

July 19, 2019

**E-Portal**

Mr. Adam Teitzman, Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

**Re: [NEW FILING] - In re: Joint Petition for Approval of Restructured Nassau County Agreements to reflect Callahan Expansion by Florida Public Utilities Company, Peoples Gas System, Peninsula Pipeline Company Inc. and SeaCoast Gas Transmission, LLC**

Dear Mr. Teitzman:

Attached for electronic filing, please find the Joint Petition for Approval of Restructured Nassau County Agreements to Reflect Callahan Expansion, submitted today on behalf of Florida Public Utilities Company, Peninsula Pipeline Company, Peoples Gas System, and SeaCoast Gas Transmission, LLC. Certain information contained in Attachments B and C to the Joint Petition is considered confidential by the Joint Petitioners, and consequently it has been redacted herein. The highlighted, confidential versions will be provided, under separate cover, along with appropriate Requests for Confidential Classification, as soon as possible.

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

Kind regards,



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

MEK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Joint Petition for Approval of Restructured ) DOCKET NO.  
Nassau County Agreements to reflect Callahan )  
Expansion by Florida Public Utilities Company, ) FILED: July 19, 2019  
Peoples Gas System, Peninsula Pipeline Company, )  
Inc. and SeaCoast Gas Transmission, LLC )  
\_\_\_\_\_ )

JOINT PETITION FOR APPROVAL OF RESTRUCTURED NASSAU COUNTY  
AGREEMENTS TO REFLECT CALLAHAN EXPANSION

Peoples Gas System (“Peoples” or “PGS”), Florida Public Utilities Company (“FPUC”), SeaCoast Gas Transmission, LLC (“SeaCoast”), and Peninsula Pipeline Company, Inc. (“PPC”) (collectively, “Petitioners”), by and through their respective undersigned attorneys and pursuant to Section 366.04(3)(a), Florida Statutes, and Rule 25-9.034, F.A.C. (as to the Gas Transportation Agreement hereinafter described), jointly file this petition, which requests approval of various changes to the arrangements between and among the Petitioners for service in Nassau County. Specifically, the Petitioners seek approval of a new Gas Transportation Agreement between PPC and FPUC, and request acknowledgment of the cancellation of another transportation agreement between PPC and Peoples, all in furtherance of a restructuring of the business and operational arrangement between the Petitioners, which will further enhance FPUC’s ability to expand service in Nassau County and will enable Peoples to enhance its system pressure and the reliability of its service in Duval County by providing another access point for gas supply into northern Duval County. Petitioners also seek approval of the Firm Service Agreement between SeaCoast and Peoples inasmuch as the same is an agreement between affiliates. To be clear, this restructuring does not impact the existing Territorial Agreement between Peoples and FPUC, as approved in Docket No. 20110277-GU, which

Joint Petition for Approval of Restructured Nassau County Agreements

provides that Peoples' service area is (i) the RockTenn (now known as WestRock) Facility (and any expansions thereof), (ii) Peoples' existing customer identified in the agreement, and (iii) all of Duval County, and that FPUC's service area is all of Nassau County except those areas of the county reserved to Peoples by the agreement. In support of these requests, the Petitioners hereby state:

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

Peoples Gas System  
P. O. Box 111  
Tampa, Florida 33601-0111

Florida Public Utilities Company  
1750 S 14<sup>th</sup> St., Suite 200  
Fernandina Beach, FL 32034

Peninsula Pipeline Company, Inc.  
1750 S 14<sup>th</sup> St., Suite 200  
Fernandina Beach, FL 32034

Seacoast Gas Transmission, LLC  
P. O. Box 111  
Tampa, FL 33601-0111

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

As to Peoples and Seacoast:

Andrew M. Brown, Esq.  
[ab@macfar.com](mailto:ab@macfar.com)  
Ansley Watson, Jr., Esq.  
[aw@macfar.com](mailto:aw@macfar.com)  
Macfarlane Ferguson & McMullen  
P. O. Box 1531  
Tampa, FL 33601-1531  
(813) 273-4209

Paula K. Brown  
[regdept@tecoenergy.com](mailto:regdept@tecoenergy.com)  
Manager, Regulatory Coordination  
Tampa Electric Company  
P. O. Box 111  
Tampa, FL 33601-0111  
(813) 228-1444

Kandi M. Floyd  
Director – Regulatory Affairs  
Peoples Gas System  
P. O. Box 111  
Tampa, FL 33601-0111  
(813) 228-4668

As to FPUC and PPC:

Beth Keating, Esq.  
Gunster, Yoakley & Stewart, P.A.  
215 South Monroe St., Suite 601  
Tallahassee, FL 32301  
[bkeating@gunster.com](mailto:bkeating@gunster.com)  
(850) 521-1706

Mike Cassel  
AVP/Florida Public Utilities Company  
1750 S 14<sup>th</sup> St., Suite 200  
Fernandina Beach, FL 32034  
[mcassel@chpk.com](mailto:mcassel@chpk.com)

3. Each of Peoples and FPUC owns and operates natural gas distribution facilities in Florida, and each is a natural gas public utility subject to the Commission's regulatory jurisdiction under Chapter 366, Florida Statutes. PPC and Seacoast are both intrastate natural gas transmission companies as defined in Section 368.103, Florida Statutes. FPUC and PPC are both corporate subsidiaries of Chesapeake Utilities Corporation. Peoples is a division of Tampa Electric Company. Tampa Electric Company and SeaCoast are both subsidiaries of TECO Energy, Inc.

4. The Petitioners are unaware of any material facts in dispute at this time, but the proceeding may involve disputed issues of material fact. The Petitioners' requests set forth herein do not involve reversal or modification of a Commission decision or proposed agency action. 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.

