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January 26, 2012

BY HAND DELIVERY

Ms. Ann Cole, Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

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COMMISSION
CLERK

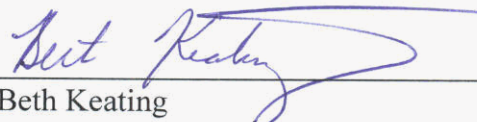
Re: Docket No. 110277-GU – Petition for approval of tariff modifications to extend service territory into Nassau and Okeechobee Counties by Florida Public Utilities Company

Dear Ms. Cole:

Enclosed for filing, please find the original and 15 copies of a Joint Petition Requesting Approval of Territorial Agreement and Associated Gas Transportation Agreement, submitted on behalf of Florida Public Utilities Company, Peninsula Pipeline Company, and Peoples Gas System.

Thank you for your assistance with this filing. As always, please don't hesitate to contact me if you have any questions whatsoever.

Sincerely,



Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706

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00534 JAN 26 2012
FPSC - COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval of tariff modifications to extend service territory into Nassau and Okeechobee Counties by Florida Public Utilities Company

DOCKET NO. 110277-GU

FILED: January 26, 2012

JOINT PETITION REQUESTING APPROVAL OF TERRITORIAL AGREEMENT AND ASSOCIATED GAS TRANSPORTATION AGREEMENT

Petitioners, Peoples Gas System ("Peoples"), Florida Public Utilities Company ("FPUC"), and Peninsula Pipeline Company, Inc. ("PPC") (collectively, "Petitioners"), by their respective undersigned attorneys and pursuant to Section 366.04(3)(a), *Florida Statutes*, and Rule 25-7.0471, *Florida Administrative Code* ("F.A.C.") (as to the territorial agreement hereinafter described), and Rule 25-9.034, *F.A.C.* (as to the Gas Transportation Agreement hereinafter described), jointly file this petition for an order (i) approving a territorial agreement in Nassau and Duval Counties between Peoples and FPUC, and (ii) a Gas Transportation Agreement filed as a special contract as provided by Rule 25-9.034, *F.A.C.*, between Peoples and PPC. The referenced agreements are attached hereto as exhibits, and incorporated herein by reference. The Petitioners submit this filing in the instant docket to reflect the resolution of any territorial issues raised by the initial tariff filing by FPUC as it pertains to Nassau County. In making this filing, the Petitioners also agree and acknowledge that there is no longer any dispute with regard to the tariff filing that would otherwise prevent completion of the approval process.¹ In support of this request, Petitioners state as follows:

1. The names and mailing addresses of the joint petitioners are:

¹ In addition, the Petitioners note that this filing is consistent with and integrally related to the amended Transportation Service Agreement to be submitted by FPUC and PPC in Docket No. 110271-GU in short order, and therefore respectfully suggest that addressing these filings on a consolidated schedule may be administratively efficient and appropriate.

DOCUMENT NUMBER - DATE

00534 JAN 26 2012

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Peoples Gas System
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Tampa, Florida 33601-2562

Florida Public Utilities Company
401 S. Dixie Highway
P. O. Box 3395
West Palm Beach, Florida 33402

Peninsula Pipeline Company, Inc.
1015 6th Street NW
Winter Haven, Florida 33881

2. The names and mailing addresses of the persons authorized to receive notices and communications with respect to this joint petition are:

As to Peoples:

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Paula K. Brown
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Kandi M. Floyd
Manager – State Regulatory
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As to FPUC and PPC:

Beth Keating, Esq.
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West Palm Beach, Florida 33402

Jeffrey Sylvester
Vice-President
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1015 Sixth Street NW
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3. Each of Peoples and FPUC owns and operates natural gas distribution facilities in Florida, and each is a natural gas public utility subject to the Commission's

regulatory jurisdiction under Chapter 366, *Florida Statutes*. PPC is an intrastate natural gas transmission company as defined in Section 368.103, *Florida Statutes*. FPUC and PPC are both corporate subsidiaries of Chesapeake Utilities Corporation.

Historical Overview

4. Both FPUC and Peoples have been independently pursuing plans to extend their respective distribution systems to provide service to customers in Nassau County. PGS has for many years provided natural gas service to approximately 20,000 customers in Duval County, Florida, that are partially served through existing Peoples facilities located in Nassau County. These existing facilities currently provide service to one customer in Nassau County. Peoples became aware of FPUC's intentions with respect to Nassau County through FPUC's filings with the Commission of a petition and testimony in Docket No. 110003-GU for approval of recovery of the costs of a new transportation service agreement with PPC, of a petition in Docket No. 110271-GU for approval of the PPC-FPUC transportation service agreement, and of a petition in Docket No. 110277-GU for approval of new tariff sheets reflecting the holding out of natural gas service by FPUC in Nassau and Okeechobee Counties. The PPC-FPUC contract contemplated PPC's building of an 8-inch pipeline extending from an interconnection with Southern Natural Gas Company's ("SNG's") Cypress Lateral to Amelia Island, with interconnections with FPUC to serve its planned distribution systems in and around Callahan, Yulee and Fernandina Beach in Nassau County.

5. At the time of the PPC and FPUC filings referenced above, Peoples had recently entered into agreements with RockTenn CP, LLC, the owner and operator of a

paper products mill at the north end of Amelia Island in Fernandina Beach, Nassau County (the "RockTenn Facility"), that will permit the transportation of gas across PGS' system for the RockTenn Facility. Peoples had initially planned to construct an 8-inch line extending from its existing North Jacksonville line to the RockTenn Facility in order to transport gas to the RockTenn Facility.

6. Likewise, at the time of the referenced filings, FPUC had garnered commitments to serve a number of customers in Nassau County. Specifically, the Company plans to serve two (2) existing industrial zoned parks located along the route of the Peninsula Pipeline Company transmission pipeline onto Amelia Island. Furthermore, over the past two years, the Company's operations personnel had worked to design and initiate permitting on local distribution facilities throughout the County. The Company identified over 215 existing commercial and industrial establishments that could be feasibly served through the Company's initial distribution system, most of whom currently use propane. Each of these commercial customers has signed with the Company to convert to natural gas service. The Company is also working with an existing large industrial facility on Amelia Island to install natural gas equipment for electric power generation. The facility currently utilizes bio-fuel to internally generate a portion of its electric requirements.

7. Each of the extensions by PPC, FPUC and Peoples was deemed feasible in that each was deemed to be in the best interests of each company and its customers. However, because Nassau County (with the exception of Peoples' single customer) currently has no natural gas service, the pursuit by each of FPUC and Peoples of their

respective expansion plans would have inevitably led to a territorial dispute between them with respect to the company that should be authorized to provide such service.

8. The petitioners have met on a number of occasions recently, and have negotiated and entered into several agreements which will enable PPC-FPUC and Peoples to provide their respective services for the purpose of bringing natural gas service to customers in Nassau County, at costs to each of the petitioners that are less than would have been incurred had they pursued their respective expansion plans independently.

