

March 28, 2017

**E-PORTAL FILING**

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

**Re: [New Filing] -Petition for Approval to Modify Phase Two of Experimental Transitional Transportation Service Pilot Program to Suspend Open Enrollment Process by the Florida Division of Chesapeake Utilities Corporation.**

Dear Ms. Stauffer:

Attached for filing on behalf of the Florida Division of Chesapeake Utilities Corporation, please find the Company's Petition for Approval to Modify Phase Two of Experimental Transitional Transportation Pilot Program to Suspend Open Enrollment Process. Included with this Petition, as Attachment A, are the following tariff pages, in clean and tracked changes, which a modified consistent with the Company's request for relief:

First Revised Sheet Nos. 11-13  
Second Revised Sheet No. 14  
First Revised Sheet Nos. 18, 24-28  
Second Revised Sheet Nos. 29-31  
First Revised Sheet No. 31.1  
Fourth Revised Sheet No. 32  
Second Revised Sheet Nos. 33, 34, 37  
First Revised Sheet Nos. 38, 40, 45, 47-52  
First Revised Sheet Nos. 119, 122- 124, and 128-131

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

Kind regards,



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

cc:/ (Service List)

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Petition for Approval to Modify Phase Two of Experimental Transitional Transportation Service Pilot Program to Suspend Open Enrollment Process by the Florida Division of Chesapeake Utilities Corporation

Docket No.  
Filed: March 28, 2017

PETITION FOR APPROVAL TO MODIFY PHASE TWO OF  
EXPERIMENTAL TRANSITIONAL TRANSPORTATION PILOT PROGRAM TO SUSPEND  
OPEN ENROLLMENT PROCESS

Pursuant to Sections 366.03, 366.04, 366.05, and 366.075, Florida Statutes, and Rule 25-7.0335, Florida Administrative Code, and in accordance with 28-106.201 and 25-22.036(1), Florida Administrative Code, the Florida Division of Chesapeake Utilities Corporation (“CHPK” or “Company”), hereby files this Petition seeking Florida Public Service Commission (“Commission”) approval to suspend the open enrollment process included within Phase Two of the Company’s Experimental Transitional Transportation Service Pilot Program (“Phase 2”), which was approved by the Commission in Order No. PSC-07-0427-TRF-GU, issued in Docket No. 060675-GU, on May 15, 2007. In support of this request, the Company states:

1. The principal business address of CHPK is:

1750 S. 14th Street, Suite 200 Fernandina Beach, FL 32034

2. Please send copies of all notices, pleadings and other communications and documents in this docket to the following:

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

Mike Cassel  
Florida Public Utilities Company/Florida Division  
of Chesapeake Utilities Corporation  
1750 S. 14th Street, Suite 200  
Fernandina Beach, FL 32034  
[mcassel@fpuc.com](mailto:mcassel@fpuc.com)

3. CHPK is a natural gas utility subject to the Florida Public Service Commission’s (“Commission”) jurisdiction under Chapter 366, Florida Statutes. It is an operating division of Chesapeake Utilities Corporation.

4. The Commission is vested with jurisdiction in this matter in accordance with Sections 366.04, 366.05, and 366.075, Florida Statutes, pursuant to which the Commission is authorized to ensure fair and reasonable rates and charges for public utilities, including experimental rates and charges, as well as approving service classifications, and service rules and procedures, including the relief requested herein, for purposes of ensuring the reliable provision of service.

5. The Company’s substantial rights will be directly affected by the Commission’s resolution of this Petition, as the Commission’s decision upon this request will direct how the Company proceeds (or does not proceed) with the Open Enrollment component of its Transportation Service Program. The Company is unaware of any material facts in dispute in this regard. This is a Petition representing an initial request to the Commission, which is the affected agency located at 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399.

#### **Background**

6. On April 4, 2000, the Commission adopted Rule 25-7.0335, Florida Administrative Code (“Rule”), which required each local gas distribution company (“LDC”) to offer gas transportation service to all non-residential customers. The Rule further provided that each LDC may offer transportation service to residential customers when it is cost effective to do so. In accordance with the Rule, the Company filed a proposed transportation service tariff as part of its petition for a rate increase in Docket No. 000108-GU. Therein, the Company proposed to lower the transportation service threshold for non-residential customers and to adopt procedures for administering gas deliveries by third party shippers. The Company also proposed to open

## CHESAPEAKE – MODIFY PHASE TWO TRANSPORTATION PROGRAM

transportation aggregation service for all non-residential customers. The Commission ultimately approved the Company's tariff proposal as reflected in Order No. PSC-00-2263-FOF-GU, issued November 28, 2001.

7. Customer response to the transportation service program exceeded expectations and by the end of 2001, over 40% of the Company's non-residential customers were utilizing transportation service. The remaining sales customers consisted mainly of small volume commercial and residential accounts, which represented a very small percentage of the Company's total gas throughput. Moreover, the Company believed that, over time, the remaining commercial accounts would transition to a pool manager and begin transporting, given that new commercial accounts were electing transportation service. As such the Company was concerned that commodity and capacity costs passed through to residential customers would begin to increase significantly as a result of relatively small quantity of gas being purchased on behalf of those customers.

8. In response to these concerns, the Company petitioned the Commission to approve a multi-phase Transitional Transportation Service Program ("TTS") for the purpose of transitioning all remaining sales customers to transportation service, thereby allowing the Company to exit the gas merchant function. In Phase One, the Company proposed to utilize the bid process to select a gas marketer to serve as pool manager for the TTS program and transitioning all sales customers into the TTS program. By Order No. PSC-02-1646-TRF-GU, issued November 25, 2002, the Commission approved Phase One of the TTS program.