**I. BACKGROUND**

5. By Order No. PSC-07-1012-TRF-GP, issued December 21, 2007, the Commission approved PPC's intrastate pipeline tariff, consistent with the Commission's jurisdiction under Chapter 368, Florida Statutes. Therein, the Commission also determined that the tariff was consistent with the Commission's prior Declaratory Statement, which provided additional

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parameters for PPC's operations in the State.<sup>1</sup> Pursuant to PPC's tariff on file with the Commission, as well as Order No. PSC-07-1012-TRF-GP, PPC is allowed to undertake certain projects without express Commission approval. It is, however, required to seek Commission approval of projects in the following categories:

- a. Interconnection to an LDC in order to serve a customer downstream;
- b. Interconnection with an LDC to provide service to another LDC;
- c. Construction of facilities to serve a current LDC customer or one that is within 1 mile of the existing facilities of an investor-owned or municipal gas utility, or a gas district; and
- d. Other projects that are not otherwise specifically identified in the tariff as not requiring prior Commission approval.<sup>2</sup>

6. FPUC is, as noted, a subsidiary of Chesapeake Utilities Corporation ("CUC"), a Delaware corporation authorized to conduct business in Florida. Because both PPC and FPUC are owned and/or controlled by CUC, PPC is required to seek Commission approval prior to entering into a contract to construct facilities and provide transportation service to FPUC, consistent with Sheet 12, Section 4 (d) of PPC's tariff.

7. Similarly to PPC and pursuant to SeaCoast's FPSC Gas Tariff, Volume No. 1 ("SeaCoast's Tariff")<sup>3</sup>, SeaCoast is authorized to enter into certain transport agreements without obtaining Commission approval. For example, SeaCoast is not required to seek prior Commission approval if the customer is not currently receiving service from another entity, such

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<sup>1</sup> Order No. PSC-06-0023-DS-GP, issued January 9, 2006, in Docket No. 050584-GP, *In Re: Petition for declaratory statement by Peninsula Pipeline Company, Inc. concerning recognition as a natural gas transmission company under Section 368.101, et seq.*

<sup>2</sup> Peninsula Pipeline Company, Inc., Intrastate Pipeline Tariff, Original Vol. 1, Sheet No. 12, Section 4

<sup>3</sup> SeaCoast's Tariff was approved, consistent with the Commission's jurisdiction under Part II of Chapter 368, *Florida Statutes*, by Order No. PSC-08-0747-TRF-GP, issued November 12, 2008.

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as a local distribution company (“LDC”), and the customer’s facilities are located more than one mile from the existing gas facilities of an investor-owned gas utility, a municipal gas utility, or a gas district. SeaCoast also need not seek Commission approval if the customer is an LDC that is not an affiliate of the Company. As provided by SeaCoast’s Tariff and Section 368.105(3), Florida Statutes, in circumstances such as those referenced above, SeaCoast is only required to file affidavits from both it and the customer affirming that:

- (a) Neither the natural gas transmission company nor the customer had an unfair advantage during the negotiations;
- (b) The rates are substantially the same as rates between the natural gas transmission company and two or more of those customers under the same or similar conditions of service; or
- (c) Competition does or did exist either with another natural gas transmission company, another supplier of natural gas, or with a supplier of an alternative form of energy.

8. As provided by SeaCoast’s Tariff, however, construction of its facilities “other than as described above requires prior approval of the Commission.” SeaCoast Tariff, Original Sheet No. 2. Thus, because SeaCoast and Peoples are affiliates, the Firm Service Agreement for which approval is sought by this joint petition requires Commission approval.

9. By Order No. PSC-2012-0230-PAA-GU, issued in Dockets No. 20110277-GU and 2011-0271-GU, on May 9, 2012, the Commission approved certain aspects of a business arrangement involving PPC, FPUC, and Peoples for the expansion of service in Nassau County. By that Order, the Commission approved transportation agreements between FPUC and PPC and between Peoples and PPC, as well as a territorial agreement between Peoples and FPUC. Thereafter, the Commission approved an amendment to the transportation service agreement

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between PPC and Peoples.<sup>4</sup> The Commission also approved an agreement between FPUC and PPC for the extension of the facilities along William Burgess Road in Nassau County.<sup>5</sup> These agreements were coordinated to implement a joint effort by PGS and FPUC to reinforce gas supply to Nassau County, thereby enabling FPUC to expand natural gas service in that county, while enhancing PGS's ability to continue to serve its limited customers in Nassau without reduction in pressure on the PGS's system in northern Duval county. A significant portion of this joint effort included the construction of the Fernandina Beach Line, which is jointly owned by PPC and PGS.

10. This arrangement has proven successful, resulting in growth in both Nassau County and northern Duval County, and reflects the successful partnership of these regulated entities. Additional growth has, however, resulted in a need to access other interstate pipeline resources in order to allow FPUC to extend service further in the area of the city of Callahan and to improve system pressure on PGS's system in northern Duval County to allow PGS to also meet growing customer demand. In particular, the total capacity of the existing Fernandina Beach pipeline is approaching being fully subscribed. As such, PPC would be unable to meet additional capacity requests of FPUC due to anticipated load growth. In addition, PGS is experiencing significant pressure concerns in northern Duval County and has commitments to new customers, which would add more difficulty in satisfying all of their customers.