9. During the discussions among the petitioners, it became apparent that Peoples already had interconnections with the interstate pipeline systems of SNG and Florida Gas Transmission Company, LLC ("FGT") in Clay, Duval and Nassau Counties that offered greater flexibility and reliability, and access to more sources of natural gas supply, than would a single PPC interconnection with SNG's Cypress Lateral. No new interconnections with interstate pipelines would be required in order to bring natural gas service to Nassau County as a result of the arrangements that emerged from the discussions and negotiations among the petitioners.

Gas Transportation Agreement

10. Based on the negotiations described above, and in order to enable as many persons as possible to receive natural gas service in Nassau County, Peoples will construct a new 12-inch steel pipeline line extending from its 12-inch North Jacksonville pipeline in the vicinity of the west side of Dunn Avenue and Interstate 295 to its terminus at a point of interconnection with the "Fernandina Beach Line" (a new pipeline to be

constructed, and owned in common by, Peoples and PPC) at or near the Duval County-Nassau County line in the vicinity of U.S. Highway 17, together with necessary metering, regulation and other required facilities for Peoples to deliver gas to the Fernandina Beach Line. The Fernandina Beach Line would extend from its interconnection with the new Peoples line to a terminus at a point of interconnection with Peoples' facilities serving the RockTenn Facility, with delivery points for PPC deliveries along the new pipeline's route.

11. Peoples would make a temporary release of interstate pipeline transportation capacity on FGT to FPUC in order for FPUC (and its customers and pool managers) to transport gas on FGT for delivery to the Peoples system. Peoples would then transport such gas through its system, extended as described above and pursuant to its Gas Transportation Agreement with PPC described below, to the Fernandina Beach Line, through which the gas would be transported to the PPC delivery points along the line's route in Nassau County. Peoples would transport gas through the Fernandina Beach Line to the Peoples delivery point serving the RockTenn Facility.

12. Because of certain restrictions within the wholesale transportation service provisions of Peoples' tariff that would not support Peoples' transportation of gas for PPC through the new pipeline to be constructed by Peoples to the Fernandina Beach Line, Peoples and PPC have executed a Gas Transportation Agreement, subject to the approval of the Commission as a special contract. The Gas Transportation Agreement provides for receipt of gas by Peoples from FPUC and other shippers (for which PPC would act as agent) at the Peoples interconnection(s) with FGT, and for transportation

of the gas across the Peoples distribution system to the interconnection with the Fernandina Beach Line, after which point the gas would be transported by PPC through the Fernandina Beach Line to interconnections serving PPC's customers (including FPUC) in Nassau County. Peoples is capable of providing service to PPC (and the customers for which it would act as agent) under the terms and conditions of the Gas Transportation Agreement without adversely impacting existing Peoples customers or materially affecting Peoples' ability to serve additional customers on its distribution system. A copy of the Gas Transportation Agreement between Peoples and PPC is attached to this petition as Exhibit 1 (the "special contract").

Nassau-Duval County Territorial Agreement

13. During the deliberations related to the Gas Transportation Agreement, Peoples and FPUC deemed it appropriate to seek the Commission's approval of an agreement that specifically defines their respective territorial service areas in both Nassau and Duval Counties (due to Peoples' existing presence in Duval County, the close proximity of Duval County to Nassau County, and the fact that both Peoples and FPUC would be serving customers in Nassau County). FPUC and Peoples have, therefore, entered into the Nassau-Duval County Territorial Agreement dated January 24, 2012 (the "Nassau-Duval Agreement"). The Nassau-Duval Agreement would enable as many persons and businesses in Nassau County as possible to receive economical and reliable natural gas service, avoid any territorial dispute between Peoples and FPUC which would inevitably delay the provision of natural gas service by either of the parties, and enable the parties to avoid any unnecessary duplication of facilities.

Absent the Nassau-Duval Agreement, and the Gas Transportation Agreement between Peoples and PPC, residences and businesses constructed in the designated Nassau County service areas of the parties would most likely not have an opportunity to receive natural gas service. A copy of the Nassau-Duval Agreement is attached to this petition as Exhibit 2. A map depicting the service territories of Peoples and FPUC described in the agreement is attached to this petition as Exhibit 3.

14. As between Peoples and FPUC, the Nassau-Duval Agreement provides that Peoples' service area shall be (i) the RockTenn Facility (and any expansions thereof), (ii) Peoples' existing customer identified in the agreement, and (iii) all of Duval County, and that FPUC's service area shall be all of Nassau County except those areas of the county reserved to Peoples by the agreement. Neither party currently has any customers in the service area reserved to the other party by the agreement. The agreement therefore provides for no transfers of customers between the parties. A description of the agreed service areas is included in the Nassau-Duval Agreement.

Requested Relief

15. Peoples and FPUC seek Commission approval of the Nassau-Duval Agreement, which stipulates that approval by the Commission is a condition precedent to the agreement's effectiveness. Any modification to the service areas described in the Nassau-Duval Agreement must be reviewed and/or approved by the Commission. Prior to the second anniversary of the Commission's approval of the agreement, and no less frequently than every five years thereafter, Peoples and FPUC will meet to review the status of the agreement and provide a written status report to the Commission.

16. Peoples and FPUC represent that approval and implementation of the Nassau-Duval Agreement will not cause a decrease in the availability or reliability of natural gas service provided by either company, or to the existing or future ratepayers of either company, and that the Commission's approval of the agreement will be consistent with the standards set forth in Section 366.04, *Florida Statutes*, and Rule 25-7.0471, *F.A.C.*

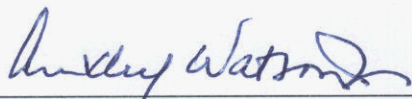
17. Peoples and PPC seek the Commission's approval of the Gas Transportation Agreement between Peoples and PPC dated January 24, 2012. The Commission's approval is required because, rather than paying distribution charges for transportation service based on the quantity of gas actually transported by Peoples (as is provided in Peoples' Commission-approved natural gas tariff), PPC will pay a fixed monthly charge for such service, similar to the capacity reservation charge paid to a FERC-regulated interstate pipeline for transportation service. The fixed monthly charge is designed to recover Peoples' cost of service for the service provided, including a reasonable return. Peoples will begin to recover its capital investment for its extension of facilities upon the in-service date of such facilities. The rate design of the charges payable by PPC under the special contract is appropriate because the majority of Peoples' costs to provide service to the shippers for which PPC will act as agent under the Gas Transportation Agreement are fixed and should therefore be collected in a manner consistent with a straight fixed variable rate design. The Gas Transportation Agreement complies with Section 366.06, *Florida Statutes*, and Rule 25-7.034, *F.A.C.*

18. Peoples, PPC and FPUC also request that the Commission consolidate its

decision on this Joint Petition with its decisions on the filings by PPC in Docket No. 110271-GU, and by FPUC in Docket No. 110277-GU,² in order to dispose of these integrally related filings at the same time. Such administrative consolidation will permit both the Commission Staff and the Commission to obtain a more complete understanding of the jointly developed plan for the provision of natural gas service to residents of Nassau County, which currently has no such service available from any provider.

