

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Joint petition for approval of restructures
Nassau County agreements to reflect Callahan
expansion, by Peoples Gas System, Florida
Public Utilities Company, SeaCoast Gas
Transmission, and Peninsula Pipeline
Company, Inc.

DOCKET NO. 20190145-GU
ORDER NO. PSC-2019-0545-PAA-GU
ISSUED: December 20, 2019

The following Commissioners participated in the disposition of this matter:

ART GRAHAM, Chairman
JULIE I. BROWN
DONALD J. POLMANN
GARY F. CLARK
ANDREW GILES FAY

NOTICE OF PROPOSED AGENCY ACTION
ORDER APPROVING RESTRUCTURED NASSAU COUNTY
AGREEMENTS TO REFLECT CALLAHAN EXPANSION

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission (Commission) that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code (F.A.C.).

Background

On July 19, 2019, Florida Public Utilities Company (FPUC), Peoples Gas System (Peoples), Peninsula Pipeline Company, Inc. (Peninsula), and SeaCoast Gas Transmission, LLC, (SeaCoast) (collectively, the joint petitioners), filed a petition seeking approval of restructured Nassau County transportation agreements to reflect the new Callahan intrastate pipeline (Callahan pipeline). The Callahan pipeline, which is currently under construction, will allow the joint petitioners to expand natural gas service in Nassau and Duval counties in Northeast Florida.

FPUC and Peoples are local distribution companies (LDCs) which own and operate natural gas distribution facilities to serve retail customers and are subject to our jurisdiction under Chapter 366, Florida Statutes (F.S.). Peninsula and SeaCoast operate as intrastate natural gas transmission companies as defined in Section 368.103, F.S., and only transport natural gas.

In Order No. PSC-07-1012-TRF-GP,¹ Peninsula received approval of an intrastate gas pipeline tariff that allows it to construct and operate intrastate pipeline facilities and to actively pursue agreements with gas customers and enter into certain gas transmission agreements without prior approval. However, since both Peninsula and FPUC are subsidiaries of Chesapeake Utilities Corporation, any agreements between the affiliates require our approval pursuant to Section 368.105, F.S., and Order No. PSC-07-1012-TRF-GP.

Similarly to Peninsula, in Order No. PSC-08-0747-TRF-GP,² SeaCoast received approval of an intrastate gas pipeline tariff that allows it to construct and operate intrastate pipeline facilities and to actively pursue agreements with gas customers and enter into certain gas transmission agreements without prior approval. However, SeaCoast and Peoples are affiliates in that their parent company is TECO Energy, Inc. and, therefore, their agreements must be approved by this Commission.

The joint petitioners' plans for the provision of natural gas service to residents in Nassau and Duval counties were previously addressed by this Commission in Order No. PSC-12-0230-PAA-GU.³ Specifically, in 2012, we approved a Nassau-Duval County territorial agreement between FPUC and Peoples. The Nassau-Duval County territorial agreement provides that Peoples' service area includes Duval County and the WestRock facility (formerly known as RockTenn), a large paper mill on the northern tip of Amelia Island, while FPUC's service area is Nassau County.

In the same 2012 order, we approved transportation service agreements between Peninsula and FPUC and between Peninsula and Peoples. The 2012 transportation agreements were needed in order to allow FPUC to serve Nassau County by transporting natural gas from Peoples' existing interconnection with the Florida Gas Transmission Company (FGT) interstate pipeline through Peoples' pipeline into the Fernandina Beach Line. The Fernandina Beach Line was jointly constructed in 2012 by Peoples and Peninsula.

The joint petitioners explained that since 2012, Nassau and Duval counties have experienced significant growth and, therefore, they jointly developed the proposed plan to bring additional natural gas capacity into the area. Furthermore, the joint petitioners stated that the existing Fernandina Beach Line is approaching full capacity and Peoples is experiencing pressure concerns in northern Duval County and has commitments for new customers. The joint petitioners state that the proposed agreements do not impact the 2012 Commission-approved Nassau-Duval County territorial agreement.