9. Thereafter, the Company proceeded with the successful implementation of Phase One of the TTS program, whereby it assigned 9,587 residential and 552 non-transporting small commercial customers to Infinite Energy, the gas marketer selected through the bid process. The

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Company also established procedures to ensure it would be able to perform its function as the Shipper of Last Resort in the event that the marketer was unable to supply gas and implemented customer account administrative services to be provided for the TTS pool manager. The Company formally transitioned from its purchased gas adjustment (“PGA”) account to the current Operational Balancing Account at the end of August 2003. Thereafter, following its final PGA audit in October 2003, the Company issued a PGA refund of \$246,255, consistent with Order No. PSC-04-0083-PAA-GU, issued January 26, 2004.

10. On October 10, 2006, the Company filed a petition requesting authorization to implement Phase Two of its TTS Program. As originally contemplated, the Company pursued Phase Two based on the substantial experience gained in Phase One. The Company had also found that, over time, more marketers (also referred to as “shippers”) were expressing interest in participating in the program, while customers wanted to see the program expanded to include additional pricing options from more than one marketer. Therefore, in Phase Two, the Company proposed to retain two gas marketing firms (TTS Shippers) through a competitive bid process and expand the fuel pricing options available from each TTS Shipper. By Order No. PSC-07-0427-TRF-GU, issued on May 15, 2007, the Commission authorized the Company to proceed with Phase Two of its TTS Program on an experimental, pilot project basis, finding that Phase Two expanded the choices available to customers in the TTS Pool, while maintaining the safeguards that would ensure TTS customers received reliable service and realized gas cost savings.<sup>1</sup>

11. Through the competitive bid process, the Company selected Infinite Energy and Florida Natural Gas (a division of Southstar Energy Services) as the TTS Shippers. On July 1, 2007, the Company equitably divided its existing TTS consumers, both active and inactive accounts,

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<sup>1</sup> Order No. PSC-07-0427-TRF-GU at p. 4.

between the two TTS Shippers. New customer additions were assigned to the TTS Shippers on an alternating basis. Both Shippers initially served consumers under a Standard Price Option, which is identical for all consumers.

### **Open Enrollment**

12. As part of Phase Two, Chesapeake was to administer, on an annual basis, a 30-day, Open Enrollment period, wherein Shippers would be allowed to promote their various pricing options and other factors that would influence customer choice, as set forth in Order No. PSC-07-0427-TRF-GU. Consistent with the Commission's approval of this aspect of Phase Two, in June of each year, Chesapeake mails the TTS Shippers' solicitation materials to all TTS customers. Consistent with the Commission's decision, customers wishing to change shippers at that time are required to respond in writing indicating that desire. Customers that do not respond during this Open Enrollment period remain with their current shipper and are assigned to the Standard Price Option of that shipper.

13. Since implementation of Phase Two, consistent with Order No. PSC-07-0427-TRF-GU, the Company has annually filed reports with the Commission regarding the status of the program. For example, in the Company's most recent report from August 2016, the Company reported that both Shippers provided expanded pricing options for consumers. In addition to the Standard Price Option required by the TTS Shipper Agreement, the following options were offered:

#### **Florida Natural Gas:**

- Fixed rate for one year (Residential and Commercial) – \$1.99 monthly service charge.
- Discount, 3 cents per therm off Standard Pricing Plan and Fixed Plan (Residential), to seniors (age 50 and older), veterans and active military members.

## CHESAPEAKE – MODIFY PHASE TWO TRANSPORTATION PROGRAM

### Infinite Energy:

- Fixed rate for one year (Residential and Commercial) – \$5.95 monthly service charge.
- Discount, 4 cents per therm off Standard Pricing Plan and Fixed Plan (Residential), to seniors (age 50 and older), veterans and active military members.
- Discount, 1 cent per therm for all consumers who enroll with Infinite Energy.

14. However, as demonstrated below, while the number of solicitation materials being mailed has grown, the customer response rate has remained flat, and has even begun to suggest a slow decline. In addition to the flat and slow decline in customer response, only a small percentage of customers actually select the Fixed Rate Option. These fixed rate customers make up only 3% of the total customer base, while 97% switch to, or remain on, the Standard Price Option. Given the apparent trend reflecting declining customer interest in this aspect of the TTS program, the Company believes there is merit in terminating the Open Enrollment process. For reference, the Open Enrollment response rates experienced by Chesapeake over the last six years are as follows:

<u>Year</u>	<u>Offers Mailed</u>	<u>Response</u>
2011	13,972	11%
2012	14,125	14%
2013	14,380	14%
2014	14,682	11%
2015	16,221	9%
2016	15,637	10%

15. In view of waning customer response to the Open Enrollment process, the Company believes that the benefits of the process no longer outweigh the procedural and administrative

## CHESAPEAKE – MODIFY PHASE TWO TRANSPORTATION PROGRAM

burden associated with conducting the Open Enrollment. For instance, in addition to conducting the actual Open Enrollment process, which entails issuing shipper advertisements and processing customer responses, the Company also experiences increased call volumes in its call centers during the Open Enrollment period, which has also factored into the Company's consideration of the merits of discontinuing the Open Enrollment process. It is not uncommon for the Company to see an increase in customer calls during this period regarding the marketing packets, the rates and plans, or issues with their Shippers. In spite of the increased call volumes, few customers ultimately respond with a request to change their Shipper or rate plan.

16. For all these reasons, the Company has reached the conclusion that suspending the Open Enrollment process permanently is reasonable and will not result in any harm to customers. This aspect of Phase Two has not proven successful, which is reflected in the low participation rates by CHPK's customers. The Company has no indication that these participation rates are likely to improve over time, and in fact, the information available suggests that these participation rates will continue to decline. Thus, the Company believes that suspending the open enrollment process will promote administrative efficiency within the Phase Two program without detriment to TTS pool customers, as evidenced by the low participation rates.

