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**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**  
**DIRECT TESTIMONY**  
**OF THOMAS A. GEOFFROY**  
**ON BEHALF OF THE FLORIDA DIVISION OF**  
**CHESAPEAKE UTILITIES CORPORATION**  
**DOCKET NO. 000108-GU**

**Q. PLEASE STATE YOUR NAME, OCCUPATION, AND BUSINESS ADDRESS.**

A. My name is Thomas A. Geoffroy. I am the Assistant Vice President of the Florida Division of Chesapeake Utilities Corporation (the "Company"). My business address is 1015 6<sup>th</sup> Street N.W., Winter Haven, Florida 33882.

**Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND RELEVANT PROFESSIONAL EXPERIENCE.**

A. I have a Bachelor of Science Degree in Accounting from the University of Florida. From 1983 through 1996, I was employed by Gainesville Gas Company, prior to its acquisition by the City of Gainesville. During my tenure there, I worked in various capacities, including Special Services Manager, in charge of customer service, accounting and information services. Next, I held the position of Controller and then Gas System Operations Director. I have been employed by the Company since 1996, first as the Florida Regional Manager and currently as the Assistant Vice President, in charge of all of the Florida operations.

1 Q. PLEASE DESCRIBE YOUR CURRENT DUTIES.

2 A. My duties as the Assistant Vice President include managing all facets of the  
3 Florida operations of the Company, including strategic planning, preparation of  
4 capital, revenue and operation and maintenance budgets, natural gas  
5 operations, engineering, unregulated operations, including propane and gas  
6 marketing activities, sales and marketing, customer service, accounting  
7 functions and regulatory activities.

8

9 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS  
10 PROCEEDING?

11 A. My testimony will cover many areas, including a general overview of the  
12 Company, its customer base, and the need for rate relief. I will discuss the  
13 business risks the Company is facing, including the threat of bypass, the loss of  
14 industrial load, and competition. I will describe how the Company proposes to  
15 continue its strategic efforts to manage these risks, through local and statewide  
16 expansion, diversification of customer base, and reductions to the cross-  
17 subsidization of customer classes. I will address the Company's response to  
18 the recently approved Transportation Rule (Rule No. 25-7.0335 F.A.C.). I will  
19 identify specific aspects of the projected capital expenditures and expenses. I  
20 will assess certain historical expenses, elaborate on the benefits of the  
21 Company's affiliation with Chesapeake Utilities Corporation (CUC), and  
22 review appropriate allocations from the Company to its unregulated activities.  
23 I will also describe a variety of tariff changes being proposed by the Company  
24 in this case. And finally, I will discuss the manufactured gas plant site clean-  
25 up and the continuation of funding for this project.

1 **Q. ARE YOU SPONSORING ANY EXHIBITS?**

2 A. Yes. Exhibit No. TAG-1 is a list of MFR schedules I am sponsoring. These  
3 schedules were prepared under my direction, supervision and control. In  
4 response to MFR Schedule E-9, the Company is submitting an entirely  
5 reconfigured proposed tariff, Original Volume Number 3. The tariff, together  
6 with a new section entitled Forms of Service, is offered as Exhibit No. TAG-2.  
7 Finally, Exhibit No. TAG-3 is a summary of the activity in the amortization  
8 reserve for the Manufactured Gas Plant site clean-up since 1989.

9

10 **Q. PLEASE GIVE A GENERAL OVERVIEW OF CHESAPEAKE**  
11 **UTILITIES CORPORATION.**

12 A. Chesapeake Utilities Corporation (CUC) is a diversified utility company  
13 engaged in natural gas distribution and transmission, propane distribution and  
14 marketing, and advanced information services.

15

16 *The natural gas distribution and transmission segment consists of three natural*  
17 *gas distribution divisions and the transmission business of Eastern Shore*  
18 *Natural Gas Company. The three divisions serve approximately 39,000*  
19 *residential, commercial and industrial customers. The Company operates as*  
20 *Chesapeake Utilities throughout central and southern Delaware and*  
21 *Maryland's Eastern Shore, and as Central Florida Gas Company in Florida.*  
22 *The Company's propane distribution and marketing segment includes the*  
23 *operations of Sharp Energy and Xeron. Sharp Energy, based in Salisbury,*  
24 *Maryland, distributes propane to approximately 35,300 customers in central*  
25 *and southern Delaware and the Eastern Shore of Maryland and Virginia.*

1 Xeron, based in Houston, Texas, markets propane to large independent oil and  
2 petrochemical companies, resellers and southeastern retail propane companies.  
3 United Systems Inc., the advanced information services segment, provides  
4 consulting, custom programming, training and development tools for national  
5 and international clients from offices in Atlanta, Georgia and Detroit,  
6 Michigan.