¹ Order No. PSC-07-1012-TRF-GP, issued December 21, 2007, in Docket No. 20070570-GP, *In re: Petition for approval of natural gas transmission pipeline tariff by Peninsula Pipeline Company, Inc.*

² Order No. PSC-08-0747-TRF-GP, issued November 12, 2008, in Docket No. 20080561-GP, *In re: Petition for approval of natural gas transmission pipeline tariff by SeaCoast Gas Transmission, LLC.*

³ Order No. PSC-12-0230-PAA-GU, issued on May 9, 2012, in Docket No. 20110271-GU, *In re: Petition for approval of transportation service agreement with Florida Public Utilities Company, by Peninsula Pipeline Company, Inc., and Docket No. 20110277-GU, In re: Joint petition for approval of territorial agreement in Nassau and Duval Counties by Peoples Gas System and Florida Public Utilities Company; gas transportation agreement by Peoples Gas System and Peninsula Pipeline Company, Inc.; and application for approval of tariff revisions to reflect service in Nassau and Okeechobee Counties, by Florida Public Utilities Company.*

In the instant petition, the joint petitioners are seeking approval of: (1) a new firm transportation service agreement between SeaCoast and Peoples; (2) an amendment to Peninsula and FPUC's 2012 firm transportation service agreement; and (3) cancellation of Peninsula and Peoples' 2012, and amended in 2015, firm transportation service agreement. During the evaluation of the instant petition, Commission staff issued a data request to the joint petitioners for which responses were received on October 10, 2019. On November 6, 2019, an informal meeting was held with the joint petitioners. We have jurisdiction over this matter pursuant to Sections 366.04, 366.05(1), 366.06, and 368.105, F.S.

Decision

New Firm Transportation Service Agreement Between Peoples and SeaCoast

The new 16-inch steel Callahan pipeline is being constructed to allow FPUC and Peoples to expand natural gas service in Nassau and Duval counties. The construction of the Callahan pipeline does not need our approval; however, a description of the Callahan pipeline project is helpful to establish context for the joint petition. Investment and ownership in the Callahan pipeline is split 50/50 between Peninsula and SeaCoast.⁴ Peoples and FPUC explained that contracting with the intrastate pipelines to construct and own the Callahan pipeline, as opposed to building it themselves, will avoid the LDCs undertaking the costs and risk for this project, thus protecting their ratepayers. Peoples and FPUC also stated that the intrastate companies are well experienced in permitting, land acquisition, and construction of a project of this size and scope.

The Callahan pipeline will interconnect with the Southern Natural Gas Company, LLC, interstate pipeline (SONAT) in western Nassau County and will extend 26.5 miles eastward and terminate at the existing Fernandina Beach Line. In Attachment A, the Callahan pipeline is shown as the green line and the Fernandina Beach Line is shown as the red line. The joint petitioners explained that since both FPUC and Peoples need additional natural gas quantities in Nassau and Duval counties, the jointly constructed pipeline avoids two companies constructing separate pipelines and, therefore, avoids a duplication of facilities. In addition, the interconnect with SONAT will provide FPUC and Peoples the ability to receive natural gas from a second interstate pipeline. The current interconnect for FPUC and Peoples to receive natural gas in Northeast Florida is with the FGT pipeline.

Since SeaCoast and Peoples are affiliated companies, the proposed agreement requires our approval. Pursuant to the agreement (see Attachment B), SeaCoast will provide firm transportation service for Peoples over its portion of the Callahan pipeline for an initial term of 20 years, with an option to extend for an additional ten years. Peoples will recover its payments to SeaCoast through the Purchased Gas Adjustment (PGA) mechanism and from transportation customers, consistent with prior pipeline projects. The effective date of the agreement is expected to be September 30, 2020, which is the estimated in-service date of the Callahan pipeline.

⁴ Total capacity of the Callahan pipeline will be 148,248 dekatherms/day, with Peninsula and SeaCoast each holding 74,124 dekatherms/day of that capacity.

SeaCoast and Peoples assert that the negotiated reservation charge set forth in the agreement is a cost-based market rate and is designed to allow SeaCoast to recover its costs associated with the Callahan pipeline. Based on the petition and responses to Commission staff's data request, SeaCoast and Peoples have supported the need of the new Callahan pipeline and associated agreement. The proposed agreement is reasonable, meets the requirements of Section 368.105, F.S., and benefits Peoples' customers by allowing Peoples to expand natural gas service to new customers and ensure appropriate natural gas pressure for existing customers. Therefore, we hereby approve the agreement between SeaCoast and Peoples.