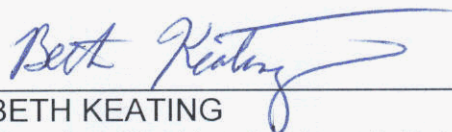
WHEREFORE, FPUC and Peoples respectfully request that the Commission enter its order approving the Nassau-Duval Agreement, and PPC and Peoples respectfully request that the Commission enter its order approving the Gas Transportation Agreement special contract.

Respectfully submitted,



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Company, Inc.

² Peoples, consistent with the provisions of the Nassau-Duval Territorial Agreement for which approval is sought herein, urges Commission approval of FPUC's tariff filing in Docket No. 110277-GU as it relates to Nassau County, and takes no position on such filing as it relates to Okeechobee County.

GAS TRANSPORTATION AGREEMENT

This Gas Transportation Agreement (the "Agreement") is made and entered into as of the 24 day of January, 2012, by and between **Peoples Gas System, a Division of Tampa Electric Company**, a Florida corporation ("PGS"), and **Peninsula Pipeline Company, Inc.**, a Delaware corporation ("PPC"), who hereby agree as follows:

ARTICLE I - DEFINITIONS

As used herein, the following terms shall have the meanings set forth below. Capitalized terms used herein, but not defined below, have the meanings given for such terms in PGS's FPSC Tariff (as hereinafter defined).

"Agency Agreement" means an agreement in the form attached hereto as Appendix C among a Shipper, PPC and PGS, and shall be a prerequisite for the performance by PGS of transportation service pursuant to this Agreement.

"Agent" means PPC.

"Business Day" means the Days Monday through Friday (excluding any federal banking holiday falling on any such Day).

"Contract Year" means the period of 12 successive Months commencing on the In-Service Date, and each successive 12-Month period thereafter during the term of this Agreement.

"Day" means "Delivery Gas Day" as defined in FGT's FERC Tariff.

"Fernandina Beach Line" means the 12-inch steel pipeline extending approximately 16.1 miles from the PGS-Fernandina Beach Interconnect to the outlet(s) of the flange(s) downstream of the valve(s) installed at the taps for (a) the PGS facilities serving the paper products mill owned and operated by RockTenn CP, LLC, in Fernandina Beach, Nassau County, Florida, (b) the PPC facilities located at certain points along the Fernandina Beach Line, and (c) the PGS facilities located at certain points along the Fernandina Beach Line providing service to PGS customers which is not prohibited by the Territorial Agreement, together with necessary appurtenances thereto (including all permits, easements and other rights-of-way required for the construction, operation and maintenance thereof).

"FGT" means Florida Gas Transmission Company, LLC, a Delaware limited liability company, its successors and assigns.

"FPSC" means the Florida Public Service Commission or any successor agency.

"FPUC" means Florida Public Utilities Company, a Florida corporation, its successors and assigns.

"FPUC's FPSC Tariff" means FPUC's tariff on file with and approved by the FPSC, as the same may be amended from time to time during the term of this Agreement.

GAS TRANSPORTATION AGREEMENT
NASSAU COUNTY
EXECUTION

"In-Service Date" means the Day on which the Fernandina Beach Line is placed in service by PGS following its completion and testing.

"Maximum Delivery Quantity" or "MDQ" means the maximum amount of Gas that PGS is obligated to cause to be delivered pursuant to this Agreement on any Day at the PGS Delivery Point, and is stated in Appendix B.

"Maximum Transportation Quantity" or "MTQ" means the maximum amount of Gas that PGS shall be obligated to receive pursuant to this Agreement on any Day at the PGS Receipt Point(s), and is stated in Appendix A.

"Month" means "Delivery Month" as defined in FGT's FERC Tariff.

"Nomination" means a notice delivered by PPC to PGS in the form specified in PGS's FPSC Tariff, specifying (in MMBtu) the quantity of Gas PPC (as agent for one or more Shippers) desires to have PGS receive at the PGS Receipt Point(s), transport, and redeliver at the PGS Delivery Point. Each Nomination shall specify the quantity of Gas by Shipper. "Nominate" means to deliver a completed Nomination.

"PGS Delivery Point" means the PGS-Fernandina Beach Interconnect.

"PGS-Fernandina Beach Interconnect" means the inlet to the interconnection between the Gas distribution facilities of PGS and the Fernandina Beach Line.

"PGS Receipt Point(s)" means the point(s) of physical interconnection between FGT and PGS listed in Appendix A.

"PGS's FPSC Tariff" means PGS's tariff on file with and approved by the FPSC, as the same may be amended from time to time during the term of this Agreement.

"PPC's FPSC Tariff" means PPC's tariff on file with and approved by the FPSC, as the same may be amended from time to time during the term of this Agreement.

"Retainage" means 0.1% of the Gas received by PGS for the account of a Shipper at the PGS Receipt Point(s), which PGS shall retain at no cost to PGS to cover lost and unaccounted for Gas between the PGS Receipt Point(s) and the PGS Delivery Point and which may change from time to time.

"Shipper" means any entity that has executed a firm transportation service agreement with PPC in accordance with PPC's FPSC Tariff that (i) causes Gas to be delivered to the PGS Receipt Point(s) for consumption in Nassau County, Florida, and (ii) has executed an Agency Agreement.

"Territorial Agreement" means the Nassau-Duval County Territorial Agreement between FPUC and PGS dated as of even date herewith, delineating the service areas of FPUC and PGS in Nassau and Duval Counties, Florida, as the same may be amended from time to time.

ARTICLE II - TERM

This Agreement shall become effective on the date first written above. Provided that both this Agreement and the Territorial Agreement have been approved by a final, non-appealable order of the FPSC, the term of this Agreement shall commence at the beginning of the Day commencing on the In-Service Date and continue until the end of the last Day of the fifteenth (15th) Contract Year (the "Termination Date") (the "Initial Term"). Either party hereto shall have the right to request extension of the term for an additional period of five (5) Contract Years by giving written notice of such request to the other party hereto not less than one (1) year prior to the expiration of the Initial Term. Upon the giving of such notice by either party, each party agrees to negotiate in good faith with respect to such extension of the term. This Agreement shall have no force or effect in the event the FPSC issues a final, non-appealable order denying its approval hereof or of the Territorial Agreement.

