

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: October 20, 2022

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (Hampson)
Office of the General Counsel (Rivera-Pacheco, Crawford)

RE: Docket No. 20220144-GU – Joint petition for approval of firm transportation between Florida Public Utilities Company and Peninsula Pipeline Company, Inc. to reflect expansion of Wildlight development in Nassau County.

AGENDA: 11/01/22 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Clark

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

On August 16, 2022, Florida Public Utilities Company (FPUC) and Peninsula Pipeline Company, Inc. (Peninsula) (collectively, Petitioners) filed a petition seeking approval of a firm transportation service agreement (proposed Agreement) to reflect expansion of the Wildlight development in Nassau County. Peninsula operates as an intrastate natural gas transmission company as defined by Section 368.103(4), Florida Statutes (F.S.).¹ FPUC is a local distribution company subject to the regulatory jurisdiction of the Commission pursuant to Chapter 366, F.S. The Petitioners are both subsidiaries of Chesapeake Utility Corporation.

¹ Order No. PSC-06-0023-DS-GP, issued January 9, 2006, in Docket No. 20050584-GP, *In re: Petition for declaratory statement by Peninsula Pipeline Company, Inc. concerning recognition as a natural gas transmission company under Section 368.101, F.S., et seq.*

By Order No. PSC-07-1012-TRF-GP,² 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 natural gas customers. Peninsula provides transportation service and does not engage in the sale of natural gas. Pursuant to Order No. PSC-07-1012-TRF-GP, Peninsula is allowed to enter into certain gas transmission agreements without prior Commission approval.³ However, Peninsula is requesting Commission approval of this proposed Agreement as it does not fit any of the criteria enumerated in the tariff for which Commission approval would not be required.⁴ Furthermore, agreements between affiliated companies must be approved by the Commission pursuant to Section 368.105, F.S., and Order No. PSC-07-1012-TRF-GP.

In accordance with the proposed Agreement, Peninsula will construct, own, and operate natural gas pipeline extensions, two new regulator stations, and a natural gas injection interconnect in Nassau County. The Petitioners state that the proposed Agreement reflects FPUC's ongoing efforts to extend natural gas service to meet needs associated with anticipated growth in Nassau County.

The Commission has previously approved transportation and territorial agreements involving FPUC, Peninsula, and Peoples in Nassau County. In 2012, the Commission approved transportation agreements between FPUC and Peninsula and between Peoples and Peninsula, as well as a territorial agreement between Peoples and FPUC.⁵ In 2014, the Commission also approved an agreement between the Petitioners to further extend facilities in Nassau County.⁶ In 2015, the Commission approved an amendment to the transportation agreement between Peninsula and Peoples.⁷ Finally, in 2019, the Commission approved further restructuring of the agreements to reflect the new Callahan intrastate pipeline, which expanded natural gas service in Nassau and Duval Counties.⁸

During the evaluation of the petition, staff issued one data request to the Petitioners, for which responses were received on September 8, 2022. The proposed Agreement is included with this recommendation as Attachment A. Attachment B provides a description of the proposed expansion project pipeline routes. The project maps, identifying the proposed construction projects, are included as Attachment C. The Commission has jurisdiction over this matter pursuant to Sections 366.05(1), 366.06, and 368.105, F.S.

² 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.*

³ Peninsula Pipeline Company, Inc., Intrastate Pipeline Tariff, Original Vol. 1, Original Sheet No. 11, Section 3.

⁴ Peninsula Pipeline Company, Inc., Intrastate Pipeline Tariff, Original Vol. 1, Original Sheet No. 12, Section 4.

⁵ Order No. PSC-12-0230-PAA-GU, issued 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.*

⁶ 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.*

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.*

⁸ Order No. PSC-2019-0545-PAA-GU, issued December 20, 2019, in Docket No. 20190145-GU, *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.*

Discussion of Issues

Issue 1: Should the Commission approve the proposed transportation service agreement between Peninsula Pipeline Company and Florida Public Utilities Company dated July 8, 2022?

Recommendation: Yes, the Commission should approve the proposed transportation service agreement between Peninsula and FPUC dated July 8, 2022. The proposed Agreement is reasonable and meets the requirements of Section 368.105, F.S. Furthermore, staff agrees that the proposed Agreement is in the public interest, because it facilitates the delivery of natural gas to areas in Nassau County that currently do not have access to natural gas service. (Hampson)

Staff Analysis: The Petitioners have entered into the proposed Agreement to enhance FPUC's ability to provide and expand natural gas service for the Wildlight community in Yulee, Florida. The facilities contemplated in the proposed Agreement will allow delivery of natural gas to areas in Nassau County that currently do not have access to natural gas service.