7  
8 The Florida Division's core operations are in the central Florida area, serving  
9 customers in Winter Haven, Plant City, St. Cloud and many other nearby small  
10 communities. In addition, recent expansions have occurred in Gadsden  
11 County, where two large industrial customers are served, and in Citrus County,  
12 where a recently constructed distribution system is now primarily serving  
13 residential and commercial customers in this rapidly growing area. Through a  
14 recently approved territorial agreement, the Company is now serving two State  
15 prisons in Gilchrist and Union counties. Additional expansion is now  
16 underway to serve additional State and industrial facilities in Holmes, Jackson  
17 and DeSoto counties.

18  
19 **Q. PLEASE DESCRIBE THE CURRENT CUSTOMER BASE OF THE**  
20 **COMPANY.**

21 **A.** The Company serves approximately 10,000 customers in the areas mentioned  
22 above. Large-use customers (over 100,000 therms annually) that comprise  
23 over 90% of the total system throughput dominate the system. Industrial  
24 segments served include electric generation, the phosphate and citrus  
25 industries, and a variety of other industrial applications, including aluminum



1 extrusion plants, corrugated box plants and ethanol plants. The Company  
2 believes that this dependence on large industrial customers is unique *within the*  
3 *industry*. With the movement towards deregulation both at the federal and  
4 state levels, these large use customers have been afforded many new options  
5 and benefits. These customers, due to their size and relatively close proximity  
6 to the existing interstate pipeline system, have been able to threaten bypass of  
7 the Company and achieve lower margins. The bypass threat will likely be  
8 enhanced if the proposed Gulfstream pipeline system is built in Florida. The  
9 proposed route for this new, *billion-dollar plus pipeline*, is through the existing  
10 service territory of the Company, and within close proximity to existing large-  
11 use customers.

12

13 The Company, in executing its plan to diversify its customer base, has been  
14 growing its residential market by 3.5 to 5.0 percent per year since 1996 (see  
15 Schedule C-37) and is projecting a customer growth rate of nearly 10 percent  
16 per year for 2000 and 2001. This extraordinary growth rate (the industry  
17 average is about 2% per year) is achievable due to the rapid growth of the  
18 Orlando and Tampa regions which is now entering into the Company's service  
19 territory.

20

21 **Q. WHAT LEVEL OF RATE RELIEF IS THE COMPANY SEEKING IN**  
22 **THIS CASE?**

23 A. The Company is seeking approval of rates that will generate additional base  
24 revenues of \$1,826,568 annually, or an overall increase of 23.75%. The total  
25 proposed increase, on an annual basis, is well below the compounded inflation

1 rate of over 35% (see MFR Schedule C-37) since 1989, the historic base year  
2 in the Company's last rate case. The Company is proposing a return on equity  
3 of 12% that generates an overall midpoint rate of return of 8.89%.

4  
5 **Q. WHY IS THE COMPANY PROPOSING AN INCREASE IN THE**  
6 **AUTHORIZED RETURN ON EQUITY FROM ITS PRESENT**  
7 **AUTHORIZED RATE?**

8 A. As discussed in Mr. Moul's testimony, the indicated return on equity for the  
9 Company is 13%, an increase of a full two percent from the currently  
10 authorized rate. Although the Company believes it can support a return on  
11 equity of 13%, the Company is limiting its request to 12%, due to the  
12 competitive market conditions in which the Company operates. The proposed  
13 return on equity of 12% would provide the Company the opportunity to attract  
14 the necessary capital to sustain its distribution system growth plans detailed in  
15 this proceeding.

16  
17 The one percent increase in return on equity proposed by the Company is  
18 further justified by the superior level of management performance  
19 demonstrated since the prior rate proceeding in effectively dealing with the  
20 business risks of the Company, as detailed herein. The Company believes that  
21 recognition of its effective and skillful management of the identified business  
22 risks is appropriate through the authorized return on equity.