ARTICLE III - TRANSPORTATION SERVICE

Section 3.1 Services. PPC engages PGS, and PGS accepts such engagement, to receive Gas for the account(s) of Shipper(s), up to (in the aggregate) the MTQ, at the PGS Receipt Point(s), and to cause an equivalent quantity for each Shipper, less the Retainage, to be redelivered for the account of each Shipper at the PGS Delivery Point. Such transportation service shall be governed by PGS's FPSC Tariff (including the balancing and other provisions of Rider ITS) and this Agreement. If there is a conflict between PGS's FPSC Tariff and this Agreement, this Agreement shall control.

Section 3.2 Installation of Distribution Facilities and Equipment. PGS shall install the Gas system distribution facilities and equipment required to provide the transportation service to the PGS Delivery Point. Unless the parties agree otherwise, all facilities used by PGS to provide service hereunder shall be owned, operated and maintained by PGS.

Section 3.3 Establishment of Credit by PPC. PPC shall establish credit with PGS pursuant to PGS's FPSC Tariff prior to the commencement of service hereunder and shall maintain such credit during the term hereof.

ARTICLE IV NOMINATIONS

Section 4.1 General. For each Day any Shipper desires service hereunder, PPC shall provide a Nomination to PGS pursuant to Section 4.2. All Nominations shall be made to PGS at its web site (www.pgsunom.com), provided that in an emergency a Nomination may be delivered via facsimile using the form set forth in PGS's FPSC Tariff. Quantities confirmed by PGS for delivery shall be Scheduled Quantities. If requested by PPC on behalf of a Shipper, PGS will allow increases or decreases in Scheduled Quantities after the Nomination deadlines set forth in this article, if the same can be confirmed by PGS, FGT and Suppliers, and can be accomplished without detriment to services then scheduled on such Day for PGS and other shippers. The maximum quantity PGS shall be obligated to make available for delivery for the account of a Shipper at the PGS Delivery Point on any Day (which shall not exceed in the aggregate for all Shippers the MDQ) is the Transportation Quantity for each Shipper established pursuant to this article.

GAS TRANSPORTATION AGREEMENT
NASSAU COUNTY
EXECUTION

Section 4.2 Nomination for Transportation. Unless otherwise agreed, PPC shall, for each Shipper and each Month, and each Day during such Month that PPC seeks to change any aspect of any prior Nomination for a Shipper, notify PGS by providing a completed Nomination for such Shipper. PPC's Nomination for Gas to be made available for delivery for the account of a Shipper hereunder on the first Day of any Month shall be given by 10 a.m. on the second Business Day prior to the Day on which a nomination must be delivered to FGT for receipt of deliveries at the PGS Receipt Point(s) on such Day. Daily Nominations for Gas to be made available for delivery other than on the first Day of a Month shall be given to PGS by 10 a.m. on the Business Day prior to the Day on which a nomination must be delivered to FGT for the receipt of deliveries at the PGS Receipt Point(s) on such Day. PGS shall confirm to PPC the quantity of Gas PGS will make available for redelivery on such Day (the "Transportation Quantity," which shall also be a "Scheduled Quantity") no later than 5:00 p.m. Eastern Time on the Business Day immediately preceding such Day. PGS has no obligation to confirm a quantity Nominated by PPC for the accounts of all Shippers pursuant to this section greater than the quantity of capacity released temporarily to FPUC under the provisions of the Pipeline Capacity Release Agreement dated as of even date herewith between PGS and FPUC (the "Capacity Release Agreement"), plus Retainage.

Section 4.3 Other Responsibilities. PPC shall promptly notify PGS in writing of any change in the Transportation Quantity for any Shipper for any Day, and PGS will use commercially reasonable efforts to accept any such requested change as soon as practicable.

Section 4.4 Confirmation. If FGT asks PGS to verify a nomination for the account of a Shipper, PGS will confirm the lesser of such nomination, the Transportation Quantity, or that quantity equal to the quantity of capacity released to FPUC under the provisions of the Capacity Release Agreement, plus Retainage. PGS has no obligation with respect to verification or rejection of quantities not Nominated by PPC for a Shipper.

Section 4.5 Deliveries of Gas. All Gas delivered hereunder at the PGS Delivery Point shall be delivered at rates of flow as constant as operationally feasible throughout each Day. PGS has no obligation on any Day to deliver to the PGS Delivery Point, in any hour, quantities of Gas (in the aggregate) exceeding six percent (6%) of the MDQ.

Section 4.6 Quantities in Excess of the MTQ and MDQ. Notwithstanding any other provision of this Agreement, (i) confirmation by PGS of Nominations (in the aggregate) for a Day in excess of the MTQ and MDQ and (ii) delivery of hourly quantities in excess of the limitation set forth in Section 4.5 will not be unreasonably withheld by PGS if the same can be provided without detriment to services required by PGS's customers other than the Shippers receiving transportation service pursuant to this Agreement.

Section 4.7 Mutually Beneficial Transactions. PPC recognizes that PGS maintains the interstate operation and system integrity of the PGS distribution system on a daily basis, and that PGS, as the delivery point operator for its points of interconnection with interstate pipelines, is subject to the rules and regulations of such pipelines with regard to operational flow rates, pressures and penalties. As such, PGS may from time to time need one or more Shippers to vary the Nominated quantities of Gas to be delivered at the PGS Receipt Point(s). On such occasions, PGS may in its sole discretion request, and PPC (on behalf of the Shipper(s) to which the request is made) may agree to, a change in the quantity of Gas to be delivered for the account of a Shipper at the PGS

GAS TRANSPORTATION AGREEMENT
 NASSAU COUNTY
 EXECUTION

Receipt Point(s). No such change in the quantity of Gas to be delivered shall be made pursuant to this section without the consent of PPC on behalf of the Shipper(s) affected. Terms and conditions of any such transaction will be agreed upon between PGS and PPC (on behalf of the affected Shipper(s)) at the time of the transaction and will be recorded and confirmed in writing within two Business Days of the transaction.

Section 4.8 Full Requirements. During the term of this Agreement and any extension thereof, PPC agrees that all Gas, up to the MDQ, consumed downstream of the PGS Delivery Point will, subject to the provisions of this Agreement, be transported by PGS pursuant to this Agreement.

ARTICLE V – RESERVATION, USAGE AND OTHER CHARGES

Section 5.1 Reservation Charge. The parties acknowledge that the Gas transportation service to PPC for Shippers at the PGS Delivery Point contemplated by this Agreement requires access by Shippers, through this Agreement, to PGS distribution system capacity. Each Month during the term of this Agreement, PPC shall pay to PGS for the reservation of firm capacity and the transportation service on the PGS distribution system contemplated by this Agreement the sum of [REDACTED].

Section 5.2 Usage Charge. In addition to the reservation charge provided by Section 5.1, each Month during the term of this Agreement, PPC shall pay to PGS for the aggregate of all quantities delivered hereunder on each Day during the immediately preceding Month in excess of the MDQ an amount equal to the product of (i) such aggregate excess quantities (in Therms) and (ii) [REDACTED].