Amended Firm Transportation Service Agreement Between Peninsula and FPUC

The current Commission-approved transportation service agreement dated February 1, 2012 (2012 agreement), between Peninsula and FPUC allows Peninsula to transport and deliver natural gas to FPUC through Peoples' distribution system and the Fernandina Beach Line.⁵ The negotiated confidential charges contained in the 2012 agreement require FPUC to pay Peninsula for the transportation of the natural gas. Transportation agreements typically include terms such as the Maximum Daily Transportation Quantity (MDTQ), the negotiated monthly reservation charge, and points of delivery. The MDTQ is the largest daily quantity of gas Peninsula is obligated to transport on a firm basis for delivery to FPUC.

Once the Callahan pipeline is in operation, FPUC will no longer need Peninsula to transport natural gas for delivery through Peoples' distribution system. Instead, Peninsula will transport natural gas for delivery to FPUC across its portion of the Callahan pipeline and the Fernandina Beach Line. FPUC stated that the Callahan pipeline is a large diameter pipe compared to Peoples' line which allows for natural gas to be delivered at a high pressure. Therefore, Peninsula will be able to deliver increased quantities of natural gas to FPUC.

To reflect the transportation of gas via the Callahan pipeline, Peninsula and FPUC are proposing to amend their 2012 agreement to increase the MDTQ and the corresponding change in the monthly reservation charge. The negotiated monthly reservation charge in the amended agreement is designed to recover Peninsula's portion of the Callahan project. The amended agreement changes the delivery point from the FGT/Peoples interconnect to the Callahan interconnect with SONAT. In addition, the agreement adds additional points of delivery to FPUC at several locations along the Callahan route in Nassau County. Finally, the initial 15-year term of the 2012 agreement will be extended for 13 years.

The amended agreement only provides for revisions to the first page and Exhibit A to the 2012 agreement. For clarity, the entire 2012 agreement and the amendment to that agreement are included in Attachment C. The proposed amendment is reasonable and benefits FPUC's customers by allowing FPUC to expand natural gas service in Nassau County. Therefore, we hereby approve the amended agreement between Peninsula and FPUC.

⁵ *Id.* at 3.

Cancellation of Firm Transportation Service Agreement Between Peninsula and Peoples

In 2012, we approved a gas transportation agreement between Peninsula and Peoples.⁶ This agreement allows Peoples to provide transportation service to Peninsula across Peoples' system (yellow line in Attachment A). Because Peninsula and Peoples negotiated a payment structure not anticipated in Peoples' tariff, Rule 25-9.034, F.A.C., requires this Commission to approve this special contract. The fixed monthly charge, payable by Peninsula, was designed to recover Peoples' investment in certain upgrades to its facilities to support Peoples' transportation of natural gas for Peninsula.

In Order No. PSC-15-0318-PAA-GP,⁷ we approved an amendment to the special contract between Peninsula and Peoples. The amendment enabled Peoples to provide Peninsula with incremental transportation service.

The joint petitioners explained that when the Callahan pipeline becomes operational, Peoples will no longer transport natural gas on behalf of Peninsula. Therefore, this contractual obligation becomes obsolete and both parties have agreed to terminate the agreement. While Peoples will no longer receive payments from Peninsula after the agreement is terminated, Peoples stated that it will recover its investment through revenue derived from new growth in St. Johns County and in Duval County. In response to Commission staff's data request, the joint petitioners stated that the anticipated effective date of the termination of the agreement is September 30, 2020 (the current anticipated in-service date of the Callahan pipeline). Since the existing agreement between Peninsula and Peoples will become obsolete when the Callahan pipeline goes into service, we approve the cancellation of the gas transportation agreement between Peninsula and Peoples.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the new firm transportation service agreement between SeaCoast and Peoples is hereby approved. It is further

ORDERED that the amendment to the 2012 firm transportation service agreement between Peninsula and FPUC is hereby approved. It is further

ORDERED that the cancellation of the firm transportation service agreement between Peninsula and Peoples is hereby approved, effective with the in-service date of the Callahan pipeline. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the

⁶ *Id.* at 3.