### **Relief**

17. For the foregoing reasons, Chesapeake respectfully requests that it be allowed to suspend the annual Open Enrollment process and the annual status report effective this year. If approved, existing TTS customers will remain with their current Shipper under the Standard Price Option. Existing TTS customers will be allowed to switch Shippers once within a twelve (12) month period. New customers would be assigned to one of the two shippers on an alternating basis consistent with the initial assignment process utilized when Phase Two was initiated. If

CHESAPEAKE – MODIFY PHASE TWO TRANSPORTATION PROGRAM

approved, the Company has plans to communicate these changes to the customer by either bill message, bill stuffer, the Company's website or a combination of these methods, whichever is deemed necessary.

18. The Company has included its final annual report on the status of the Phase II of the TTS program (Attachment A) and revised tariffs, in clean and legislative format, reflecting the proposed changes for which approval is requested herein. (Attachment B). The Company notes that it has also included a non-substantive change at Sheet No. 119 to correct the address reflected for the Company, edits at Sheet Nos. 24 and 26 to insert to the original approval Order reference in place of the original, place-holder language, and an edit on Sheet No. 122 to correct a typo. Other non-substantive changes are also included to make numbering and pagination adjustments necessitated by the proposed changes regarding Open Enrollment.

WHEREFORE, the Florida Division of Chesapeake Utilities Corporation respectfully requests that it be allowed to permanently suspend the Open Enrollment process aspect of Phase Two of its Transitional Transportation Service Program and that the Commission approve the proposed modifications to the Company's tariff that are consistent with this request, as set forth in Attachment B.

RESPECTFULLY SUBMITTED this 28th day of March, 2017.

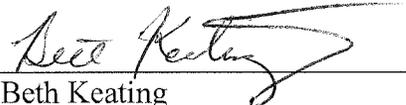
By:   
Beth Keating  
Gunster, Yoakley & Stewart, P.A.  
215 South Monroe St., Suite 601  
Tallahassee, FL 32301  
(850) 521-1706

*Attorneys for the Florida Division of  
Chesapeake Utilities Corporation*

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of the foregoing has been served upon the following by U.S. Mail this 28th day of March, 2017.

Jennifer Crawford Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399-0850 jcrawfor@psc.state.fl.us	J.R. Kelly Office of Public Counsel c/o The Florida Legislature 111 W. Madison Street, Room 812 Tallahassee, FL 32399-1400

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

**ATTACHMENT A**

**2016 Status Report for Phase II Transportation Program**

**Florida Division of Chesapeake Utilities Corporation**  
**Transitional Transportation Service (TTS) Experimental Pilot Program**  
**Report to the Florida Public Service Commission**  
**July 1, 2016 to March 28, 2017**

**TTS Program Phase Two**

Commission Order No. PSC-07-0427-TRF-GU, issued May 15, 2007 authorized the Company to implement Phase Two of its Transitional Transportation Service (TTS) Program and offer optional experimental fixed charge monthly transportation rates for certain small volume consumers (<10,000 therms per year). The Commission Order also required the Company to file annual reports; one of the status of the TTS Program implementation and a second report providing information on customer migration by class to the fixed rates and a comparison of the actual fixed charge revenues compared to revenues that would have been collected under the Company's traditional fixed and variable component rates. To simplify the reporting process, the Company combined the reports into one submittal. This document also combines the required 2016 information into a single report.

**TTS Program Phase One Summary**

The Florida Public Service Commission (the Commission) in Rule 25-7.0335, F.A. C., (approved April 4, 2000) required each local distribution company (LDC) to offer gas transportation service to all non-residential customers. The Rule also offered LDCs the option to provide transportation service to residential customers. Within eighteen months of implementing the expanded transportation service programs required in Rule 25-7.0335, F.A.C., over 400 (approximately 40%) of the Company's non-residential customers were transporting, representing approximately 96% of the total system throughput. The remaining sales customers consisted of approximately 9,500 residential and small volume commercial accounts. The annual fuel requirements of these sales customers equaled approximately 3 million therms, less than 4% of the Company's total throughput.

The small volume of remaining sales gas and the allocation of interstate pipeline capacity costs to sales customers, the Company projected that gas costs for its small volume customers would dramatically increase as a result of its implementation of Rule 25-7.0335, F.A. C. To address this concern, the Company, on March 28, 2002, filed a petition with the Commission to establish a phased-in Transitional Transportation Service (TTS) Program. Under the TTS program all remaining sales customers would be transferred to transportation service, the interstate pipeline capacity allocation method would be revised, and the Company would exit the retail gas sales merchant function. In Phase One of the TTS Program the Company selected, through competitive bid, one third party gas marketer to serve as the Pool Manager for all TTS customers. By Order NO. PSC-02-1646-TRF-GU, issued November 25, 2002, the Commission authorized the implementation of Phase One of the Company's TTS program.

**TTS Program Phase Two Summary**

On October 10, 2006, the Company filed a petition requesting authorization from the Commission to implement Phase Two of its TTS Program. In Phase Two, the Company proposed to retain two gas marketing firms (TTS Shippers) through a competitive bid process and expand the fuel pricing options available from each TTS Shipper. In Order No. PSC-07-0427-TRF-GU, issued on May 15, 2007, the Commission authorized the Company to proceed to Phase Two of its TTS Program on an experimental, pilot basis. In a competitive bid process, the Company selected Infinite Energy and Florida Natural Gas (a division of Southstar Energy Services) as the TTS Shippers. On July 1, 2007, the Company equitably divided its existing TTS consumers, both active and inactive accounts, (15,763 residential and 682 non-residential consumers) between the two TTS Shippers. New consumer additions were

assigned to the TTS Shippers on an alternating basis. Both Shippers initially served consumers under a Standard Price Option, identical for all consumers.

