as such provisions may be amended from time to time, subject to approval by the FPSC.
- 4.2 The parties hereto recognize the desirability of maintaining a uniform rate of flow of Gas to the Shipper's Facility over each 24-hour period and each Day throughout each Month. Therefore, Company agrees to receive from the Transporter for Shipper's account at Transporter's Delivery Point and deliver to Company's Delivery Point up to the MDTQ as described in Exhibit A attached hereto, subject to any restrictions imposed by the Transporter and/or pursuant to the provisions of Articles V and IX of this Agreement, and Shipper agrees to use reasonable efforts to regulate its deliveries from the Distribution Facilities at a daily rate of flow not to exceed the applicable nomination in place, subject to any additional restrictions imposed by the Transporter or by Company pursuant to Articles V and VI of this Agreement.

ARTICLE V
CURTAILMENT

- 5.1 This Agreement in all aspects shall be and remain subject to the applicable provisions of Company's Curtailment Plan, as filed with the FPSC (and as such Curtailment Plan may be amended from time to time), which is made a part hereof by this reference. For purposes of the Curtailment Plan only, Shipper shall be deemed to be in the same priority class as the TS-9 Classification customers

ARTICLE VI
TITLE, CONTROL AND INDEMNIFICATION

- 6.1 Shipper warrants that it will have good and merchantable title to all Gas delivered by the Transporter to Company for Shipper's account at Transporter's Delivery Point, and that such Gas will be free and clear of all liens, encumbrances, and claims whatsoever. In the event any adverse claim in respect to said Gas is asserted, or Shipper breaches its warranty herein, Company shall not be required to perform its obligations to transport and deliver said Gas to Shipper's Facility, subject to receipt of any necessary regulatory authorization, to continue service hereunder for Shipper until such claim has been finally determined; provided, however, that Shipper may receive service if (i) in the case of an adverse claim, Shipper furnishes a bond to Company, conditioned for the protection of Company with respect to such claim; or (ii) in the case of a breach of warranty, Shipper promptly furnishes evidence, satisfactory to Company, of Shipper's title to said Gas.
- 6.2 Shipper shall be deemed to be in control and possession of the Gas prior to delivery to Transporter's Delivery Point; and Company shall be deemed to be in control and possession of the Gas to be transported by it upon delivery of such Gas by Transporter to Transporter's Delivery Point, and until it shall have been delivered to Company's Delivery Points. Each party, while deemed to be in control and possession of such Gas, shall be responsible for, and shall indemnify and hold the other harmless from any and all claims, actions, suits, including attorney's fees, arising out of or relating in any way to custody and control of such Gas.
- 6.3 (a) For value received and to induce Company to enter into this Agreement, Shipper agrees to protect, defend (at Shipper's expense and by counsel satisfactory to Company), indemnify, and save and hold harmless Company, 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 at any time arising and any final judgments, compromises, settlements, and court costs and attorneys' fees, whether foreseen or unforeseen (including all such expenses, court costs, and attorneys' fees in the enforcement of Company's rights hereunder), incurred by Company 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/or incorporated by reference herein, specifically including but not limited to:
 - a. any Transporter penalties or other expenses or liabilities for unauthorized overrun Gas, for monthly imbalances, for failure to comply with its

FERC Tariff, or for failure to comply with a curtailment notice or to take deliveries as scheduled, pursuant to Sections 3.1 and 4.1 of this Agreement; and
b. any breach by Shipper of warranty of title to Gas and related obligations, pursuant to Sections 6.1 and 6.2 of this Agreement;

2. any claim by a creditor of Shipper as a result of any transaction pursuant to or contemplated by this Agreement; and
3. any claim against Company relating to any obligation or liability of Shipper, or its affiliates, or any of them of any kind or nature.

In the event that any claim or demand for which Shipper would be liable to Company hereunder is asserted against or sought to be collected from Company by a third party, Company 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 Company:

1. whether or not it disputes its liability to Company hereunder with respect to such claim or demand; and,
2. whether or not it desires, at its sole cost and expense, to defend Company against such claim or demand.

In the event that Shipper notifies Company within the Notice Period that it desires to defend Company against such claim or demand and except as hereinafter provided, Shipper shall have the right to defend Company 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 Company becoming subject to any liability for such claim or demand or for any other matter. If Company 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 Company against such claim or demand, whether by not giving Company 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 Company (Company 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.

(b) For value received and to induce Shipper to enter into this Agreement, Company agrees to protect, defend (at Company'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 at any time arising and any final judgments, compromises, settlements, and court costs and attorneys' fees, whether foreseen or unforeseen (including all such expenses, court costs, and attorneys' 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 Company contained in this Agreement or in any Exhibit, Schedule, or other document attached hereto and/or incorporated by reference herein, specifically including but not limited to:
 - a. any breach by Company of warranty of title to Gas and related obligations, pursuant to Sections 6.1 and 6.2 of this Agreement;
2. any claim by a creditor of Company 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 Company, or its affiliates, or any of them of any kind or nature.

In the event that any claim or demand for which Company would be liable to Shipper hereunder is asserted against or sought to be collected from Shipper by a third party, Shipper shall promptly notify Company 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). Company 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 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 Company notifies Shipper within the Notice Period that it desires to defend Shipper against such claim or demand and except as hereinafter provided, Company shall have the right to defend Shipper by appropriate proceedings, which proceedings shall be promptly settled or prosecuted by Company 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 Company 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 Company 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 Company and subject to indemnification as provided hereinabove.

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

ARTICLE VII
RATE

- 7.1 The rate to be charged each month for transportation service provided by Company shall be as set forth in Exhibit A to this Agreement, which is incorporated herein by reference and made a part hereof. The rate, as set forth in Exhibit A, has been negotiated between the parties and includes only the Company's transportation rate under this Agreement and does not include any charges for transportation service by any Transporter of Shipper's Gas prior to delivery to Company at the Transporter's Delivery Point. The rate provided in Exhibit A is subject to the continuing jurisdiction of the FPSC and may be adjusted during the term of this Agreement, as provided herein. If, during the term of this Agreement, the rate set forth in Exhibit A becomes higher than the otherwise applicable tariff rate that Shipper would qualify for, then Shipper may elect to terminate this Agreement, with thirty (30) days written notice to Company, and revert to this otherwise applicable tariff rate on the first day of the month subsequent the end of said notice period.
- 7.2 If, during the term of this Agreement, the Federal Government, or any State, municipality or subdivision of such Government, should increase any present tax or levy any additional tax, relating to the service provided by Company under this Agreement, any such additional tax required by law to be paid by Company shall, in Company's discretion, insofar as such discretion is provided for under applicable law, be separately stated on the bill. If, during the term of this Agreement, the Federal Government, or any State, municipality or subdivision of such Government, should decrease or eliminate any tax relating to the service provided by Company under this Agreement, the reduction in such tax required to be paid by Company shall, in Company's discretion, insofar as such discretion is provided for under applicable law, be separately stated as a deduction to the total amount of the bill.

ARTICLE VIII
TERM AND TERMINATION

- 8.1 Subject to all other provisions, conditions, and limitations hereof, this Agreement shall be effective upon its date of execution by both parties and shall continue in full force and effect for an initial period of fifteen (15) years from the first day of the Month subsequent to the date that Company begins delivery of Gas to Shipper, and shall thereafter be extended for an additional period of five years; unless either party gives written notice of termination to the other party, not less

than ninety (90) days prior to the expiration of the initial or any subsequent term. This Agreement may only be terminated earlier in accordance with the provisions of this Agreement and the parties' respective rights under applicable law.

ARTICLE IX
DEFAULT

- 9.1 The following shall constitute an event of default:
- (a) Shipper or Company fails to satisfy in full the terms and conditions of this Agreement.
 - (b) Shipper or Company voluntarily suspends the transaction of business where there is an attachment, execution or other judicial seizure of any portion of their respective assets;
 - (c) Shipper or Company becomes insolvent or unable to pay its debts as they mature or makes an assignment for the benefit of creditors;
 - (d) Shipper or Company files, or there is filed against it, a petition to have it adjudged bankrupt or for an arrangement under any law relating to bankruptcy; or
 - (e) Shipper or Company 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.
- 9.2 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 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").
- 9.3 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) any remedy specifically provided for in this Agreement;
 - (b) terminate the Agreement by written notice to the defaulting party; and/or,
 - (c) any remedy existing at law or in equity.

ARTICLE X
COMPANY'S TARIFF PROVISIONS

- 10.1 The following sections of the Company's Natural Gas Tariff approved by the FPSC, including any amendments thereto approved by the FPSC during the term of this Agreement, are hereby incorporated into this Agreement and made a part hereof for all purposes: Classification of Customers; Service Options; Rate Schedules MCF, and Billing Adjustments - BA; and General Terms and

Conditions – Sections 1, 2, 3, 4, 5, 6, 8, 9, 10, 11, and 17. In the event of any conflict between said provisions of Company's FPSC Tariff and specific provisions of this Agreement, the latter shall prevail, in the absence of an FPSC Order to the contrary.

ARTICLE XI
SAFE DESIGN AND OPERATION

- 11.1 Company shall maintain, at no cost to Shipper for the term of this Agreement, the Distribution Facilities in accordance with the Federal Department of Transportation ("FDOT") Regulations, Section 191 and 192 and Chapter 25-12, Florida Administrative Code ("F.A.C."), as such rules and regulations may be amended from time to time, regarding the design, installation, operation and maintenance of natural gas systems.
- 11.2 It shall be the responsibility of Shipper to maintain all Shipper-owned equipment, starting from the outlet side of the measurement equipment at the Company's Delivery Point. The Company agrees to perform (at no charge) for Shipper, for the entire primary term of the Agreement, an annual leak survey, that complies with the above-mentioned regulations, of the underground Shipper-owned facilities from the outlet side of the Company's measurement equipment to the exterior wall of the Shipper's Facility.

ARTICLE XII
MISCELLANEOUS PROVISIONS

- 12.1 Notices and other communications. Any notice, request, demand, statement or payment provided for in this Agreement, unless otherwise specified, shall be sent to the parties hereto at the following addresses:

Shipper: The Minute Maid Company,
A Division of The Coca-Cola Company
2000 St. James Place
Houston, Texas 77056-4198

Attention: James Homco
Phone: 713/888-5119
Facsimile: 713/888-5700

With a copy to: General Counsel
The Minute Maid Company,
A Division of The Coca-Cola Company
2000 St. James Place
Houston, Texas 77056-4198
713/888-5773 - Facsimile

Company: Central Florida Gas Company
P. O. Box 960
Winter Haven, Florida 33882-0960

Attention: Accounting & Rates Manager
Phone: (863) 293- 2125 Ext. 2913
Facsimile: (863) 294-3895

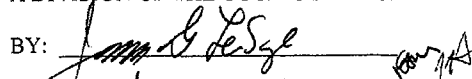
- 12.2 Headings. All article headings, section headings and subheadings in this Agreement are inserted only for the convenience of the parties in identification of the provisions hereof and shall not affect any construction or interpretation of this Agreement.
- 12.3 Entire Agreement. This Agreement, 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.
- 12.4 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. 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 11.1 shall not be deemed nor require an amendment of this Agreement provided such change is communicated in accordance with Section 11.1 of this Agreement. Further, the parties expressly acknowledge that the limitations on amendments to this Agreement set forth in this section shall not apply to or otherwise limit the effectiveness of amendments which are necessary to comply with the requirements of, or are otherwise approved by, the FPSC or its successor agency or authority.
- 12.5 Severability. If any provision of this Agreement becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement shall continue in full force and effect without said provision; provided, however, that if such severability materially changes the economic benefits of this Agreement to either party, the parties shall negotiate an equitable adjustment in the provisions of this Agreement in good faith.
- 12.6 Waiver. No waiver of any of the provisions of this Agreement shall be deemed to be, nor shall it constitute, a waiver of any other provision whether similar or not. No single waiver shall constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.
- 12.7 Attorneys' Fees and Costs. In the event of any litigation between the parties arising out of or relating to this Agreement, the prevailing party shall be entitled to recover all costs incurred and reasonable attorneys' fees, including attorneys' fees in all investigations, trials, bankruptcies and appeals.

- 12.8 Independent Parties. Company and Shipper shall perform hereunder as independent parties and neither Company or Shipper is in any way or for any purpose, by virtue of this Agreement or otherwise, a partner, joint venturer, 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.
- 12.9 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.
- 12.10 Governmental Authorizations: Compliance with Law. This Agreement shall be subject to all valid applicable state, local and federal laws, orders, directives, rules and regulations of any governmental body, agency or official having jurisdiction over this Agreement and the transportation of Gas hereunder. Company and Shipper shall comply at all times with all applicable federal, state, municipal, and other laws, ordinances and regulations. Company and/or Shipper will furnish any information or execute any documents required by any duly constituted federal or state regulatory authority in connection with the performance of this Agreement. Each party shall proceed with diligence to file any necessary applications with any governmental authorities for any authorizations necessary to carry out its obligations under this Agreement. In addition to the foregoing, Company shall file within ten (10) business days an appropriate petition with the FPSC seeking approval of the Special Contract. In the event this Agreement or any provisions herein shall be found contrary to or in conflict with any such law, order, directive, rule or regulation, the latter shall be deemed to control, but nothing in this Agreement shall prevent either party from contesting the validity of any such law, order, directive, rule, or regulation, nor shall anything in this Agreement be construed to require either party to waive its respective rights to assert the lack of jurisdiction of any governmental agency other than the FPSC over this Agreement or any part thereof. In the event of such contestation, and unless otherwise prohibited from doing so under this Section 12.10, Company shall continue to transport and Shipper shall continue to take Gas pursuant to the terms of this Agreement. In the event any law, order, directive, rule, or regulation shall prevent either party from performing hereunder, then neither party shall have any obligation to the other during the period that performance is precluded.
- 12.11 Applicable Law and Venue. This Agreement and any dispute arising hereunder shall be governed by and interpreted in accordance with the laws of the State of Florida. Unless otherwise agreed in writing by the parties, venue for any legal action hereunder shall be in Polk County, Florida.

12.12 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 executed this Agreement, in multiple originals, effective as of the date of execution by both parties.

THE MINUTE MAID COMPANY,
A DIVISION OF THE COCA-COLA COMPANY

BY: 
NAME: James G. Le Sage
TITLE: Sr VP Operations
DATE: 10/1/02

CHESAPEAKE UTILITIES CORPORATION
D/B/A CENTRAL FLORIDA GAS COMPANY

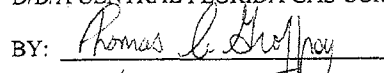
BY: 
NAME: Thomas A. Geoffrey
TITLE: Asst VP
DATE: 11-7-02

EXHIBIT A
TO
SPECIAL CONTRACT
BETWEEN
CHESAPEAKE UTILITIES CORPORATION
D/B/A CENTRAL FLORIDA GAS COMPANY
AND
THE MINUTE MAID COMPANY,
A DIVISION OF
THE COCA-COLA COMPANY

Transporter's Delivery Points: D.R.N. No. _____

MDTQ (Jan. through Dec.): 750 Dt/Day

Company's Delivery Points: The outlet side of the measuring equipment of the Distribution Facilities at the Shipper's Facility.

Transportation Rate: \$0.20 per Dt

Term: Fifteen (15) years.

Delivery Pressure: 10 p.s.i.g.

Distribution Facilities: Company will install all required equipment and materials, including electronic metering equipment, in accordance with FDOT Regulations, Section 191 and 192 and Chapter 25-12, F.A.C., as such rules and regulations may be amended from time to time, to enable Gas usage at the Shipper's Facility.

IN WITNESS WHEREOF, the parties have executed this Exhibit A on the dates stated below.

THE MINUTE MAID COMPANY,
A DIVISION OF THE COCA-COLA COMPANY

BY: *James G. LeSage* *(initials)*
NAME: James G. LeSage
TITLE: Sr VP Operations
DATE: 11/1/02

CHESAPEAKE UTILITIES CORPORATION
D/B/A CENTRAL FLORIDA GAS COMPANY

BY: *Thomas A. Geoffrey*
NAME: Thomas A. Geoffrey
TITLE: Asst VP
DATE: 11-7-02

GAS TRANSPORTATION AGREEMENT

THIS AGREEMENT, entered into this 12th day of July, 1994; between CENTRAL FLORIDA GAS COMPANY, a Division of Chesapeake Utilities Corporation, a Delaware corporation, ("Transporter"), and ORANGE COGENERATION LIMITED PARTNERSHIP, a Delaware limited partnership, ("Shipper"). Transporter and Shipper shall be referred to collectively as the "Parties".

WITNESSETH:

WHEREAS, Transporter operates facilities for the distribution of natural gas in the State of Florida; and

WHEREAS, Shipper has requested that Transporter receive certain quantities of gas for Shipper's account from Florida Gas Transmission Company ("FGT") as provided herein, transport such quantities on Transporter's distribution system and redeliver same to Shipper's Cogeneration Facility to be located at Bartow, Florida, and Transporter agrees to provide such service in accordance with the terms hereof;

NOW, THEREFORE, in consideration of the premises and mutual covenants and agreements set forth herein, the Parties agree as follows:

I. POINTS OF DELIVERY AND REDELIVERY

1.1 Shipper shall cause FGT to deliver to Transporter at the Bartow-B, delivery point on FGT's system (hereinafter referred to as "the Delivery Point"), the quantities of gas to be transported by Transporter hereunder. Transporter shall have no responsibility for transportation of Shipper's gas prior to receipt of such gas from FGT at the Delivery Point. Transporter shall redeliver such quantities to Shipper's Cogeneration Facility to be located at

the Orange Co. processing plant on Highway 17 South in Bartow, Florida, (hereinafter referred to as the "Redelivery Point" or "Shipper's Cogeneration Facility").

1.2 In order to provide service under this Agreement it will be necessary for Transporter to incur additional facilities costs to allow gas flows of up to 1,236 dekatherms ("dt") per hour or 29,664 dt per day from the Delivery Point to the Redelivery Point. Transporter shall not incur such costs or commence construction of such facilities until Shipper shall have executed this Agreement, which shall constitute notice to commence construction. Upon execution of this Agreement by Shipper, Transporter shall commence construction of such additional facilities as are required on its system in a diligent and workmanlike manner with the intent of completing the construction by November 30, 1994, and Transporter shall notify Shipper upon completion of the facilities. If, however, after proceeding with due diligence, Transporter is unable to complete construction, by November 30, 1994, of facilities necessary to provide full service under this Agreement, Transporter shall continue to proceed with due diligence to complete construction of such facilities at the earliest practicable date thereafter. Transporter shall not be liable, nor shall this Agreement be subject to cancellation if, despite its exercise of due diligence, Transporter is unable to complete the construction of the required facilities by November 30, 1994.

II. QUANTITIES

2.1 Subject to the terms and conditions of this Agreement, Transporter agrees to receive from FGT daily at the Delivery Point a quantity of gas up to Shipper's Maximum Daily Quantity ("MDQ"), and Transporter agrees to transport and redeliver equivalent quantities to Shipper at the Redelivery Point. Shipper's MDQ under this Agreement shall be

29,664 dt of gas per day.

2.2 Shipper shall have a minimum annual transportation quantity obligation under this Agreement of three million (3,000,000) dt during each twelve-month period, the first such period commencing on the in-service date of Shipper's Cogeneration Facility. Should Shipper deliver, or cause to be delivered, to Transporter for redelivery under this Agreement less than the minimum annual quantity during any such twelve-month period, Shipper shall pay Transporter a Deficiency charge calculated as follows:

$$\text{Deficiency Charge} = \begin{array}{l} \text{(Minimum Annual Transportation} \\ \text{Quantity minus the Actual} \\ \text{Transportation Quantity) multiplied} \\ \text{by the rate per dt specified in Section} \\ \text{6.1 of this Agreement.} \end{array}$$

Any Deficiency Charge due from Shipper will be calculated at the end of each such twelve-month period and included in Shipper's next monthly bill.

III. SCHEDULING AND BALANCING

3.1 Shipper shall be responsible for nominating and scheduling of quantities to be delivered by FGT at the Delivery Point and redelivered by Transporter to Shipper's Cogeneration Facility. Imbalances between quantities (i) scheduled for delivery by FGT to Transporter and/or redelivery by Transporter to Shipper's Cogeneration Facility, and (ii) actually delivered and/or re-delivered hereunder, shall be resolved in accordance with the applicable provisions of Transporter's Natural Gas Tariff filed with the Florida Public Service Commission ("FPSC").

3.2 The Parties hereto recognize the desirability of maintaining a uniform rate of flow of gas to Shipper's Cogeneration Facility over each 24-hour period and each day

throughout each month. Therefore, Transporter agrees to receive from FGT for Shipper's account at the Delivery Point and redeliver to Shipper's Cogeneration Facility up to 1,236 dt per hour, subject to any restrictions imposed by FGT and to the provisions of Articles IV and IX of this Agreement, and Shipper agrees to use commercially reasonable efforts to regulate its takes from Transporter's gas distribution system at a daily rate of flow not to exceed 1,236 dt per hour, subject to any additional restrictions imposed by FGT or by Transporter pursuant to Articles IV and IX of this Agreement.