Section 5.3 Other Charges. The rates and charges prescribed in Section 5.1 and 5.2 above shall be subject to the operation of the Tax and Fee Adjustment Clause set forth in PGS's FPSC Tariff.

ARTICLE VI - BILLING AND PAYMENT

Section 6.1 Billing. PGS will bill PPC each Month for amounts due pursuant to Sections 5.1 and 5.2, and for any other amounts due hereunder. If, during the preceding Month, PGS has purchased Gas from PPC pursuant to an interruption or curtailment order, such bill shall show a credit for the estimated amount due PPC for such purchase(s). If the estimated amount owed by PGS to PPC exceeds the amount PPC owes PGS, PGS shall pay PPC the net amount estimated to be due PPC at the time PGS bills PPC.

Section 6.2 Payment. PPC shall pay such bills, minus any disputed amounts, at the address specified in the invoice by the 20th Day following the date of PGS's mailing (as signified by the postmark) or other delivery of the bill. All sums not so paid by PPC (or credited or paid by PGS) shall be considered delinquent.

Section 6.3 Billing Disputes. In the event of a bona fide billing dispute, PPC or PGS, as the case may be, shall pay (or credit) to the other party all amounts not in dispute, and the parties shall negotiate in good faith to resolve the amount in dispute as soon as reasonably practicable. If a party has withheld payment (or credit) of a disputed amount, and the dispute is resolved, the non-prevailing party shall pay to the other party the amount determined to be due such other party, plus interest thereon at an annual rate

GAS TRANSPORTATION AGREEMENT
NASSAU COUNTY
EXECUTION

equal to the prime interest rate of Citibank, N.A., New York, New York, plus one percent (1%), calculated on a daily basis from the date due until paid (or credited).

Section 6.4 Errors or Estimates. If an estimate is used to determine the amount due PPC for purchases by PGS (if any) pursuant to an interruption or curtailment order, PGS shall make any adjustment necessary to reflect the actual amount due PPC on account of such purchases in the next bill rendered to PPC after determination of the actual amount due. An error in any bill, credit or payment shall be corrected in the next bill rendered after the error is confirmed by PGS.

ARTICLE VII - FAILURE TO MAKE PAYMENT

Section 7.1 Late Payment Charge. Charges for services due and rendered which are unpaid as of the past due date are subject to a Late Payment Charge of 1.5%.

Section 7.2 Other Remedies. If PPC fails to remedy a delinquency in any payment within five (5) Days after written notice thereof by PGS, PGS, in addition to any other remedy, may, without incurring any liability to PPC and without terminating this Agreement, suspend further deliveries of Gas pursuant to this Agreement until the delinquent amount is paid, but PGS shall not do so if the failure to pay is the result of a bona fide billing dispute, and all undisputed amounts have been paid.

ARTICLE VIII - REGULATORY JURISDICTION

Section 8.1 FPSC Jurisdiction. The parties recognize and agree that the Gas transportation service contemplated by this Agreement is subject to regulation by the FPSC. Compliance by either party with any rule or order of the FPSC or any other federal, state, or local governmental authority acting under claim of jurisdiction issued before or after the effective date of this Agreement shall not be deemed to be a breach hereof; provided, however, that each party shall use commercially reasonable efforts (which are consistent with the party's status as a regulated entity) to mitigate any materially adverse effect its compliance with the terms of any such rule or order would have on either party's rights under this Agreement.

Section 8.2 Adverse Orders. In the event the FPSC, or other governmental authority asserting jurisdiction issues an order, ruling, decision or regulation which (i) requires that PGS terminate Gas transportation service to PPC, or (ii) substantively modifies the terms and conditions under which PGS provides the transportation of Gas as such terms and conditions are provided in this Agreement, so as to result in a materially adverse effect on either party's rights and benefits under this Agreement, or (iii) requires that the parties terminate the Territorial Agreement, each party shall use commercially reasonable efforts and shall cooperate with the other to pursue all necessary approvals and authorizations, if any, of the FPSC, or other applicable governmental authority, to amend the terms and conditions of this Agreement as may be reasonably required in order that the transportation of Gas contemplated by this Agreement may commence and/or continue; provided that neither party shall be required to take any action pursuant to this section which is reasonably likely to have a materially adverse effect on such party's rights and benefits under this Agreement. Except as provided herein, neither party shall seek to terminate this Agreement or request or support administrative or judicial modification of any term hereof without the other party's prior written consent and, in the event such termination or modification is requested by any other person,

each of the parties shall exercise reasonable commercial and legal efforts in opposition thereto.

Section 8.3 Responses to Adverse Orders. In the event of (i) issuance, or receipt by either party, of any order, approval, authorization or evidence of any event described in Section 8.2 above, or (ii) the occurrence of any event described in Section 8.2 above, the party receiving such order, approval, authorization or evidence of such occurrence shall promptly transmit to the other party a copy or notice thereof as appropriate, and each party shall, within ten (10) calendar days after delivery of such notice, give notice to the other party whether the terms and conditions of such order, approval, authorization or evidence of such occurrence are reasonably likely to have a materially adverse effect on such party or its rights and obligations under this Agreement, setting forth the reasons therefor. If the parties are unable, after the exercise of the efforts and cooperation required pursuant to Sections 8.1 and 8.2, to agree to amendments to this Agreement which will permit the transportation of Gas contemplated by this Agreement, and to obtain any regulatory authorizations necessary, in order that the transportation of Gas contemplated by this Agreement may commence and/or continue, then this Agreement shall terminate.

ARTICLE IX – MISCELLANEOUS

Section 9.1 Assignment and Transfer. This Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and permitted assigns; provided, however, that neither party shall assign this Agreement or its rights hereunder without the prior written consent of the other party, which consent may be withheld in the exercise of its sole discretion. Notwithstanding the foregoing, either party may, without the consent of the other party (i) transfer or assign this Agreement to an affiliate of such party which affiliate's creditworthiness is equal to or higher than that of such party, or (ii) transfer or assign this Agreement to any person or entity succeeding to all or substantially all of the assets of the assigning party; provided, however, that in each such case, any such assignee shall agree in writing to be bound by the terms and conditions hereof, and 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.

Section 9.2 Governing Law. This Agreement and any dispute arising hereunder shall be governed by and interpreted in accordance with the laws of Florida and shall be subject to all applicable laws, rules and orders of any Federal, state or local governmental authority having jurisdiction over 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 Agreement shall be in a court, located within the State of Florida, having jurisdiction.

Section 9.3 Severability. If any provision hereof 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.

Section 9.4 Entire Agreement: Appendices. This Agreement sets forth the complete understanding of the parties as of the date first written above, and supersedes any and all prior negotiations, agreements and understandings with respect to the subject matter hereof. The appendices attached hereto are an integral part hereof. All capitalized

GAS TRANSPORTATION AGREEMENT
NASSAU COUNTY
EXECUTION

terms used and not otherwise defined in the appendices shall have the meanings given to such terms herein.