The proposed Agreement specifies an initial term of 20 years and thereafter shall be extended on a year-to-year basis, unless either party gives no less than 90 days of written notification of termination. If either party desires to negotiate modifications to the rates or terms of this Agreement, they may do so no less than 120 days prior to expiration of the current active term. The proposed expansion project is discussed below and the project maps are included as Attachment B to this recommendation.

In order to build alongside the construction and development of the area, the proposed project would be constructed in two phases. Attachment B provides a description of each phase of the proposed expansion project pipeline routes. Attachment C shows the proposed expansion project in Nassau County.

Anticipated System Benefits

The Petitioners state that the proposed Agreement will further enhance FPUC's ability to expand service for the growing Wildlight Community, located in Yulee, Florida. The petition states that there are two residential developments in the process of planning and construction. The Petitioners assert that, in total, the proposed facilities would provide natural gas service to over 5,978 homes, along with the commercial and industrial customers that may come as the area develops. Additionally, according to the proposed Agreement, Peninsula would construct a gas injection interconnect. The Petitioners state the gas injection interconnect would ensure FPUC has the ability to access gas quantities at an additional point on the line to provide additional reliability for customers.

In response to staff's data request, FPUC stated it did not obtain a formal Request for Proposals (RFP) responses from other entities.⁹ The Petitioners explained that the facilities to be installed will be extended from facilities that are already owned and operated by Peninsula. Furthermore, the Petitioners explained in their response that the proposed project would improve service, reliability, and overall operation benefits and does not require coordination with other parties and operators.

⁹ Joint Responses to Staff's First Data Request, No. 2 (DN 06132-2022)

Negotiated Monthly Reservation Payments to Peninsula

In accordance with the proposed Agreement, Peninsula would recover the project construction costs through the monthly reservation charges to FPUC, as contained in the proposed Agreement. Given that the proposed project would be completed in phases, the Petitioners have explained that the total monthly reservation charge will increase as each portion of the project goes into service. The monthly reservation charge is designed to recover costs such as, but not limited to, engineering, permitting, materials, and installation costs associated with pipeline and related facilities, ongoing maintenance including Pipeline and Hazardous Materials Safety Administration (PHMSA) compliance, safety requirements, property taxes, gas control, and Peninsula's return on investment.

FPUC is proposing to recover its payments to Peninsula through Purchased Gas Adjustment (PGA) and swing service rider mechanisms.¹⁰ The PGA allows FPUC to periodically adjust the price of natural gas supplied to its customers to reflect the actual cost of gas purchased and delivered on behalf of the customers. The swing service rider allows FPUC to recover intrastate capacity costs from its transportation customers and is a cents per therm charge that is included in the monthly customer gas bill of transportation customers. While FPUC will incur costs associated with this service expansion, new load added to the system will help spread the costs over a larger customer base.

Conclusion

Based on the petition and the Petitioners' responses to staff's data request, staff believes that the proposed Agreement is reasonable and meets requirements of Section 368.105, F.S. Furthermore, staff agrees that the proposed Agreement is in the public interest, because it facilitates the delivery of natural gas to areas in Nassau County that currently do not have access to natural gas service. Staff therefore recommends approval of the proposed Agreement between Peninsula and FPUC dated July 8, 2022.

¹⁰ Joint Responses to Staff's First Data Request, No. 8 (DN 06132-2022)

Issue 2: Should this docket be closed?

Recommendation: Yes. If no protest is filed by a person whose substantial interest are affected within 21 days of the issuance of the Order, this docket should be closed upon the issuance of a Consummating Order. (Rivera-Pacheco)

Staff Analysis: If no protest is filed by a person whose substantial interest are affected within 21 days of the issuance of the Order, this docket should be closed upon the issuance of a Consummating Order.

PENINSULA PIPELINE COMPANY, INC.
FIRM TRANSPORTATION SERVICE AGREEMENT

THIS AGREEMENT entered into this July 8, 2022, by and between Peninsula Pipeline Company, Inc., a corporation of the State of Delaware (herein called "Company" or "PPC"), and the Florida Public Utilities Company, a corporation of the State of Florida (herein called "Shipper" or "FPUC"). PPC and FPUC are sometimes referred to herein individually as a "Party and collectively as "Parties."