IV. CURTAILMENT

4.1 Pursuant to the General Rules and Regulations of Transporter's Natural Gas Tariff, it may be necessary, to curtail deliveries to Shipper under this Agreement, and Transporter shall not be liable for any loss or damage that may be sustained by Shipper by reason of such curtailment of service under this Agreement.

4.2 Whenever curtailment of service under this Agreement is required, Transporter shall issue a curtailment order to Shipper specifying the quantity to be curtailed and the time at which such curtailment is to be made. Transporter shall provide notice of curtailment to Shipper as soon as practicable. When curtailment is required solely in order to perform routine or scheduled maintenance on Transporter's system, and not as a result of a force majeure event, as defined in Section 9 of the General Rules and Regulations of Transporter's Natural Gas Tariff, or as a result of a curtailment action taken by FGT for any reason, Transporter shall use commercially reasonable efforts to provide notice of such curtailment to Shipper forty-eight (48) hours before the curtailment order is to be effective. When

restoration of service is permissible, Transporter shall similarly issue a restoration order specifying the quantity of gas to be restored and the time at which such restoration is to be made.

4.3 Shipper shall provide Transporter with the names, addresses, and telephone numbers for those individuals who will be Shipper's designated contact persons during the occurrence of curtailment. The curtailment and restoration orders shall be issued by telephone and followed with written orders by telefax within one (1) business day after the telephonic notification.

V. TITLE, CONTROL AND INDEMNIFICATION

5.1 Shipper warrants that it will have good and merchantable title to all gas delivered by FGT to Transporter for Shipper's account at the Delivery Point. Shipper will indemnify Transporter and save it harmless from all suits, actions, debts, accounts, damages, costs including reasonable attorney's fees, losses, and expenses arising out of the adverse claim of any person or persons to said gas for any taxes, licenses, fees or charges which are applicable prior to the time of delivery of said gas to Transporter or after redelivery by Transporter to Shipper. Similarly, Transporter will indemnify Shipper and save it harmless from all suits, actions, debts, accounts, damages, costs including reasonable attorney's fees, losses, and expenses arising out of the adverse claim of any person or persons to said gas for any taxes, licenses, fees or charges which are applicable while said gas is in Transporter's possession and control prior to the time of redelivery of said gas to Shipper. In the event any adverse claim in respect to said gas is asserted, or Shipper breaches its warranty herein, Transporter shall not be required to perform or, subject to receipt of any necessary regulatory authorization, to

continue service hereunder for Shipper until such claim has been finally determined; provided, however, Shipper may receive service if (i) in the case of an adverse claim, Shipper furnishes a bond to Transporter, in the amount of such claim and with sureties satisfactory to Transporter, conditioned for the protection of Transporter with respect to such claim; or (ii) in the case of a breach of warranty, Shipper furnishes satisfactory evidence of its title to Transporter.

5.2 Transporter shall be deemed to be in control and possession of the gas to be transported by it upon delivery of such gas by FGT to Transporter for Shipper's account at the Delivery Point and until it shall have been redelivered to Shipper at the Redelivery Point; Shipper shall be deemed to be in control and possession of such gas prior to such delivery to Transporter and after such redelivery to Shipper. Each party, while deemed to be in control and possession of such gas, shall be responsible for, and will indemnify and hold the other harmless from, any and all claims, actions, suits, including attorney's fees, arising out of or relating in any way to custody and control of such gas.

VI. RATE

6.1 The rate to be charged for each dt of gas received, transported and redelivered hereunder by Transporter shall be one and one-half cents (\$0.015). This is a negotiated rate under Transporter's Large Volume Contract Transportation Service (LVCTS) Rate Schedule, as filed with the FPSC and as such Rate Schedule may be amended from time to time, except that the rate provided in this Section 6.1 includes only Transporter's Delivery charge per dt of gas transported and redelivered under this Agreement and does not include any charges for firm transportation service by FGT or any other upstream pipeline transporter transporting

Shipper's gas prior to delivery to Transporter at the Delivery Point. The rate provided herein is subject to the continuing jurisdiction of the FPSC and may be adjusted during the term of this Agreement, as provided herein and in Transporter's LVCTS Rate Schedule, the terms of which, as they may be amended from time to time subject to the approval of the FPSC, are incorporated herein by reference. The transportation service under this Agreement is subject to Florida Gross Receipts Tax (currently equal to 2.5%) and a Regulatory Assessment Fee (currently equal to 3/8 of 1%). The Regulatory Assessment Fee and 1.5% of the Gross Receipts Tax are included in the \$0.015 transportation rate. The remaining portion (1%) of the current Gross Receipts Tax shall be added to Shipper's monthly invoice.

6.2 If, during the term of this Agreement, the Federal Government, or any State, municipality or subdivision of such Government, should increase any present tax or levy any additional tax, relating to the service provided by Transporter under this Agreement, any such additional tax actually paid by Transporter shall be computed on a cents per dt basis and added to the then effective rate hereunder. If, during the term of this Agreement, the Federal Government or any State, municipality or subdivision of such Government, should decrease or eliminate any tax paid by Transporter relating to the service provided by Transporter under this Agreement, the reduction in such tax shall be computed on a cents per dt basis and subtracted from the then effective rate hereunder.

6.3 To provide assurance of reimbursement by Shipper to Transporter of the costs of constructing facilities needed to provide service under this Agreement, Shipper shall provide Transporter, on or before the date of execution of this Agreement, and maintain in force an irrevocable letter of credit from a lending institution acceptable to Transporter and on terms

and conditions acceptable to Transporter. Such letter of credit shall be in the amount of \$624,455.00, which amount may from time to time be reduced, upon Shipper's request to reflect amounts paid by Shipper to Transporter under this Agreement. Shipper shall prepay to Transporter the full amount of such letter of credit (\$624,455.00) on the earlier of (a) the in-service date of Shipper's Cogeneration Facility, or (b) the date on which Shipper completes the Financial Closing for Shipper's Cogeneration Facility. The term "Financial Closing" shall mean the date on which all of the lenders' conditions to advance project loans and/or credit facilities for the construction of Shipper's Cogeneration Facility are satisfied on an unrestricted basis. Upon payment of such amount to Transporter, the letter of credit may be terminated. In the event that this Agreement is terminated for any reason after Transporter has incurred costs to construct facilities needed to provide service hereunder and before Shipper has reimbursed Transporter for such costs, Shipper shall pay Transporter, within fifteen (15) days after such termination becomes effective, the entire amount of such unreimbursed facilities construction costs incurred by Transporter to provide service hereunder. In the event that such payment is not made in full within such period, Transporter may draw under any outstanding letter of credit provided by Shipper hereunder the entire amount of such unreimbursed facilities construction costs.

VII. TERM

7.1 Subject to all other provisions, conditions, and limitations hereof, this Agreement shall be effective on the date first above written ("Effective Date"), and shall continue in full force and effect through December 31, 2015. Thereafter, the Agreement shall

be extended on a year-to-year basis unless terminated by either party, with at least twelve (12) months written notice to the other party prior to the termination date.

7.2 Notwithstanding the provisions of Section 7.1 above, should Shipper's Cogeneration Facility not achieve commercial in-service status by January 1, 1996, either Party shall have the right to terminate this Agreement by giving written notice to the other Party, and such termination shall be effective thirty (30) days after delivery of such notice. As provided in Section 6.3 above and Section 11.7 below, termination of this Agreement for any reason, including those set forth in this Section 7.2 and Section 11.5, shall not relieve Shipper of its reimbursement obligations under Section 6.3 of this Agreement.

VIII. PRESSURE

8.1 Pursuant to Section 1.2, Transporter agreed to construct certain facilities to increase the delivery capability of its distribution system by 1236 dt per hour. Transporter shall use commercially reasonable efforts to deliver the gas to Shipper's Cogeneration Facility at a pressure of no less than 550 psig. However, Shipper understands that Transporter's ability to deliver gas to Shipper's Facility at such pressure is dependent on Transporter's receipt of gas from FGT at a pressure of no less than 650 psig. Shipper acknowledges that FGT's FERC tariff does not guarantee delivery pressure in excess of 250 psig. Transporter shall not be required to install any facilities (pipeline, compression or other) to guarantee any specific delivery pressure at Shipper's Facility.

IX. TRANSPORTER'S TARIFF PROVISIONS

9.1 Transporter's LVCTS Rate Schedule and Subsections 3 through 6, 8 through 11, and 13 through 21 of the General Rules and Regulations of Transporter's Natural Gas Tariff filed with the FPSC, including any amendments thereto during the term of this Agreement, are hereby incorporated into this Agreement and made a part hereof for all purposes. In the event of any conflict between said provisions of Transporter's FPSC Tariff and specific provisions of this Agreement, the latter shall prevail.

X. DISPUTE RESOLUTION

10.1 The Parties agree that any dispute arising under this Agreement which is not subject to the exclusive jurisdiction of the FPSC shall be resolved solely by application of the procedures set forth in this Article X. The procedures set forth herein may be modified by agreement of the Parties with respect to any particular dispute which is subject to these procedures.

10.2 Each Party shall continue to perform its obligations under this Agreement pending final resolution of any dispute which is subject to these procedures. All applicable statutes of limitation and defenses based upon the passage of time shall be tolled while the procedures specified in this Article X are pending. The Parties shall take such action, if any, as may be required to effectuate such tolling.

10.3 A dispute subject to the procedures provided herein shall be resolved in a dispute resolution proceeding (DRP). Such a proceeding shall be commenced by either party giving written notice to the other of the matter in dispute.

10.4 Within ten (10) days after delivery of such notice, the Parties shall meet at a

mutually acceptable time and place to exchange relevant information and to attempt to resolve the dispute through good faith negotiations. Requests for information shall be reasonable; responses shall be prompt and complete. If the matter is not resolved within thirty (30) days after delivery of the notice to commence, the DRP shall proceed to mediation.

10.5 Within forty (40) days after delivery of the notice to commence the DRP, the Parties shall attempt to agree on the selection of a Mediator, or, failing such agreement, the Parties shall select a Mediator from the Center for Public Resources' Panel of Neutrals or other agreed upon registry of persons skilled in dispute resolution. The Parties shall bear equally the costs of the Mediator.

10.6 Within twenty (20) days after selection of the Mediator, the Parties shall meet at a mutually acceptable time and place to present their positions to the Mediator. At least five (5) days prior to such meeting, each Party shall submit to the Mediator and to the other Party a statement of position on the issues remaining in dispute and a summary of the evidence and arguments supporting its position. The Mediator shall prescribe the order of, and appropriate time limits for, the Parties' presentations at the meeting. The Mediator may request the Parties to provide additional information or arguments in support of their positions at or following the meeting. The Mediator, with the agreement of the Parties, may schedule additional mediation meetings. The Mediator may confer jointly and separately with the Parties. The Mediator shall not disclose to either Party any information provided in confidence by the other Party, unless the latter authorizes such disclosure.

10.7 If the parties fail to resolve all disputed issues through the mediation process described above, the Mediator shall submit to them, within thirty (30) days after the final

mediation meeting, a draft recommended decision. The Parties may submit to the Mediator their comments on the draft recommended decision within fifteen (15) days after its issuance, and each Party shall submit a copy of such comments to the other Party. The Mediator shall submit to the Parties a final decision on all remaining issues within fifteen (15) days after receipt of any comments by the Parties.

10.8 The Parties agree to be bound by the Mediator's final decision, except that either Party may, within fifteen (15) days after the issuance of the Mediator's final decision, file a petition with the FPSC seeking review of the decision solely on the grounds that it (a) was procured by corruption, fraud or undue means, (b) was the result of evident partiality or misconduct by the Mediator, or (c) would, if given effect, be unlawful under the laws of Florida. If the FPSC makes any such finding, the Mediator's decision shall be given no effect, and the FPSC shall issue its own decision on the issues remaining in dispute.

10.9 All communications by the Parties or their representatives with respect to a dispute which is the subject of a DRP shall be privileged and confidential and shall not be disclosed or admissible in evidence, unless (a) they bear directly on allegations that the Mediator's decision should be rejected for reasons of fraud, corruption, misconduct or evident partiality, or (b) the FPSC or a court determines that such disclosure is necessary.

XI. MISCELLANEOUS PROVISIONS

11.1 Any notice, request, demand, statement or payment provided for in this Agreement, unless otherwise specified, shall be sent to the Parties hereto at the following addresses:

Shipper: Orange Cogeneration Limited
Partnership
1027 S. Rainbow Boulevard
Suite 360
Las Vegas, Nevada 89128

Attention: General Counsel

Facsimile: (714) 588-3972

Copy To: Orange Cogeneration Limited
Partnership
1901 Clear Spring Road
Bartow, Florida 33830

Attention: Program Manager

Facsimile: (813) 533-4152

Ark Energy Inc.
23046 Avenida De La Carlota
Suite 400
Laguna Hills, California 92653

Attention: Senior Program Manager

Facsimile: (714) 588-3972

Transporter: Central Florida Gas Company
1015 Sixth Street, N.W.
Winter Haven, Florida 33881

Attention: Transportation and
Exchange Coordinator

Facsimile: (813) 294-3895

11.2 The captions in this Agreement are for the convenience of the Parties in identification of the provisions hereof and shall not constitute a part of the Agreement, nor be considered interpretive thereof.

11.3 This Agreement shall be binding upon and inure to the benefit of the respective successors and permitted assigns of the parties. The respective rights and obligations of either party hereto shall not be assignable without the consent of the other party, and such consent shall not be unreasonably withheld, except that this Agreement may be assigned without further approval as collateral security to any bank or financial institution providing financing to Shipper ("Shipper's Lender") in connection with Shipper's Cogeneration Facility. Transporter agrees to execute any consent to assignment and such other documents in connection with any assignment to Lender as Lender may reasonably request.

11.4 The interpretation and performance of this Agreement shall be in accordance with the laws of the State of Florida.

11.5 This Agreement shall be subject to all of the rules, regulations, and orders of any duly constituted federal or state regulatory authorities having jurisdiction hereof. Transporter and Shipper shall comply at all times with all applicable federal, state, municipal, and other laws, ordinances and regulations. Transporter and/or Shipper will furnish any information or execute any documents required by any duly constituted federal or state regulatory authority in connection with the performance of this Agreement. Transporter's and Shipper's obligations under this Agreement shall terminate in the event approval of this Agreement by the FPSC is not granted on terms and conditions acceptable to Transporter and Shipper. Transporter shall pursue such approval with due diligence and in good faith, at its own expense, and give Shipper written notice when such approval is obtained. Notwithstanding anything to the contrary herein, if the FPSC has not approved this Agreement by November 30, 1994, then either Party may terminate this Agreement, subject to Section 6.3 hereof, by

sending written notice to the other Party.

11.6 This Agreement shall be subject to all valid applicable state, local and federal laws, orders, directives, rules and regulations of any governmental body, agency or official having jurisdiction over this Agreement and the transportation of gas hereunder. Each Party shall proceed with diligence to file any necessary applications with any governmental authorities for any authorizations necessary to carry out its obligations under this Agreement. In the event this Agreement or any provisions herein shall be found contrary to or in conflict with any such law, order, directive, rule or regulation, the latter shall be deemed to control, but nothing in this Agreement shall prevent either Party from contesting the validity of any such law, order, directive, rule or regulation, nor shall anything in this Agreement be construed to require either party to waive its respective rights to assert the lack of jurisdiction of any governmental agency other than the FPSC over this Agreement or any part thereof. In the event of such contestation, and unless otherwise prohibited from doing so under this Section 11.6, Transporter shall continue to transport and Shipper shall continue to take gas pursuant to the terms of this Agreement. In the event any law, order, directive, rule, or regulation shall prevent either Party from performing hereunder, then neither Party shall have any obligation to the other during the period that performance is precluded.

11.7 Shipper's obligation with respect to (a) minimum annual transportation quantity deficiency charges as defined in Section 2.3, and (b) reimbursement of facilities construction costs as provided in Section 6.3 of this Agreement, and Shipper's and Transporter's obligations with respect to indemnification under this Agreement, shall survive termination of this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first stated above.

WITNESS:

Thomas F. Donnan
Name:

SHIPPER:

ORANGE COGENERATION LIMITED
PARTNERSHIP,
a Delaware limited partnership

By: Orange Cogeneration G.P., Inc.
Its General Partner

By: L. C. Lafair
Name: Vice President
Title

WITNESS:

IA THastings
Name:

TRANSPORTER:

CENTRAL FLORIDA GAS COMPANY,
a Division of Chesapeake Utilities
Corporation

By: Paul S. Bryant Jr.
Name: Sr. V.P.
Title

AMENDMENT
TO
GAS TRANSPORTATION AGREEMENT
BETWEEN
CENTRAL FLORIDA GAS COMPANY
AND
ORANGE COGENERATION LIMITED PARTNERSHIP
EFFECTIVE NOVEMBER 1, 1998

In accordance with the provisions of Paragraph 6.2 of the Gas Transportation Agreement between Central Florida Gas Company and Orange Cogeneration Limited Partnership dated July 12, 1994, the parties agree that the rate to be charged for each dekatherm of gas received, transported and redelivered hereunder by Transporter shall be as set forth below.

Rate effective November 1, 1998 through December 31, 1998

\$.01478 per dt

Rate effective January 1, 1999 through remainder of term of agreement

\$.01479 per dt

The rates set forth in this amendment supercede Paragraph 6.1 of the Gas Transportation Agreement between the parties dated July 12, 1994.

Central Florida Gas Company
Division of Chesapeake Utilities
Corporation

By: Thomas R. Geoffrey
Name: Assistant Vice President
Title: Thomas A. Geoffrey
Date: 12/21/99

Orange Cogeneration Limited
Partnership

By: Allan W. Smith
Name: Allan W. Smith
Title: General Manager, Orange Cogeneration LP, I
Date: 12/16/99

**CONTRACT TRANSPORTATION SERVICE (CTS)
AGREEMENT
MADE AND ENTERED INTO BETWEEN**

CHESAPEAKE UTILITIES CORPORATION

AND

PEACE RIVER CITRUS PRODUCTS, INC.

STAMPED
DATE

CTS TRANSPORTATION SERVICE AGREEMENT

THIS AGREEMENT, entered into by and between Chesapeake Utilities Corporation, a Delaware corporation, doing business in Florida as Central Florida Gas Company, and hereinafter referred to as ("CUC,") and Peace River Citrus Products, Inc., hereinafter referred to as ("Shipper.")

WITNESSETH:

WHEREAS, CUC operates facilities for the distribution of natural gas in the State of Florida; and

WHEREAS, Shipper has requested that CUC receive from transporter certain quantities of gas for Shipper's account, transport such quantities on CUC's distribution system, and redeliver same to Shipper's Facilities located at Highway 72, and CUC agrees to provide such service in accordance with the terms hereof;

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, 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 "Btu" means the amount of heat required to raise the temperature of one pound of water from 59 degrees Fahrenheit to 60 degrees Fahrenheit at a constant pressure of 14.73 p.s.i.a.
- 1.2 "Day" means a period of 24 consecutive hours beginning and ending at 9:00 a.m. Central Clock Time.
- 1.3 "Delivery Point" means the point at the connection of the facilities of an upstream party and a downstream party's facility at which the gas leaves the outlet side of the measuring equipment of the upstream party and enters the downstream party's facility.
- 1.4 "Gas" means natural gas which is in conformance with the quality specifications of the Transporter.
- 1.5 "Maximum Daily Transportation Quantity" or "MDTQ" means the largest quantity of gas, expressed in Dts, that CUC is obligated to transport and make available for delivery to Shipper under any applicable Service Agreement or Service Agreements for CTS Transportation Service on any one day.

- 1.6 "Month" means a period beginning at 9:00 a.m. Central Clock Time ("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.
- 1.7 "Dekatherm (Dt)" means 1,000,000 Btu's or ten (10) therms.
- 1.8 "p.s.i.a." means pounds per square inch absolute.
- 1.9 "Receipt Point" means the point at which gas is received by Transporter into Transporter's system from an upstream service or facility.
- 1.10 "Shipper" means the party that has contracted with Transporter for transportation service.
- 1.11 "Therm" means a unit of heat equal to 100,000 Btu's.
- 1.12 "Transporter" means any third party pipeline or pipelines utilized to effect delivery of gas to Peace River's Facility.
- 1.13 "P.O.I." means Point of Interest, that is, the point at which control and possession of gas passes from Florida Gas Transmission to CUC.