23  
24 **Q. WHAT HAS THE COMPANY DONE TO AVOID SEEKING A RATE**  
25 **INCREASE?**

1 A. Since it last filed for rate relief in 1989, the Company has taken a two-pronged  
2 approach towards keeping rates from increasing. The first approach is to grow  
3 all sectors of its business: industrial, commercial and residential. As a result of  
4 these efforts, annual throughput has increased from about 71 million therms in  
5 the 1989 base year of the last case to over 119 million therms in 1999, or an  
6 increase of about 68%. The total number of customers has also grown  
7 significantly, having increased from an average of 6,954 customers in 1989 to  
8 9,633 customers in 1999, an increase of 39%.

9

10 Simultaneously, the Company has aggressively pursued the overall  
11 containment of costs. Examples of cost containment are as follows:

- 12 • A 1999 audit of ad valorem taxes resulted in a 23% reduction in  
13 expenses, or a \$71,000 annual savings.
- 14 • Beginning January, 1999, the Company outsourced the meter reading  
15 function. This eliminated two meter reading positions and the related  
16 vehicles previously needed to perform this function.
- 17 • Beginning in 1999, the Company installed new electronic flow  
18 measurement devices that will reduce operating and maintenance costs  
19 for large customers by about \$30,000 annually.
- 20 • Higher interest cost debt was refinanced (as reflected on MFR  
21 Schedule D-8), thus lowering the overall cost of service for the  
22 Company's customers.

23 The Company has achieved a balance of controlling costs where feasible while  
24 incurring necessary and prudent costs to stimulate growth and provide for the  
25 reliable and safe delivery of service to its customers in a dynamic environment

1           that has seen the shift of operational responsibilities from the interstate  
2           pipelines to the local distribution companies.

3

4   **Q.    WHY IS IT NECESSARY FOR THE COMPANY TO SEEK RATE**  
5   **RELIEF AT THIS TIME?**

6   **A.**   There are four primary reasons the Company is seeking relief at this time: 1)  
7           *recent loss of industrial load and risk of additional loss due to bypass; 2)*  
8           *system expansion activities that need to be recognized in rate base so that the*  
9           *Company is afforded an opportunity to earn an adequate return on this*  
10          *investment; 3) new costs of providing service have arisen during the 10-year*  
11          *period between rate cases, some of which are directly attributable to federal*  
12          *deregulation of interstate pipelines; and, 4) the effects of attrition.*

13

14           First, the Company has experienced significant, permanent loss of load,  
15           primarily through phosphate plant shutdowns. The Company also has had to  
16           manage customers who have threatened to bypass the Company and directly  
17           connect to the interstate pipeline system. The Company has skillfully  
18           negotiated with these customers, at least one of which already had a connection  
19           to Florida Gas Transmission Company (FGT), to the benefit of all concerned;  
20           *large use customers rates have been reduced and all other customers continue*  
21           *to have a portion of the fixed system costs borne by these same customers.*  
22           The Company believes that such scenarios will continue in the future.  
23           Although to date all customers who have threatened bypass remain on the  
24           system, the reduction in revenues from these customers necessary to retain

1           them adversely impacts the Company's opportunity to earn the authorized  
2           return on its investment.

3  
4           Second, the Company has incurred significant capital expenses in its efforts to  
5           diversify its customer base that need to be recognized in rate base so that an  
6           adequate return on this investment can be attained. These expansion activities,  
7           such as the *start-up distribution system in Citrus County*, are critical to the  
8           health of the Company and its customers as they spread the fixed costs over a  
9           larger base of customers. As the customer base grows, the impact of future  
10          increased revenue requirements on rates is lower for each customer. The  
11          Company believes that the underpinning of long-term success in its business is  
12          to expand its customer base through economically feasible projects. The  
13          alternative, remaining stagnant, would ultimately result in either the loss of  
14          large use customers to bypass, or their retention at reduced rates, and the  
15          subsequent flight of remaining customers to alternative fuels as the revenue  
16          requirements rise above what the market will support.

17  
18          Third, the Company has incurred business costs that previously were borne by  
19          the interstate pipeline companies prior to federal deregulation that prohibited  
20          the *pipelines from continuing in the merchant role*. LDCs have new  
21          operational expenses, including injecting odorant into the system, and  
22          administrative expenses, such as Delivery Point Operator duties and  
23          responsibilities. The Company has responded to these new demands while  
24          allowing customers to purchase their supply of natural gas directly from  
25          marketers and producers.