Section 9.5 Waiver. No waiver of any provision 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 9.6 Notices. (a) All notices and other communications hereunder shall be in writing and be deemed duly given on the date of delivery if delivered personally or by a recognized overnight delivery service or on the fifth day after mailing if mailed by first class United States mail, registered or certified, return receipt requested, postage prepaid, and properly addressed to the party as set forth below.

PGS:

Administrative Matters:
Peoples Gas System
702 N. Franklin Street
Tampa, Florida 33602
Attention: J. R. McLelland
Telephone: (813) 228-4664
Facsimile: (813) 228-4742

With a copy to:

Peoples Gas System
702 N. Franklin Street
Tampa, Florida 33602
Attention: General Counsel
Telephone: (813) 228-
Facsimile: (813) 228-

Invoices and Payment:
Peoples Gas System
702 N. Franklin Street
Tampa, Florida 33602
Attention: Bruce Narzissenfeld
Telephone: (813) 228-4526
Facsimile: (813) 228-4194

PPC:

Administrative Matters:
Peninsula Pipeline Company, Inc.
1015 6th Street, N.W.
Winter Haven, Florida 33881
Attention: President
Telephone: (863) 293-2125

Invoices and Payment:
Peninsula Pipeline Company, Inc.
1015 6th Street, N.W.
Winter Haven, Florida 33881
Attention: President
Telephone: (863) 293-2125

Section 9.7 Amendments. This Agreement may not be amended except by an instrument in writing signed by the party against which enforcement of the amendment is sought. A change in (a) the place to which notices hereunder must be sent or (b) the individual designated as Contact Person shall not be deemed to be nor require an amendment hereof provided such change is communicated pursuant to Section 9.6.


[signature page follows]

GAS TRANSPORTATION AGREEMENT
NASSAU COUNTY
EXECUTION

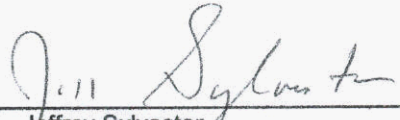
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective duly authorized officers as of the date first above written.

PEOPLES GAS SYSTEM, a division of
TAMPA ELECTRIC COMPANY

PENINSULA PIPELINE COMPANY, INC.

By: 

Bruce Narzissenfeld
Vice President - Fuels

By: 

Jeffrey Sylvester
Vice President

GAS TRANSPORTATION AGREEMENT
NASSAU COUNTY
EXECUTION

APPENDIX A - GAS TRANSPORTATION AGREEMENT

PGS RECEIPT POINT(S)

Maximum Transportation Quantity: 7,500 MMBtu per Day plus the Retainage

PGS will accept Gas from or for the account of Shippers pursuant to this Agreement for transportation pursuant to this Agreement at the following point(s):

The above point(s) may be changed by PGS from time to time on written notice to PPC.

GAS TRANSPORTATION AGREEMENT
NASSAU COUNTY
EXECUTION

APPENDIX B - GAS TRANSPORTATION AGREEMENT

PGS DELIVERY POINT

Gas transported pursuant to this Agreement shall be delivered by PGS to PPC at the PGS-Fernandina Beach Interconnect. The Maximum Delivery Quantity shall be 7,500 MMBtu per Day, subject to increase from time to time as provided in this Agreement.

APPENDIX C - GAS TRANSPORTATION AGREEMENT

AGENCY AGREEMENT

This Agency Agreement (this "Agreement") is made and entered into as of the _____ day of _____, 20____, by and among _____, a _____ ("Shipper"), **Peninsula Pipeline Company, Inc.**, a Delaware corporation ("PPC"), and **Peoples Gas System, a Division of Tampa Electric Company**, a Florida corporation ("PGS"), Shipper, PPC and PGS being referred to collectively hereinafter as the "parties."

WHEREAS, the PPC facilities located in Nassau County, Florida, have no direct point of interconnection with the interstate gas pipeline system of Florida Gas Transmission Company, LLC ("FGT");

WHEREAS, PGS's gas distribution system is directly interconnected with FGT's interstate gas pipeline and with the Fernandina Beach Line, a pipeline to be commonly owned by PGS and PPC after it has been placed in service, at the PGS-Fernandina Beach Interconnect;

WHEREAS, PGS and PPC are parties to a Gas Transportation Agreement dated as of January ____, 2012, pursuant to which PGS will transport gas received for the account of Shipper at interconnections with the FGT pipeline system for delivery to the PGS-Fernandina Beach Interconnect (the "PGS Gas Transportation Agreement"); and

WHEREAS, PPC's ownership interest in the Fernandina Beach Line will be utilized to provide service to Shipper pursuant to Shipper's firm transportation service agreement with PPC, and Shipper desires to appoint PPC as its agent for purposes of transporting gas from the PGS-FGT interconnection hereinafter identified (the "Gate"), to the PGS-Fernandina Beach Interconnect..

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein set forth, the parties hereto, intending to be legally bound, agree as follows:

1. Shipper hereby appoints PPC as its agent for the purpose of arranging with PGS for the transportation of gas owned by Shipper and delivered for the account of Shipper to PGS at the Gate, from the Gate to the PGS-Fernandina Beach Interconnect; provided, however, that as between PPC and PGS, PPC shall be solely responsible for compliance with the terms and conditions of the PGS Gas Transportation Agreement, and for the payment when due of all charges arising under such agreement.

2. Shipper hereby appoints PPC as its agent for purposes of nominating and scheduling gas to be transported by PGS, resolving imbalances between receipts and deliveries, and compliance with alert day and other operational orders issued by PGS under the PGS Gas Transportation Agreement as it relates to the transportation of Shipper's gas. PPC, acting as Shipper's agent, shall, with respect to the above activities, comply with the terms and conditions established in the PGS Gas Transportation Agreement, as applicable.

3. PGS shall have no responsibility with respect to any agreements or arrangements between Shipper and PPC.

GAS TRANSPORTATION AGREEMENT
NASSAU COUNTY
EXECUTION

4. For purposes of this Agreement, the Gate shall be:

[INSERT NAME(S) OF APPLICABLE PGS-FGT INTERCONNECTIONS]

IN WITNESS WHEREOF the parties have caused this Agreement to be executed by their respective duly authorized officers effective as of the date first above written.

SHIPPER

_____ **PENINSULA PIPELINE COMPANY, INC.**

By: _____
Name:
Title:

By: _____
Name:
Title:

**PEOPLES GAS SYSTEM, a Division of
TAMPA ELECTRIC COMPANY**

By: _____
Name:
Title:

NASSAU-DUVAL COUNTY TERRITORIAL AGREEMENT

THIS NASSAU-DUVAL COUNTY TERRITORIAL AGREEMENT (this "Agreement") is made and entered into this 24 day of January, 2012, by and between **Peoples Gas System, a division of Tampa Electric Company**, a Florida corporation ("PGS"), and **Florida Public Utilities Company**, a Florida corporation ("FPUC"). PGS and FPUC are hereinafter sometimes referred to singularly as a "party" and collectively as the "parties."