ARTICLE II
POINTS OF DELIVERY AND REDELIVERY

- 2.1 Shipper shall cause the Transporter to deliver to CUC at the delivery point on the Transporter's system, (which specified delivery point is hereinafter referred to as "Transporter's Delivery Point"), the quantities of gas to be transported by CUC hereunder. CUC shall have no responsibility for transportation of Shipper's gas prior to receipt of such gas from the Transporter at Transporter's Delivery Point. CUC shall deliver such quantities of gas received from the Transporter at Transporter's Delivery Point for Shipper's account to CUC's Delivery Point at the Shipper's Plant Facilities (hereinafter referred to as "CUC's Delivery Point" or "Shipper's Facilities").

ARTICLE III
QUANTITIES

- 3.1 Subject to the terms and conditions of this Agreement, CUC agrees to receive from the Transporter, at Transporter's Delivery Point, on a daily basis, a quantity of gas up to Shipper's Maximum Daily Transportation Quantity ("MDTQ"), and CUC agrees to transport and deliver equivalent quantities to Shipper at CUC's Delivery Point located at Shipper's Facility. Shipper's MDTQ under this Agreement shall be the quantity of gas per day as shown in Exhibit A to this Agreement, which is incorporated herein by reference and made a part hereof.

ARTICLE IV
SCHEDULING AND BALANCING

- 4.1 Shipper shall be responsible for nominating quantities of gas to be delivered by the Transporter to Transporter's Delivery Point and delivered by CUC to Shipper's Facility. Shipper shall promptly provide notice to CUC of all such nominations. Such notices shall be provided to CUC by facsimile transmission. Imbalances between quantities (i) scheduled for delivery by the Transporter to CUC and/or delivery by CUC to Shipper's Facility, and (ii) actually delivered by the Transporter and/or CUC hereunder, shall be resolved in accordance with the applicable provisions of CUC's Florida Public Service Commission ("FPSC") Natural Gas Tariff, as such provisions may be amended from time to time, subject to approval by the FPSC.
- 4.2 The Parties hereto recognize the desirability of maintaining a uniform rate of flow of gas to Shipper's Facility over each 24-hour period and each day throughout each month. Therefore, CUC agrees to receive from the Transporter for Shipper's account at Transporter's Delivery Point and deliver to CUC's Delivery Point up to the MDTQ as described in Exhibit A attached hereto, subject to any restrictions imposed by the Transporter and to the provisions of Articles V and IX of this Agreement, and Shipper agrees to use reasonable efforts to regulate its deliveries from CUC's gas distribution system at a daily rate of flow not to exceed the applicable nomination in place, subject to any additional restrictions imposed by the Transporter or by CUC pursuant to Articles V and VI of this Agreement.

ARTICLE V
CURTAILMENT

- 5.1 This Agreement in all aspects shall be and remain subject to the applicable provisions of the General Rules and Regulations of CUC's Natural Gas Tariff, as they specifically apply to curtailment, and as approved by the FPSC or its appropriate successor agency or authority, all of which are made a part hereof by this reference.

ARTICLE VI
TITLE, CONTROL AND INDEMNIFICATION

- 6.1 All indemnity and other provisions to this paragraph are strictly limited to issues relating to ownership and title to gas.
- 6.2 Shipper warrants that it will have good and merchantable title to all gas delivered by the Transporter to CUC for Shipper's account at Transporter's Delivery Point, and that such gas will be free and clear of all liens, encumbrances, and claims whatsoever. To the extent provided by law, Shipper will indemnify CUC and save it harmless from all suits, actions, debts, accounts, damages, costs including

reasonable attorneys' fees, losses, and expenses arising from or out of the adverse claim of any and all persons to said gas. CUC will indemnify Shipper and save it harmless from all suits, actions, debts, accounts, damages, costs including reasonable attorneys' fees, losses, and expenses arising from or out of the adverse claim of any and all persons to gas delivered for the account of Shipper to CUC for transportation hereunder which arise from or relate to CUC's transportation of said gas on CUC's distribution system. In the event any adverse claim in respect to said gas is asserted, or Shipper breaches its warranty herein, CUC shall not be required to perform its obligations to transport and deliver gas to Shipper's Facility or subject to receipt of any necessary regulatory authorization, to continue service hereunder for Shipper until such claim has been finally determined; provided, however, that Shipper may receive service if (i) in the case of an adverse claim, Shipper furnishes a bond to CUC, conditioned for the protection of CUC with respect to such claim; or (ii) in the case of a breach of warranty, Shipper furnishes evidence, satisfactory to CUC, of Shipper's title to said gas.

- 6.3 CUC shall be deemed to be in control and possession of the gas to be transported by it upon delivery of such gas by the Transporter to CUC for Shipper's account at Transporter's Delivery Point and until it shall have been delivered to Shipper at CUC's Delivery Point located at Shipper's Facility; and Shipper shall be deemed to be in control and possession of such gas prior to such delivery to CUC and Shipper will be deemed to be in control and possession of such gas after such delivery by CUC to Shipper. Each party, while deemed to be in control and possession of such gas, shall be responsible for, and shall indemnify and hold the other harmless from any and all claims, actions, suits, including attorney's fees, arising out of or relating in any way to custody and control of such gas.

ARTICLE VII
RATE

- 7.1 The rate to be charged each month for transportation service provided by CUC under CUC CTS rate and to be delivered hereunder by CUC, up to the MDTQ established by this agreement, shall be the negotiated monthly reservation fee of \$12,320.00 for the first five (5) year period and a monthly reservation fee of \$13,570.27 for the remaining five (5) year period. After the expiration of the initial term, both parties will negotiate in good faith all contract terms, including, but not limited to, the rate to be charged, length of secondary term and transportation service.
- 7.2 Shipper shall provide an irrevocable letter of credit or surety bond from a lending institution satisfactory to CUC in an initial amount sufficient to cover CUC's construction cost. The principal amount of such letter of credit or surety bond would be reduced annually to reflect reservation charges paid by Shipper during the preceding year.
- 7.3 If, during the term of this Agreement, the Federal Government, or any State, municipality or subdivision of such Government, should increase any present tax

or levy any additional tax, relating to the service provided by CUC under this Agreement, any such additional tax required by law to be paid by CUC shall, in CUC's discretion, insofar as such discretion is provided for under applicable law, be either separately stated on the total amount of the bill or computed on a cents per therm basis and added to the then effective rate for CUC's services hereunder. If, during the term of this Agreement, the Federal Government, or any State, municipality or subdivision of such Government, should decrease or eliminate any tax relating to the service provided by CUC under this Agreement, the reduction in such tax required to be paid by CUC shall, in CUC's discretion, insofar as such discretion is provided for under applicable law, be either separately stated as a deduction to the total amount of the bill or computed on a cents per therm basis and subtracted from the then effective rate hereunder.

ARTICLE VIII
TERM

- 8.1 Subject to all other provisions, conditions, and limitations hereof, this Agreement shall be effective upon its date of execution by both parties and shall continue in full force and effect for an initial period of ten (10) years from the in-service date of FGT's pipeline system or when CUC begins delivery to Peace River Citrus Products, Inc.'s processing plant.

ARTICLE IX
CUC'S TARIFF PROVISIONS

- 9.1 CUC's applicable Rate Schedule provisions and applicable Subsections of the General Rules and Regulations of CUC's Natural Gas Tariff approved with the FPSC, including any amendments thereto approved by the FPSC during the term of this Agreement, are hereby incorporated into this Agreement and made a part hereof for all purposes. In the event of any conflict between said provisions of CUC's FPSC Tariff and specific provisions of this Agreement, the latter shall prevail, in the absence of an FPSC Order to the contrary.

ARTICLE X
SAFE DESIGN AND OPERATION

- 10.1 CUC shall maintain gas system in accordance with the Federal Department of Transportation Regulation 191-192 and Chapter 25-12 of the Florida Public Service Commission, which has statutory powers granted to establish rules and standards for safe design, installation, operation and maintenance of natural gas systems. CUC shall maintain, repair and replace equipment to assure the safety and good working order of this system at no cost to Shipper for the term of this agreement.

- 10.2 It shall be the responsibility of Shipper for the maintenance of the equipment from the meter to burner tip.
- 10.3 Shipper shall have the right to periodic third-party independent inspection of equipment. Inspection shall be a Shipper cost. CUC agrees to correct any defects noted by such inspection which relate to FDOT 191 and 192 and FPSC's Chapter 25-12 rules and regulations at CUC's cost where such defects relate to safety and/or function. The cost of any upgrades in equipment during the term of this agreement shall be paid as mutually agreed.

ARTICLE XI
INDEMNIFICATION

- 11.1 CUC shall indemnify and hold Shipper harmless for damages or injury to persons or property for any claim, suits, or actions arising out material breach by CUC of this Agreement. Shipper shall indemnify and hold CUC harmless for damages or injury to persons or property for any claim, suits, or actions arising out of material breach by Shipper of this Agreement.

ARTICLE XII
MISCELLANEOUS PROVISIONS

- 12.1 Notices and other communications. Any notice, request, demand, statement or payment provided for in this Agreement, unless otherwise specified, shall be sent to the Parties hereto at the following addresses:

Shipper: Peace River Citrus, Inc.
P. O. Box 730
Arcadia, Florida 34265

Attention: Bart Plymale, Vice President, Operations
Phone: (863) 494-0440
Facsimile: (863) 993-3161

CUC: Central Florida Gas Company
P. O. Box 960
Winter Haven, Florida 33882-0960

Attention: Manager of Gas Supply
Phone: (941) 293-8612
Facsimile: (941) 294-3895

- 12.2 Headings. All article headings, section headings and subheadings in this Agreement are inserted only for the convenience of the Parties in identification of the provisions hereof and shall not affect any construction or interpretation of this Agreement.

- 12.3 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.
- 12.4 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. 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 12.1 shall not be deemed nor require an amendment of this Agreement provided such change is communicated in accordance with Section 12.1 of this Agreement. Further, the Parties expressly acknowledge that the limitations on amendments to this Agreement set forth in this section shall not apply to or otherwise limit the effectiveness of amendments which are necessary to comply with the requirements of, or are otherwise approved by FPSC or its successor agency or authority.
- 12.5 Severability. If any provision of this Agreement becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement shall continue in full force and effect without said provision; provided, however, that if such severability materially changes the economic benefits of this Agreement to either party, the parties shall negotiate an equitable adjustment in the provisions of this Agreement in good faith.
- 12.6 Waiver. No waiver of any of the provisions of this Agreement shall be deemed to be, nor shall it constitute, a waiver of any other provision whether similar or not. No single waiver shall constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.
- 12.7 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.
- 12.8 Independent Parties. CUC and Shipper shall perform hereunder as independent parties and neither CUC or Shipper is in any way or for any purpose, by virtue of this Agreement or otherwise, a partner, joint venturer, 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.
- 12.9 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.

- 12.10 Governmental Authorizations: Compliance with Law. This Agreement shall be subject to all valid applicable state, local and federal laws, orders, directives, rules and regulations of any governmental body, agency or official having jurisdiction over this Agreement and the transportation of gas hereunder. CUC and Shipper shall comply at all times with all applicable federal, state, municipal, and other laws, ordinances and regulations. CUC and/or Shipper will furnish any information or execute any documents required by any duly constituted federal or state regulatory authority in connection with the performance of this Agreement. Each party shall proceed with diligence to file any necessary applications with any governmental authorities for any authorizations necessary to carry out its obligations under this Agreement. In the event this Agreement or any provisions herein shall be found contrary to or in conflict with any such law, order, directive, rule or regulation, the latter shall be deemed to control, but nothing in this Agreement shall prevent either party from contesting the validity of any such law, order, directive, rule, or regulation, nor shall anything in this Agreement be construed to require either party to waive its respective rights to assert the lack of jurisdiction of any governmental agency other than the FPSC over this Agreement or any part thereof. In the event of such contestation, and unless otherwise prohibited from doing so under this Section 12.10, CUC shall continue to transport and Shipper shall continue to take gas pursuant to the terms of this Agreement. In the event any law, order, directive, rule, or regulation shall prevent either party from performing hereunder, then neither party shall have any obligation to the other during the period that performance is precluded.
- 12.11 Law Governing Agreement: Venue. This Agreement and any dispute arising hereunder shall be governed by and interpreted in accordance with the laws of the State of Florida. The venue for any action, at law or in equity, commenced by either party against the other and arising out of or in connection with this Agreement shall be in a court of the State of Florida having jurisdiction.
- 12.12 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 executed this Agreement on the dates stated below.

PEACE RIVER CITRUS, INC.:
ATTEST: *Sandra Taylor* BY: *Bart Plymale*
NAME: Bart Plymale
DATE: March 8, 2000 TITLE: Vice-President of Operations

CENTRAL FLORIDA GAS COMPANY:
ATTEST: *Peggy M. Jewell* BY: *Thomas A. Geoffroy*
NAME: Thomas A. Geoffroy
DATE: March 9, 2000 TITLE: Assistant Vice President

APPROVED

JUL 6 2000

Florida Public Service Comm.
Authority No. ~~6-00-20~~

DOCKET NUMBER 000817-GU
ORDER NUMBER PSC-00-2103-PAA-GU

EXHIBIT A
TO
CTS TRANSPORTATION AGREEMENT
BETWEEN
CHESAPEAKE UTILITIES CORPORATION
AND
PEACE RIVER CITRUS PRODUCTS, INC.

Interconnection between FGT pipeline
and Chesapeake Utilities pipeline in the
vicinity of Arcadia, Florida.

D.R.N. No. _____

Maximum Daily Transportation Quantity:

2,400 JMM TAB
2,200 MMbtu/day

CUC DELIVERY POINT: Gas transported pursuant to this Agreement shall be
delivered by CUC to the following point:

NAME

Meter set location to be on property of:
Peace River Citrus Products, Inc.
State Highway 72
Arcadia, Florida

Rate:

"CTS" JMM TAB
5.0
18 psig

Delivery Pressure:

Natural Gas System: CUC will provide and arrange for the installation of a
pipeline tap, pressure reducing equipment, service line extension, and electronic metering
equipment compatible with the Shipper's data gathering system to enable natural gas
usage at Peace River Citrus Products, Inc.'s processing plant. Shipper is relying on
CUC's skill, judgment and expertise in selecting and installing materials and equipment.

IN WITNESS WHEREOF, the parties hereto have executed this Exhibit with their duly authorized officers as of the date first above written.

Chesapeake Utilities Corporation

By: Thomas A. Geoffroy

Name: Thomas A. Geoffroy

Title: Assistant Vice President

Date: March 9, 2000

Peace River Citrus Products, Inc.

By: Bart Plymale

Name: Bart Plymale

Title: Vice-President of Operations

Date: March 8, 2000

APPROVED

JUL 6 2000

Florida Public Service Comm.

Authority No ~~6-00-20~~

DOCKET NUMBER 000817-GR
ORDER NUMBER PSC-00-2103-PAA-GR

DELIVERY POINT OPERATOR AGREEMENT

This DELIVERY POINT OPERATOR AGREEMENT ("Agreement") is made and entered into on the 20th day of July 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
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: Thomas A. Geoffrey

BY: Stephen C. Thompson

NAME: Thomas A. Geoffrey

NAME: Stephen C. Thompson

TITLE: Assistant Vice President

TITLE: President

Date: 7-20-06

Date: 7-20-06

DELIVERY POINT OPERATOR AGREEMENT

This DELIVERY POINT OPERATOR AGREEMENT ("Agreement") is made and entered into on the 21st day of July 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
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: Thomas A. Geoffrey

BY: Stephen C. Thompson

NAME: Thomas A. Geoffrey

NAME: Stephen C. Thompson

TITLE: Assistant Vice President

TITLE: President

Date: 7-20-06

Date: 7-20-06

GAS TRANSPORTATION AGREEMENT

Original
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THIS AGREEMENT, entered into this 18th day of February, 1994; between CENTRAL FLORIDA GAS COMPANY, a Division of Chesapeake Utilities Corporation, a Delaware corporation, ("Transporter"), and POLK POWER PARTNERS, L.P., a Delaware limited partnership, ("Shipper"). Transporter and Shipper shall be referred to collectively as the "Parties."

WITNESSETH:

WHEREAS, Transporter operates facilities for the distribution of natural gas in the State of Florida; and

WHEREAS, Shipper has requested that Transporter receive certain quantities of gas for Shipper's account from Florida Gas Transmission Company ("FGT"), as provided herein, transport such quantities on Transporter's distribution system and redeliver same to Shipper's cogeneration facility to be located at Noralyn Commerce Industrial Park, Polk County, Florida, and Transporter agrees to provide such service in accordance with the terms hereof;

NOW, THEREFORE, in consideration of the premises and mutual covenants and agreements set forth herein, the Parties agree as follows:

I. POINTS OF DELIVERY AND REDELIVERY

1.1 Shipper shall cause FGT to deliver to Transporter at the Bartow-B, delivery point on FGT's system (hereinafter referred to as "the Delivery Point"), the quantities of gas to be transported by Transporter hereunder. Transporter shall have no responsibility for transportation of Shipper's gas prior to receipt of such gas from

FGT at the Delivery Point. Transporter shall redeliver such quantities of gas received from FGT for Shipper's account to Shipper's cogeneration facility to be located at Noralyn Commerce Industrial Park, Polk County, Florida, (hereinafter referred to as the "Redelivery Point" or "Shipper's Cogeneration Facility").

1.2 In order to provide service under this Agreement, it will be necessary for Transporter to incur additional facilities costs to allow gas flows of up to 1,521 dekatherms ("dt") per hour or 25,350 dt per day from the Delivery Point to the Redelivery Point. Transporter shall commence construction of such additional facilities as are required on its system in a diligent and workmanlike manner with the intent of completing the construction by March 1, 1994, and Transporter shall notify Shipper upon completion of the facilities. If, however, after proceeding with due diligence, Transporter is unable to complete construction, by March 1, 1994, of facilities necessary to provide full service under this Agreement, Transporter shall continue to proceed with due diligence to complete construction of such facilities at the earliest practicable date thereafter. Transporter shall not be liable, nor shall this Agreement be subject to cancellation if, despite its exercise of due diligence, Transporter is unable to complete the construction of the required facilities by March 1, 1994.

II. QUANTITIES

2.1 Subject to the terms and conditions of this Agreement, Transporter agrees to receive from FGT daily at the Delivery Point a quantity of gas up to Shipper's Maximum Daily Quantity ("MDQ"), and Transporter agrees to transport

and redeliver equivalent quantities to Shipper at the Redelivery Point. Shipper's MDQ under this Agreement shall be 25,350 dt of gas per day.

both
contracts

2.2 Shipper shall have a minimum annual payment obligation under this Agreement of \$286,317.50 during each of four successive twelve-month periods, the first such period commencing on the date on which Shipper's Cogeneration Facility achieves commercial in-service status under Shipper's Power Sales contracts. Should Shipper deliver, or cause to be delivered, to Transporter for redelivery under this Agreement during any such twelve-month period a quantity of gas for which the payments due from Shipper pursuant to Section 6.1 of this Agreement are less than Shipper's minimum annual payment obligation, Shipper shall pay Transporter a Deficiency charge calculated as follows:

Deficiency Charge = \$286,317.50 less amounts billed and paid hereunder during such twelve-month period.

In the event that Shipper's payments to Transporter during any of the first three successive twelve-month periods referred to in this Section 2.2 exceed Shipper's minimum annual payment obligation, the excess amount shall be credited towards Shipper's minimum annual payment obligations for subsequent twelve-month periods.

Any Deficiency Charge due from Shipper will be calculated at the end of each such twelve-month period and included in Shipper's next monthly bill.

III. SCHEDULING AND BALANCING

3.1 Shipper shall be responsible for nominating and scheduling of quantities to be delivered by FGT at the Delivery Point and redelivered by Transporter to Shipper's Cogeneration Facility. Imbalances between quantities (i) scheduled for delivery by FGT to Transporter and/or redelivery by Transporter to Shipper's Cogeneration Facility, and (ii) actually delivered and/or re-delivered hereunder, shall be resolved in accordance with the applicable provisions of Transporter's Natural Gas Tariff filed with the Florida Public Service Commission ("FPSC").

3.2 The Parties hereto recognize the desirability of maintaining a uniform rate of flow of gas to Shipper's Cogeneration Facility over each 24-hour period and each day throughout each month. Therefore, Transporter agrees to receive from FGT for Shipper's account at the Delivery Point and redeliver to Shipper's Cogeneration Facility up to 1,521 dt per hour, subject to any restrictions imposed by FGT and to the provisions of Articles IV and IX of this Agreement, and Shipper agrees to use commercially reasonable efforts to regulate its takes from Transporter's gas distribution system at a daily rate of flow not to exceed 1,521 dt per hour, subject to any additional restrictions imposed by FGT or by Transporter pursuant to Articles IV and IX of this Agreement.

IV. CURTAILMENT

4.1 Pursuant to the General Rules and Regulations of Transporter's Natural Gas Tariff, it may be necessary to curtail deliveries to Shipper under this Agreement,

and Transporter shall not be liable for any loss or damage that may be sustained by Shipper by reason of such curtailment of service under this Agreement.