⁷ 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.*

close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that, if a protest is filed within 21 days of the issuance of this Order, this docket shall remain open pending resolution of the protest. If no protest is timely filed, this docket shall be closed upon the issuance of a Consummating Order.

By ORDER of the Florida Public Service Commission this 20th day of December, 2019.



ADAM J. TETZMAN
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399
(850) 413-6770
www.floridapsc.com

Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

KBS

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing that is available under Section 120.57, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The action proposed herein is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this Order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on January 10, 2020. In the absence of such a petition, this Order shall become final and effective upon the issuance of a Consummating Order. Any objection or protest filed in this docket before the issuance date of this Order is

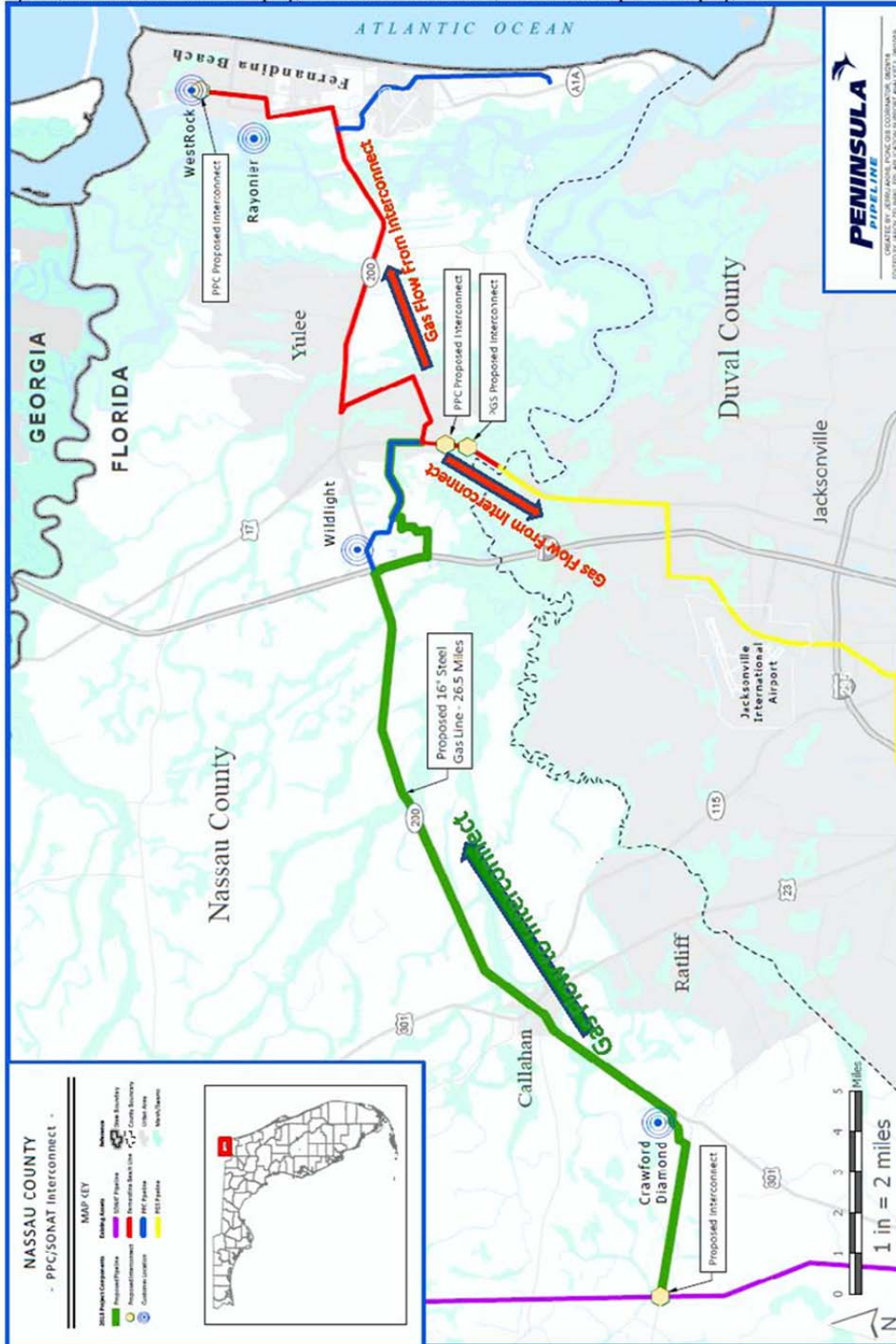
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considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

Re: Docket No. 20190145-GU: Joint petition for approval of restructured Nassau County agreements to reflect Callahan expansion, by Peoples Gas System, Florida Public Utilities Company, SeaCoast Gas Transmission, and Peninsula Pipeline Company, Inc.