**2016 TTS Program Phase Two Open Enrollment**

Phase Two of the TTS Program was designed to include annual Open Enrollment periods where consumers would be able to change TTS Shipper's or select alternate pricing options. On June 1, 2016, the Company sent a letter to all TTS consumers announcing the open enrollment period scheduled to begin the following month, providing a preliminary overview and general outline of the process. Included with the open enrollment letter was information on each TTS Shipper and their available pricing options. Approximately 10% of the active TTS consumers elected to either remain with same TTS Shipper, change TTS Shippers or pricing options. The TTS Program Open Enrollment materials provided to consumers in 2016 are included in Attachment A to this report.

Both Shippers provided expanded pricing options for consumers. In addition to the Standard Price Option required by the TTS Shipper Agreement, the following options were offered:

Florida Natural Gas:

- Fixed rate for one year (Residential and Commercial) – \$1.99 monthly service charge.
- Discount, 3 cents per therm off Standard Pricing Plan and Fixed Plan (Residential), to seniors (age 50 and older), veterans and active military members.

Infinite Energy:

- Fixed rate for one year (Residential and Commercial) – \$0.00 monthly service charge.
- Discount, 4 cents per therm off Standard Pricing Plan and Fixed Plan (Residential), to seniors (age 50 and older), veterans and active military members.
- Discount, 1 cent per therm for all consumers who enroll with Infinite Energy.

**2016 TTS Program Pricing Options – Consumer Selection Results**

<u>Florida Natural Gas</u>	<u>Rate per Therm</u>	<u>Number of Consumers</u>
Standard Price		7,694
Standard Price w/Discount		761
Fixed Rate	\$0.599	44
Fixed Rate w/Discount	\$0.569	<u>263</u>
Total		8,762

<u>Infinite Energy</u>	<u>Rate per Therm</u>	<u>Number of Consumers</u>
Standard Price		6,396
Standard Price w/Discount		324
Fixed Rate	\$0.750	3
Fixed Rate w/Discount	\$0.710	<u>152</u>
Total		6,875

**Florida Division of Chesapeake Utilities Corporation  
TTS Experimental Pilot Program  
2016 Report to the Florida Public Service Commission**

**Attachment A**

# Customer Choice Program ANNUAL MARKETER OPEN ENROLLMENT

Pricing Options Enclosed

—Time Sensitive Material—

June 1, 2016

Dear Central Florida Gas Customer:

Central Florida Gas ("CFG") is excited to announce that 2016's Open Enrollment is underway! All CFG residential and some commercial customers purchase their natural gas fuel from approved third party marketers under our Transitional Transportation Service, which is approved by the Florida Public Service Commission.

During the 2016 Open Enrollment Period which ends **June 30, 2016**, you will be given the opportunity to select the marketer of your choice. Infinite Energy and Florida Natural Gas, two premier natural gas marketers, have enclosed their offers for your consideration. You are encouraged to review the information and choose one marketer and one of the fuel offerings.

If you do not wish to make a selection, you will remain with your current marketer on their very competitive standard rate option, which is updated each month to reflect the market price of natural gas without any discounts.

**This is the only program of its kind in the entire State of Florida!!**

Please read all the enclosed materials carefully and select the marketer option that best suits your needs. Again, if you do not wish to make a selection you will continue to receive your natural gas service with very competitive standard pricing options without discount - the *choice* is yours. If you have any questions regarding Open Enrollment, please feel free to contact us at **1-800-427-7712, then Press Option 7.**

We must receive your completed agreements **no later than June 30, 2016**. Your selection will be reflected on your August 2016 bill. A pre-paid postage return envelope has been enclosed for your convenience.

**Thank you for your valued business.**

**FLORIDA PUBLIC**  
UTILITIES  
CENTRAL FLORIDA GAS



June 8, 2016

Dear Central Florida Gas Customer:

We have been informed that a few of the Open Enrollment packages that were mailed on June 1, 2016 were incomplete. The mailings did not include the Enrollment Form for Infinite Energy, one of the premier natural gas marketers under our Transitional Transportation Service. We sincerely apologize for this oversight that was beyond our control.

Included with this letter, please find the complete package with offers from both Infinite Energy and Florida Natural Gas, our third party marketers for the Transitional Transportation Service. If you already have this information, please feel free to disregard this mailing.

Due to this issue, we are extending the open enrollment period to **July 8, 2016**. Additionally, we are giving you, our valued customer, a chance to change your election at any time during this period until July 8th.

Please call us toll free at 800-427-7712 if you have any questions regarding your open enrollment selections. Again, we look forward to receiving your selection by July 8th.

**We apologize for the inconvenience. Thank you for your valued business.**



## 4 Great Reasons to Choose Infinite Energy

Dear CFG Customer:

You want a great value on natural gas. So I'd like to tell you about my company, Infinite Energy. We're Florida's best choice for natural gas supply. Yes, we provide competitive natural gas rates. But here are four more things about us that you should know.

1. We're a Florida-based company employing more than 300 people. That makes us one of the largest suppliers in the state and a big contributor to the economy.
2. We do our own natural gas trading, so we're always looking for the best value. That can make a big difference in what you pay if you choose a variable rate plan.
3. We're here for the long haul. Ever since we started serving Florida in 1994, we've been committed to providing a great experience for our customers. While other suppliers may come and go, we're still around.
4. We believe in giving back to the communities we serve. We give money and our employees give their time to educational programs to help kids learn to read and sharpen their STEM (science, technology, engineering, math) skills.

So you see, there's more to us than just a great rate.

And it's easy to sign up with Infinite Energy. Just fill out the form below, choose your rate plan and any discounts that apply, and mail it in by June 30, 2016. For current rates, call (800) 427-7712, or visit us online at [InfiniteEnergy.com/cfg](http://InfiniteEnergy.com/cfg).

There are lots of Florida natural gas suppliers. But there's only one Infinite Energy. We look forward to serving you!