11. The Petitioners have worked diligently to restructure their existing contractual arrangements in order to accomplish their desired objectives in a manner that is administratively efficient, contractually functional, and optimizes the operations of each entities' system in

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<sup>4</sup> Order No. PSC-15-0318-PAA-GP, issued August 10, 2015, in Docket No. 20150094-GP, *In re: Petition for approval of amendment to special contract with Peninsula Pipeline Company, by Peoples Gas System.*

<sup>5</sup> Order No. PSC-14-0713-PAA-GU, issued December 31, 2014, in Docket No. 20140189-GU, *In re: Petition for approval of transportation service agreement for an extension in Nassau County with Florida Public Utilities Company, by Peninsula Pipeline Company, Inc.*

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service to their customers. The end result is a change to the ownership arrangement for the Fernandina Beach Line, a new partnership for a new interconnection with an additional interstate pipeline, cancellation of certain existing transportation agreements, the modification of the transportation service agreement between PPC and FPUC, and an operational change to the flow of natural gas on PGS pipeline running from Duval north into Nassau county.

12. Specifically, PPC will construct, and own in common with SeaCoast, the “Callahan Pipeline”, which will be located wholly within Nassau County, Florida. Investment and ownership will be split 50/50, with PPC operating the pipeline. This new 26-mile, 16” steel pipeline will have a total capacity of 148,248 dth/day and will originate at an interconnect with the Cypress Lateral of the Southern Natural Gas Company, L.L.C. (“SONAT”) interstate pipeline system in western Nassau County. The Callahan Pipeline would then terminate into the existing PPC-PGS jointly-owned pipeline (the Fernandina Beach Line), which serves Amelia Island and the PGS distribution system. Attached hereto as Exhibit A is a map reflecting the new Callahan Pipeline and the existing Fernandina Beach Line facilities.

13. The new Callahan Pipeline and the Fernandina Beach Line will operate as separate assets. Currently, gas flows from Duval County north into Nassau County on the Fernandina Beach Line. When the restructured transactions have been fully implemented following other system upgrades by Peoples, gas will flow only north on the northern portion of the Fernandina Beach Line (which will be owned 100% by PPC), and only south on the southern portion of the line (which will be owned 100% by Peoples).

14. Total capacity of the new pipeline will be 148,248 dth/day, with each of PPC and SeaCoast holding 74,124 dth/day of that capacity. The pipeline would intersect the Crawford Diamond Industrial Park, and traverse the towns of Callahan and Wildlight, thereby enabling



those areas to obtain natural gas service. The majority of the pipeline is in the public right-of-way, and easements are being pursued for the other portions.

15. The restructuring of the arrangements among the Petitioners also involves changes to the ownership of the existing Fernandina Beach Line. PPC will become 100% owner of the northern portion of that line but will continue to provide Peoples access to the northern portion so that Peoples can serve its customer, WestRock, which is located on Amelia Island. Peoples will become 100% owner of the southern portion of the Fernandina Beach Line but will provide PPC access to the southern portion to serve future growth in Nassau County. The northern and southern portions will be separated at the interconnect of the Fernandina Beach Line with the new Callahan pipeline. The exchanges of transportation rights are effectively equal; therefore, the Petitioners have agreed to a “like-kind exchange” where PPC will own 100% of the northern portion of the Fernandina Beach Line and Peoples will own 100% of the southern portion of the Fernandina Beach Line without any further exchange of assets. Transfers of title will be made for the purpose of effectuating a like-kind exchange within the meaning of Section 1031 of the Internal Revenue Code of 1986, as amended.

16. As previously noted, these changes have no impact on the Commission-approved Territorial Agreement between FPUC and PGS. Both will continue to serve customers in their respective areas reserved by the existing, approved agreement. The new arrangement will, however, enable both FPUC and PGS to expand service to new, unserved, or underserved areas within their approved territories.

17. The anticipated start date for construction of the new Callahan Pipeline is July 2019 with an anticipated completion date in July 2020.

**II. AMENDMENT TO FPUC/PPC TRANSPORTATION SERVICE AGREEMENT**

18. As previously noted, by Order No. PSC-2012-0230-PAA-GU, the Commission also approved a transportation service agreement between PPC and FPUC. Because of the changes resulting from the restructured arrangements among the Petitioners, not the least of which is the significant increase in capacity delivered to Nassau County, FPUC and PPC seek approval of an amendment to that 2012 Transportation Service Agreement to reflect a significant increase in the Maximum Daily Transportation Quantities (“MDTQ”) and a corresponding change in the monthly reservation charge (“Callahan Expansion”). Consistent with the new Callahan Pipeline and its interconnection with SONAT’s Cypress Lateral, the delivery points and points of delivery will be expanded, as reflected in Amendment No. 1 to Transportation Service Agreement, which is attached hereto as Exhibit B (redacted/confidential versions filed under separate cover). Likewise, the Callahan Expansion amendment will extend the term of the Transportation Service Agreement.

**III. THE SEACOAST-PEOPLES FIRM SERVICE AGREEMENT**

19. Pursuant to the Firm Service Agreement (“FSA”) attached hereto as Exhibit C, SeaCoast will provide firm transportation service for Peoples over the Callahan Pipeline for an initial term of 20 years at the reservation or demand charge shown on Exhibit A (redacted/confidential versions filed under separate cover) to the FSA. Peoples will also receive firm transportation service from FPUC over the Callahan Pipeline for an initial term of 10 years (with an option to extend that term). This incremental transport capacity will augment Peoples’ pipeline capacity portfolio, just as would additional transportation capacity acquired from an interstate pipeline, but at a lesser cost.

**IV. CANCELLATION OF TRANSPORTATION SERVICE AGREEMENTS**

20. As a result of the restructuring of the ownership arrangement, as well as the flow reversal on the southern portion of the Fernandina Beach Line, certain transportation service agreements will be negated. Therefore, the Petitioners ask that the Commission acknowledge the cancellation of the 2011 Commission-approved Transportation Service Agreement between PPC and Peoples approved by Order No. PSC-2012-0230-PAA-GU, issued in Docket No. 20110277-GU, as amended.