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 (20th) 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: [Signature]

Title: Vice President

By: [Signature]

Title: VP Engineering

PGS:

PEOPLES GAS SYSTEM, a
division of Tampa Electric
Company

By: [Signature]

Title: VP Marketing & Sales

By: [Signature]

Title: VP Regulatory Affairs

EXHIBIT A

For Contract No. FT1-PGS-0003

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.

By: [Signature]
Title: Vice President

By: [Signature]
Title: [Signature]

PEOPLES GAS SYSTEM,
a division of Tampa Electric
Company

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

By: [Signature]
Title: VP, Regulatory Affairs

EXHIBIT B

For Contract No. FT1-PGS-0003

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: VP 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]

Redacted

Docket No. 110271-GU

**Firm Transportation Service Agreement
Between
Florida Public Utilities Company and
Peninsula Pipeline**

As revised and dated February 1, 2012

PENINSULA PIPELINE COMPANY, INC.
FIRM TRANSPORTATION SERVICE AGREEMENT

THIS AGREEMENT entered into this 1st day of February, 2012, by and between Peninsula Pipeline Company, Inc., a corporation of the State of Delaware (herein called "Company"), and Florida Public Utilities Company, a corporation of the State of Florida (herein called "Shipper").

WITNESSETH

WHEREAS, Shipper desires to obtain Firm Transportation Service ("FTS") from Company; and

WHEREAS, Company desires to provide Firm Transportation Service to Shipper in accordance with the terms hereof.

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:

ARTICLE I
DEFINITIONS

Unless otherwise defined in this Agreement, all definitions for terms used herein have the same meaning as provided in Company's tariff.

ARTICLE II
QUANTITY; UNAUTHORIZED USE

2.1 The Maximum Daily Transportation Quantity ("MDTQ") and the Maximum Hourly Transportation Percentage ("MHTP") shall be set forth on Exhibit A attached hereto. The applicable MDTQ shall be the largest daily quantity of Gas, expressed in Dekatherms, which Company is obligated to transport on a firm basis and make available for delivery for the account of Shipper under this FTS Agreement on any one Gas Day.

2.2 If, on any Day, Shipper utilizes transportation quantities, as measured at the Point(s) of Delivery, in excess of the established MDTQ, as shown on Exhibit A, such unauthorized use of transportation quantities shall be set forth on Exhibit A of this Agreement.

PENINSULA PIPELINE COMPANY, INC.
FIRM TRANSPORTATION SERVICE AGREEMENT

ARTICLE III
FIRM TRANSPORTATION SERVICE RESERVATION CHARGE

3.1 The Monthly Reservation Charge for Firm Transportation Service provided under this Agreement shall be as set forth on Exhibit A of this Agreement.

3.2 The parties agree to execute and file with the Commission a petition for approval of this Agreement within thirty (30) days of execution by both parties.

3.3 If, during the term of this Agreement, the Federal Government, or any State, municipality or subdivision of such Government, should increase or decrease any present tax or levy any additional or eliminate any existing tax, relating to the service provided by Company under this Agreement, such change shall be implemented immediately upon the effective date of such change.

ARTICLE IV
TERM AND TERMINATION

4.1 Subject to all other provisions, conditions, and limitations hereof, this Agreement shall be effective upon its date of execution by both parties and shall continue in full force and effect for an initial period of fifteen (15) years from the in-service date. Thereafter, the Agreement shall be extended on a five year basis unless terminated by either party, with at least one hundred eighty (180) days written notice to the other party prior to the termination date.