Sincerely,

Jason Dolder  
Vice President, Sales and Marketing

Please tear off the form below and mail it back by June 30, 2016:

<b>1: Choose your natural gas plan.</b> <input type="checkbox"/> Standard plan <input type="checkbox"/> Fixed rate plan	Name: _____ Account No.: _____ Address: _____
<b>2: Choose your discount(s).</b> <input type="checkbox"/> <b>\$0.04/th:</b> Seniors 50 and older, U.S. active military and veterans <input type="checkbox"/> <b>\$0.01/th:</b> Welcome to Infinite Energy!	Email Address: _____ Signature: _____ Date: _____

The rates set forth herein are for natural gas commodity only, and are in addition to any transportation or other charges by CFG. The Monthly Market Rate (variable rate) may change monthly as determined by CFG and Infinite Energy in their sole discretion. All rates are for a 12-month term.

# 2016 ENROLLMENT FORM



Offering customers competitive prices and great service with no gimmicks is how we do business. That's why, for the eighth consecutive year, more customers chose Florida Natural Gas® (FNG) to be their natural gas provider within the Central Florida Gas distribution territory – thank you! Please make your selections for the 2016 open enrollment offering.

## STEP 1: CHOOSE YOUR PLAN

- **Standard Plan:** Our standard plan has a competitive variable rate that might change or stay the same each month based on market conditions.
- OR
- **12-Month Fixed Rate Plan:** Protect yourself from potential price fluctuations. Lock in a competitive per-therm price for an entire year with a service charge of only \$1.99 per month. Call **800-427-7712** or visit [www.onlyfng.com/priceplans](http://www.onlyfng.com/priceplans) for current fixed rates.

## STEP 2: DISCOUNT FOR SENIORS, VETERANS OR ACTIVE MILITARY

3¢ per-therm discount for all seniors, veterans or active military - check the box below.

## STEP 3: SIGN UP

Fill out the enrollment form and mail it back by the June 30, 2016 deadline.

Questions? Contact Central Florida Gas at 800.427.7712.

Thank you,  
Florida Natural Gas Family

**COMPLETE THE ENROLLMENT FORM BELOW. DETACH AND RETURN.**

### STEP 1: Choose your plan

- Standard Plan
- 12-Month Fixed Rate Plan

### STEP 2: Check box for discount

For Seniors/Veterans/Active Military only

- 3¢ discount off either plan

### STEP 3: Fill out and return

Name

Account No

Address

Email Address

Signature\*

Date\*

\* Required



The rates set forth herein are for the natural gas commodity only and are in addition to any transportation or other charges by CFG. The Standard Plan (variable rate) may change monthly as determined by FNG in its sole discretion. All service, whether on a variable or fixed rate, is for a 12-month term.

# Thousands in Rebates

## ON NEW NATURAL GAS APPLIANCES!

Conserve energy every month (and start saving even sooner!) with rebates on high-performance natural gas appliances.



### A NATURAL GAS TANKLESS WATER HEATER PROVIDES:

- ▶ Endless hot water
- ▶ Up to 50% in monthly water heating energy savings



### A NATURAL GAS TANK-STYLE WATER HEATER PROVIDES:

- ▶ Twice the hot water (in up to half the time) compared to non-gas
- ▶ Nearly 100% reliable hot water—even when the power goes out

### Why stop at a new water heater?

Enjoy additional rebates when you install a new natural gas range, clothes dryer and furnace. *Business owners?* Contact FPU to take advantage of natural gas commercial rebates.

RESIDENTIAL Rebates	SWITCH to Natural Gas Appliances	REPLACE Old Natural Gas Appliances	COMMERCIAL Rebates	Maximum REBATE
TANK-STYLE WATER HEATER	\$500	\$350	TANK-STYLE WATER HEATER	\$2,000
HIGH-EFFICIENCY TANK WATER HEATER*	\$550	\$400	TANKLESS WATER HEATER	\$2,500
TANKLESS WATER HEATER	\$675	\$550	RANGE	\$1,500
FURNACE	\$725	\$500	FRYER	\$3,000
RANGE	\$200	\$100	DRYER	\$1,500
DRYER	\$150	\$100		
SERVICE REACTIVATION		\$350		



# Water Heater

## INCREMENTAL PAYMENT PLAN

If it's time for a new water heater, but you're not ready to pay for the entire purchase, our Water Heater Incremental Payment Plan (WHIP) can help you bring home the appliance you need today! Plus, enjoy the convenience and flexibility of easy monthly payment options.



See how you can enjoy a new natural gas water heater for as low as:



**\$16.99**<sup>†</sup>  
PER MONTH  
(TANK-STYLE)



**\$26.99**<sup>†</sup>  
PER MONTH  
(TANKLESS)

*See reverse side for our money-saving rebate options.*



**ATTACHMENT B**

**Tariff Pages**

**(Clean and Legislative/Tracked Changes)**

***(First Revised Sheet Nos. 11-13, Second Revised Sheet No. 14, First Revised Sheet Nos. 18, 24-28, Second Revised Sheet Nos. 29-31, First Revised Sheet No. 31.1, Fourth Revised Sheet No. 32, Second Revised Sheet Nos. 33, 34, 37, First Revised Sheet Nos. 38, 40, 45, 47-52, First Revised Sheet Nos. 119, 122-124, and 128-131)***

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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.

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.

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*RULES AND REGULATIONS*

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(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 PSC-07-0427-TRF-GU. 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.

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*RULES AND REGULATIONS*

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(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.

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*RULES AND REGULATIONS*

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(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 PSC-07-00427-TRF-GU. 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

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*RULES AND REGULATIONS*

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(Continued)

Non-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 once within a twelve month period.