21. The Petitioners note that certain other agreements facilitating this arrangement have been entered into by the Petitioners, while other prior arrangements, including a Capacity Release Agreement between Peoples and FPUC, will be terminated.<sup>6</sup>

**V. CONCLUSION**

22. The Petitioners believe that the restructured arrangements among them will improve the ability of both Peoples and FPUC to provide and expand natural gas service in their respective service territories in Duval and Nassau counties. The revised arrangements are fair and equitable as to each of the entities involved and will ultimately provide significant benefits to Peoples' and FPUC's natural gas customers. Moreover, these arrangements will facilitate delivery of natural gas to areas that currently do not have access to natural gas service. As such, the Petitioners assert that the restructured arrangements are in the public interest.

**WHEREFORE**, Peoples Gas System, Florida Public Utilities Company, Peninsula Pipeline Company, Inc., and SeaCoast Gas Transmission, LLC, respectfully request that the Commission:


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<sup>6</sup> Certain other prior agreements will remain in place, including a separate capacity release agreement.

Joint Petition for Approval of Restructured Nassau County Agreements

1. approve the Amended Transportation Service Agreement ("Callahan Expansion") between Peninsula Pipeline Company, Inc., and Florida Public Utilities Company; and
2. approve the Firm Service Agreement between SeaCoast Gas Transmission, LLC and Peoples Gas System, and
3. acknowledge the cancellation of the Transportation Service Agreement between PPC and Peoples, as amended; and
4. Grant any other such relief as the Commission may deem appropriate.

RESPECTFULLY SUBMITTED this 19th day of July, 2019.

  
\_\_\_\_\_  
ANDREW M. BROWN  
ANSLEY WATSON, JR.  
Macfarlane Ferguson & McMullen  
P. O. Box 1531  
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(813) 273-4209  
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*Attorneys for Peoples Gas System  
and SeaCoast Gas Transmission, L.L.C.*

  
\_\_\_\_\_  
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[bkeating@gunster.com](mailto:bkeating@gunster.com)  
*Attorneys for Peninsula Pipeline Company, Inc.  
and Florida Public Utilities Company*

CERTIFICATE OF SERVICE

I HEREBY ATTEST that a true and correct copy of the foregoing Petition has been served upon the following by U.S. Mail this 19th day of July, 2019:

J.R. Kelly, Public Counsel  
Office of Public Counsel  
c/o the Florida Legislature  
111 West Madison Street, Rm 812  
Tallahassee, FL 32399-1400  
[Kelly.jr@leg.state.fl.us](mailto:Kelly.jr@leg.state.fl.us)