4.2 Whenever curtailment of service under this Agreement is required, Transporter shall issue a curtailment order to Shipper specifying the quantity to be curtailed and the time at which such curtailment is to be made. Transporter shall provide notice of curtailment to Shipper as soon as practicable. When curtailment is required solely in order to perform routine or scheduled maintenance on Transporter's system, and not as a result of a force majeure event, as defined in Section 9 of the General Rules and Regulations of Transporter's Natural Gas Tariff, or as a result of a curtailment action taken by FGT for any reason, Transporter shall use commercially reasonable efforts to provide notice of such curtailment to Shipper forty-eight (48) hours before the curtailment order is to be effective. When restoration of service is permissible, Transporter shall similarly issue a restoration order specifying the quantity to be restored and the time at which such restoration is to be made.

4.3 Shipper shall provide Transporter with the names, addresses, and telephone numbers of those individuals who will be Shipper's designated contact persons during the occurrence of curtailment. The curtailment and restoration orders shall be issued by telephone and followed with written orders by telefax within one (1) business day after the telephonic notification.

V. TITLE, CONTROL AND INDEMNIFICATION

5.1 Shipper warrants that it will have good and merchantable title to all gas delivered by FGT to Transporter for Shipper's account at the Delivery Point. Shipper will indemnify Transporter and save it harmless from all suits, actions, debts, accounts, damages, costs including reasonable attorney's fees, losses, and expenses arising out of the adverse claim of any person or persons to said gas for any taxes, licenses, fees or charges which are applicable prior to the time of delivery of said gas to Transporter or after redelivery by Transporter to Shipper. Similarly, Transporter will indemnify Shipper and save it harmless from all suits, actions, debts, accounts, damages, costs including reasonable attorney's fees, losses, and expenses arising out of the adverse claim of any person or persons to said gas for any taxes, licenses, fees or charges which are applicable while said gas is in Transporter's possession and control prior to the time of redelivery of said gas to Shipper. In the event any adverse claim in respect to said gas is asserted, or Shipper breaches its warranty herein, Transporter shall not be required to perform or, subject to receipt of any necessary regulatory authorization, to continue service hereunder for Shipper until such claim has been finally determined; provided, however, Shipper may receive service if (i) in the case of an adverse claim, Shipper furnishes a bond to Transporter, in the amount of such claim and with sureties satisfactory to Transporter, conditioned for the protection of Transporter with respect to such claim; or (ii) in the case of a breach of warranty, Shipper furnishes satisfactory evidence of its title to Transporter.

5.2 Transporter shall be deemed to be in control and possession of the gas to be transported by it upon delivery of such gas by FGT to Transporter for Shipper's account at the Delivery Point and until it shall have been redelivered to Shipper at the Redelivery Point; and Shipper shall be deemed to be in control and possession of such gas prior to such delivery to Transporter and after such redelivery to Shipper. Each party, while deemed to be in control and possession of such gas, shall be responsible for, and shall indemnify and hold the other harmless from, any and all claims, actions, suits, including attorney's fees, arising out of or relating in any way to custody and control of such gas.

VI. RATE

6.1 The rates to be charged for gas received, transported and redelivered hereunder by Transporter shall be as set forth in Exhibit A to this Agreement, which is incorporated herein by reference and made a part hereof. These are negotiated rates under Transporter's Large Volume Contract Transportation Service (LVCTS) Rate Schedule, as filed with the FPSC and as such Rate Schedule may be amended from time to time, except that the rates provided in Exhibit A include only Transporter's Delivery charge per dt of gas transported and redelivered under this Agreement and do not include any charges for transportation service by FGT or any other upstream pipeline transporter transporting Shipper's gas prior to delivery to Transporter at the Delivery Point. The rates provided in Exhibit A are subject to the continuing jurisdiction of the FPSC and may be adjusted during the term of this Agreement, as provided herein and in Transporter's LVCTS Rate Schedule, the terms

of which, as they may be amended from time to time subject to the approval of the FPSC, are incorporated herein by reference.

6.2 If, during the term of this Agreement, the Federal Government, or any State, municipality or subdivision of such Government, should increase any present tax or levy any additional tax, relating to the service provided by Transporter under this Agreement, any such additional tax actually paid by Transporter shall be computed on a cents per dt basis and added to the then effective rate hereunder. If, during the term of this Agreement, the Federal Government, or any State, municipality or subdivision of such Government, should decrease or eliminate any tax paid by Transporter relating to the service provided by Transporter under this Agreement, the reduction in such tax shall be computed on a cents per dt basis and subtracted from the then effective rate hereunder.

6.3 To provide assurance of reimbursement by Shipper to Transporter of the costs of constructing facilities needed to provide service under this Agreement, Shipper shall provide and maintain in force an irrevocable letter or letters of credit from a lending institution acceptable to Transporter and on terms and conditions acceptable to Transporter. Such letter(s) of credit shall be in the aggregate amount of \$1,145,270.00, which amount may from time to time be reduced, upon Shipper's request to reflect amounts paid by Shipper to Transporter under this Agreement. In the event that Shipper fails to maintain in force such letter(s) of credit, Transporter may at its sole discretion, upon thirty (30) days written notice to Shipper, suspend service under this Agreement until a new letter of credit is provided. All other

provisions of this Agreement shall survive any such suspension of service under this Section 6.3. In the event that this Agreement is terminated for any reason after Transporter has incurred costs to construct facilities needed to provide service hereunder and before Shipper has reimbursed Transporter for such costs, Shipper shall pay Transporter, within fifteen (15) days after such termination becomes effective, the entire amount of such unreimbursed facilities construction costs incurred by Transporter to provide service hereunder. In the event that such payment is not made in full within such period, Transporter may draw under any outstanding letter(s) of credit provided by Shipper hereunder the entire amount of such unreimbursed facilities construction costs.

VII. TERM

7.1 Subject to all other provisions, conditions, and limitations hereof, this Agreement shall be effective on the date that Transporter gives Shipper written notice of the approval of the Florida Public Service Commission pursuant to Section 11.5 hereof ("Effective Date"), and shall continue in full force and effect through December 31, 2015. Thereafter, the Agreement shall be extended on a year-to-year basis unless terminated by either Party, with at least twelve (12) months written notice to the other party prior to the termination date.

7.2 Notwithstanding the foregoing, Shipper or Transporter shall have the right to terminate this Agreement if Shipper's Cogeneration Facility has not achieved commercial in-service status by December 31, 1995, by giving written notice to the other Party within sixty (60) days after December 31, 1995. As provided in Section

6.3 above and Section 11.7 below, termination of this Agreement for any reason, including those set forth in this Section 7.2 and Section 11.5, shall not relieve Shipper of its reimbursement obligations under Section 6.3 of this Agreement.

VIII. PRESSURE

8.1 Transporter shall use commercially reasonable efforts to deliver the gas to Shipper's Cogeneration Facility at a pressure of no less than 350 psig. Transporter shall not be required to install any facilities (pipeline, compression or other) to guarantee any specific delivery pressure.

IX. TRANSPORTER'S TARIFF PROVISIONS

9.1 Transporter's LVCTS Rate Schedule provisions and Subsections 3 through 6, 8 through 11, and 13 through 21 of the General Rules and Regulations of Transporter's Natural Gas Tariff filed with the FPSC, including any amendments thereto during the term of this Agreement, are hereby incorporated into this Agreement and made a part hereof for all purposes. In the event of any conflict between said provisions of Transporter's FPSC Tariff and specific provisions of this Agreement, the latter shall prevail.

X. DISPUTE RESOLUTION

10.1 The Parties agree that any dispute arising under this Agreement which is not subject to the exclusive jurisdiction of the FPSC shall be resolved solely by application of the procedures set forth in this Article X. The procedures set forth

herein may be modified by agreement of the Parties with respect to any particular dispute which is subject to these procedures.

10.2 Each Party shall continue to perform its obligations under this Agreement pending final resolution of any dispute which is subject to these procedures. All applicable statutes of limitation and defenses based upon the passage of time shall be tolled while the procedures specified in this Article X are pending. The Parties shall take such action, if any, as may be required to effectuate such tolling.

10.3 A dispute subject to the procedures provided herein shall be resolved in a dispute resolution proceeding (DRP). Such a proceeding shall be commenced by either party giving written notice to the other of the matter in dispute.

10.4 Within ten (10) days after delivery of such notice, the Parties shall meet at a mutually acceptable time and place to exchange relevant information and to attempt to resolve the dispute through good faith negotiations. Requests for information shall be reasonable; responses shall be prompt and complete. If the matter is not resolved within thirty (30) days after delivery of the notice to commence, the DRP shall proceed to mediation.

10.5 Within forty (40) days after delivery of the notice to commence the DRP, the Parties shall attempt to agree on the selection of a Mediator, or, failing such agreement, the Parties shall select a Mediator from the Center for Public Resources' Panel of Neutrals or other agreed upon registry of persons skilled in dispute resolution. The Parties shall bear equally the costs of the Mediator.

10.6 Within twenty (20) days after selection of the Mediator, the Parties shall meet at a mutually acceptable time and place to present their positions to the Mediator. At least five (5) days prior to such meeting, each Party shall submit to the Mediator and to the other Party a statement of position on the issues remaining in dispute and a summary of the evidence and arguments supporting its position. The Mediator shall prescribe the order of, and appropriate time limits for, the Parties' presentations at the meeting. The Mediator may request the Parties to provide additional information or arguments in support of their positions at or following the meeting. The Mediator, with the agreement of the Parties, may schedule additional mediation meetings. The Mediator may confer jointly and separately with the Parties. The Mediator shall not disclose to either Party any information provided in confidence by the other Party, unless the latter authorizes such disclosure.

10.7 If the parties fail to resolve all disputed issues through the mediation process described above, the Mediator shall submit to them, within thirty (30) days after the final mediation meeting, a draft recommended decision. The Parties may submit to the Mediator their comments on the draft recommended decision within fifteen (15) days after its issuance, and each Party shall submit a copy of such comments to the other Party. The Mediator shall submit to the Parties a final decision on all remaining issues within fifteen (15) days after receipt of any comments by the Parties.

10.8 The Parties agree to be bound by the Mediator's final decision, except that either Party may, within fifteen (15) days after the issuance of the Mediator's

final decision, file a petition with the FPSC seeking review of the decision solely on the grounds that it (a) was procured by corruption, fraud or undue means, (b) was the result of evident partiality or misconduct by the Mediator, or (c) would, if given effect, be unlawful under the laws of Florida. If the FPSC makes any such finding, the Mediator's decision shall be given no effect, and the FPSC shall issue its own decision on the issues remaining in dispute.

10.9 All communications by the Parties or their representatives with respect to a dispute which is the subject of a DRP shall be privileged and confidential and shall not be disclosed or admissible in evidence, unless (a) they bear directly on allegations that the Mediator's decision should be rejected for reasons of fraud, corruption, misconduct or evident partiality, or (b) the FPSC or a court determines that such disclosure is necessary.

XI. MISCELLANEOUS PROVISIONS

11.1 Any notice, request, demand, statement or payment provided for in this Agreement, unless otherwise specified, shall be sent to the Parties hereto at the following addresses:

Shipper: Polk Power Partners, L.P.
1027 S. Rainbow Boulevard
Suite 360
Las Vegas, Nevada 89128

Attention: General Counsel

Facsimile: (714) 588-3972

Copy To: Polk Power Partners, L.P.
3600 3500 Highway 555
Bartow, Florida 33830

Attention: Plant Manager

Ark Energy Inc.
23046 Avenida De La Carlota
Suite 400
Laguna Hills, California 92653

Attention: Senior Program Manager

Facsimile: (714) 588-3972

Transporter: Central Florida Gas Company
1015 Sixth Street, N.W.
Winter Haven, Florida 33881

Attention: Transportation and
Exchange Coordinator

Facsimile: (813) 294-3895

11.2 The captions in this Agreement are for the convenience of the Parties in identification of the provisions hereof and shall not constitute a part of the Agreement, nor be considered interpretive thereof.

11.3 This Agreement shall be binding upon and inure to the benefit of the respective successors and permitted assigns of the Parties. The respective rights and obligations of either party hereto shall not be assignable without the consent of the other Party, and such consent shall not be unreasonably withheld, except that this Agreement may be assigned without further approval as collateral security to any bank or financial institution ("Lender") providing financing to Shipper in connection with Shipper's Cogeneration Facility. Seller agrees to execute any consent to

assignment and such other documents in connection with any assignment to Lender as Lender may reasonably request.

11.4 The interpretation and performance of this Agreement shall be in accordance with the laws of the State of Florida.

11.5 This Agreement shall be subject to all of the rules, regulations, and orders of any duly constituted federal or state regulatory authorities having jurisdiction hereof. Transporter and Shipper shall comply at all times with all applicable federal, state, municipal, and other laws, ordinances and regulations. Transporter and/or Shipper will furnish any information or execute any documents required by any duly constituted federal or state regulatory authority in connection with the performance of this Agreement. Transporter's and Shipper's obligations under this Agreement shall terminate in the event approval of this Agreement by the Florida Public Service Commission is not granted on terms and conditions acceptable to Transporter and Shipper. Transporter shall pursue such approval with due diligence and in good faith, at its own expense, and give Shipper written notice when such approval is obtained.

11.6 This Agreement shall be subject to all valid applicable state, local and federal laws, orders, directives, rules and regulations of any governmental body, agency or official having jurisdiction over this Agreement and the transportation of gas hereunder. Each Party shall proceed with diligence to file any necessary applications with any governmental authorities for any authorizations necessary to carry out its obligations under this Agreement. In the event this Agreement or any

provisions herein shall be found contrary to or in conflict with any such law, order, directive, rule or regulation, the latter shall be deemed to control, but nothing in this Agreement shall prevent either Party from contesting the validity of any such law, order, directive, rule or regulation, nor shall anything in this Agreement be construed to require either party to waive its respective rights to assert the lack of jurisdiction of any governmental agency other than the Florida Public Service Commission over this Agreement or any part thereof. In the event of such contestation, and unless otherwise prohibited from doing so under this Section 11.6, Transporter shall continue to transport and Shipper shall continue to take gas pursuant to the terms of this Agreement. In the event any law, order, directive, rule, or regulation shall prevent either Party from performing hereunder, then neither Party shall have any obligation to the other during the period that performance is precluded.

11.7 Shipper's obligations with respect to reimbursement of facilities construction costs, as provided in Section 6.3 of this Agreement, and Shipper's and Transporter's obligations with respect to indemnification under this Agreement, shall survive termination of this Agreement.

11.8 This Agreement, on the Effective Date, supersedes and cancels the Gas Transportation Agreement and Agency Agreement dated October 18, 1991, as amended by letter agreements dated September 21, 1992 and February 3, 1993, and the Gas Transportation Agreement, dated April 22, 1993, between the Parties.

IN WITNESS WHEREOF, the Parties have executed this Agreement
as of the date first stated above.

WITNESS:

Carole E. Manera
Name: CAROLE E. MANERA

SHIPPER:

POLK POWER PARTNERS, L.P.
a Delaware limited partnership
authorized to do business in
Florida as Polk Power Partners, Ltd.

By: POLK POWER GP, INC.
Its General Partner

By: _____
Name:

Title: Vice President

WITNESS:

Jack E. Pembard
Name:

TRANSPORTER:

CENTRAL FLORIDA GAS COMPANY,
a Division of Chesapeake Utilities
Corporation

By: _____
Name:

Title: PRESIDENT

EXHIBIT A
TO
GAS TRANSPORTATION AGREEMENT
BETWEEN
CENTRAL FLORIDA GAS COMPANY
AND
POLK POWER PARTNERS, L.P.
DATED FEBRUARY 18, 1994

Transportation Rates

The rates to be charged for each dekatherm ("dt") of gas transported under this Agreement shall be as follows:

A. For the period commencing on the first day that Transporter redelivers gas hereunder to Polk Power Partners' Cogeneration Facility until the in-service date of FGT's Phase III expansion approved by the FERC in Docket Nos. CP92-182-000, et al., the rate per dt of gas transported each day of the months indicated below, up to the daily quantity indicated below for each month, shall be the rate for the applicable calendar year set forth in Section C of this Exhibit A:

<u>dt/day</u>		<u>dt/day</u>	
January	4,540	July	7,230
February	4,990	August	6,665
March	7,884	September	6,715
April	8,160	October	9,390
May	5,340	November	7,790
June	5,965	December	5,640

B. For the period commencing on the first day of the first month following the in-service date of FGT's Phase III expansion facilities and continuing thereafter for the remainder of the term of this Agreement, the rate for the first 5,640 dt of gas transported each day hereunder shall be the rate for the applicable calendar year set forth in Section C of this Exhibit A.

C. The rate per dt of gas transported hereunder for the daily quantities specified in Sections A and B of this Exhibit A shall be the rate per dt for the applicable calendar year set forth below:

(per dt)

\$0.210	(January 1, 1994 - December 31, 1994)
\$0.226	(January 1, 1995 - December 31, 1995)
\$0.243	(January 1, 1996 - December 31, 1996)
\$0.261	(January 1, 1997 - December 31, 1997)
\$0.280	(January 1, 1998 - December 31, 1998)
\$0.301	(January 1, 1999 - December 31, 1999)
\$0.324	(January 1, 2000 - December 31, 2000)
\$0.348	(January 1, 2001 - December 31, 2001)
\$0.374	(January 1, 2002 - December 31, 2002)
\$0.402	(January 1, 2003 - December 31, 2003)
\$0.432	(January 1, 2004 - December 31, 2004)
\$0.465	(January 1, 2005 - December 31, 2005)
\$0.499	(January 1, 2006 - December 31, 2006)
\$0.537	(January 1, 2007 - December 31, 2007)
\$0.577	(January 1, 2008 - December 31, 2008)
\$0.620	(January 1, 2009 - December 31, 2009)
\$0.667	(January 1, 2010 - December 31, 2010)
\$0.717	(January 1, 2011 - December 31, 2011)
\$0.771	(January 1, 2012 - December 31, 2012)
\$0.829	(January 1, 2013 - December 31, 2013)
\$0.891	(January 1, 2014 - December 31, 2014)
\$0.958	(January 1, 2015 - December 31, 2015)

D. The rate per dt of gas transported hereunder in excess of the daily quantities specified in Sections A and B of this Exhibit A shall be \$0.025 throughout the term of this Agreement.

AMENDMENT NO. 1 TO GAS TRANSPORTATION AGREEMENT

This Amendment made and entered into this 14 day of September, 1994, between the Central Florida Gas Company Division of Chesapeake Utilities Corporation, a Delaware corporation, ("Transporter"), and Polk Power Partners, Limited Partnership, a Delaware limited partnership ("Shipper") (collectively the "Parties"), constitutes an amendment to the Gas Transportation Agreement dated February 18, 1994, between the Parties (the "Agreement").

- A. Transporter and Shipper previously entered into the Agreement for Transporter's delivery of natural gas on behalf of Shipper through new pipeline facilities to be constructed by Transporter (the "Pipeline Facilities").
- B. Transporter and Shipper desire to amend the Agreement in order to clarify what taxes Shipper will be liable for under this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, and for such other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree to amend the Agreement as follows:

- 1. Article 6.2 on page 8 shall be replaced with the following:

6.2 Taxes. The services under this Agreement are subject to State of Florida Gross Receipts Tax (currently equal to 2.5%), a Regulatory Assessment Fee (currently equal to 3/8 of 1%), and State and local sales tax (currently equal at 6%). The Regulatory Assessment Fee and 1.5% of the Gross Receipts Tax are included in the rates specified in Article 6.1. The remaining portion (1%) of the current Gross Receipts Tax and the sales tax shall be added to Shipper's invoice. Shipper may be eligible for an exemption from the sales tax. In such case Shipper shall provide Transporter with a written notice of exemption. If during the term of this Agreement, the Federal Government, or any State, municipality or subdivision of such Government, should increase any present tax or levy any additional tax related to the service provided by Transporter under this Agreement, any such additional tax actually paid by Transporter shall be computed on a cents per dt basis and added to the then effective rate hereunder. If during the term of this Agreement, the Federal Government, or any State, municipality or subdivision of such Government, should decrease or eliminate any tax paid by Transporter relating to the service provided by Transporter under this Agreement, the reduction in such tax shall be computed on a cents per dt basis and subtracted from the then effective rate hereunder.

- 2. All terms and conditions of the Agreement not expressly amended herein shall remain in full force and effect.

3. This Amendment No. 1 supplements the Agreement and supersedes any and all prior understandings between the Parties with respect to the subject matter herein.
4. This Amendment shall be effective as of the date set forth above, and the effectiveness of this Amendment shall not be subject to approval by the Florida Public Service Commission.
5. This Amendment may be executed in any number of counterparts, and each executed counterpart shall have the same force and effect as an original instrument.