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

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*RULES AND REGULATIONS*

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(Continued)

C. ASSIGNMENT OR SELECTION OF SHIPPER PRICING OPTIONS BY CONSUMERS

1. Residential Consumers

Residential Consumers assigned to a TTS Shipper shall 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 standard pricing option with the same TTS Shipper at the original premise. Residential Consumers shall, in writing, request to change their selection of TTS Shipper once within a twelve month period. 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 TTS Shipper that is most advantageous.

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. 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.

c. TTS Shipper

Non-Residential Consumers assigned to a TTS Shipper shall 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 standard pricing option in effect at the original premise.

d. Selection of TTS Shipper

Non-Residential Consumers in a TTS Consumer Pool may, in writing, request to change their TTS Shipper once within a twelve month period.

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*RULES AND REGULATIONS*

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(Continued)

D. 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

*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.

E. 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.

F. 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.D.) 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.

G. ESTABLISHMENT OF CREDIT

In lieu of a deposit, the Company may allow a prospective Customer to satisfactorily establish credit prior to the commencement of service by one of the following methods:

Residential:

1) Furnish a satisfactory guarantor to secure payment of bills for service requested; such guarantor must be a customer of the Company with a satisfactory payment record. A guarantor's liability shall be terminated when a residential customer, whose payment of bills is secured by the guarantor, meets the requirements of Section J1- Refund of Deposits. Guarantors providing security for payment of residential customer's bills shall only be liable for bills contracted at the service address contained in the contract of guaranty; or

2) Furnish an irrevocable letter of credit from a bank equal to two (2) month's average bills; or

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*RULES AND REGULATIONS (Continued)*

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G. Establishment of Credit (Continued)

- 3) Furnish a surety bond equal to two (2) month's average bills; or
- 4) Pay a cash deposit.

Non-Residential:

- 1) Furnish a satisfactory guarantor to secure payment of bills for the service requested, such a guarantor need not be a customer of the Company; or
- 2) Furnish an irrevocable letter of credit from a bank equal to two (2) months average bills; or
- 3) Furnish a surety bond equal to two (2) month's average bills; or
- 4) Pay a cash deposit.

*RULES AND REGULATIONS*  
*(Continued)*

H. DEPOSIT REQUIREMENTS

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

1. Deposit Required

a. The amount of the initial deposit, if required may not exceed an amount necessary to cover charges for service for two (2) month's average billings to be calculated either:

- previous billings at the service address;
- average billings for the class of Customer (residential or non-residential);
- average billings based on the type of equipment /appliances in service to be put into service.

In the absence of historical information, the deposit amount shall be determined by the following schedule:

<u>Rate Classification</u>	<u>Initial Deposit Amount</u>
FTS-1	\$ 55.00
FTS-2	\$ 75.00
FTS-2.1	\$ 150.00
FTS-3	\$ 300.00
FTS-3.1	\$ 500.00
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
FTS-NGV	\$ 7,500.00

b. A residential customer may request the amount of the initial deposit be billed and paid in even installments over a period of two (2) month's for deposit amounts between \$50 and \$150 and three (3) month's for deposits amounts over \$150, which may be granted at the Company's discretion.

*RULES AND REGULATIONS*

(Continued)

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.

I. INTEREST ON DEPOSITS

Two percent (2%) per annum interest will be credited to a Consumer's account annually in accordance with the current effective rules and regulations of the Commission. Three percent (3%) per annum will be credited annually on deposits of Residential Consumers qualifying under Section II.J.1. when the Company elects not to refund such a deposit after twenty-three (23) months. The Company shall credit annually three percent (3%) per annum on deposits of non-Residential Consumers qualifying for refund under Section II.J.1. until the Commission sets a new interest rate applicable to the Company. No customer shall be entitled to receive interest on his deposit until and unless a customer relationship and the deposit have been in existence for a continuous period of six months, then he shall be entitled to receive interest from the day of the commencement of the customer relationship and the placement of deposit. Deposits shall cease to bear interest upon discontinuance of service.

J. 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.I. 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.

K. BILLING

1. Billing Periods

The actual date of the AMR reading used for billing purposes for each Consumer shall be determined by Company and shall be 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 read 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.

*RULES AND REGULATIONS (Continued)*

- 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.

L. PAYMENTS

1. Payment Methods

Consumers may elect to pay their bill by cash, check, money order, 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,

*RULES AND REGULATIONS (Continued)*

- 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.D.) 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.

M. 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.

*RULES AND REGULATIONS (Continued)*

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.

N. 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 capital investments for each proposed extension of facilities. For the purposes of this policy, distribution facilities shall mean: mains, services, land rights, city gate stations, district regulator stations, meters, regulators, other materials and appurtenances, including the installation of such facilities.

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 equal the estimated annual Transportation Service revenues to be derived from the distribution facilities multiplied by six (6).

*RULES AND REGULATIONS (Continued)*

O. 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.

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.

*RULES AND REGULATIONS*

(Continued)

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.

P. 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, 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,

*RULES AND REGULATIONS (Continued)*

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.

Q. 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 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.

*RULES AND REGULATIONS (Continued)*

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. or 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 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.D.) 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.

R. 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:

*RULES AND REGULATIONS (Continued)*

1. Consumer pays, in full, for all delinquent amounts due for Company's regulated charges including a service Re-Connection Charge (Section II. D.), 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.

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

T. 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.

*RULES AND REGULATIONS (Continued)*

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.O.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.

U. 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.

V. 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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*RULES AND REGULATIONS (Continued)*

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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, in writing, request to change their selection of TTS Shipper once within a twelve month period. 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 TTS Shipper that is most advantageous.