4.2 Any portion of this Agreement necessary to resolve monthly balancing and operational controls under this Agreement, pursuant to the Rules and Regulations of Company's tariff, shall survive the other parts of this Agreement until such time as such monthly balancing and operational controls have been resolved.

4.3 In the event Shipper fails to pay for the service provided under this Agreement or otherwise fails to meet Company's standards for creditworthiness, otherwise violates the Rules and Regulations of Company's tariff, or defaults on this Agreement, Company shall have the right to terminate this Agreement pursuant to the conditions set forth in Section D of the Rules and Regulations of Company's tariff.

ARTICLE V
COMPANY'S TARIFF PROVISIONS

5.1 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.

PENINSULA PIPELINE COMPANY, INC.
FIRM TRANSPORTATION SERVICE AGREEMENT

ARTICLE VI
REGULATORY AUTHORIZATIONS AND APPROVALS

6.1 Company's obligation to provide service is conditioned upon receipt and acceptance of any necessary regulatory authorization to provide Firm Transportation Service for Shipper in accordance with the Rules and Regulations of Company's tariff.

ARTICLE VII
DELIVERY POINT(S) AND POINT(S) OF DELIVERY

7.1 The Delivery Point(s) for all Gas delivered for the account of Shipper into Company's pipeline system under this Agreement, shall be as set forth on Exhibit A attached hereto.

7.2 The Point(s) of Delivery shall be as set forth on Exhibit A attached hereto.

7.3 Shipper shall cause Transporter to deliver to Company at the Delivery Point(s) on the Transporter's system, the quantities of Gas to be transported by Company hereunder. Company shall have no obligation for transportation of Shipper's Gas prior to receipt of such Gas from the Transporter at the Delivery Point(s). Company shall deliver such quantities of Gas received from the Transporter at the Delivery Point(s) for Shipper's account to Company's Point(s) of Delivery identified on Exhibit A.

ARTICLE VIII
SCHEDULING AND BALANCING

8.1 Shipper shall be responsible for nominating quantities of Gas to be delivered by the Transporter to the Delivery Point(s) and delivered by Company to the Point(s) of Delivery. Shipper shall promptly provide notice to Company of all such nominations. Imbalances between quantities (i) scheduled at the Delivery Point(s), less Fuel Retention, and (ii) actually delivered by the Company hereunder, shall be resolved in accordance with the applicable provisions of Company's tariff, as such provisions, and any amendments to such provisions, are approved by the Commission.

8.2 The parties hereto recognize the desirability of maintaining a uniform rate of flow of Gas to Shipper's facilities over each Gas Day throughout each Gas Month. Therefore, Company agrees to receive from the Transporter for Shipper's account at the Delivery Point(s) and deliver to the Point(s) of Delivery up to the MDTQ as described in Exhibit A, subject to any restrictions imposed by the Transporter and to the provisions of Article IX of this Agreement, and Shipper agrees to use reasonable efforts to regulate its deliveries from Company's pipeline system at a daily rate of flow not to exceed the applicable MDTQ for the Month in question, subject to any additional restrictions imposed by the Transporter or by Company pursuant to Company's tariff provisions.

PENINSULA PIPELINE COMPANY, INC.
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ARTICLE IX
MISCELLANEOUS PROVISIONS

9.1 Notices and Other Communications. Any notice, request, demand, statement or payment provided for in this Agreement, unless otherwise specified, shall be sent to the parties hereto at the following addresses:

Company: Peninsula Pipeline Company, Inc.
Post Office Box 960
Winter Haven, Florida 33882
Attention: Customer Services

Shipper: Florida Public Utilities Company
401 South Dixie Highway
West Palm Beach, Florida 33401
Attention: Director, Regulatory Affairs

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

9.3 Entire Agreement. This Agreement, including the Exhibits attached hereto, sets forth the full and complete understanding of the parties as of the date of its execution by both parties, and it supersedes any and all prior negotiations, agreements and understandings with respect to the subject matter hereof. No party shall be bound by any other obligations, conditions or representations with respect to the subject matter of this Agreement.