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Finally, in spite of the Company's cost containment and growth efforts, attrition has finally caught up to the Company. Earnings have eroded such that the actual rate of return for 1999 is 5.70%, compared to the minimum range authorized by the Commission of 8.26%. Without any relief, the Company projects that the achieved rate of return by the end of the projected test year will further erode to 3.79%.

**Loss of Load and Bypass Risk**

**Q. YOU STATED THAT ONE REASON THE COMPANY SEEKS RELIEF AT THIS TIME IS DUE TO LOSS OF LOAD, PRIMARILY THROUGH PHOSPHATE PLANT CLOSURES. CAN YOU PROVIDE SPECIFIC EXAMPLES OF CONSTRICTIONS IN THE PHOSPHATE INDUSTRY THAT HAVE IMPACTED THE COMPANY?**

A. Yes. The phosphate industry as a whole is growing. However, production in Polk County at the plants served by the Company is declining. Part of the decline can be attributed to the depressed price of Di Ammonium Phosphate (DAP) on the world market. An additional factor is the depletion of several Polk County mines. Finally, there have been changes in the production techniques that reduced gas consumption at two of the larger plants. The following list outlines gas load reductions at specific phosphate plants.

- **Mulberry Phosphate:** The Mulberry Phosphate plant produced DAP and has been closed since December 1999. Their product could not compete on the world market with Chinese exports. According to the

1 plant operations manager the facility may not reopen. In 1999 this  
2 plant used 1,188,949 therms.

- 3 • IMC Nichols: The Nichols plant also produced DAP. IMC confirms  
4 reports in the local press that the plant will not reopen and will likely  
5 be dismantled. In 1998 the plant used 1,876,769 therms; 1999  
6 consumption was down in a partial year to 535,743 therms.
- 7 • IMC Mulberry: This facility dried wet limerock, an ingredient used in  
8 the phosphate industry. IMC indicates that the plant is closed and will  
9 not reopen. The limerock is now dried at another facility. In 1997, the  
10 facility's gas consumption totaled 1,593,181 therms; 1998  
11 consumption dropped to 250,884, and no gas was used in 1999.
- 12 • IMC Norlyn: The Norlyn plant was originally scheduled to be closed  
13 in 1995. IMC has continued production at this plant with a process  
14 that consumes significantly less gas. The current projection from IMC  
15 management is that the plant will remain open through 2002. In 1997  
16 the Norlyn plant consumed 2,964,359 therms, 1998 volumes dropped  
17 to 1,759,671 therms and 1999 volumes continued downward to  
18 1,202,073 therms. It should be noted that at the time of the Company's  
19 1989 base rate case this plant was burning almost 11,600,000 therms  
20 per year.
- 21 • IMC New Wales: The New Wales plant is the Company's third  
22 largest customer, using 16,391,000 therms in 1999. The plant's total  
23 fuel needs exceed 20,000,000 equivalent therms. New Wales burns #6  
24 fuel oil for part of its processing when to do so is economically viable.  
25 The Company's gas sales have ranged from 11,000,000 to 19,000,000

1 over the past ten years. The forecast for 2001 indicates a one million  
2 therm increase in gas usage. The plant is adding a new kiln that will  
3 increase consumption. There are signs, however, that the New Wales  
4 facility is also changing its historical operational patterns. The  
5 production of granular triple superphosphate was moved to the IMC  
6 South Pierce plant in March of this year. The Company does not  
7 currently serve the South Pierce plant, and has no expectation of doing  
8 so, despite our best effort to extend service to the plant. The IMC Area  
9 Production Manager estimates that the New Wales plant will consume  
10 9% less gas due to the relocation of the product line (the new kiln  
11 makes up for this consumption loss). At this time the Company is  
12 unable to forecast the long-term sustainability of the IMC New Wales  
13 load. It should be noted that the New Wales plant is only 4 miles from  
14 the FGT interstate pipeline and has a connection already in place. The  
15 Company's 1997 rate restructuring was precipitated in significant part  
16 by IMC's demand for a rate discount for this facility to avoid a system  
17 bypass.

- 18 • Agrifos: The Agrifos phosphate plant was scheduled to discontinue  
19 operations in May 2000. Employees of Agrifos have received notice  
20 of a layoff. According to plant managers, Agrifos became non-  
21 competitive in the export market as new foreign phosphate supplies  
22 came on line. Agrifos used 2,800,000 therms in 1999. The Company  
23 has retained Agrifos in its Projected Test Year forecast, but is not  
24 certain that the plant will be in operation next year.