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

WITNESS:

Caralie E. Manera
Name:

SHIPPER:

POLK POWER PARTNERS, L.P.,
a Delaware limited partnership
authorized to do business in Florida
as Polk Power Partners, Ltd.
By Polk Power GP, Inc.

By: _____
Name: L. C. Confair
L. C. Confair
Title: President *rlw*

WITNESS:

MTHastings
Name:

TRANSPORTER:

Central Florida Gas Company
Division of CHESAPEAKE UTILITIES
CORPORATION

By: Philip S. Barefoot
Name: PHILIP S. BAREFOOT
Title: SR. V.P. NATURAL GAS OPS. *per*



January 28, 1999

Mr. Wade Smith
Polk Power Partners, LP
c/o Polk Power GP, Inc.
1125 US Highway 98 South, Suite 100
Lakeland, Florida 33801

Dear Mr. Smith,

Central Florida Gas Company recently received a ruling from the State of Florida Department of Revenue which advised us that Gas Transportation Service is not subject to the utility gross receipts tax. As a result, and pursuant to the contract between Central Florida Gas Company and Polk Power Partners, effective November 1, 1998, we are reducing your base gas transportation rate from \$.28 per dekatherm to \$.27578 per dekatherm. Your incremental gas transportation rate will be reduced from \$.025 cents per dekatherm to \$.02462. We will be issuing revised invoices to your attention for the months of November and December, 1998.

In addition, effective January 1, 1999, the Florida Public Service Commission increased its regulatory assessment fee from 3/8 of 1% to 1/2 of 1% of regulated revenues. As this rate is embedded in the contract rate for gas transportation service, we will be increasing your gas transportation rates effective January 1, 1999. The base transportation rate effective January 1, 1999 is \$.29684 per dekatherm, reduced from \$.30100 as stated in the gas transportation agreement between Central Florida Gas Company and Polk Power Partners. The incremental transportation rate effective January 1, 1999 is \$.02465 per dekatherm.

Please contact me at 299.2883 or Sam Sessa at 293.8612 if you have any questions.

Respectfully yours,

A handwritten signature in cursive script that reads "Anne V. Wood".

Anne V. Wood
Accounting and Rates Manager
Central Florida Gas Company

AVW

Central Florida Gas Company
A Division of Chesapeake Utilities Corporation

1015 Sixth Street, NW P.O. Box 960 Winter Haven, Florida 33881 941.293.2125 941.294.3895 / fax

Polk Power Partners

Effective Date	Base Rate			incremental Rate		
	Rate per Contract	Rate less Taxes	New Rate inclusive of new tax	Rate per Contract	Rate less Taxes	New Rate inclusive of new tax
1-Jan-99	0.301	0.29536	0.29684	0.025	0.024531	0.02465
1-Jan-00	0.324	0.31792	0.31952			
1-Jan-01	0.348	0.34147	0.34319			
1-Jan-02	0.374	0.36699	0.36883			
1-Jan-03	0.402	0.39446	0.39645			
1-Jan-04	0.432	0.42390	0.42603			
1-Jan-05	0.465	0.45628	0.45858			
1-Jan-06	0.499	0.48964	0.49211			
1-Jan-07	0.537	0.52693	0.52958			
1-Jan-08	0.577	0.56618	0.56903			
1-Jan-09	0.620	0.60837	0.61143			
1-Jan-10	0.667	0.65449	0.65778			
1-Jan-11	0.717	0.70356	0.70709			
1-Jan-12	0.771	0.75654	0.76035			
1-Jan-13	0.829	0.81345	0.81755			
1-Jan-14	0.891	0.87429	0.87869			
1-Jan-15	0.958	0.94004	0.94476			

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

Effective:

Central Florida Gas Company
Adjustment of Special Contracts for Change in Taxes
Pursuant to Contract Language

	IMC	Alumax	PPP		Orange Co-gen
			Base	Incremental	
Rate per Contract	0.13536 per dt	0.44 per dt	0.28 per dt	0.025 per dt	0.015 per dt
Divide by tax multiplier embedded in rates	1.0296	1.0296	1.01911	1.01911	1.01911
Pre-tax rate per contract	0.13147	0.42735	0.27475	0.02453	0.01472
Adjusted multiplier (1)	1.00376	1.00376	1.00376	1.00376	1.00376
Adjusted Rates effective Nov. 1, 1998	0.13196	0.42896	0.27578	0.02462	0.01478
PPP Contract Rate January 1, 1999			0.30100		
Pre-tax rate per contract			0.29536		
January 1 increase for PSC Tax (2)	1.00503	1.00503	1.00503	1.00503	1.00503
Adjusted Rates effective Jan. 1, 1999	\$0.13213 per dt	\$0.42950 per dt	\$0.29684 per dt	\$0.02465 per dt	\$0.01479 per dt

Note: APP's contract provides for adjustment of increase only

(1) Department of Revenue ruled that transportation was not taxable for gross rec. purposes, therefore, this gross-up is for PSC tax only

(2) PSC tax increased to .5% effective 1/1/99

Polk Power Partners, L.P. and Chesapeake Utilities Corporation
Amendment No. 2 to GTA

AMENDMENT NO. 2 TO GAS TRANSPORTATION AGREEMENT

This AMENDMENT NO. 2 TO GAS TRANSPORTATION AGREEMENT ("Amendment") is made and entered into on the 24th day of August, 2005, to be effective January 1, 2005 (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 "Transporter", and Polk Power Partners, L.P., a Delaware limited partnership hereinafter referred to as "Shipper". Transporter and Shipper shall also be referred to from time to time herein as "Party" or, collectively, as "Parties."

WITNESSETH:

WHEREAS, Transporter and Shipper are Parties to that certain Gas Transportation Agreement ("Agreement") dated February 18, 1994; and

WHEREAS, subject to the terms and conditions of this Amendment, the Parties desire to amend, cancel, or replace certain provisions of the Agreement, as provided herein.

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are acknowledged by the Parties, the Parties mutually agree as follows:

1. The first sentence of Section 1.1 of the Agreement is amended to read as follows:

"Shipper shall cause FGT to deliver to Transporter at the Bartow B delivery point on FGT's system, and/or such other delivery point on FGT's system interconnected to Transporter's gas distribution system as the Parties may agree (hereinafter referred to as a "Delivery Point"), the quantities of gas to be transported by Transporter hereunder."

2. Exhibit A of the Agreement is canceled as of the Effective Date of this Amendment.
3. Section 6.1 of the Agreement is deleted in its entirety, and the following shall be inserted in lieu thereof:

"For the period commencing January 1, 2005 and continuing thereafter for the remaining term of this Agreement, Shipper shall pay to Transporter a Transportation Service Reservation Charge of \$54,896 per month. Shipper shall pay this amount to Transporter on or before the first day of each month during

Polk Power Partners, L.P. and Chesapeake Utilities Corporation
Amendment No. 2 to GTA

the remaining term of this Agreement whether or not Shipper causes FGT to deliver to Transporter at any Delivery Point any quantities of gas to be transported by Transporter hereunder. In the event that actual gas quantities received at Shipper's Cogeneration Facility as recorded on Transporter's measurement equipment located at such facility, such equipment not to include any measurement equipment associated with the ARC Delivery Point, exceed 4,512 dt per day on any given day, Shipper shall pay to Transporter an additional transportation charge of \$0.20 per dt for all quantities in excess of 4,512 dt per day up to 5,640 dt per day. In the event that actual gas quantities received at Shipper's Cogeneration Facility as recorded on Transporter's measurement equipment located at such facility, such equipment not to include any measurement equipment associated with the ARC Delivery Point, exceed 5,640 dt per day on any given day, Shipper shall pay to Transporter an additional transportation charge of \$0.025 per dt for all quantities in excess of 5,640. The rates established in this Agreement are subject to the continuing jurisdiction of the FPSC and may be amended from time to time subject to the approval of the FPSC.

4. Amendment No. 1 to the Agreement, dated September 14, 1994, is canceled as of the Effective Date of this Amendment.
5. Section 6.2 of the Agreement, as amended by Amendment No. 1, is deleted in its entirety and the following shall be inserted in lieu thereof:

"If during the term of this Agreement, the Federal Government, or any State, municipality or subdivision of such Government, shall increase any present tax or levy additional tax, relating to the service provided by Transporter under this Agreement (other than on Transporter's income), any such additional tax actually paid by Transporter shall be added to the then effective rate for the Monthly Transportation Reservation Charge. If during the term of this Agreement, the Federal Government, or any State, municipality or subdivision of such Government, shall decrease or eliminate any tax paid by Transporter relating to the service provided by Transporter under this Agreement, the reduction in such tax shall be subtracted from the then effective rate for the Monthly Transportation Reservation Charge."
6. The Parties agree that, on the Effective Date of this Amendment, Transporter's letter to Shipper dated January 28, 1999, reducing the base

Polk Power Partners, L.P. and Chesapeake Utilities Corporation
Amendment No. 2 to GTA

transportation rate in the Agreement to eliminate Florida Gross Receipts Tax as a rate component and increasing the base transportation rate to reflect an increase in the Florida Public Service Commission's Regulatory Assessment Fee shall be canceled and replaced in its entirety by the rates established by this Amendment. The Parties further agree that nothing in this Amendment, or the replacement of the January 28, 1999 Transporter letter, shall be construed as limiting the ability of Transporter to increase or reduce rates to recover from Shipper Gross Receipts Tax, Regulatory Assessment Fees, or any other applicable tax or fee, that may be imposed or for which tax rates are adjusted by governmental authority, relating to the service provided by Transporter under this Agreement.


7. The Parties agree that, as provided in Section 6.1 of the Agreement, as amended herein, the negotiated rates included in this Amendment are subject to the continuing jurisdiction of the Florida Public Service Commission (FPSC) and must be submitted for approval. Transporter agrees to petition the FPSC for approval of the amended rates within thirty (30) days from the date of execution of this Amendment.
8. Section 7.1 of the Agreement is amended to add the following sentence: "Shipper may, at its sole option, terminate this Agreement with at least eighteen (18) months written notice to Transporter prior to the proposed termination date."
9. The Parties agree that the rates, terms and conditions established in this Amendment shall be placed into effect on the Effective Date on an interim basis until such time as the FPSC has issued a final order approving the amended rates, terms and conditions. The Parties agree that, in the event the FPSC (a) expressly declines to issue such a final order, or (b) fails to issue such a final order within twelve (12) months after execution of this Amendment, the provisions of this Amendment shall be deemed void ab initio, and the rates, terms and conditions shall revert to the original Agreement. Transporter shall calculate the cumulative revenue difference between the actual billed charges at the interim rates in this Amendment and the rates in the original Agreement for the gas quantities delivered during the period the interim rates were in effect, and collect or refund such amount from or to Shipper.
10. This Amendment may be executed in more than one counterpart, and each executed counterpart shall have the same force and effect as an original instrument.
11. In all other respects, the Agreement shall remain unchanged and in full force and effect.

Polk Power Partners, L.P. and Chesapeake Utilities Corporation
Amendment No. 2 to GTA

IN WITNESS WHEREOF, the parties have duly executed this Amendment No. 2
to Gas Transportation Agreement, effective as of the date first stated above.

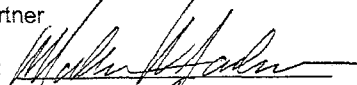
Chesapeake Utilities Corporation

Polk Power Partners, L.P.

By: 
Name: JOHN R. SCHIMKAITIS
Title: PRESIDENT

Date: August 24, 2005

By: Polk Power GP, Inc., its General
Partner

By: 
Name: Malcolm W. Jacobson
Title: General Manager

Date: August 24, 2005

Polk Power Partners and Chesapeake Utilities Corporation
Master Gas Transportation Service Termination Agreement

**MASTER GAS TRANSPORTATION SERVICE
TERMINATION AGREEMENT**

This MASTER GAS TRANSPORTATION SERVICE TERMINATION AGREEMENT ("Master Agreement") is made and entered into as of the 24th day of August, 2005, (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 "Transporter", and Polk Power Partners, L.P., a Delaware limited partnership hereinafter referred to as "Shipper". Transporter and Shipper shall also be referred to from time to time herein as "Party" or, collectively, as "Parties."

WITNESSETH:

WHEREAS, Transporter and Shipper are Parties to the following agreements: (1) Gas Transportation Agreement dated February 18, 1994, as amended, including by Amendment No. 2 to Gas Transportation Agreement, effective as of January 1, 2005 ("Gas Transportation Agreement"); (2) Capacity Relinquishment Agreement dated February 18, 1994, as amended, including by Amendment No. 1 to Capacity Relinquishment Agreement of even date herewith; (3) Delivery Point Lease Agreement effective January 1, 2005; and, (4) Transportation Aggregation Service (TAS) Pool Manager Agreement, effective as of January 1, 2005, as modified by the Letter Agreement: CFG Transportation Aggregation Service, dated August 24, 2005 and effective as of January 1, 2005 (such above referenced agreements collectively referred to from time to time herein as "Agreements"); and

WHEREAS, each of the Agreements include specific termination rights for each Party, and, further, each of the Agreements are subject to all of the rules, regulations and orders of any duly constituted federal or state regulatory authorities having jurisdiction hereof, which regulatory authority may, subsequent to the execution of the Agreements by the Parties, order the termination of the Agreements; and

WHEREAS, the Parties recognize and acknowledge that the operational and economic benefits which inure to each Party from the Agreements exist only to the extent each referenced agreement remains in force, and that the exercise of the right to terminate, singly or collectively, any of the Agreements by either Party, and/or a jurisdictional regulatory authority, may result in one Party achieving an unintended operational or economic advantage over the remaining Party; and

WHEREAS, both Parties desire to establish certain rights to terminate any or all of the Agreements in the event one Party exercises their termination rights under one or more of the Agreements, and/or a jurisdictional regulatory authority orders the termination of one or more of the Agreements.

{H0029367.2}

Polk Power Partners and Chesapeake Utilities Corporation
Master Gas Transportation Service Termination Agreement

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are acknowledged by the Parties, the Parties mutually agree as follows:

1. In the event either Party terminates one or more of the Agreements (the "Initiating Party"), the Party not terminating the agreement (the "Remaining Party") shall have the right, but not the obligation, to terminate any or all of the Agreements remaining in force on the earliest effective date of termination of the Agreement or Agreements terminated by the Initiating Party; provided, however, that such termination right shall not be available to the Remaining Party if the Initiating Party terminates any of the Agreements due to the default of the Remaining Party thereunder.
2. In the event a jurisdictional regulatory authority orders the termination of any or all of the Agreements, the Parties shall individually (and unilaterally) have the right, but not the obligation, to terminate any or all of the Agreements remaining in force on the earliest effective date of termination of the Agreement(s) terminated by the jurisdictional regulatory authority.
3. Nothing in this Master Agreement shall reduce or modify the unilateral right of Shipper to terminate the Gas Transportation Agreement at Shipper's sole option upon eighteen (18) months prior written notice to Transporter, pursuant to Section 7.1 thereof.
4. In all other respects, this Master Agreement shall have no effect on the Agreements, which shall remain in full force and effect.

IN WITNESS WHEREOF, the Parties have duly executed this Amendment, in multiple originals, effective as of the day and year first above written.

Chesapeake Utilities Corporation

Polk Power Partners, L.P.

By: 

By: Polk Power GP, Inc., its General Partner

By: 

Name: JOHN R. SCHIMKAITIS

Name: Malcolm W. Jacobson

Title: PRESIDENT

Title: General Manager

Date: August 24, 2005

Date: August 24, 2005

{H0029367.2}

DELIVERY POINT LEASE AGREEMENT

This Delivery Point Lease Agreement (this "Lease"), is made and entered into on the 24th day of August 2005, to be effective January 1, 2005 (the "Effective Date") by and between Polk Power Partners, LP, a Delaware limited partnership ("Lessor"), and Chesapeake Utilities Corporation, a Delaware corporation, ("Lessee"), each of Lessor and Lessee being sometimes referred to herein individually as "Party" or collectively as the "Parties").

WHEREAS, Lessor owns and operates a cogeneration facility located at Noralyn Commerce Industrial Park, Polk County, Florida, (the "Plant"), and owns and operates certain gas receiving property and equipment directly interconnected to the Florida Gas Transmission ("FGT") pipeline at a pipeline interconnect location designated by FGT as Delivery Point DRN 153710 (as hereinafter more particularly defined, the "Facilities"); and

WHEREAS, Lessee is a public utility and owns and operates a natural gas distribution system within Central Florida, is qualified and experienced in the operation of natural gas pipeline facilities, and desires to lease the Facilities from Lessor for use in delivering gas to Lessor; and

WHEREAS, Lessor is willing to lease the Facilities to Lessee for use by Lessee in providing service to Lessor.

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are acknowledged by the Parties, the Parties mutually agree as follows:

Section 1 - Lease. Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, effective as of the Effective Date and upon and subject to the terms and conditions herein set forth, the following described property:

The gas receiving and associated pipeline, valves, meters, electronic control equipment and such other property as is incorporated therein or affixed or appurtenant thereto, being referred to herein as the "Facilities" located in the State of Florida, extending from the point at the connection of the facilities of FGT and the Plant at which the gas leaves the outlet side of the measuring equipment of FGT and enters Lessor's Facilities, as more particularly described in "Attachment A", which is attached hereto, incorporated herein and made a part hereof by reference.

Section 2 - Term. This Lease shall be in effect as of January 1, 2005 and shall continue in effect through the month of December 2015, (the "Initial Term".) This Lease may be terminated at any time during the Initial Term or any extended period by either Party, subject to the following: (a) the Party initiating the termination provides written notice to the other Party no less than thirty (30) days prior to any submittal, by either Party, to FGT requesting termination of Lessee as the authorized Delivery Point Operator and/or authorization of a change in Polk Power Partners' Delivery Point Operator, and (b) the

Delivery Point Lease Agreement

effective date of the termination of this Lease shall be the effective date established by FGT in its confirmation letter(s) to the Parties confirming the change in Delivery Point Operator for Polk Power Partners. Subsequent to the expiration of the Initial Term, this Lease shall be extended on a year-to-year basis ("Secondary Term"), unless either Party gives written notice of termination to the other Party, not less than ninety (90) days prior to the expiration of any annual period.

Section 3 - Rent. During the Initial Term and any Secondary Term of this Lease, Lessee shall pay to Lessor rent in the amount of \$10.00 annually, the first such payment being due within twenty (20) days following the Effective Date, and successive annual payments in said amount being due within twenty (20) days following each anniversary of the Effective Date (rent being due for any fractional portion of any year in proportion). All rent payments shall be made to Lessor at the address set forth in Section 14 of this Lease, or at such other address as Lessor may designate by written notice to Lessee, unless Lessor shall assign this Lease and the right to receive the rent hereunder, in which case rent shall be paid to Lessor's assignee after written notice of such assignment, if any, has been duly given to Lessee by Lessor. All rent shall be paid without notice or demand, and without abatement, deduction or set-off of any amount whatsoever.

Section 4 - Use, Operation and Maintenance of Delivery Point.

(a) Use of Delivery Point; Records and Reports. During the term of this Lease, Lessee shall use the Facilities for the purpose of transporting and delivering gas to Lessor, and for such other purposes as may be incidental thereto, and for no other purpose; provided, however, that Lessee's use of such Facilities shall comply in all respects with all applicable laws, ordinances and regulations, tariffs, orders, or directives of any governmental body having jurisdiction; and provided further that Lessee's use of the Facilities shall not, without the prior written consent of Lessor, and notwithstanding any other agreement between Lessor and Lessee to the contrary, cause any interruption in Lessor's ability to receive the Plant's full requirements for natural gas under the delivery conditions as set forth in Lessor's FGT Transportation Service Agreement(s) related to the above referenced Delivery Point. Lessee shall comply at all times with the operating and periodic maintenance requirements of Parts 191 and 192, Title 49, Code of Federal Regulations, and Chapter 25-12, Florida Administrative Code, as well as any applicable orders or directives of the Florida Public Service Commission. Lessee shall be responsible for the cost associated with the periodic maintenance of the Facilities as required by law and/or governmental regulation. Lessee shall not be responsible for the repair or replacement of the Facilities, or any portion thereof, as may be required from time to time during the term of this Lease. Lessee shall prepare and maintain all books and records required by any applicable laws, regulations or ordinances to be prepared and maintained by the owner or lessee of the Facilities, and prepare and file (or submit to Lessor for filing, as the case may be) all reports with governmental bodies required by any applicable laws, regulations or ordinances to be filed by the owner or lessee of the Facilities, in connection with Lessee's operation or maintenance of the Facilities.

(b) Records, Access, etc. During the term of this Lease, Lessor shall make available to Lessee Lessor's records (or copies thereof) relating to the design, permitting, construction and operation of the Facilities, including, without limitation, regulatory filings, schematics, blueprints and maintenance records, provided, however, that to the extent any such data, files or records are not limited in scope to the Facilities, Lessor shall (i)

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only provide copies of such information, and (ii) be allowed to redact from such copies any and all portions of such information that pertain to matters beyond the scope of the Facilities. Lessor shall provide to Lessee reasonable access to the Facilities as required for Lessee to operate, maintain and respond to emergency situations associated with the Facilities. Nothing herein shall limit or restrict Lessor's access to the Facilities.