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

EXHIBIT A

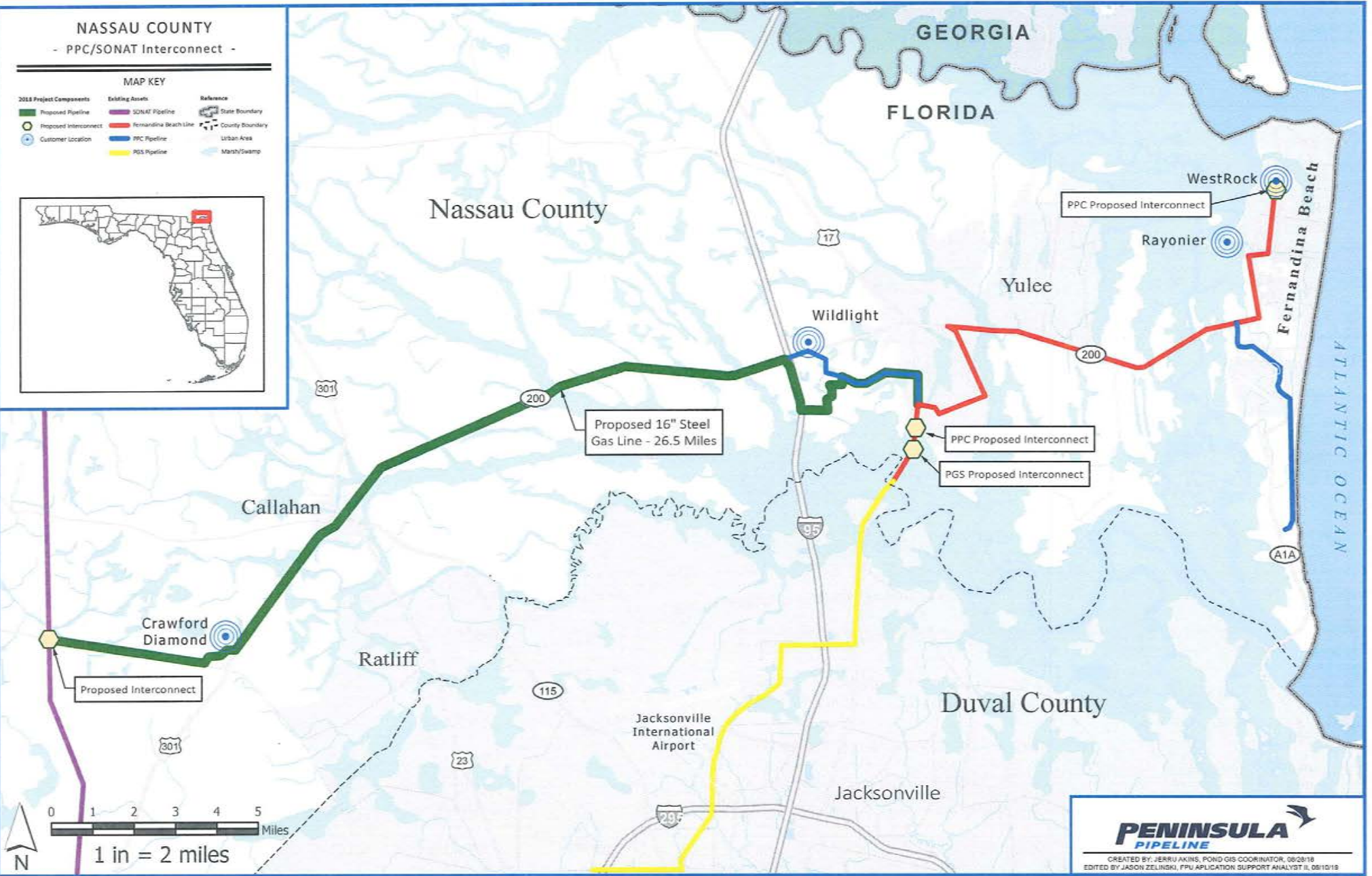
NEW CALLAHAN PIPELINE AND FERNANDINA BEACH LINE  
MAP

# NASSAU COUNTY

- PPC/SONAT Interconnect -

## MAP KEY

- |                                |                        |                  |
|--------------------------------|------------------------|------------------|
| <b>2018 Project Components</b> | <b>Existing Assets</b> | <b>Reference</b> |
| Proposed Pipeline              | SONAT Pipeline         | State Boundary   |
| Proposed Interconnect          | Fernandina Beach Line  | County Boundary  |
| Customer Location              | PPC Pipeline           | Urban Area       |
|                                | PGS Pipeline           | Marsh/Swamp      |



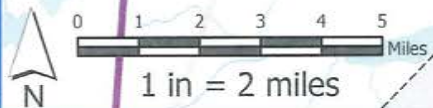
Proposed 16" Steel Gas Line - 26.5 Miles

Proposed Interconnect

PPC Proposed Interconnect

PGS Proposed Interconnect

PPC Proposed Interconnect



**PENINSULA PIPELINE**

CREATED BY: JERRU AKINS, FOND GIS COORDINATOR, 08/28/18  
EDITED BY: JASON ZELINSKI, FPU APPLICATION SUPPORT ANALYST II, 08/10/18

**EXHIBIT B**

AMENDMENT NO. 1

TO

FPUC/PPC TRANSPORTATION SERVICE AGREEMENT

*(REDACTED)*



AMENDMENT NO. 1 TO  
PENINSULA PIPELINE COMPANY, INC.  
FIRM TRANSPORTATION SERVICE AGREEMENT

The agreements and covenants set forth herein and entered into this 19<sup>th</sup> day of July, 2019, (“Execution Date”) represent an Amendment to the original Firm Transportation Service Agreement, dated February 1, 2012, by and between Florida Public Utilities Company, an investor-owned utility company and subsidiary of Chesapeake Utilities Corporation (hereinafter “Shipper”) and Peninsula Pipeline Company, Inc., a corporation of the State of Delaware (herein called “Company”)(jointly herein “Parties”),

**WITNESSETH**

**WHEREAS**, Company and Shipper are parties to that certain Firm Transportation Agreement dated as of February 1<sup>st</sup>, 2012 (the “2012 Agreement”), pursuant to which Company provides Shipper with FTS in Nassau County; and

**WHEREAS**, the Parties desire to amend the 2012 Agreement to change the MDTQ, the Monthly Reservation Charge, and to include new Delivery Points and Points of Delivery consistent with the Parties’ expanded project in Nassau County; and

**WHEREAS**, the Parties desire that Exhibit A to the 2012 Agreement be amended and replaced in its entirety to reflect the changes to the Parties’ agreement for service as it relates to Nassau County; and

**WHEREAS**, the Parties desire that all other provisions of the 2012 Agreement remain in full force and effect;

**NOW THEREFORE**, in consideration of the premises and of the mutual covenants and agreements herein contained, the sufficiency of which is hereby acknowledged, Company and Shipper do covenant and agree as follows:

**I. TERM OF THE AGREEMENT AND TERMINATION**

This Amendment No. 1 shall be in full force and effect as of July 19, 2019 the “Execution Date”. The initial term from Article 4 of the 2012 Agreement will be extended thirteen (13) years.

**II. REGULATORY APPROVAL**

The parties agree to execute and file with the Commission a petition for approval of this Amendment No. 1 within thirty (30) days of execution by both parties.

**III. EXHIBIT A**


Exhibit A of the 2012 Agreement shall be amended and superseded in its entirety by Exhibit A, which is incorporated herein and presented on the following page:


AMENDMENT NO. 1 TO  
PENINSULA PIPELINE COMPANY, INC.  
FIRM TRANSPORTATION SERVICE AGREEMENT

EXHIBIT A  
TO  
AMENDMENT NO. 1  
TO  
FIRM TRANSPORTATION SERVICE AGREEMENT  
BETWEEN  
PENINSULA PIPELINE COMPANY, INC.  
AND  
FLORIDA PUBLIC UTILITIES COMPANY


DATED

July 19th, 2019

<u>Description of Delivery Point(s)</u>	<u>Description of Point(s) of Delivery</u>	<u>MDTQ, in Dekatherms, excluding Fuel Retention</u>
See Below	See Below	

Total MDTQ (Dekatherms): 

MHTP: 6%

Monthly Reservation Charge: 

Description of Delivery Point(s):

- 1) Interconnection with New Southern Natural Gas Cypress DRN # (to be determined) in the vicinity of the intersection of the Cypress Pipeline and Crawford Road approximately 4.9 mile West of State Road 200 on Crawford Road in Nassau County, FL

AMENDMENT NO. 1 TO  
PENINSULA PIPELINE COMPANY, INC.  
FIRM TRANSPORTATION SERVICE AGREEMENT

Description of Point(s) of Delivery:


- 1) Shipper's facility known as the Stepdown Substation
- 2) Shipper's facility known as the Lime Street Substation
- 3) Near the vicinity of the interconnection of 11<sup>th</sup> Street and Indigo Street at the Eight Flags, LLC facility
- 4) New Interconnection at or near the vicinity of US 301 and Brown Street in Callahan
- 5) New Interconnection to be determined by Crawford Diamond Industrial Facility
- 6) New Interconnection at or near the vicinity of Three Rivers Development in Yulee
- 7) New Interconnection to be determined in Nassau County

AMENDMENT NO. 1 TO  
PENINSULA PIPELINE COMPANY, INC.  
FIRM TRANSPORTATION SERVICE AGREEMENT

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 1 to be executed by their duly authorized officers or representatives effective as of the date first written above.