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; and

WHEREAS, Shipper desires Company to construct a project that will allow Shipper to serve customers within its service area with natural gas service and Company is willing to construct the project and points of delivery; and

WHEREAS, Company intends to construct the Wildlight Expansion Project ("Project") in Nassau County, Florida. The Project will be constructed in two separate phases. As specified in Exhibit A attached herein, Phase I of the Project will enable natural gas service to three (3) additional points of delivery and Phase II will consist of an additional steel pipeline extension.

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
DEFINITION

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

"In-Service Date" means the date that Company has commenced commercial operations of the Project and that construction has been completed and that the Project has been inspected and tested as required by applicable law.

"Phase Notification" means the notification from the Shipper to begin construction of additional route.

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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 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 (per Dekatherm) shall be billed at a rate of 2.0 times the rate to be charged for each Dekatherm of the MDTQ as set forth on Exhibit A of this 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 and shall be charged to Shipper beginning on In-Service Date, and shall thereafter be assessed in accordance with the terms and conditions set forth herein.

3.2 The parties agree to execute and administratively file with the Florida Public Service Commission an affidavit, in the form provided in Company's Tariff to comply with the provisions of the Natural Gas Transmission Pipeline Intrastate Regulatory Act.

3.3 If, at any time after the Execution Date (as herein defined) and throughout the term of this Agreement, the Company is required by any Governmental Authority (as that term is defined in Section 9.10) asserting jurisdiction over this Agreement and the transportation of Gas hereunder, to incur additional tax charges (including, without limitation, income taxes and property taxes) with regard to the service provided by Company under this Agreement, then Shipper's Monthly Reservation Charge shall be adjusted and Exhibit A updated accordingly, and the new Monthly Reservation Charge shall be implemented immediately upon the effective date of such action. If Shipper does not agree to the adjusted Monthly Reservation Charge, Company shall no longer be required to continue to provide the service contemplated in this Agreement should an action of a Governmental Authority result in a situation where Company otherwise would be required to provide transportation service at rates that are not just and reasonable, and in such event the 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.

3.4 If, at any time after the Execution Date (as herein defined) and throughout the term of this Agreement, the Company is required by any Governmental Authority (as that term is defined in Section 9.10) asserting jurisdiction over this Agreement and the transportation of Gas hereunder, to

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incur additional capital expenditures with regard to the service provided by Company under this Agreement, other than any capital expenditures

required to provide transportation services to any other customer on the pipeline system serving Shipper's facility, but including, without limitation, mandated relocations of Company's pipeline facilities serving Shipper's facility and costs to comply with any changes in pipeline safety regulations, then Shipper's Monthly Reservation Charge shall be adjusted and Exhibit A updated accordingly, and the new Monthly Reservation Charge shall be implemented immediately upon the effective date of such action. If Shipper does not agree to the adjusted Monthly Reservation Charge, Company shall no longer be required to continue to provide the service contemplated in this Agreement should an action of a Governmental Authority result in a situation where Company otherwise would be required to provide transportation service at rates that are not just and reasonable, and in such event the 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 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 (the "Execution Date") and shall continue in full force for an initial period of twenty (20) years from the In-Service Date ("Initial Term"). Thereafter, the Agreement shall be extended on a year to year basis (each a "Renewed Term" and, all Renewed Terms together with the Initial Term, the "Current Term"), unless either party gives written notice of termination to the other party, not less than (90) days prior to the expiration of the Current Term. This Agreement may only be terminated earlier in accordance with the provisions of this Agreement and the parties' respective rights under applicable law.

4.2 Shipper has twelve (12) months from the Execution Date to notify the Company to begin construction of the additional Points of Delivery as described in Exhibit A at the rates and terms set forth herein. If the Shipper notifies the Company after twelve (12) months, the Company may request the opportunity to negotiate a modification of the rates or terms of this Agreement to be effective for the remainder of the Current Term, and the parties shall negotiate such modification in good faith. Any such new rate will be implemented, and Exhibit A updated accordingly, on the In-Service Date of the additional Points of Delivery. Notwithstanding the above, and regardless of whether notification occurs within twelve (12) months, if there is a material impact on project costs related to materials, ROW, or labor after the notification and before commencement of permitting, such as a material change in the construction fee or the cost of steel, the Company may also request the opportunity to negotiate a modification of the rates or terms of this Agreement to be effective for the remainder of the Current Term, and the parties shall negotiate such modification in good faith.