(c) Audit Rights. Lessor shall have the right to review and audit, during normal business hours, on reasonable prior notice and at its own expense, Lessee's records relating to services performed or required to be performed by Lessee pursuant to this section.

Section 5 - Operation and Maintenance Fee. For the services provided herein, Lessor shall pay Lessee the sum of \$20,000.00 within thirty (30) days of the execution of this Lease and, further, during the term of this Lease, Lessor shall pay to Lessee an Operation and Maintenance Fee in the amount of \$2,500.00 per month, payable retroactively as of the Effective Date. Lessee shall bill the Operations and Maintenance Fee to Lessor each month on Lessee's monthly gas transportation statement to Lessor; provided, however, that any unpaid Operations and Maintenance Fees attributable to months prior to the execution hereof shall be added (without interest thereon) to the first monthly gas transportation statement after the month of execution hereof.

Section 6 - Warranties. Lessee agrees that it has entered into this Lease based upon its own judgment and inspection of the Facilities and disclaims any reliance upon any statements or representations with respect to the Facilities made by Lessor.

Section 7 - Title. Title to the Facilities shall at all times remain in Lessor, and Lessee shall, at its own expense, protect and defend the title of Lessor and keep it free and clear of all claims and liens other than the rights of Lessee hereunder and claims and liens created by or arising through Lessor. The Facilities shall remain personal property regardless of their attachment to or placement within realty.

Section 8 - Taxes. Lessor agrees that, during the term of this Lease, it will retain the obligation to pay all taxes, assessments, and other governmental charges or fees levied or assessed upon the Facilities.

Section 9 - Insurance. Both Parties shall, during the term hereof, maintain in force and effect property damage and casualty insurance protecting the Facilities from all risks in a face amount not less than the full value of the Facilities, and liability insurance with combined single limits of not less than \$1,000,000; each Party naming the other Party as an additional insured. Both Parties shall provide certificates of such insurance coverages to the other Party, and all policies shall require the giving of written notice by each Party to the other Party not less than thirty (30) days prior to cancellation or change in coverage.

Section 10 - Indemnification.

10.1 For value received and to induce Lessee to enter into this Lease, Lessor agrees to protect, defend (at Lessor's expense and by counsel reasonably satisfactory to Lessee), indemnify, and save and hold harmless Lessee, 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

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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 at any time arising 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 Lessee's rights hereunder) incurred by Lessee in connection with, arising out of, resulting from, relating to, or incident to:

1. any breach of any of the representations, warranties, or covenants of Lessor contained in this Lease, 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) to the extent caused by Lessor or its designee or agent (other than Lessee), 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 Lessor's 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 Lessor's warranty of title to Gas and related obligations;
2. any claim by a creditor of Lessor as a result of any transaction pursuant to or contemplated by this Lease; and
3. any claim against Lessee relating to any obligation or liability of Lessor, or its affiliates, or any of them of any kind or nature.

In no event shall Lessee be indemnified to the extent of any negligence on the part of Lessee.

In the event that any claim or demand for which Lessor would be liable to Lessee hereunder is asserted against or sought to be collected from Lessee by a third party, Lessee shall promptly notify Lessor 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"). Lessor 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 Lessee:

- A. whether or not it disputes its liability to Lessee hereunder with respect to such claim or demand; and,
- B. whether or not it desires, at its sole cost and expense, to defend Lessee against such claim or demand.

In the event that Lessor notifies Lessee within the Notice Period that it desires to defend Lessee against such claim or demand, Lessor shall have the right to defend Lessee by appropriate proceedings, which proceedings shall be promptly settled or prosecuted by

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Lessor to a final conclusion in such manner as to avoid any risk of Lessee becoming subject to any liability for such claim or demand or for any other matter. If Lessee desires to participate in, but not control, any defense or settlement, it may do so at its sole cost and expense. If Lessor elects not to defend Lessee against such claim or demand, whether by not giving Lessee timely notice as provided above or otherwise, then the amount of any such claim or demand, or, if the same is contested by Lessor or by Lessee (Lessee 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 Lessor and subject to indemnification as provided hereinabove.

10.2 For value received and to induce Lessor to enter into this Lease, Lessee agrees to protect, defend (at Lessee's expense and by counsel reasonably satisfactory to Lessor), indemnify, and save and hold harmless Lessor, 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 at any time arising 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 Lessor's rights hereunder) incurred by Lessor in connection with, arising out of, resulting from, relating to, or incident to:

1. any breach of any of the representations, warranties, or covenants of Lessee contained in this Lease, 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 Lessee as a result of any transaction pursuant to or contemplated by this Lease; and
3. any claim against Lessor relating to any obligation or liability of Lessee, or its affiliates, or any of them of any kind or nature.

In no event shall Lessor be indemnified to the extent of any negligence on the part of Lessor.

In the event that any claim or demand for which Lessee would be liable to Lessor hereunder is asserted against or sought to be collected from Lessor by a third party, Lessor shall promptly notify Lessee 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"). Lessee 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 Lessor:

- A. whether or not it disputes its liability to Lessor hereunder with respect to such claim or demand; and,
- B. whether or not it desires, at its sole cost and expense, to defend Lessor against such claim or demand.

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In the event that Lessee notifies Lessor within the Notice Period that it desires to defend Lessor against such claim or demand, Lessee shall have the right to defend Lessor by appropriate proceedings, which proceedings shall be promptly settled or prosecuted by Lessee to a final conclusion in such manner as to avoid any risk of Lessor becoming subject to any liability for such claim or demand or for any other matter. If Lessor desires to participate in, but not control, any defense or settlement, it may do so at its sole cost and expense. If Lessee elects not to defend Lessor against such claim or demand, whether by not giving Lessor timely notice as provided above or otherwise, then the amount of any such claim or demand, or, if the same is contested by Lessee or by Lessor (Lessor 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 Lessee and subject to indemnification as provided hereinabove.

10.3 The foregoing indemnification and hold harmless agreement shall benefit both Parties from the Effective Date hereof and shall survive the termination of this Lease.

Section 11 - Failure to Perform: Default and Remedies.

11.1 The following shall constitute an event of default:

- (a) Either Party fails to satisfy in full the terms and conditions of this Lease;
- (b) Either Party voluntarily suspends the transaction of business where there is an attachment, execution or other judicial seizure of any portion of its 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 is formally charged by any government agency with engaging in any unlawful activities.

11.2 If either Party fails to perform its obligations under this Lease, 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").

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Delivery Point Lease Agreement

11.3 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) any remedy specifically provided for in this Lease, and/or,
- (b) terminate the Lease upon written notice to the defaulting Party; and/or,
- (c) any other remedy existing at law or in equity.

Section 12 - Assignment. This Lease shall be binding upon, and inure to the benefit of, the respective successors and permitted assigns of the Parties. The respective rights and obligations of either Party hereto shall not be assignable without the consent of the other Party, and such consent shall not be unreasonably withheld, except that this Lease may be assigned without further approval as collateral security to any bank or financial institution ("Lender") providing financing to Lessor in connection with Lessor's cogeneration facility. Lessee agrees to execute any consent to assignment and other such documents in connection with any assignment to Lender, as Lender may reasonably request.

Section 13 - Mutually Beneficial Transactions. Lessor and Lessee recognize that, from time to time, circumstances may arise that provide one or both Parties an opportunity to achieve financial or operational benefits, resulting from the Delivery Point Operator services described in this Agreement, that exceed the benefits associated with typical monthly imbalance resolution and FGT Operational Order response. In the event either Party identifies such an opportunity, and both Parties mutually agree to a scope of services or a defined course of action, the compensation for the services and/or action shall be negotiated between the Parties. 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 five (5) business days after the transaction. The Parties agree that any such transaction shall have no adverse impact on customers receiving transportation service under Central Florida Gas Company's gas tariff as approved by the Florida Public Service Commission.

Section 14 - Notices. Any notice, demand, request or invoice provided for in this Lease shall be in writing and deemed given when delivered by hand or deposited in the U.S. Mail postage prepaid addressed to each Party as set forth below:

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

Lessor:
Polk Power Partners, L.P.
C/o Northern Star Generation Services
Company, LLC
2929 Allen Parkway, Suite 2200
Houston, Texas 77019

Administrative Matters:
Attention: Florida Regional Manager
Telephone: (863) 293-2125, ext. 2922
Facsimile: (863) 294-3895
(H0029355.1)

Administrative Matters:
Attention: Malcolm Jacobson
Telephone: (713) 580-6335
Facsimile: (713) 580-6320

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E-mail: tgeoffroy@cfgas.com

E-mail: malcolm.jacobson@northernstargen.com

Invoices/Payment:

Attention: Senior Financial Analyst
Telephone: (863) 293-2125, ext. 2913
Facsimile: (863) 294-3895
E-mail: bbilinski@cfgas.com

Additional Notice to:

Polk Power Partners, L.P.
C/o Bear Stearns and Co., Inc.
16945 Northchase Drive
Suite 1560
Houston, Texas 77060

Attention: David Zimmerman
Telephone: (832) 601-2607
Facsimile: (832) 601-2680
E-mail: dzimmerman@bear.com

Section 15 - Independent Parties. Lessee and Lessor shall perform hereunder as independent Parties, and neither Lessee nor Lessor is in any way or for any purpose, by nature of this Lease or otherwise, a partner, joint venturer, agent, employer or employee of the other. Nothing in this Lease 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.

Section 16 - No Waiver. No waiver of any of the provisions hereof shall be deemed to be a waiver of any other provision, whether similar or not. No waiver shall constitute a continuing waiver. No waiver shall be binding on a Party unless executed in writing by that Party.

Section 17 - Amendments. This Lease shall not be amended except by an instrument in writing signed by the Party against which enforcement of the amendment is sought. A change in the place to which notices hereunder must be sent shall not be deemed nor require an amendment hereof, provided such change is communicated pursuant to Section 14.

Section 18 - Entire Agreement. On and after the Effective Date, this Lease constitutes the entire agreement between the Parties with respect to Lessee's use of the Facilities and the operation, maintenance and repair services to be provided for the Facilities, and supersedes all prior agreements and understandings between the Parties with respect thereto.

Section 19 - Governing Law. This Lease and any dispute arising hereunder shall be governed by, and interpreted in accordance with, the laws of the State of Florida and shall be subject to all applicable laws, rules and orders of any Federal, state or local governmental authority having jurisdiction over either or both of the Parties, their facilities or the transactions contemplated. Venue for any action, at law or in equity, commenced by either Party against the other and arising out of, or in connection with, this Lease shall be in a court having jurisdiction and located in Polk County, Florida.

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Delivery Point Lease Agreement

Section 20 - Dispute Resolution.

(a) Except as provided in paragraph (b) below, prior to initiating arbitration to resolve a dispute under this Lease, the Parties agree to submit any and all disputes to pre-arbitration mediation under the Florida Rules for Certified and Court Appointed Mediators and Florida Rules of Civil Procedure 1.700 through 1.73 and 1.750, excluding subsection (b), together with the rules of the American Arbitration Association or the Foundation for Dispute Resolution. Accordingly, the Parties agree to strictly follow said rules and abide by any agreement entered into as a result of such mediation. Good faith compliance with this section shall be considered a condition precedent to the right to arbitration under this Lease. This section shall be deemed to be a material inducement to each Party's entering into this Lease.

(b) Subject to paragraph (a) above, any dispute relating to or arising under this Lease shall be decided by arbitration conducted in accordance with the arbitration rules and regulations (latest edition) established by the American Arbitration Association ("AAA"), by a single arbitrator appointed by the Parties or, failing agreement as to such appointment within thirty (30) days of a Party's proposal of an arbitrator, by a neutral arbitrator appointed by the AAA. The physical location of the arbitration shall be in the State of Florida. The Parties will pay the cost of the arbitrator as he or she directs. The Parties agree to be bound by the arbitrator's final decision, and judgment upon such final decision may be entered in any court having jurisdiction pursuant to Section 19 hereof, unless the court determines that the decision: (a) was procured by corruption, fraud or undue means, (b) was the result of evident partiality or misconduct by the arbitrator, or (c) would, if given effect, be unlawful under federal or Florida law.

Section 21 - Legal Fees. In the event of litigation between the Parties hereto arising out of or in connection with this Lease, the reasonable attorneys' fees and costs of the Party prevailing in such arbitration or litigation shall be paid by the other Party.

Section 22 - Lessee's Tariff Provisions. Subsection 9 (Force Majeure) of the General Terms and Conditions of Lessee's Natural Gas Tariff filed with the Florida Public Service Commission, including any amendments thereto during the term of this Lease, are hereby incorporated into this Lease and made a part hereof for all purposes. In the event of any conflict between said provision of Lessee's Natural Gas Tariff and specific provisions of this Lease, the latter shall prevail.

{H0029355.1}

Delivery Point Lease Agreement

IN WITNESS WHEREOF, the Parties hereto have caused this Lease to be executed by their respective duly authorized officers as of the date first set forth above.

LESSEE

CHESAPEAKE UTILITIES CORPORATION

By: 

Name: JOHN R SCHIMKAITIS

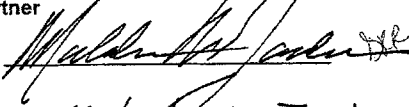
Title: PRESIDENT

Date: August 24, 2005

LESSOR

POLK POWER PARTNERS, L.P.

By: POLK POWER GP, INC., its General Partner

By: 

Name: Malcolm W. Jacobson

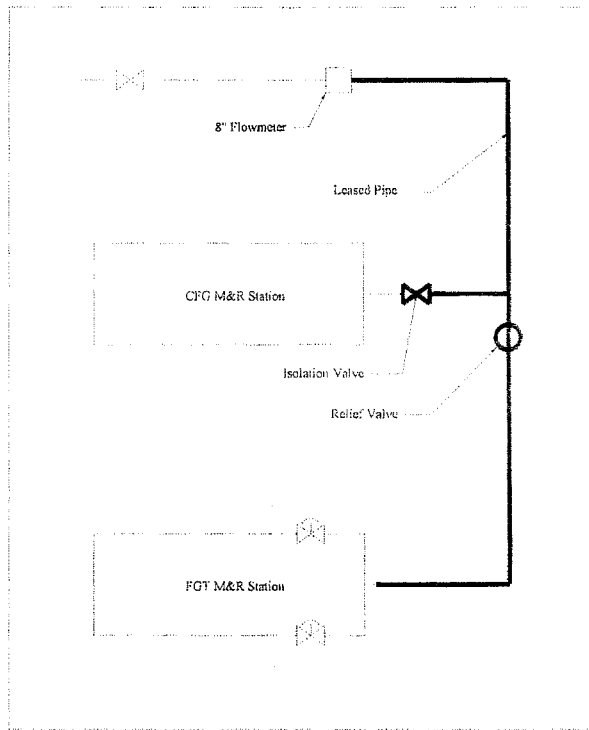
Title: General Manager

Date: August 24, 2005

Delivery Point Lease Agreement

ATTACHMENT "A"
To
Delivery Point Lease Agreement
Between
Polk Power Partners, L.P.
And
Chesapeake Utilities Corporation

DESCRIPTION AND LOCATION OF FACILITIES



{H0029355.1}

August 24, 2005

Polk Power Partners, L.P.
C/o Northern Star Generation Services Company, LLC
2929 Allen Parkway, Suite 2200
Houston, Texas 77019

Attention: Malcolm Jacobson

Re: Letter Agreement: CFG Transportation Aggregation Service

Dear Mr. Jacobson:

Chesapeake Utilities Corporation, d/b/a Central Florida Gas (CFG), has reviewed the request of Polk Power Partners, L.P. ("the Partnership"), the prospective Pool Manager under the Transportation Aggregation Service (TAS) Agreement, to make certain modifications to the Form of Service Agreement as provided by Section 17.2 General Terms and Conditions of the CFG tariff. The tariff requires that two administrative actions be completed prior to activating a Customer Pool. A TAS Pool Manager Agreement (TAS Agreement) must be executed between CFG and the entity designated to manage the Customer Pool. The tariff also requires that customers interested in joining the pool must execute and submit to CFG a Letter of Authorization (LOA) selecting a Pool Manager and accepting the TAS tariff provisions.

The tariff clearly provides that an end-use customer who has shipper status on the interstate pipelines serving CFG's distribution system may be a Pool Manager and aggregate its facilities. The entity recognized as a Shipper on Florida Gas Transmission Company ("FGT") would be the Pool Manager of record and execute the TAS Agreement. Both the CFG and respective pipeline tariffs allow Shippers to establish a Designee or Agent to handle the various transactions and administrative activities related to transportation service.

CFG and the Partnership recognize that the creation of a TAS Customer Pool for the Polk Power Partner L.P. and the Orange Cogeneration L.P. cogeneration facilities is intended principally to provide the Partnership a greater degree of flexibility in resolving monthly shipper imbalances and responding to operational orders (Alert Days, OFO's, etc.). CFG recognizes that the Partnership's TAS Customer Pool will require some modification of the standard CFG TAS Agreement to accommodate certain special conditions of service. The TAS Agreement modifications are as follows:

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

Effective:

1. Article II - Scope of Capacity Relinquishment, is deleted in its entirety. CFG and the Partnership have existing agreements in place for capacity relinquishment. In addition, the Partnership holds service agreements directly with FGT for capacity. No capacity relinquishment from CFG will occur under the TAS Agreement, and the sixth Whereas clause in the recitals is deleted in its entirety, and any and all references and cross-references to Article II or Sections within Article II shall be without meaning, and may be deemed to be references to either (a) the appropriate provisions of the Service Agreement or (b) the applicable provisions of the Capacity Relinquishment Agreement between Chesapeake and Pool Manager, as context requires. In addition, CFG recognizes that, unlike other TAS Pool Managers, the Partnership is not a Gulfstream shipper since all gas quantities for the two cogeneration facilities are transported on FGT. Article II in the standard TAS Agreement would otherwise have required that the Pool Manager execute a Service Agreement with the Gulfstream Pipeline.
2. Article III - Relinquished Capacity Charges and Refunds, is deleted in its entirety. Given that no capacity will be released under the TAS agreement, the provisions for accepting and paying for capacity included in Article III are not relevant. Any and all references and cross-references to Article III or Sections within Article III shall be without meaning, and may be deemed to be references to either (a) the appropriate provisions of the Service Agreement or (b) the applicable provisions of the Capacity Relinquishment Agreement between Chesapeake and Pool Manager, as context requires.
3. Article IV - Use of Relinquished Capacity; Recall Rights, is deleted in its entirety. Again, this Article is not relevant since no capacity is relinquished under the TAS Agreement. Any and all references and cross-references to Article IV or Sections within Article IV shall be without meaning, and may be deemed to be references to either (a) the appropriate provisions of the Service Agreement or (b) the applicable provisions of the Capacity Relinquishment Agreement between Chesapeake and Pool Manager, as context requires.
4. Article V - Firm Delivery Requirements, Section 5.4 Penalties, is deleted in its entirety. The penalty provisions established in the TAS Agreement were originally intended to ensure that a Pool Manager provided reliable service to the commercial customers served in the Customer Pool. Given that the Partnership, as Pool Manager, is providing gas service to its own facilities, it has no need for CFG to establish a reliable service provision. Any and all references and cross-references to Article V, Section 5.4 Penalties shall be without meaning, and may be deemed to be references to the appropriate provisions of either (a) the appropriate provisions of the Service Agreement or (b) the applicable provisions of the Capacity Relinquishment Agreement between Chesapeake and Pool Manager, as


context requires.

5. In the mirroring indemnification provisions of Sections 9.3(a) and 9.3(b), the phrase "by counsel satisfactory to" shall be replaced by phrase "by counsel reasonably satisfactory to."
6. In the indemnification provisions of Pool Manager in Sections 9.3(a), the list of five (5) items shall be modified as follows:
 - a. Item 1a shall commence with the phrase: "to the extent caused by Pool Manager or its designee or agent (other than Chesapeake)", and before the words: "failure to comply with a curtailment notice" there shall be added: "Pool Manager's";
 - b. Item 4 is deleted in its entirety; and
 - c. Item 5 (re-numbered Item 4 due to the deletion of Item 4), is modified by deleting the following phrase at the end: ", pursuant to Section 10.5 of this Agreement."
7. In the indemnification provisions of Chesapeake in Sections 9.3(b), the list of four (4) items shall be modified as follows:
 - a. Item 4 is deleted in its entirety.
8. In Section 15.3 (Revisions to Taxes), after the phrase: "should increase any present tax or levy additional tax, relating to the service provided by Chesapeake under this Agreement" there shall be added the parenthetical, "(other than a tax on Chesapeake's income)".
9. In all other respects the TAS Agreement shall remain unchanged and in full force and effect.