COMPANY  
Peninsula Pipeline Company, Inc.

SHIPPER  
Florida Public Utilities Company

By:   
**D. Buddy Shelley**  
Title: AVP, Operations

By: \_\_\_\_\_  
**Michael Cassel**  
Title: AVP, Regulatory Affairs

(To be attested by the corporate secretary if not signed by an officer of the company)

Attested By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Attested By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

AMENDMENT NO. 1 TO  
PENINSULA PIPELINE COMPANY, INC.  
FIRM TRANSPORTATION SERVICE AGREEMENT

**IN WITNESS WHEREOF**, the parties hereto have caused this Amendment No. 1 to be executed by their duly authorized officers or representatives effective as of the date first written above.

COMPANY  
Peninsula Pipeline Company, Inc.

SHIPPER  
Florida Public Utilities Company

By: \_\_\_\_\_  
**D. Buddy Shelley**  
Title: AVP, Operations

By: Michael Cassel  
**Michael Cassel**  
Title: AVP, Regulatory Affairs

(To be attested by the corporate secretary if not signed by an officer of the company)

Attested By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Attested By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT C**

SEACOAST/PGS FIRM TRANSPORTATION SERVICE AGREEMENT

*(REDACTED)*

Date: July 19, 2019

Contract No. FT1-PGS-0003

### FIRM SERVICE AGREEMENT

This AGREEMENT is entered into by and between **SeaCoast Gas Transmission, L.L.C.** ("Company") and **Peoples Gas System, a division of Tampa Electric Company**, a Florida corporation ("PGS").

WHEREAS, PGS has requested Company to transport Gas to be delivered to PGS's distribution system on a firm basis and Company represents that it is willing to transport PGS's Gas under the terms and conditions of this Agreement.

NOW, THEREFORE, Company and PGS agree that the terms below, together with the General Terms and Conditions of Company's Tariff, constitute the transportation service to be provided and the rights and obligations of PGS and Company.

1. Transportation service under this Agreement will be provided under Section 368.105 (3) and (4) of the Natural Gas Transmission Pipeline Intrastate Regulatory Act ("Regulatory Act").
2. SERVICE TYPE: Firm Transportation Service
3. RATE:
  - a. During the term of this Agreement, PGS shall pay to Company the monthly reservation charge for Firm Transportation Service provided under this Agreement, which shall be equal to the MDQ for the respective month multiplied by the number of days in each month multiplied by the rate per Dekatherm set forth in Exhibit B of this Agreement.
    1. The parties agree to execute and file with the Commission this Firm Service Agreement to comply with the provisions of the Regulatory Act. In the event this Firm Service Agreement is not approved by the Commission, the same shall be of no further force or effect.
    2. It is further agreed that Company may seek authorization from the Commission and/or other appropriate body at any time and from time to time to change provisions in the General Terms and Conditions of Company's Tariff, and Company shall have the right to place such changes in effect in accordance with the Regulatory Act. This Agreement shall be deemed to include such changes and any changes which become effective by operation of law and Commission order. Nothing contained herein shall require PGS to support a position contrary to its own interests in its commercially reasonable discretion, nor require a PGS to support a tariff provision that would materially reduce the value of the service described herein. Notwithstanding the foregoing, Company and PGS agree not to initiate any proceeding before the Commission with respect to an increase or decrease in any negotiated rate during the term of such negotiated rate.

4. CONTRACT DATA:

The Maximum Daily Quantity ("MDQ") for service under this Agreement is listed on Exhibit A and Exhibit B attached hereto and is incorporated herein as if copied and set forth herein at length.

The Maximum Hourly Quantity ("MHQ") for service under this Agreement is listed on Exhibit A and Exhibit B attached hereto and is incorporated herein as if copied and set forth herein at length.

The Primary Receipt Point(s), Primary Route (if applicable), and Receipt Point MDQ are listed on Exhibit A attached hereto and are incorporated herein as if copied and set forth herein at length.

The Primary Delivery Point(s) (if applicable), Delivery Point MDQ and Delivery Pressure are listed on Exhibit B attached hereto and are incorporated herein as if copied and set forth herein at length.

5. BALANCING OF RECEIPTS AND DELIVERIES OF GAS:

Balancing of receipts and deliveries shall be governed by the provisions of a separate Operational Balancing Agreement ("OBA"), such agreement to be executed by Company and PGS as soon as reasonably practicable after this Agreement is executed. The Parties shall negotiate in good faith to develop an OBA providing, among other things, that (a) the Party responsible for creation of an imbalance shall be responsible for the resolution of the same (either with the upstream pipeline or by reimbursement to the other Party), (b) the Party responsible for the incurrence of a penalty imposed by an upstream pipeline shall be responsible for payment or reimbursement, and (c) if the Parties are jointly responsible for an imbalance, or the imposition of an upstream pipeline penalty, the responsibility for payment or reimbursement shall be allocated between the Parties based on causation.