WITNESSETH:

WHEREAS, FPUC and PGS are natural gas utilities subject to the regulatory jurisdiction of the Florida Public Service Commission ("Commission") under Chapter 366, *Florida Statutes*; and

WHEREAS, PGS has for many years provided natural gas service to approximately 20,000 customers in Duval County, Florida, and currently has facilities for the provision of such service to one customer in Nassau County, Florida;

WHEREAS, as pertinent to this Agreement, both FPUC and PGS have been independently pursuing their intentions to extend their respective distribution systems to provide service to customers in Nassau County;

WHEREAS, PGS became aware of FPUC's intentions through FPUC's filings with the Commission of a petition and testimony in Docket No. 110003-GU for approval of recovery of the costs of a new contract with Peninsula Pipeline Company, Inc., an affiliate of FPUC ("PPC"), of a petition in Docket No. 110271-GU for approval of a PPC-FPUC transportation service agreement, and of a petition in Docket No. 110277-GU for approval of new tariff sheets reflecting the holding out of natural gas service by FPUC in Nassau County; and

WHEREAS, PGS has entered into agreements for the temporary release of interstate pipeline capacity and gas transportation with RockTenn CP, LLC, the owner and operator of a paper products mill at the north end of Amelia Island in Fernandina Beach, Nassau County (the "RockTenn Facility"); and

WHEREAS, independent pursuit by each of the parties of their respective Nassau County expansion plans would have inevitably led to a territorial dispute between the parties; and

WHEREAS PGS and FPUC have entered into agreements which will facilitate the provision of natural gas service to customers in Nassau County; and

WHEREAS, in order to enable as many persons and businesses as possible within Duval and Nassau Counties to receive economical and reliable natural gas service, PGS and FPUC have entered into this Agreement to avoid any unnecessary or uneconomic duplication of natural gas facilities which would be contrary to Commission policies and detrimental to the interests of their respective customers and the general public, and to more rapidly expand the availability of natural gas service

to potential customers in Nassau County by avoiding a lengthy and expensive territorial dispute; and

WHEREAS, the Commission is empowered by the legislature of the State of Florida, pursuant to Section 366.04(3)(a), *Florida Statutes*, to approve and supervise territorial agreements between and among natural gas utilities.

NOW, THEREFORE, in fulfillment of the purposes aforesaid, and in consideration of the mutual covenants and agreements herein contained, which shall be construed as being interdependent, the parties, subject to and upon the terms and conditions herein set forth, agree as follows:

Section 1.

For purposes of this Agreement, the following capitalized terms shall have the meanings set forth below:

“FPUC Service Area” means all of Nassau County except those areas thereof included in the PGS Service Area.

“PGS Service Area” means (i) Duval County, (ii) the RockTenn Facility and any expansion thereof by RockTenn CP, LLC, its successors or assigns, and (iii) the premises located at 9559 Ford Road, Bryceville, Nassau County, Florida 32009.

“RockTenn Facility” means the paper products mill at the north end of Amelia Island in Fernandina Beach, Nassau County, owned and operated by RockTenn CP, LLC.

Section 2.

(a) The service area reserved hereunder for PGS shall consist of the PGS Service Area. As between the parties, PGS shall have the authority to serve all customers within said area.

(b) The service area reserved hereunder for FPUC shall consist of the FPUC Service Area. As between the parties, FPUC shall have the authority to serve all customers within said area.

(c) Except as specifically otherwise provided herein, each party agrees that it will not provide or offer to provide natural gas service to existing or potential customers within the service area herein reserved to the other party.

(d) Except as specifically otherwise provided herein, nothing in this Agreement is intended to affect the gate stations, regulators, or gas mains of one party which are now or which may in the future be located in the service area of the other party, and any problems between the parties involving these types of facilities shall be settled at the general office level of the parties. No such facilities shall be used by one party to provide natural gas service to customers located in the service area reserved hereunder to the other party.

(e) This Agreement shall have no effect on the boundaries of the respective service areas of the parties hereto as the same may now or hereafter exist except as specifically provided herein.

Section 3. Notwithstanding the provisions of Section 2, either party may request that the other party provide natural gas service to potential customers within the service area reserved hereunder to the requesting party. The party receiving the request may elect to provide service to such potential customers in its sole discretion subject to the approval of the Commission.

Section 4. If a party determines, in a specific instance, that good engineering practices or economic constraints on that party indicate that any small service area and/or future natural gas customer within that party's service area under Section 2 hereof should not be served by that party, such party shall notify the other party and request the other party to serve such small service area and/or potential customer. If the parties reach agreement thereon, the parties shall jointly and expeditiously seek approval of the Commission for modification of this Agreement in order to permit the appropriate party to provide such service to such small service area and/or future natural gas customer.

Section 5. This Agreement, after execution by the parties, shall be submitted jointly by the parties to the Commission for approval. It shall become effective on the date that a Commission order approving it becomes final and effective (the "Effective Date"), and continue in effect until termination or modification shall be mutually agreed upon by the parties and approved by the Commission, or until termination or modification shall be mandated by a governmental entity or court with appropriate jurisdiction. In the event that the Commission declines to approve this Agreement, the same shall be of no force or effect, and neither party shall have any claim against the other arising out of this Agreement.

Section 6. Prior to the second anniversary of the Effective Date and no more than every fifth anniversary thereafter, the Parties shall meet to review the status of this Agreement and shall submit a joint status report to the Commission (or any successor agency with power to consider approval or modification hereof).

Section 7. As soon as practicable after the Effective Date, each party agrees to file any revisions to its tariffs on file with the Commission which may be required as a result of the Commission's approval of this Agreement, and shall provide a copy of any such tariff revisions to the other party upon their filing with the Commission.

Section 8. The failure of either party to enforce any provision of this Agreement in any instance shall not be construed as a waiver or relinquishment on its part of any such provision but the same shall nevertheless be and remain in full force and effect.

Section 9. This Agreement shall become void and unenforceable if the Commission's jurisdiction with respect to approval and supervision of territorial agreements between natural gas utilities is terminated by statute or ruled invalid by a court of final appellate jurisdiction.

Section 10. This Agreement shall be governed by the laws of the State of Florida.

Section 11. This Agreement does not provide for the transfer of any existing customers or facilities.