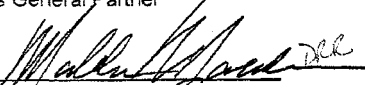
In as the foregoing deviates from the CFG tariff, CFG, upon execution hereof, shall promptly file for Florida Public Service Commission acknowledgement or approval of this letter agreement, and the Partnership agrees to provide all reasonable assistance in support thereof.

IN WITNESS WHEREOF, the parties have duly executed this Letter Agreement,
in multiple originals, effective as of January 1, 2005.

Chesapeake Utilities Corporation
d/b/a Central Florida Gas

BY: 
NAME: JOHN R. SCHIMKAITIS
TITLE: PRESIDENT
DATE: August 24, 2005

Polk Power Partners, L.P.
By: Polk Power GP, Inc.,
its General Partner

BY: 
NAME: Malcolm W. Jacobson
TITLE: General Manager
DATE: August 24, 2005

**FTS GAS TRANSPORTATION SERVICE AGREEMENT
MADE AND ENTERED INTO BETWEEN**

CHESAPEAKE UTILITIES CORPORATION

AND

**THE DEPARTMENT OF MANAGEMENT SERVICES
AGENCY OF THE STATE OF FLORIDA**

March 19, 1999

FTS GAS TRANSPORTATION SERVICE AGREEMENT

THIS AGREEMENT, entered into 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 the Department of Management Services (DMS), acting on behalf of various government agencies, an Agency of the State of Florida, hereinafter referred to as the "State." The State has awarded a contract to Enron Capital & Trade Resources Corporation (ECT) to provide Capacity Management Services and Acquisition of Natural Gas Supplies for State Agencies and Institutions. "ECT" will act as the State's Agent with regard to acquiring and transporting natural gas to State Facilities for DMS and shall be hereinafter referred to as the "Shipper."

WITNESSETH:

WHEREAS, Chesapeake operates facilities for the distribution of natural gas in the State of Florida; and

WHEREAS, State has requested that Chesapeake receive certain quantities of gas for State's account, transport such quantities on Chesapeake's distribution system, and redeliver same to the State's Facilities identified on Exhibit A, and Chesapeake agrees to provide such service in accordance with the terms hereof;

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, 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 "Btu" means the amount of heat required to raise the temperature of one pound of water from 59 degrees Fahrenheit to 60 degrees Fahrenheit at a constant pressure of 14.73 p.s.i.a.
- 1.2 "Day" means a period of 24 consecutive hours beginning and ending at 9:00 a.m. Central Clock Time.
- 1.3 "Delivery Point" means the point at the connection of the facilities of an upstream party and a downstream party's facility at which the gas leaves the outlet side of the measuring equipment of the upstream party and enters the downstream party's facility.

- 1.4 "Gas" means natural gas which is in conformance with the quality specifications of the Transporter.
- 1.5 "Maximum Daily Transportation Quantity" or "MDTQ" means the largest quantity of gas, expressed in MMBtu, that Transporter is obligated to transport and make available for delivery to the State under any applicable Service Agreement or Service Agreements for Firm Transportation Service on any one day.
- 1.6 "Month" means a period beginning at 9:00 a.m. Central Clock Time ("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.
- 1.7 "MMBtu" means 1,000,000 Btu's or ten (10) therms.
- 1.8 "p.s.i.a." means pounds per square inch absolute.
- 1.9 "Receipt Point" means the point at which gas is received by Transporter into Transporter's system from an upstream service or facility.
- 1.10 "Shipper" means the party that has contracted with Transporter for transportation service.
- 1.11 "Therm" means a unit of heat equal to 100,000 Btu's.
- 1.12 "Transporter" means any third party pipeline or pipelines utilized to effect delivery of gas to State's Facility.
- 1.13 "P.C.I." means Point of Interest, that is, the point at which control and possession of gas passes from Florida Gas Transmission to Chesapeake.

ARTICLE II
POINTS OF DELIVERY AND REDELIVERY

- 2.1 Shipper shall cause the Transporter to deliver to Chesapeake at the delivery point(s) on the Transporter's system, (which specified delivery point(s) is hereinafter referred to as "Transporter's Delivery Point(s)"), the quantities of gas to be transported by Chesapeake hereunder. Chesapeake shall have no responsibility for transportation of Shipper's gas prior to receipt of such gas from the Transporter at Transporter's Delivery Point(s). Chesapeake shall deliver such quantities of gas received from the Transporter at Transporter's Delivery Point(s) for the State's account to Chesapeake Utilities Corporation's Delivery Point at the State's Facilities identified on Exhibit B (hereinafter referred to as "Chesapeake's Delivery Point(s)" or "State's Facilities").

ARTICLE III
QUANTITIES

- 3.1 Subject to the terms and conditions of this Agreement, Chesapeake agrees to receive from the Transporter, at Transporter's Delivery Point, on a daily basis, a quantity of gas up to State's Maximum Daily Transportation Quantity ("MDTQ"), and Chesapeake agrees to transport and deliver equivalent quantities to State at Chesapeake's Delivery Point located at State's Facility. State's MDTQ under this Agreement shall be the quantity of gas per day as shown in Exhibit B to this Agreement, which is incorporated herein by reference and made a part hereof.

ARTICLE IV
SCHEDULING AND BALANCING

- 4.1 Shipper shall be responsible for nominating quantities of gas to be delivered by the Transporter to Transporter's Delivery Point and delivered by Chesapeake to State's Facility. Shipper shall promptly provide notice to Chesapeake of all such nominations. Such notices shall be provided to Chesapeake by facsimile transmission. Imbalances between quantities (i) scheduled for delivery by the Transporter to Chesapeake and/or delivery by Chesapeake to State's Facility, and (ii) actually delivered by the Transporter and/or Chesapeake hereunder, shall be resolved in accordance with the applicable provisions of Chesapeake's Florida Public Service Commission ("FPSC") Natural Gas Tariff, as such provisions may be amended from time to time, subject to approval by the FPSC.
- 4.2 The Parties hereto recognize the desirability of maintaining a uniform rate of flow of gas to State's Facility over each 24-hour period and each day throughout each month. Therefore, Chesapeake agrees to receive from the Transporter for State's account at Transporter's Delivery Point and deliver to Chesapeake's Delivery Point up to the MDTQ as described in Exhibit B attached hereto, subject to any restrictions imposed by the Transporter and to the provisions of Articles V and X of this Agreement, and State agrees to use reasonable efforts to regulate its deliveries from Chesapeake's gas distribution system at a daily rate of flow not to exceed the applicable MDTQ for the month in question, subject to any additional restrictions imposed by the Transporter or by Chesapeake pursuant to Articles V and VI of this Agreement.

ARTICLE V
CURTAILMENT

- 5.1 This Agreement in all aspects shall be and remain subject to the applicable provisions of the General Rules and Regulations of Chesapeake's Natural Gas Tariff, as they specifically apply to curtailment, and as approved by the FPSC or

its appropriate successor agency or authority, all of which are made a part hereof by this reference.

ARTICLE VI
TITLE, CONTROL AND INDEMNIFICATION

- 6.1 Shipper warrants that it will have good and merchantable title to all gas delivered by the Transporter to Chesapeake for State's account at Transporter's Delivery Point, and that such gas will be free and clear of all liens, encumbrances, and claims whatsoever. To the extent provided by law, the State will indemnify Chesapeake and save it harmless from all suits, actions, debts, accounts, damages, costs including reasonable attorneys' fees, losses, and expenses arising from or out of the adverse claim of any and all persons to said gas. Chesapeake will indemnify State and save it harmless from all suits, actions, debts, accounts, damages, costs including reasonable attorneys' fees, losses, and expenses arising from or out of the adverse claim of any and all persons to gas delivered for the account of State to Chesapeake for transportation hereunder which arise from or relate to Chesapeake's transportation of said gas on Chesapeake's distribution system. In the event any adverse claim in respect to said gas is asserted, or Shipper breaches its warranty herein, Chesapeake shall not be required to perform its obligations to transport and deliver gas to State's Facility or subject to receipt of any necessary regulatory authorization, to continue service hereunder for State until such claim has been finally determined; provided, however, that State may receive service if (i) in the case of an adverse claim, Shipper furnishes a bond to Chesapeake, conditioned for the protection of Chesapeake with respect to such claim; or (ii) in the case of a breach of warranty, Shipper furnishes evidence, satisfactory to Chesapeake, of Shipper's title to said gas.
- 6.2 Chesapeake shall be deemed to be in control and possession of the gas to be transported by it upon delivery of such gas by the Transporter to Chesapeake for State's account at Transporter's Delivery Point and until it shall have been delivered to State at Chesapeake's Delivery Point located at State's Facility; and Shipper shall be deemed to be in control and possession of such gas prior to such delivery to Chesapeake and the State will be deemed to be in control and possession of such gas after such delivery by Chesapeake to State. Each party, while deemed to be in control and possession of such gas, shall be responsible for, and shall indemnify and hold the other harmless from any and all claims, actions, suits, including attorney's fees, arising out of or relating in any way to custody and control of such gas.

ARTICLE VII
RATE

- 7.1 The rate to be charged for each therm of gas scheduled to be delivered hereunder by Chesapeake, up to the MDTQ established by this Agreement, shall be the rate set forth on the FTS rate schedule in Chesapeake's FPSC Approved Natural Gas Tariff. This rate includes the charges per therm for transportation service by Chesapeake under Chesapeake's approved Firm Transportation Service Rate Schedule plus any applicable Area Extension Program Charges pursuant to Section 10.14 of this Agreement. The Area Extension Program Charges, when applicable, shall be applied to all quantities of gas delivered (scheduled or unscheduled) to Shipper's facility by Chesapeake. Chesapeake and State recognize that (i) the FTS transportation rate schedule may change from time to time due to changes in Chesapeake's operations and (ii) that the aforesaid or otherwise applicable rates and rate schedules may be revised, amended or superseded from time to time subject to the approval of the FPSC. Chesapeake and State agree that in any such case, the newly applicable transportation rate schedule or the transportation rate schedule that supersedes any applicable transportation rate schedule or the revised or amended transportation rate schedule, as the case may be, shall apply to this Agreement.
- 7.2 Nothing contained in this Agreement shall prevent Chesapeake from proposing to, and filing with, the FPSC: (i) changes and 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 other provisions applicable to the service provided under this Agreement. Nothing contained in this Agreement shall prevent State 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.
- 7.3 If, during the term of this Agreement, the Federal Government, or any State, municipality or subdivision of such Government, should increase any present tax or levy any additional tax, relating to the service provided by Chesapeake under this Agreement, any such additional tax required by law to be paid by Chesapeake shall, in Chesapeake's discretion, insofar as such discretion is provided for under applicable law, be either separately stated on the total amount of the bill or computed on a cents per therm basis and added to the then effective rate for Chesapeake's services hereunder. If, during the term of this Agreement, the Federal Government, or any State, municipality or subdivision of such Government, should decrease or eliminate any tax relating to the service provided by Chesapeake under this Agreement, the reduction in such tax required to be paid by Chesapeake shall, in Chesapeake's discretion, insofar as such discretion is provided for under applicable law, be either separately stated as a deduction to the total amount of the bill or computed on a cents per therm basis and subtracted from the then effective rate hereunder.

ARTICLE VIII
TERM

- 8.1 Subject to all other provisions, conditions, and limitations hereof, this Agreement shall be effective upon its date of execution by both parties and shall continue in full force and effect for an initial period of ten (10) years from the in-service date. Thereafter, the Agreement shall be extended on a year-to-year basis unless terminated by either Party, with at least sixty (60) days written notice to the other party prior to the termination date. *BT 5/11/99*
- 8.2 This Agreement may be unilaterally canceled by DMS for refusal of Chesapeake to allow public access to documents, papers, letters and other materials made or received by Chesapeake in conjunction with this Agreement and subject to the provisions of the Public Records Act, Section 119, Florida Statutes. The only exceptions to this law are specific statutory exemptions, and exemptions granted by governmental agencies pursuant to the specific terms of a statutory provision. Nothing herein precludes Chesapeake from seeking proprietary, confidential treatment of any document or portion thereof as provided by Section 366.093, Florida Statutes and rules of the FPSC. DMS may not cancel this Agreement while such a request is pending or in the event a document is found to be proprietary and confidential. *BR*

ARTICLE IX
CHESAPEAKE'S TARIFF PROVISIONS

- 9.1 Chesapeake's applicable Rate Schedule provisions and applicable Subsections of the General Rules and Regulations of Chesapeake's Natural Gas Tariff approved with the FPSC, including any amendments thereto approved by the FPSC during the term of this Agreement, are hereby incorporated into this Agreement and made a part hereof for all purposes. In the event of any conflict between said provisions of Chesapeake's FPSC Tariff and specific provisions of this Agreement, the latter shall prevail, in the absence of an FPSC Order to the contrary.

ARTICLE X
MISCELLANEOUS PROVISIONS

- 10.1 Notices and other communications. Any notice, request, demand, statement or payment provided for in this Agreement, unless otherwise specified, shall be sent to the Parties hereto at the following addresses:
- State: Department of Management Services
Division of Purchasing
4050 Esplanade Way
Building C, Room 325 F
Tallahassee, Florida 32399-0950

Attention: Kaye Robertson
Phone: (850) 488-3158
Facsimile: (850) 921-5979

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

Attention: Transportation and Exchange Coordinator
Phone: (941) 293-1053
Facsimile: (941) 294-3895

- 10.2 Headings. All article headings, section headings and subheadings in this Agreement are inserted only for the convenience of the Parties in identification of the provisions hereof and shall not affect any construction or interpretation of this Agreement.
- 10.3 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.
- 10.4 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. 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 10.1 shall not be deemed nor require an amendment of this Agreement provided such change is communicated in accordance with Section 10.1 of this Agreement. Further, the Parties expressly acknowledge that the limitations on amendments to this Agreement set forth in this section shall not apply to or otherwise limit the effectiveness of amendments which are necessary to comply with the requirements of, or are otherwise approved by FPSC or its successor agency or authority.
- 10.5 Severability. If any provision of this Agreement becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement shall continue in full force and effect without said provision; provided, however, that if such severability materially changes the economic benefits of this Agreement to either party, the parties shall negotiate an equitable adjustment in the provisions of this Agreement in good faith.

- 10.6 Waiver. No waiver of any of the provisions of this Agreement shall be deemed to be, nor shall it constitute, a waiver of any other provision whether similar or not. No single waiver shall constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.
- 10.7 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.
- 10.8 Independent Parties. Chesapeake and the State shall perform hereunder as independent parties and neither Chesapeake or the State is in any way or for any purpose, by virtue of this Agreement or otherwise, a partner, joint venturer, 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.
- 10.9 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.
- 10.10 Governmental Authorizations: Compliance with Law. This Agreement shall be subject to all valid applicable state, local and federal laws, orders, directives, rules and regulations of any governmental body, agency or official having jurisdiction over this Agreement and the transportation of gas hereunder. Chesapeake and State shall comply at all times with all applicable federal, state, municipal, and other laws, ordinances and regulations. Chesapeake and/or State will furnish any information or execute any documents required by any duly constituted federal or state regulatory authority in connection with the performance of this Agreement. Each party shall proceed with diligence to file any necessary applications with any governmental authorities for any authorizations necessary to carry out its obligations under this Agreement. In the event this Agreement or any provisions herein shall be found contrary to or in conflict with any such law, order, directive, rule or regulation, the latter shall be deemed to control, but nothing in this Agreement shall prevent either party from contesting the validity of any such law, order, directive, rule, or regulation, nor shall anything in this Agreement be construed to require either party to waive its respective rights to assert the lack of jurisdiction of any governmental agency other than the FPSC over this Agreement or any part thereof. In the event of such contestation, and unless otherwise prohibited from doing so under this Section 10.10, Chesapeake shall continue to transport and State shall continue to take gas pursuant to the terms of this

Agreement. In the event any law, order, directive, rule, or regulation shall prevent either part from performing hereunder, then neither party shall have any obligation to the other during the period that performance is precluded.

- 10.11 Law Governing Agreement; Venue. This Agreement and any dispute arising hereunder shall be governed by and interpreted in accordance with the laws of the State of Florida. The venue for any action, at law or in equity, commenced by either party against the other and arising out of or in connection with this Agreement shall be in a court of the State of Florida having jurisdiction.
- 10.12 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.
- 10.13 Specifically Superseded Agreements. This Agreement, on the Effective Date, supersedes and cancels the previous gas transportation agreement between the parties, with the exception of the FTS Gas Transportation Service Agreement between Chesapeake Utilities Corporation and the Department of Management Services, effective March 15, 1996.
- 10.14 Facility Construction. To serve the Shipper's Facility, Chesapeake will have to construct certain pipeline, metering, and pressure regulating facilities. Pursuant to Section 7 of the General Rules and Regulations of Chesapeake's Natural Gas Tariff, Chesapeake must calculate the Maximum Allowable Construction Cost (MACC) and recover from those customers requesting the new facilities any costs in excess of the MACC through either (i) a Contribution in Aid of Construction or (ii) an Area Extension Program Charge. The MACC calculation is included in Exhibit C of this Agreement. Upon completion of the facilities construction and once the actual construction costs are known, the MACC shall be recalculated to determine the final shortfall from the MACC. This final shortfall will be the basis for the CIAC or the Area Expansion Program Charge. The State may elect to reimburse Chesapeake for the shortfall through either a CIAC or an Area Expansion Program Charge. At the end of the first year, the gas consumption will be evaluated compared to the projected amount to determine if there is a variance. The Shipper will be advised if there is a major deficiency in consumption. At the end of the initial contract period, CFG will assess the total gas consumption compared to the projected consumption. If there is a variance, CFG will recalculate the Company's MACC and advise the Shipper if there is a shortfall or excess that warrants compensation of either Chesapeake or the State.

The agreement attached as Exhibit C provides for and confirms Chesapeake's recovery of its facility construction costs.

- 10.15 Payment. The State of Florida's performance and obligation to pay under this contract is contingent upon an annual appropriation by the Legislature. A Vendor Ombudsman has been established within the Department of Banking and Finance. The duties of this individual include acting as an advocate for the contractors and

vendors who may be experiencing problems in obtaining timely payment(s) from a State Agency. The Vendor Ombudsman may be contacted at (850) 488-2924 or by calling the State Comptroller's Hotline, 1 (800) 848-3792. Subject to the terms and conditions of Chesapeake's Natural Gas Tariff, Chesapeake may interrupt gas deliveries to State's facility as a result of State's failure to make payment to Chesapeake.

- 10.16 Billing. Chesapeake shall render a consolidated bill for all transportation and other services to State's Facilities during the preceding month to State's designated Agent on or about the fifth day of each month. Chesapeake shall submit invoices identifying the service(s) provided in detail sufficient for proper preaudit and postaudit thereof. Payment shall be made to Chesapeake by State's Agent in accordance with Chesapeake's Natural Gas Tariff. Though the State may have an Agent performing certain functions on State's behalf, State shall have ultimate responsibility for the charges for the gas services Chesapeake provides the State's Facilities.
- 10.17 State's Gas Purchasing and Shipping Agent. The State has awarded a contract to ECT to provide capacity management services and acquisition of natural gas supplies for State Agencies and Institutions. ECT will act as the State's agent with regard to acquiring and transporting natural gas to State Facilities for DMS and shall be considered the "Shipper" for the purposes of this agreement. In Exhibit D, the State and ECT acknowledge and confirm ECT being named the State's agent. The State will promptly advise Chesapeake of any change in its Designated Agent.
- 10.18 Travel Expense. DMS is not responsible for travel expense unless authorized herein. If authorized, bills for any travel expenses shall be submitted in accordance with Section 112.061, K Florida Statutes. Documentation of such expenses to the extent necessary to comply with the Regulations of the State comptroller shall accompany all requests for reimbursement thereof submitted by Chesapeake to DMS.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the dates stated below.

STATE:
Department of Management Services,
Agency of the State of Florida

ATTEST: Robert W. Butts BY: Kaye Robertson
DATE: 5/26/99 NAME: Kaye Robertson
TITLE: Program Manager, FNGPP

CHESAPEAKE:
Chesapeake Utilities Corporation
d/b/a Central Florida Gas Company

ATTEST: Thomas L. Jeffrey BY: Stephen C. Thompson
DATE: 4/23/99 NAME: Stephen C. Thompson
TITLE: Vice President

APPROVED AS TO FORM AND LEGALITY
OFFICE OF THE GENERAL COUNSEL
DEPARTMENT OF MANAGEMENT SERVICES
BY: [Signature]

EXHIBIT B
TO
FTS GAS TRANSPORTATION AGREEMENT
BETWEEN
CHESAPEAKE UTILITIES CORPORATION
AND
DEPARTMENT OF MANAGEMENT SERVICES,
AGENCY OF THE STATE OF FLORIDA
FOR
WASHINGTON CORRECTIONAL INSTITUTION

This Exhibit to the Master Transportation Agreement is made and entered into this 22 day of April, 2005, by and between Chesapeake Utilities Corporation, a Delaware Corporation, doing business in the State of Florida as Central Florida Gas Company ("CFG") and the Department of Management Services, an Agency of the State of Florida ("Shipper").