6. TERM:

This Agreement shall be effective upon the date of its execution by PGS. Service under this Agreement shall commence on the Commencement Date (as hereinafter defined) and shall continue until 9:00 a.m. CCT on the twentieth (20<sup>th</sup>) anniversary of the Commencement Date ("Primary Term"). Upon two years written notice to Company, PGS shall have the unilateral right to extend the term of this Agreement at the rate set forth in Exhibit B for a period of ten (10) years from the commencement of service. Company may discontinue service hereunder upon 30 Days written notice if (a) PGS, in Company's reasonable judgement fails within such 30-Day notice period to demonstrate creditworthiness, *e.g.*, by failing to provide adequate security in accordance with Section 18 of the General Terms and Conditions, or (b) PGS fails within such notice period to restore imbalances arising in connection with services rendered. As used herein, the term "Commencement Date" means the first Day of the Month following receipt by PGS of notice from Company that the facilities through which Company will provide service pursuant to this Agreement have been completed, tested and are available to provide firm transportation service.



7. CREDIT REQUIREMENTS:

- a. PGS must demonstrate that it has an Investment Grade Credit Rating. If PGS has an Investment Grade Credit Rating on the date it executes and delivers this Service Agreement, but later ceases to have an Investment Grade Credit Rating, PGS must provide security as set forth in categories 1. or 2. below.
- b. If PGS, at the time of its execution and delivery of this Service Agreement, or at any time thereafter during the term of this Service Agreement, does not qualify under paragraph (a), PGS must provide security for its obligations by providing to or as directed by Company:
  1. an irrevocable guarantee, in form, amount and substance acceptable to Company in its commercially reasonable discretion (such discretion including the requirements of Company's lenders, if any), supporting PGS's obligations under this Service Agreement from a Guarantor acceptable to Company in its commercially reasonable discretion having an Investment Grade Credit rating; or
  2. a Letter of Credit, or a cash deposit in an amount equal to the amount of a Letter of Credit, or such other form of security as Company deems in its sole discretion, to be acceptable.

Notwithstanding the foregoing, Company may waive or reduce, in its sole discretion, the foregoing creditworthiness requirement, subject to revocation of such waiver or reduction if a material change occurs in the financial criteria relied upon at the time such waiver or reduction was granted.

PGS shall (a) furnish to Company, (i) as soon as available, but in any event within 120 days after the end of each fiscal year of PGS, audited financial statements of PGS setting forth in comparative form the corresponding figures for the preceding fiscal year together with the auditor's report thereon, and (ii) as soon as available, but in any event within 60 days after the last day of each of PGS's first three fiscal quarters, quarterly unaudited financial statements of PGS on a basis consistent with the corresponding period of the preceding fiscal year, and (b) cooperate with Company to obtain and provide to Company, where possible, such additional information regarding the financial condition of PGS as Company may reasonably request from time to time. Company may, in its sole discretion, accept unaudited financial statements in lieu of the audited statements described in clause (i) above.

8. COMPANY'S TARIFF PROVISIONS:

Company's tariff approved by the Commission, including any amendments thereto approved by the Commission during the term of this Agreement, is hereby incorporated into this Agreement and made a part hereof for all purposes. In the event of any conflict between Company's tariff and the specific provisions of this Agreement, the latter shall prevail, in the absence of a Commission Order to the contrary.

9. NOTICES:

Except as otherwise provided in the Tariff, all notices shall be in writing and mailed to the applicable address below or transmitted via facsimile. PGS or Company may change the addresses or other information below by written notice to the other without the necessity of amending this Agreement:

COMPANY:  
SeaCoast Gas Transmission, L.L.C.  
702 N. Franklin Street  
Tampa, FL 33602  
Attention: Manager, Regulatory  
Fax: (813) 228-4742

PGS:  
Peoples Gas System  
702 N. Franklin Street  
Tampa, FL 33602  
Attention: Managing Director, Fuels Management  
Telephone: (813) 228-4664  
Fax: (813) 228-4742

PGS shall designate in writing an individual who is duly authorized to act for PGS with respect to all operational matters arising under this Agreement and accessible to Company at all times each Day during the term hereof, to act as PGS's "Contact Person". In performing under this Agreement, Company shall be entitled to rely upon any instruction or consent given by such Contact Person with respect to operational matters arising hereunder.

10. CANCELLATION OF PRIOR CONTRACT(S):

This Agreement supersedes and cancels, as of the effective date of this Agreement, the contract(s) between the parties hereto as described below, if applicable:

None.

11. OPERATIONAL FLOW ORDERS:

Company has the right to issue effective Operational Flow Orders pursuant to Section 12 of the General Terms and Conditions.

12. HEADINGS:

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

13. ENTIRE AGREEMENT:

This Agreement, including the Exhibits attached hereto, sets forth the full and complete understanding of the parties as of the date of its execution by both parties, and supersedes any and all prior negotiations, agreements and understandings with respect to the subject matter hereof. Neither party shall be bound by any other obligations, conditions or representations with respect to the subject matter of this Agreement.

14. AMENDMENTS:

Neither this Agreement nor any of the terms hereof may be terminated, amended, supplemented, waived or modified except by an instrument in writing signed by the party against which enforcement of the termination, amendment, supplement, waiver or modification shall be sought. A change in (a) the place to which notices pursuant to this Agreement must be sent or (b) the individual designated as the Contact Person pursuant to Section 9 shall not be deemed nor require an amendment of this Agreement provided such change is communicated in accordance with Section 9 of this Agreement. Further, the parties expressly acknowledge that the limitations on amendments to this Agreement set forth in this section shall not apply to or otherwise limit the effectiveness of amendments that are or may be necessary to comply with the requirements of, or are otherwise approved by, the Commission or its successor agency or authority.