9.4 Amendments. Neither this Agreement nor any of the terms hereof may be terminated, amended, supplemented, waived or modified except by an instrument in writing signed by the party against which enforcement of the termination, amendment, supplement, waiver or modification shall be sought. A change in (a) the place to which notices pursuant to this Agreement must be sent or (b) the individual designated as the Contact Person pursuant to Section 9.1 shall not be deemed nor require an amendment of this Agreement provided such change is communicated in accordance with Section 9.1 of this Agreement. Further, the parties expressly acknowledge that the limitations on amendments to this Agreement set forth in this section shall not apply to or otherwise limit the effectiveness of amendments 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.

9.5 Severability. If any provision of this Agreement becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement shall continue in full force and effect without said provision; provided, however, that if

PENINSULA PIPELINE COMPANY, INC.
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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.

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

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

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

9.9 Assignment and Transfer. No assignment of this Agreement by either party may be made without the prior written approval of the other party (which approval shall not be unreasonably withheld) and unless the assigning or transferring party's assignee or transferee shall expressly assume, in writing, the duties and obligations under this Agreement of the assigning or transferring party. 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.

9.10 Governmental Authorizations; Compliance with Law. This Agreement shall be subject to all valid applicable state, local and federal laws, orders, directives, rules and regulations of any governmental body, agency or official having jurisdiction over this Agreement and the transportation of Gas hereunder. Company and Shipper shall comply at all times with all applicable federal, state, municipal, and other laws, ordinances and regulations. Company and/or Shipper will furnish any information or execute any documents required by any duly constituted federal or state regulatory authority in connection with the performance of this Agreement. Each party shall proceed with diligence to file any necessary applications with any governmental authorities for any authorizations necessary to carry out its obligations under this Agreement. In 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

PENINSULA PIPELINE COMPANY, INC.
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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 9.10, Company shall continue to transport and Shipper shall continue to take Gas pursuant to the terms of this Agreement. In the event any law, order, directive, rule, or regulation shall prevent either party from performing hereunder, then neither party shall have any obligation to the other during the period that performance under the Agreement is precluded.

9.11 Applicable Law and Venue. This Agreement and any dispute arising hereunder shall be governed by and interpreted in accordance with the laws of the State of Florida. 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.

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

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

COMPANY
Peninsula Pipeline Company, Inc.
By: [Signature]
Title: VP

SHIPPER
Florida Public Utilities Company
By: [Signature]
Title: VP

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

Attested By: _____
Title: _____
Date: _____

Attested By: _____
Title: _____
Date: _____

PENINSULA PIPELINE COMPANY, INC.
FIRM TRANSPORTATION SERVICE AGREEMENT

EXHIBIT A

TO

FIRM TRANSPORTATION SERVICE AGREEMENT

BETWEEN

PENINSULA PIPELINE COMPANY, INC.

AND

FLORIDA PUBLIC UTILITIES COMPANY

DATED

FEBRUARY 1, 2012

<u>Description of Delivery Point(s)</u>	<u>Description of Point(s) of Delivery</u>	<u>MDTQ, in Dekatherms, excluding Fuel Retention</u>
Interconnection With Peoples Gas System Distribution system located at the Duval/Nassau County line.	See Below	██████ Dt/Day
Total MDTQ (Dekatherms):	██████ Dt/Day	
MHTP: 6 %		
Fuel Retention Percentage:	██████	
Monthly Reservation Charge:	██████ / Month. The Company shall provide written notification to Shipper that the Fernandina Beach Line has been completed and establish the in-service date.	
Unauthorized Use Rate (In addition to Monthly Reservation Charge):	██████ / Each Day of Unauthorized Use	
Description of Point(s) of Delivery: Up to six (6) Points of Delivery		
1) One or more points – locations TBD – on SR 200, west of Amelia River		
2) One or more points – locations TBD – on Amelia Island		

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 19th 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 1st, 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	██████████
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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.
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Description of Point(s) of Delivery:

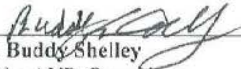
- 1) Shipper's facility known as the Stepdown Substation
- 2) Shipper's facility known as the Lime Street Substation
- 3) Near the vicinity of the interconnection of 11th Street and Indigo Street at the Eight Flags, LLC facility
- 4) New Interconnection at or near the vicinity of US 301 and Brown Street 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

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COMPANY
Peninsula Pipeline Company, Inc.

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

SHIPPER
Florida Public Utilities Company

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: _____