WHEREAS, CFG and Shipper are parties to a Master Transportation Agreement dated the 9th day of April, 1999; and,

WHEREAS, Shipper desires that CFG provide, and CFG is willing to provide, service pursuant to the Master Transportation Agreement to Shipper's facility known as Washington Correctional Institution ("the Facility");

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements contained herein, the parties hereby agree to the following:

1. This Exhibit shall become effective April 22, 2005

2. CFG agrees to provide and Shipper agrees to receive and pay for gas service at the Facility. Such service shall be governed by the terms and conditions of the Master Transportation Agreement and the following:

CFG RECEIPT POINT(S): CFG shall accept gas from the Shipper, or for its account, for transportation pursuant to this Agreement at the following point:

Interconnection between FGT pipeline and Chesapeake Utilities pipeline in the vicinity of Washington County, Florida. D.R.N. No. _____

Maximum Daily Transportation Quantity (MDTQ): 1000
MMbtu/day
Plus Retainage

CFG DELIVERY POINT(S): Gas transported pursuant to this Agreement shall be delivered by CFG to the following point(s):

<u>NAME</u>	<u>MAXIMUM DELIVERY QUANTITY</u>
Meter at boundary of the Facility	1000 MMbtu/day

DAILY QUANTITIES:

<u>Period</u>	<u>MDTQ (MMbtu/day)</u>
January	1000
February	1000
March	1000
April	1000
May	1000
June	1000
July	1000
August	1000
September	1000
October	1000
November	1000
December	1000

Rate: \$7,420 per Month
Term: Fifteen (15) years from date of execution
Delivery Pressure: 20 psig

Equipment: CFG shall provide and arrange for the installation of a pipeline tap, pressure reducing equipment, service line extension, electronic metering equipment compatible with the Shipper's data gathering system, and on-site equipment conversion to enable natural gas usage at the Facility.

Other Agreements: No other agreements, including a Facility Charge Agreement, are required. CFG has calculated the Maximum Allowable Construction Costs ("MACC") to provide natural gas delivery service to the Facility and the projected construction costs do not exceed the MACC.

IN WITNESS WHEREOF, the parties hereto have executed this Exhibit through their duly authorized officers as of the date first above written.

Chesapeake Utilities Corporation

**Department of Corrections,
Agency of the State of Florida**

By: JOHN R. SCHIMKAITIS
Name: JOHN R. SCHIMKAITIS
Title: PRESIDENT
Date: 4/22/05

By: [Signature]
Name: GEORGE TELKRIAN
Title: Deputy Secretary
Date: 4/15/05

Approved for incorporation into the referenced Master Transportation Agreement:

**Department of Management Services,
Agency of the State of Florida**

By: Charles W. Covington
Name: Charles W. Covington
Title: Bureau Chief
Date: 4/15/05

DEPARTMENT OF CORRECTIONS
APPROVED AS TO FORM AND LEGALITY

[Signature]
GENERAL COUNSEL

**SPECIAL CONTRACT
AGREEMENT**

MADE AND ENTERED INTO BETWEEN

CHESAPEAKE UTILITIES CORPORATION

AND

SUWANNEE AMERICAN LIMITED PARTNERSHIP

Prepared for
Suwannee American Limited Partnership

by
Chesapeake Utilities Corporation

SPECIAL CONTRACT AGREEMENT

THIS AGREEMENT, entered into by and between Chesapeake Utilities Corporation, a Delaware corporation, doing business in Florida as Central Florida Gas Company, and hereinafter referred to as ("CUC,") and Suwannee American Limited Partnership, hereinafter referred to as ("Shipper.")

WITNESSETH:

WHEREAS, CUC operates facilities for the distribution of natural gas in the State of Florida; and

WHEREAS, Shipper has requested that CUC receive from transporter certain quantities of gas for Shipper's account, transport such quantities on CUC's distribution system, and redeliver same to Shipper's Facilities located at Suwannee County, and CUC agrees to provide such service in accordance with the terms hereof;

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, 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 "Btu" means the amount of heat required to raise the temperature of one pound of water from 59 degrees Fahrenheit to 60 degrees Fahrenheit at a constant pressure of 14.73 p.s.i.a.
- 1.2 "Day" means a period of 24 consecutive hours beginning and ending at 9:00 a.m. Central Clock Time ("CCT"); provided that, in the event of a change in the definition of the corresponding term in the tariff of Florida Gas Transmission Company ("FGT") on file with the Federal Energy Regulatory Commission ("FERC"), 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.
- 1.3 "Delivery Point" means the point at the connection of the facilities of an upstream party and a downstream party's facility at which the gas leaves the outlet side of the measuring equipment of the upstream party and enters the downstream party's facility.
- 1.4 "Gas" means natural gas which is in conformance with the quality specifications of the Transporter.

- 1.5 "Maximum Daily Transportation Quantity" or "MDTQ" means the largest quantity of gas, expressed in Dts, that CUC is obligated to transport and make available for delivery to Shipper under this Agreement.
- 1.6 "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 the tariff of Florida Gas Transmission Company ("FGT") on file with the Federal Energy Regulatory Commission ("FERC"), 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.
- 1.7 "Dekatherm (Dt)" means 1,000,000 Btu's or ten (10) therms.
- 1.8 "p.s.i.a." means pounds per square inch absolute.
- 1.9 "Receipt Point" means the point at which gas is received by Transporter into Transporter's system from an upstream service or facility.
- 1.10 "Shipper" means the party that has contracted with Transporter for transportation service.
- 1.11 "Therm" means a unit of heat equal to 100,000 Btu's.
- 1.12 "Transporter" means any third party pipeline or pipelines utilized to effect delivery of gas to Suwannee American's Facility.
- 1.13 "P.O.I." means Point of Interest, that is, the point at which control and possession of gas passes from Florida Gas Transmission to CUC.

ARTICLE II
POINTS OF DELIVERY AND REDELIVERY

- 2.1 Shipper shall cause the Transporter to deliver to CUC at the delivery point on the Transporter's system, (which specified delivery point is hereinafter referred to as "Transporter's Delivery Point"), the quantities of gas to be transported by CUC hereunder. CUC shall have no responsibility for transportation of Shipper's gas prior to receipt of such gas from the Transporter at Transporter's Delivery Point. CUC shall deliver such quantities of gas received from the Transporter at Transporter's Delivery Point for Shipper's account to CUC's Delivery Point at the Shipper's Plant Facilities (hereinafter referred to as "CUC's Delivery Point" or "Shipper's Facilities").

ARTICLE III
QUANTITIES

- 3.1 Subject to the terms and conditions of this Agreement, CUC agrees to receive from the Transporter, at Transporter's Delivery Point, on a daily basis, a quantity of gas up to Shipper's Maximum Daily Transportation Quantity ("MDTQ"), and CUC agrees to transport and deliver equivalent quantities to Shipper at CUC's Delivery Point located at Shipper's Facility. Shipper's MDTQ under this Agreement shall be the quantity of gas per day as shown in Exhibit A to this Agreement, which is incorporated herein by reference and made a part hereof.

ARTICLE IV
SCHEDULING AND BALANCING

- 4.1 Shipper shall be responsible for nominating quantities of gas to be delivered by the Transporter to Transporter's Delivery Point and delivered by CUC to Shipper's Facility. Shipper shall promptly provide notice to CUC of all such nominations. Such notices shall be provided to CUC by facsimile, by email, or other such other electronic transmissions that both parties agree to. Imbalances between quantities (i) scheduled for delivery by the Transporter to CUC and/or delivery by CUC to Shipper's Facility, and (ii) actually delivered by the Transporter and/or CUC hereunder, shall be resolved in accordance with the applicable provisions of CUC's Florida Public Service Commission ("FPSC") Natural Gas Tariff, as such provisions may be amended from time to time, subject to approval by the FPSC.
- 4.2 The Parties hereto recognize the desirability of maintaining a uniform rate of flow of gas to Shipper's Facility over each 24-hour period and each day throughout each month. Therefore, CUC agrees to receive from the Transporter for Shipper's account at Transporter's Delivery Point and deliver to CUC's Delivery Point up to the MDTQ as described in Exhibit A attached hereto, subject to any restrictions imposed by the Transporter and to the provisions of Articles V and IX of this Agreement, and Shipper agrees to use reasonable efforts to regulate its deliveries from CUC's gas distribution system at a daily rate of flow not to exceed the applicable nomination in place, subject to any additional restrictions imposed by the Transporter or by CUC pursuant to Articles V and VI of this Agreement.

ARTICLE V
CURTAILMENT

- 5.1 This Agreement in all aspects shall be and remain subject to the applicable provisions of CUC's Curtailment Plan, as filed with FPSC, which is made a part hereof by this reference.

ARTICLE VI
TITLE, CONTROL AND INDEMNIFICATION

- 6.1 Shipper warrants that it will have good and merchantable title to all gas delivered by the Transporter to CUC for Shipper's account at Transporter's Delivery Point, and that such gas will be free and clear of all liens, encumbrances, and claims whatsoever. To the extent provided by law, Shipper will indemnify CUC and save it harmless from all suits, actions, debts, accounts, damages, costs including reasonable attorneys' fees, losses, and expenses arising from or out of the adverse claim of any and all persons to said gas. CUC will indemnify Shipper and save it harmless from all suits, actions, debts, accounts, damages, costs including reasonable attorneys' fees, losses, and expenses arising from or out of the adverse claim of any and all persons to gas delivered for the account of Shipper to CUC for transportation hereunder which arise from or relate to CUC's transportation of said gas on CUC's distribution system. In the event any adverse claim in respect to said gas is asserted, or Shipper breaches its warranty herein, CUC shall not be required to perform its obligations to transport and deliver gas to Shipper's Facility or subject to receipt of any necessary regulatory authorization, to continue service hereunder for Shipper until such claim has been finally determined; provided, however, that Shipper may receive service if (i) in the case of an adverse claim, Shipper furnishes a bond to CUC, conditioned for the protection of CUC with respect to such claim; or (ii) in the case of a breach of warranty, Shipper furnishes evidence, satisfactory to CUC, of Shipper's title to said gas.
- 6.2 CUC shall be deemed to be in control and possession of the gas to be transported by it upon delivery of such gas by the Transporter to CUC for Shipper's account at Transporter's Delivery Point and until it shall have been delivered to Shipper at CUC's Delivery Point located at Shipper's Facility; and Shipper shall be deemed to be in control and possession of such gas prior to such delivery to CUC and Shipper will be deemed to be in control and possession of such gas after such delivery by CUC to Shipper. Each party, while deemed to be in control and possession of such gas, shall be responsible for, and shall indemnify and hold the other harmless from any and all claims, actions, suits, including attorney's fees, arising out of or relating in any way to custody and control of such gas.
- 6.3 CUC shall indemnify and hold Shipper harmless for damages or injury to persons or property for any claim, suits, or actions arising out of material breach by CUC of this Agreement. Shipper shall indemnify and hold CUC harmless for damages or injury to persons or property for any claim, suits, or actions arising out of material breach by Shipper of this Agreement.

ARTICLE VII
RATE

- 7.1 The rate to be charged each month for transportation service provided by CUC shall be as set forth in Exhibit A to this Agreement, which is incorporated herein

by reference and made a part hereof. The rates, as set forth in Exhibit A, have been negotiated between the Parties and include only CUC's delivery charge per month for gas transported and redelivered under this Agreement and do not include any charges for transportation service by FGT or any other upstream pipeline transporter transporting Shipper's gas prior to delivery to CUC at the Transporter's Delivery Point. After the expiration of the initial term, both parties will negotiate in good faith all contract terms, including, but not limited to, the rate to be charged, length of secondary term and transportation service. The rates provided in Exhibit A are subject to the continuing jurisdiction of the FPSC and may be adjusted during the term of this Agreement, as provided herein.

- 7.2 Shipper shall provide an irrevocable letter of credit from a lending institution approved by CUC or payment bond for a surety satisfactory to CUC in an initial amount of \$1,200,000.00 dollars to cover the term of this agreement. The principal amount of such letter of credit or surety bond may be reduced annually to reflect only 50 percent of the remaining reservation charges during the term of this agreement.
- 7.3 If, during the term of this Agreement, the Federal Government, or any State, municipality or subdivision of such Government, should increase any present tax or levy any additional tax, relating to the service provided by CUC under this Agreement, any such additional tax required by law to be paid by CUC shall, in CUC's discretion, insofar as such discretion is provided for under applicable law, be separately stated in the bill. If, during the term of this Agreement, the Federal Government, or any State, municipality or subdivision of such Government, should decrease or eliminate any tax relating to the service provided by CUC under this Agreement, the reduction in such tax required to be paid by CUC shall be separately stated as a reduction in the amount of the bill.

ARTICLE VIII
TERM

- 8.1 Subject to all other provisions, conditions, and limitations hereof, this Agreement shall be effective upon the first day of any month for which Shipper nominates quantities of gas to be delivered by CUC pursuant to this Agreement as set forth in Article IV, subsequent to its date of execution by both parties and shall continue in full force and effect for an initial period of ten (10) years from the date that CUC begins delivery to Suwannee American Cement.

ARTICLE IX
CUC'S TARIFF PROVISIONS

- 9.1 CUC's applicable Rate Schedule provisions and applicable Subsections of the General Terms and Conditions of CUC's Natural Gas Tariff approved by the FPSC, including any amendments thereto approved by the FPSC during the term of this Agreement, are hereby incorporated into this Agreement and made a part hereof for all purposes. In the event of any conflict between said provisions of

CUC's FPSC Tariff and specific provisions of this Agreement, the latter shall prevail, in the absence of an FPSC Order to the contrary.

ARTICLE X
SAFE DESIGN AND OPERATION

- 10.1 CUC shall maintain gas system in accordance with the Federal Department of Transportation Regulations, Section 191 and 192 and Chapter 25-12 of the Florida Public Service Commission, which has statutory powers granted to establish rules and standards for safe design, installation, operation and maintenance of natural gas systems. CUC shall maintain, repair and replace equipment to assure the safety and good working order of the CUC natural gas system at no cost to Shipper for the term of this agreement.
- 10.2 It shall be the responsibility of Shipper for the maintenance of all Shipper owned equipment, starting from the outlet side of the custody transfer meter.
- 10.3 Shipper shall have the right to periodic third-party independent inspection of equipment. Inspection shall be a Shipper cost. CUC agrees to correct any defects noted by such inspection which relate to FDOT 191 and 192 and FPSC's Chapter 25-12 rules and regulations at CUC's cost where such defects relate to safety and/or function. The cost of any upgrades in equipment during the term of this agreement shall be paid as mutually agreed.

ARTICLE XI
MISCELLANEOUS PROVISIONS

- 11.1 Notices and other communications. Any notice, request, demand, statement or payment provided for in this Agreement, unless otherwise specified, shall be sent to the Parties hereto at the following addresses:

Shipper: Suwannee American Limited Partnership
P. O. Box 410
Branford, Florida 32008

Attention: Plant Manager
Phone: (904) 935-0966
Facsimile: (904) 935-1155

CUC: Central Florida Gas Company
P. O. Box 960
Winter Haven, Florida 33882-0960

Attention: Finance Manager
Phone: (863) 299-2883
Facsimile: (863) 294-3895

- 11.2 Headings. All article headings, section headings and subheadings in this Agreement are inserted only for the convenience of the Parties in identification of the provisions hereof and shall not affect any construction or interpretation of this Agreement.
- 11.3 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.
- 11.4 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. 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 11.1 shall not be deemed nor require an amendment of this Agreement provided such change is communicated in accordance with Section 11.1 of this Agreement. Further, the Parties expressly acknowledge that the limitations on amendments to this Agreement set forth in this section shall not apply to or otherwise limit the effectiveness of amendments which are necessary to comply with the requirements of, or are otherwise approved by FPSC or its successor agency or authority.
- 11.5 Severability. If any provision of this Agreement becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement shall continue in full force and effect without said provision; provided, however, that if such severability materially changes the economic benefits of this Agreement to either party, the parties shall negotiate an equitable adjustment in the provisions of this Agreement in good faith.
- 11.6 Waiver. No waiver of any of the provisions of this Agreement shall be deemed to be, nor shall it constitute, a waiver of any other provision whether similar or not. No single waiver shall constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.
- 11.7 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.
- 11.8 Independent Parties. CUC and Shipper shall perform hereunder as independent parties and neither CUC or Shipper is in any way or for any purpose, by virtue of this Agreement or otherwise, a partner, joint venturer, 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.

- 11.9 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.
- 11.10 Governmental Authorizations: Compliance with Law. This Agreement shall be subject to all valid applicable state, local and federal laws, orders, directives, rules and regulations of any governmental body, agency or official having jurisdiction over this Agreement and the transportation of gas hereunder. CUC and Shipper shall comply at all times with all applicable federal, state, municipal, and other laws, ordinances and regulations. CUC and/or Shipper will furnish any information or execute any documents required by any duly constituted federal or state regulatory authority in connection with the performance of this Agreement. Each party shall proceed with diligence to file any necessary applications with any governmental authorities for any authorizations necessary to carry out its obligations under this Agreement. In the event this Agreement or any provisions herein shall be found contrary to or in conflict with any such law, order, directive, rule or regulation, the latter shall be deemed to control, but nothing in this Agreement shall prevent either party from contesting the validity of any such law, order, directive, rule, or regulation, nor shall anything in this Agreement be construed to require either party to waive its respective rights to assert the lack of jurisdiction of any governmental agency other than the FPSC over this Agreement or any part thereof. In the event of such contestation, and unless otherwise prohibited from doing so under this Section 11.10, CUC shall continue to transport and Shipper shall continue to take gas pursuant to the terms of this Agreement. In the event any law, order, directive, rule, regulation, or force majeure as defined in GISB Standards 6.3.1, "General Terms and Conditions Base Contract For Short-Term Sale And Purchase Of Natural Gas", shall prevent either party from performing hereunder, then neither party shall have any obligation to the other during the period that performance is precluded.
- 11.11 Law Governing Agreement: Venue. This Agreement and any dispute arising hereunder shall be governed by and interpreted in accordance with the laws of the State of Florida. The venue for any action, at law or in equity, commenced by either party against the other and arising out of or in connection with this Agreement shall be in a court of the State of Florida having jurisdiction.
- 11.12 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 executed this Agreement on the dates stated below.

SUWANNEE AMERICAN LIMITED
PARTNERSHIP

ATTEST: *[Signature]*

BY: Suwannee American Cement, its General Partner

[Signature]

NAME: Fred W. Koester

DATE: 9/25/01

TITLE: President

CHESAPEAKE UTILITIES CORPORATION

ATTEST: *[Signature]*

BY: *[Signature]*

NAME: Thomas A. Geoffroy

DATE: 9/24/01

TITLE: Assistant Vice President

EXHIBIT A
TO
SPECIAL CONTRACT AGREEMENT
BETWEEN
CHESAPEAKE UTILITIES CORPORATION
AND
SUWANNEE AMERICAN LIMITED PARTNERSHIP

Interconnection between FGT pipeline
and Chesapeake Utilities pipeline in the
vicinity of Branford, Florida.

D.R.N. No. _____

Maximum Daily Transportation Quantity: 8,000 Dth/day, January through
December

CUC DELIVERY POINT: Gas transported pursuant to this Agreement shall be
delivered by CUC to the following point:

NAME

Meter set location to be on the property of:
Suwannee American Limited Partnership
US Highway 27
Branford, Florida

Rate: Monthly Reservation Fee: \$20,075.00*

Delivery Pressure: 100 psig

Natural Gas System: CUC will provide and arrange for the installation of a
pipeline tap, pressure reducing equipment, and electronic metering equipment compatible
with the Shipper's data gathering system to enable natural gas usage at Suwannee
American Limited Partnership. Shipper is relying on CUC's skill, judgment and
expertise in selecting and installing materials and equipment.

*For any month, the monthly reservation fee will be reduced by \$660.00 dollars,
multiplied by the number of days in such month that CUC recalls from the shipper any
relinquished FGT capacity.

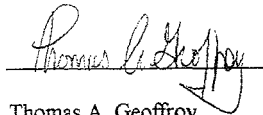
IN WITNESS WHEREOF, the parties hereto have executed this Exhibit A with their duly authorized officers as of the date first above written.

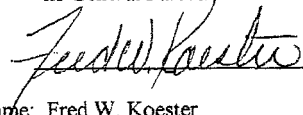
Chesapeake Utilities Corporation

Suwannee American Limited Partnership

By:

By: Suwannee American Cement,
its General Partner,





Name: Thomas A. Geoffroy

Name: Fred W. Koester

Title: Assistant Vice President

Title: President

Date: 9/24/01

Date: 9/25/01