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;

*NON-RESIDENTIAL CONSUMER SELECTION OF TTS SHIPPER*



Customer Care Department  
1641 Worthington Road, Suite 220  
West Palm Beach, FL 33409

Date: \_\_\_\_\_

1-800-427-7712

**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: \_\_\_\_\_

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, within a twelve month 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 855-212-5011

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*TRANSITIONAL TRANSPORTATION SERVICE SHIPPER AGREEMENT*

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This TRANSITIONAL TRANSPORTATION SERVICE SHIPPER 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

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 "Service Agreement"**

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

**1.6 "Therm"**

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

## **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. 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, once within a twelve month 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**

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 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 once within a twelve month period, shall request in writing a change of TTS Shipper but will remain on the Standard Price Option Billing Rate. 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 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.

## **8.2 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 8.1 .

## **8.3 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 (SASS). 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.

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

## **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's 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.

### **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 (SASS) 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 SABS 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 8.3 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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*RULES AND REGULATIONS*

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(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.

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*RULES AND REGULATIONS*

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(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 PSC-07-0427-TRF-GU ~~(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-~~non~~-Residential Consumer and its selected CI Shipper shall execute and submit to Company a Letter of Authorization (LOA). In the event a Non-~~non~~-Residential Consumer fails to submit a LOA selecting a CI Shipper, Company shall assign said Non-~~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-~~non~~-Residential Consumer and its selected CI Shipper shall execute and submit to Company a LOA. In the event a Non-~~non~~-Residential Consumer fails to submit a LOA selecting a CI Shipper, Company shall assign said Non-~~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- ~~non~~-Residential Consumers' Shipper and shall notify via e-mail said Shipper of the Non- ~~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- ~~non~~-Residential Consumer. Upon Company validation of an executed and submitted LOA, Company shall determine if the Non- ~~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- ~~non~~-Residential Consumer is unable to receive service from a CI Shipper, said Non- ~~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-~~non~~-Residential Consumer Premise Assignment for TTS Program

Pursuant to the experimental TTS program approved by the Commission in Order PSC-07-00427-TRF-GU (to be inserted), Company shall assign each Non- ~~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)

Non-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 once within a twelve month period. ~~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 select a CI Shipper in accordance with Section II.B.3.a.v.

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 standard pricing option with the same TTS Shipper at the original premise. ~~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.~~ Residential Consumers shall, in writing, request to change their selection of TTS Shipper once within a twelve month period. 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 TTS Shipper that is most advantageous.

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. 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.c. 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 standard pricing option in effect at the original premise.

d. Selection of TTS Shipper

Non-Residential Consumers in a TTS Consumer Pool may, in writing, request to change their TTS Shipper once within a twelve month period.

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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~~

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**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 H.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 H.D.1.~~

**D 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

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*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.

E. 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.

F. 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.D. 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.

G. H. ESTABLISHMENT OF CREDIT

In lieu of a deposit, the Company may allow a prospective Customer to satisfactorily establish credit prior to the commencement of service by one of the following methods:

Residential:

1) Furnish a satisfactory guarantor to secure payment of bills for service requested; such guarantor must be a customer of the Company with a satisfactory payment record. A guarantor's liability shall be terminated when a residential customer, whose payment of bills is secured by the guarantor, meets the requirements of Section ~~J.K.1~~ - Refund of Deposits. Guarantors providing security for payment of residential customer's bills shall only be liable for bills contracted at the service address contained in the contract of guaranty; or

2) Furnish an irrevocable letter of credit from a bank equal to two (2) month's average bills; or

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*RULES AND REGULATIONS (Continued)*

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G. H. Establishment of Credit (Continued)

- 3) Furnish a surety bond equal to two (2) month's average bills; or
- 4) Pay a cash deposit.

Non-Residential:

- 1) Furnish a satisfactory guarantor to secure payment of bills for the service requested, such a guarantor need not be a customer of the Company; or
- 2) Furnish an irrevocable letter of credit from a bank equal to two (2) months average bills; or
- 3) Furnish a surety bond equal to two (2) month's average bills; or
- 4) Pay a cash deposit.

*RULES AND REGULATIONS*  
*(Continued)*

H. I. DEPOSIT REQUIREMENTS

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

1. Deposit Required

a. The amount of the initial deposit, if required may not exceed an amount necessary to cover charges for service for two (2) month's average billings to be calculated either:

- previous billings at the service address;
- average billings for the class of Customer (residential or non-residential);
- average billings based on the type of equipment /appliances in service to be put into service.

In the absence of historical information, the deposit amount shall be determined by the following schedule:

<u>Rate Classification</u>	<u>Initial Deposit Amount</u>
FTS-1	\$ 55.00
FTS-2	\$ 75.00
FTS-2.1	\$ 150.00
FTS-3	\$ 300.00
FTS-3.1	\$ 500.00
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
FTS-NGV	\$ 7,500.00

b. A residential customer may request the amount of the initial deposit be billed and paid in even installments over a period of two (2) month's for deposit amounts between \$50 and \$150 and three (3) month's for deposits amounts over \$150, which may be granted at the Company's discretion.

RULES AND REGULATIONS

(Continued)

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

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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.

I. J. INTEREST ON DEPOSITS

Two percent (2%) per annum interest will be credited to a Consumer's account annually in accordance with the current effective rules and regulations of the Commission. Three percent (3%) per annum will be credited annually on deposits of Residential Consumers qualifying under Section II. ~~J. K. I.~~ when the Company elects not to refund such a deposit after twenty-three (23) months. The Company shall credit annually three percent (3%) per annum on deposits of non-Residential Consumers qualifying for refund under Section II. ~~J. K. I.~~ until the Commission sets a new interest rate applicable to the Company. No customer shall be entitled to receive interest on his deposit until and unless a customer relationship and the deposit have been in existence for a continuous period of six months, then he shall be entitled to receive interest from the day of the commencement of the customer relationship and the placement of deposit. Deposits shall cease to bear interest upon discontinuance of service.