15. SEVERABILITY:

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

16. WAIVER:

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

17. INDEPENDENT PARTIES:

Company and PGS shall perform hereunder as independent parties. Neither Company nor PGS is in any way or for any purpose, by virtue of this Agreement or otherwise, a partner, joint venturer, agent, employer or employee of the other. Nothing in this Agreement shall be for the benefit of any third person for any purpose, including, without limitation, the establishing of any type of duty, standard of care or liability with respect to any third person.

**18. ASSIGNMENT AND TRANSFER:**

No assignment of this Agreement by either party may be made without the prior written approval of the other party (which approval shall not be unreasonably withheld) and unless the assigning or transferring party's assignee or transferee shall expressly assume, in writing, the duties and obligations under this Agreement of the assigning or transferring party. Upon such assignment or transfer, as well as assumption of the duties and obligations, the assigning or transferring party shall furnish or cause to be furnished to the other party a true and correct copy of such assignment or transfer and the assumption of duties and obligations.

**19. GOVERNMENTAL AUTHORIZATIONS; COMPLIANCE WITH LAW:**

This Agreement shall be subject to all valid applicable state, local and federal laws, orders, directives, rules and regulations of any governmental body, agency or official having jurisdiction over this Agreement and the transportation of Gas hereunder. Company and PGS shall comply at all times with all applicable federal, state, municipal, and other laws, ordinances and regulations. Company and/or PGS will furnish any information or execute any documents required by any duly constituted federal or state regulatory authority in connection with the performance of this Agreement. Each party shall proceed with diligence to file any necessary applications with any governmental authorities for any authorizations necessary to carry out its obligations under this Agreement. In the event this Agreement or any provisions herein shall be found contrary to or in conflict with any applicable law, order, directive, rule or regulation, the latter shall be deemed to control, but nothing in this Agreement shall prevent either party from contesting the validity of any such law, order, directive, rule, or regulation, nor shall anything in this Agreement be construed to require either party to waive its respective rights to assert the lack of jurisdiction of any governmental agency other than the Commission, over this Agreement or any part thereof. In the event of such contestation, and unless otherwise prohibited from doing so under this Section 18, Company shall continue to transport and PGS shall continue to take Gas pursuant to the terms of this Agreement. In the event any law, order, directive, rule, or regulation shall prevent either party from performing hereunder, then neither party shall have any obligation to the other during the period that performance under the Agreement is precluded.

**20. APPLICABLE LAW AND VENUE:**

This Agreement and any dispute arising hereunder shall be governed by and interpreted in accordance with the laws of the State of Florida. The venue for any action, at law or in equity, commenced by either party against the other and arising out of or in connection with this Agreement shall be in a court of the State of Florida having jurisdiction.

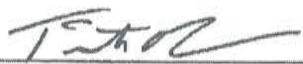
21. COUNTERPARTS:

This Agreement may be executed in counterparts, all of which taken together shall constitute one and the same instrument and each of which shall be deemed an original instrument as against any party who has signed it.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed by their respective officers and/or authorized representatives to be effective as of the date stated above.

COMPANY:

SEACOAST GAS TRANSMISSION, L.L.C.

By: 

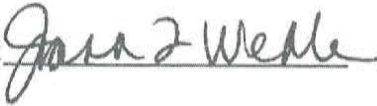
Title: Vice President

By: 

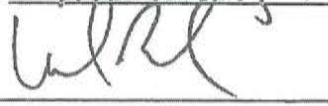
Title: J. P. Engstrom

PGS:

PEOPLES GAS SYSTEM, a  
division of Tampa Electric  
Company

By: 

Title: VP, Marketing & Sales

By: 

Title: VP, Regulatory Affairs

BETWEEN SEACOAST GAS TRANSMISSION COMPANY, L.L.C. AND PEOPLES GAS SYSTEM, A DIVISION OF TAMPA ELECTRIC COMPANY

Primary Receipt Points:

Primary Receipt Point

SNG/Cypress-Callahan

Primary Receipt Point MDQ

█ Dth per Day

SEACOAST GAS TRANSMISSION, L.L.C.

PEOPLES GAS SYSTEM,  
a division of Tampa Electric  
Company

By: [Signature]  
Title: Vice President  
By: [Signature]  
Title: [Signature]

By: [Signature]  
Title: VP, Marketing + Sales.  
By: [Signature]  
Title: VP, Regulatory Affairs

BETWEEN SEACOAST GAS TRANSMISSION, L.L.C. AND PEOPLES GAS SYSTEM, A DIVISION OF TAMPA ELECTRIC COMPANY

RATE:

Reservation: \$ [redacted] per Dth

Usage 1: \$ [redacted] per Dth

Retainage: TBD

Primary Delivery Points:

<u>Primary Delivery Point</u>	<u>Primary Delivery Point MDQ</u>	<u>Minimum Delivery Pressure</u>
PPC\PGS Westrock Interconnection Point	TBD	TBD
Callahan-FB Line South Interconnection Point	TBD	TBD

Maximum Daily Transport Quantity [redacted]

Maximum Hourly Flow Rate: TBD

Maximum Hourly Quantity: TBD

SEACOAST GAS TRANSMISSION, L.L.C.

PEOPLES GAS SYSTEM, a division of Tampa Electric Company

By: [Signature]

By: [Signature]

Title: Vice President

Title: VP, Marketing & Sales

By: [Signature]

By: [Signature]

Title: J.P. Engineering & Ops

Title: VP, Regulatory Affairs

EXHIBIT C

For Contract No. FT1-PGS-0003

BETWEEN SEACOAST GAS TRANSMISSION, L.L.C. AND PEOPLES GAS SYSTEM, A  
DIVISION OF TAMPA ELECTRIC COMPANY

**OPERATIONAL BALANCING AGREEMENT**

[To be negotiated per Section 5 of the Firm Service Agreement]