4.3 No less than 120 days before expiration of the Current Term, either party may request the opportunity to negotiate a modification of the rates or terms of this Agreement to be effective with the subsequent Renewed Term. Neither Party is obligated to, but may, agree to any mutually acceptable modification to the Agreement for the subsequent Renewed Term. In the event the parties reach agreement for a

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modification to the Agreement for the subsequent Renewed Term, such agreed upon modification ("Agreement Modification") shall be set forth in writing and signed by both parties prior to the expiration of the Current Term.

4.4 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.

4.5 In the event Shipper fails to pay for the service provided under this Agreement or otherwise fails to meet Company's standards for creditworthiness set forth in Section C of the Rules and Regulations of the Company's Tariff or 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 ("Company's Tariff"), 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.

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.

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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), nor shall Company have any obligation to obtain capacity on Transporter for Shipper or on Shipper's behalf. The 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) and the Point(s) of Delivery, and (ii) actually delivered by the Transporter and/or 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 Gas Month in question, subject to any additional restrictions imposed by the Transporter or by Company pursuant to Company's Tariff.

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.
500 Energy Lane, Suite 200
Dover, Delaware 19901
Attention: Contracts

Shipper: Florida Public Utilities Company
911 South 8th Street Fernandina Beach,
Florida 32034
Attention: Contracts

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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 Exhibit attached hereto, sets forth the full and complete understanding of the parties as of the Execution Date, 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 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

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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 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. If, however, any Governmental Authority's modification to this Agreement or any other order issued, action taken, interpretation rendered, or rule implemented, will have a material adverse effect on the rights and obligations of the parties, including, but not limited to, the relative economic position of, and risks to, the parties as reflected in this Agreement, then, subject to the provisions of Sections 3.3 and 3.4 of this Agreement, the parties shall use reasonable efforts to agree upon replacement terms that are consistent with the relevant order or directive, and that maintain the relative economic position of, and risks to, the parties as reflected in this Agreement as of the Execution Date. As used herein, "Governmental Authority" shall mean any United States federal, state, local, municipal or other government; any governmental, regulatory or administrative agency, court, commission or other authority lawfully exercising or entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power; and any court or governmental tribunal.

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(i) If any Governmental Authority asserting jurisdiction over the pipeline facility contemplated in this Agreement, issues an order, ruling, decision or regulation not covered by Section 3.3 or 3.4 of this Agreement (including denial of necessary permits or amendments to existing permits) related to the operation, maintenance, location, or safety and integrity compliance, including any new or revised enforceable regulatory classification of the pipeline facility, as applicable, which is not reasonably foreseeable as of the Execution Date and which results in a materially adverse effect on either party's rights and benefits under this Agreement, each party shall use commercially reasonable efforts and shall cooperate with the other party to pursue all necessary permits, approvals and authorizations, if any, of such applicable Governmental Authority, and to amend the terms and conditions of this Agreement, in each case as may be reasonably required in order that provision of firm transportation service under this Agreement shall continue; provided that neither party shall be required to take any action pursuant to this Section which is reasonably likely to have a materially adverse effect on such party's rights and benefits under this Agreement.

(ii) If the Parties are unable or unwilling to reach agreement pursuant to this Section 9.10, Company shall have the right to terminate this Agreement, without any further obligations to Shipper, upon one hundred twenty (120) days' prior written notice to Shipper.

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.

COMPANY
Peninsula Pipeline Company, Inc.

SHIPPER
Florida Public Utilities Company

By: Bill Hancock
Bill Hancock

By: Jeff Sylvester
Jeff S. Sylvester

Title: Assistant Vice President

Title: Senior Vice President & COO

Date: 07/10/2022

Date: 07/08/2022

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

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

EXHIBIT A TO
FIRM TRANSPORTATION SERVICE AGREEMENT
BETWEEN
PENINSULA PIPELINE COMPANY, INC. AND
FLORIDA PUBLIC UTILITIES COMPANY

DATED
July 8, 2022

Phase I Construction

Description of Transporter Delivery Point(s)

1. At or near Radio Road and SR 17
2. Secondary Alternate Fuel Injection Point

Phase I Description of Point(s) of Delivery

1. At or near Crosstown Avenue and SR 200 (a)
2. At or near Still Quarters Road and SR 200 (b)
3. At or near Pages Dairy Road and Felmor Road (d)

Phase II Points of Delivery

1. Location TBD at or near the Chester Road and Heron Isles Parkway

Phase I Pipeline Segments Monthly Reservation Charges:

Segment I (a) – Near Crosstown Avenue and SR 200 [REDACTED]
Segment I (b) – Near Felmor Road and SR 200 [REDACTED]
Segment I (c) – Secondary Alternate Fuel Injection Point [REDACTED]
Segment I (d) – Near Pages Dairy and Felmor Road [REDACTED]
Phase I Total Monthly Reservation Charge [REDACTED]

Phase II Pipeline Segments Monthly Reservation Charges:

Segment II (a) – TBD near Chester and Heron Isles Parkway [REDACTED]

Total MDTQ (Dekatherms): [REDACTED] Dt/Day
MHTP: [REDACTED]

Monthly Reservation Charge: [REDACTED] [REDACTED] Dth/Day). This charge is subject to adjustment pursuant to the terms of this Agreement and is additive to the Initial Monthly Reservation Charge¹

¹ The Monthly Reservation Charge in this Agreement reflects the costs only for new facilities for additional gas receipt and Point(s) of Delivery locations on the extension north of Radio Road owned by Peninsula Pipeline Company, Inc. as set forth herein. This Agreement does not incorporate, revise or otherwise duplicate charges for Shipper's extant services in Nassau County from existing facilities which include an interconnection delivery point with the Southern Natural Gas Cypress pipeline on Crawford Road, delivery point(s) on the existing William Burgess Road facilities approved by the Commission in Docket No. 20140189-GU, and delivery across a portion of the Callahan pipeline and the Fernandina Beach Line approved by the Commission in Docket No 20190145-GU.

Proposed Expansion Project Pipeline Routes

Phase 1A would consist of approximately 7,525 feet of 6-inch steel pipeline and 3,675 feet of 6-inch high-density polyethylene pipe (HDPE) in total, as well as a regulator station. Beginning at the existing gas main, Peninsula will construct 6-inch steel pipeline east along State Road 200 to the intersection of State Road 200 and Crosstown Avenue. Peninsula would then construct 6-inch steel pipeline north, along Crosstown Avenue, and ending near Curiosity Avenue. Peninsula would also construct a regulator station on Crosstown Avenue, just north of State Road 200. From the regulator station, Peninsula would install 6-inch HDPE northwards along Crosstown Avenue continuing to a point of delivery for FPUC. The Petitioners state that this portion of the project is contemplated to be completed by the first quarter of 2023.

Phase 1B would consist of approximately 4,000 feet of 8-inch steel pipeline and 500 feet of 2-inch steel pipeline. Peninsula would construct a new tie-in with existing facilities along State Road 200 and would build 8-inch steel pipeline north along Felmor Road to the intersection of Pages Dairy Road. From there, Peninsula would install 2-inch steel pipeline to the entrance of a new housing development, which would be the new point of delivery for FPUC. The Petitioners state that Phase 1B is also contemplated to be completed by the first quarter of 2023.

As mentioned above, Peninsula would also construct a gas injection interconnect in Phase 1 of the proposed project, which would be located near the intersection of Radio Avenue and US Highway 17. By serving as an emergency backup point for injecting gas supplies, the Petitioners state that the gas injection interconnect will ensure FPUC has the ability to access gas quantities at an additional point on the line to provide additional reliability to others.

Phase 1D of the proposed project would consist of approximately 12,400 feet of 8-inch steel pipeline and 4,400 feet of 6-inch steel pipeline, as well as a regulator station. Peninsula would begin by constructing a new regulator station near the intersection of Radio Avenue and US Highway 17 which would tie into the existing facilities. From the regulator station, Peninsula would build 8-inch steel pipeline north along US Highway 17 to the intersection of Pages Dairy Road. Peninsula would then construct 6-inch steel pipeline along Pages Dairy Road, east along State Road 200, and terminating on Still Quarters Road. The Petitioners state that Phase 1D is contemplated to be completed by the first quarter of 2024.

For Phase 2 of the proposed project, the Petitioners plan to construct the pipeline extension in two portions. Page 2 of Attachment C shows Phase 2 of the proposed project. The first portion of Phase 2 would begin at the existing facilities near the intersection of State Road 200 and David Hallman Parkway. From here, Peninsula would install approximately 11,000 feet of 8-inch steel pipeline along David Hallman Parkway, continuing north onto Chester Road to Heron Isles Parkway. The Petitioners state that this portion of the project is contemplated to be completed by the third quarter of 2024.

Finally, the second portion of Phase 2 would continue from the end of the first portion, along Chester Road and Heron Isles Parkway. The Petitioners agree that Peninsula would construct approximately 22,000 feet of 8-inch steel pipeline along a road not yet completed named Spine Road. The Petitioners state that this portion of the project is contemplated to be completed by the third quarter of 2024.