I. K. REFUND OF DEPOSITS

1. With Satisfactory Payment Record

After a Residential Consumer has established a satisfactory payment record and has had

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continuous service for a period of not less than 23 months, the Company

Issued by: ~~Michael P. McMasters~~ Jeff Householder, President  
Chesapeake Utilities Corporation

Effective: ~~JUL-26-2012~~

*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.I.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.

K. ~~4.~~ BILLING

1. Billing Periods

The actual date of the AMR reading used for billing purposes for each Consumer shall be determined by Company and shall be 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 read 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.

*RULES AND REGULATIONS (Continued)*

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.

L. M. PAYMENTS

1. Payment Methods

Consumers may elect to pay their bill by cash, check, money order, 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.

*RULES AND REGULATIONS (Continued)*

- 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.D.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.

M. 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.

*RULES AND REGULATIONS (Continued)*  
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.

N. ~~0~~ 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 capital investments for each proposed extension of facilities. For the purposes of this policy, distribution facilities shall mean: mains, services, land rights, city gate stations, district regulator stations, meters, regulators, other materials and appurtenances, including the installation of such facilities.
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 equal the estimated annual Transportation Service revenues to be derived from the distribution facilities multiplied by six (6).

*RULES AND REGULATIONS (Continued)*

O. 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.

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.

*RULES AND REGULATIONS*

(Continued)

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.

P. 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, 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

*RULES AND REGULATIONS (Continued)*

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.

Q. 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 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.

*RULES AND REGULATIONS (Continued)*

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.

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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 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.D. E~~r~~) 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.

R. § 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:

*RULES AND REGULATIONS (Continued)*

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 II D. H.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.

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

T. 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~~

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*RULES AND REGULATIONS (Continued)*

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.O 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.

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U. 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.

V. 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.

RULES AND REGULATIONS (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. Residential Consumers shall, in writing, request to change their selection of TTS Shipper once within a twelve month period. 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 TTS Shipper that is most advantageous. Non-Residential Consumers can select any approved CI Shipper, and exit the TTS program in accordance with Section II.B.3.a.v.

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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;

NON-RESIDENTIAL CONSUMER SELECTION OF TTS SHIPPER



Customer Care Service Department  
1641 Worthington Road, Suite 220 P.O. Box 960  
West Palm Beach, FL 33409 Winter Haven, FL 33884

Date:

1-800-427-7712  
863-293-2426

**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: \_\_\_\_\_

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, within a twelve month period 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 855-212-5011 863-294-3895

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TRANSITIONAL TRANSPORTATION SERVICE SHIPPER AGREEMENT

This TRANSITIONAL TRANSPORTATION SERVICE ~~SHIPPER SHIPPER~~ 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

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.~~

~~**1.5.1.6 "Service Agreement"**~~

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

~~**1.6.1.7 "Therm"**~~

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

## **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, once within a twelve month period, ~~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**

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.~~

#### ~~8.1~~ ~~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 once within a twelve month period, shall request in writing a change of TTS Shipper but will remain on the Standard Price Option Billing Rate. 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

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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

Issued by: Michael P. McMasters, ~~John R. Schimkaitis~~, President  
Chesapeake Utilities Corporation

Effective: ~~JUL-01-2007~~

Florida Division of 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 ~~HS~~ Consumers. The TTS Shipper shall provide the Standard Price Option billing rate to TTS ~~HS~~ Consumers each Month during the entire term of this Agreement.

Issued by: Michael P. McMasters, ~~John R. Schimkaitis~~, President  
Chesapeake Utilities Corporation

Effective: JUL-01-2007

**8.2 ~~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 8.1 ~~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.~~

**8.3 ~~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 (SASS). 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.

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

~~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 (SASS) 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.

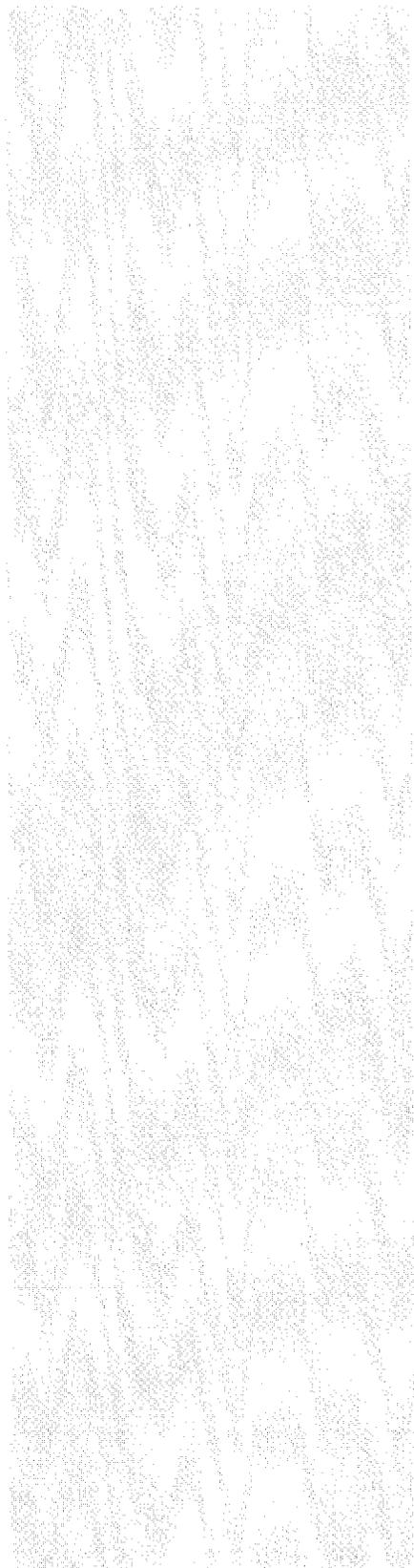
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 Cancels Original Sheet No. 130

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Chesapeake Utilities Corporation

Effective: JUL-01-2007



~~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 SABS 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 ~~8.3-8.6~~ 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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