Section 12. All notices under this Agreement shall be in writing and may be sent by facsimile, a nationally recognized overnight courier service, first class mail, or hand delivery, to the parties at the addresses and facsimile numbers set forth below:

To PGS:

President
Peoples Gas System
702 N. Franklin Street
Tampa, Florida 33602
Phone: (813) 228-4111
Facsimile: (813) 228-4643

To FPUC:

Vice President/Business Development and Gas
Operations
Florida Public Utilities Company
1015 6th Street, N.W.
Winter Haven, Florida 33881
Phone: (863) 293-2125

with a copy to:


Peoples Gas System
Attention: General Counsel
702 N. Franklin Street
Tampa, Florida 33602
Phone: (813) 228-4111
Facsimile: (813) 228-1328

Notices shall be deemed given when received on a business day by the addressee. In the absence of proof of the actual receipt date, the following presumptions shall apply. Notices sent by facsimile shall be deemed to have been received upon the sending party's receipt of its facsimile machine's confirmation of successful transmission. If the day on which such facsimile is received is not a business day or, the receipt is after 5:00 p.m. on a business day, then such facsimile shall be deemed to have been received on the next succeeding business day. Notice by overnight mail or courier shall be deemed to have been received on the next business day after it was sent or such earlier time as is confirmed by the receiving party. Notice by first class mail shall be deemed to have been received on the third business day following deposit in the mail. A party may from time to time change the address to which notice hereunder is to be sent by providing notice to the other party pursuant to this section.

Section 13. This Agreement, on and after the Effective Date, shall be binding in accordance with its terms upon the parties hereto and their respective successors and assigns with regard to the retail distribution of natural gas. This Agreement shall not affect or bind affiliates or subsidiaries of PGS and FPUC.

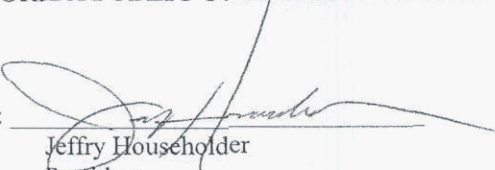
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers as of the date and year first above stated.

**PEOPLES GAS SYSTEM, a division of
Tampa Electric Company**

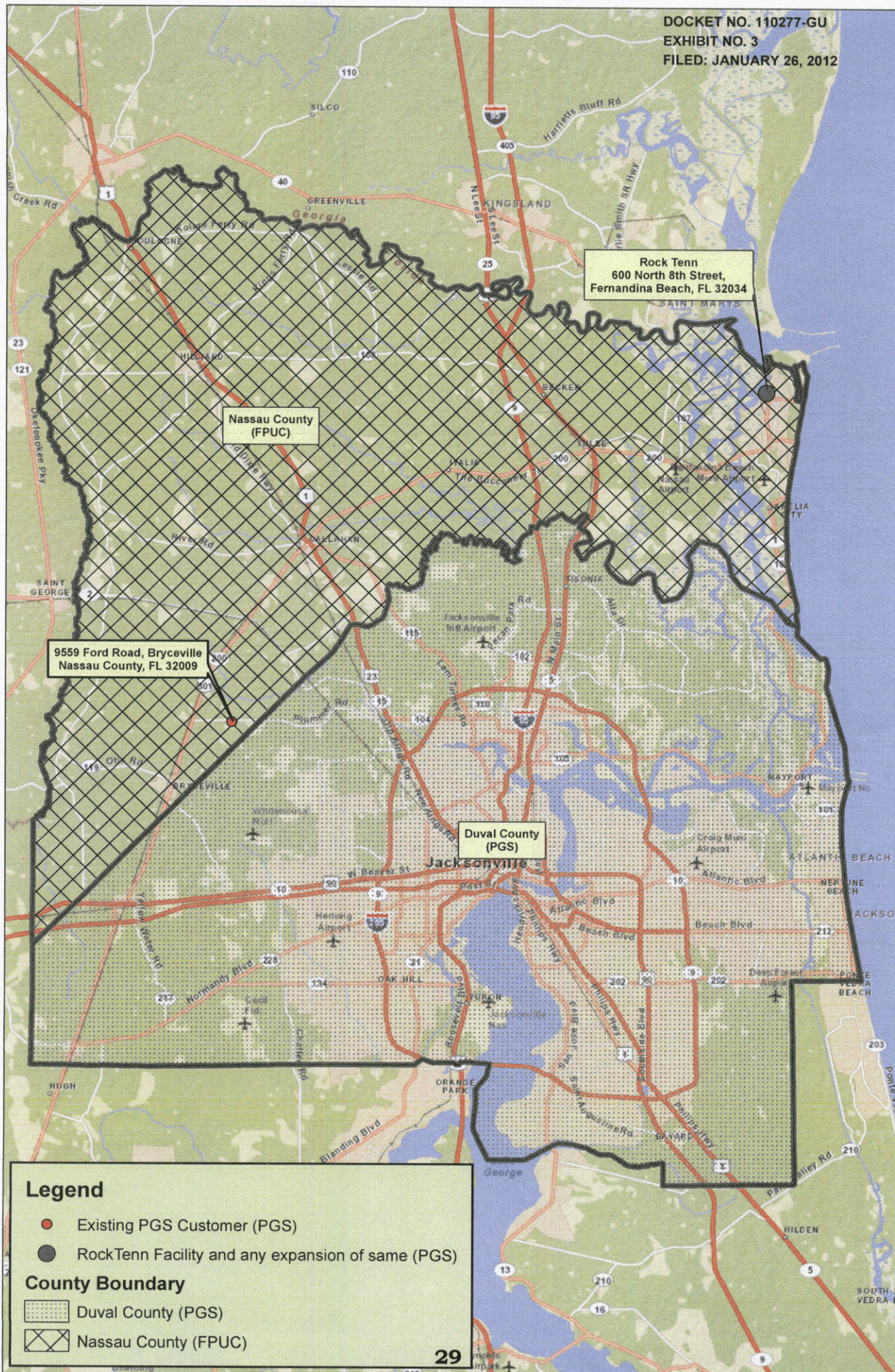
By: 

Bruce Narzissenfeld
Vice President - Fuels

FLORIDA PUBLIC UTILITIES COMPANY

By: 

Jeffrey Householder
President



Legend

- Existing PGS Customer (PGS)
- RockTenn Facility and any expansion of same (PGS)

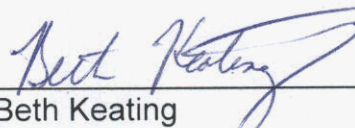
County Boundary

- Duval County (PGS)
- Nassau County (FPUC)

CERTIFICATE OF SERVICE

I HEREBY ATTEST that a true and correct copy of the foregoing Petition has been served upon the following by U.S. Mail this 26th Day of January, 2012:

Office of the Public Counsel c/o The Florida Legislature 111 West Madison St., Rm. 812 Tallahassee, FL 32399-1400	Martha Barrera, Staff Counsel Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399-0850
Ansley Watson, Esquire MacFarlane, Ferguson & McMullen One Tampa Center, Suite 2000 P.O. Box 1531 Tampa, FL 33601	



Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706