1 Q. ARE THERE OTHER EXAMPLES OF CUSTOMERS OUTSIDE THE  
2 PHOSPHATE INDUSTRY REDUCING THEIR GAS CONSUMPTION?

3 A. There are several customers in other industries that have gone out of business  
4 over the past two years. Among these are three citrus packing houses that each  
5 used approximately 100,000 therms per year. Consolidated Stainless Inc., no  
6 longer in business, used over 260,000 therms in 1997. National Southeast  
7 Aluminum burned 120,000 therms in 1997, but ceased operation last year. By  
8 far the largest non-phosphate customer exhibiting a reduction in consumption  
9 is the Alcoa Company (formerly Alumax), with 1999 gas volumes of  
10 4,799,310 therms, down from 6,143,854 therms in 1997. Alcoa was the second  
11 customer that received a substantial rate decrease as part of the Company's  
12 1997 Rate Restructuring. The City of St. Cloud transferred the operation of its  
13 electric generating station to the Orlando Utilities Commission. OUC operates  
14 the plant as a peaking facility. Subsequent to OUC's assuming operation of the  
15 plant, gas consumption has dropped from over 3,000,000 therms to around  
16 500,000. The Florida Distillers Company's Auburndale facility became the  
17 steam host for the Auburndale Power Partners cogeneration facility.  
18 Consumption at Florida Distillers, Auburndale has decreased from 1,550,000  
19 in 1989, to 17,500 therms in 1999. The Florida Distillers, Lake Alfred plant  
20 moved a significant part of its production to the Caribbean. As a result, its  
21 consumption decreased by 1,200,000 since the last rate filing. Finally,  
22 OrangeCo, a large citrus processor, consumed almost 4,000,000 in 1989 but  
23 has fallen off to 1,650,000 in 1999. It is the Company's expectation, based on  
24 conversations with these customers, that these lower consumption levels will  
25 continue through the Projected Test Year.

1 **Q. WHAT HAS THE COMPANY DONE IN RESPONSE TO THE THREAT**  
2 **OF BYPASS?**

3 A. As the federal and state regulatory climate continues to promote the movement  
4 to deregulation, the Company's job of retaining large use customers becomes  
5 more and more difficult. It is imperative, however, that the Company continue  
6 to take appropriate action to reduce the likelihood of customer bypass. The  
7 Company has tailored its rates, terms and conditions of service to meet the  
8 needs of the large use customers through the use of Special Contracts,  
9 approved by the Commission. The Company has successfully demonstrated  
10 that each Special Contract clearly recovers the cost of providing service.

11

12 Over the past several years the Company made a number of modifications to its  
13 tariff directed at attracting (and retaining) large volume accounts. The addition  
14 of transportation service options, flexible pricing provisions for sales and  
15 transportation service, and a separate PGA for industrial accounts are all  
16 examples of actions focused on serving industrial customers.

17

18 Additional efforts by the Company include establishing the Flexible Gas  
19 Service tariff that provides additional flexibility to add or retain customers that  
20 have alternative fuel options, including natural gas directly from the interstate  
21 pipeline. The Company has also implemented transportation options for  
22 customers that consume more than 200,000 therms per year and is proposing in  
23 this case to expand its offerings to include Transportation Aggregation service.  
24 These options are designed to create enough flexibility for the Company to

1 meet the needs of high usage customers while retaining the benefits these  
2 entities bring to all customers.

3  
4 The Company has implemented a program designed to diversify its load and  
5 dependence on the large commercial and industrial customers by aggressively  
6 pursuing residential and small commercial customers. The Company is  
7 aggressively pursuing growth in two ways: 1) in its native territories; and, 2)  
8 through geographic diversity. Significant growth in population and  
9 corresponding small businesses is occurring in the Company's traditional  
10 service areas of Hillsborough, Polk and Osceola Counties. Since 1996,  
11 residential and small commercial growth has been at over 4% and is projected  
12 to increase to 10% or more through the projected test year. Further supporting  
13 the growth in the residential and small commercial sectors, the Company has  
14 established a new distribution system in Citrus County.

15 The Company has also diversified itself geographically into areas of the State  
16 less susceptible to bypass. In addition to the new system in Citrus County, the  
17 Company established another new system in 1998 in Gadsden County from  
18 which it serves two large industrial customers: Quincy Farms, a mushroom  
19 growing and processing facility, and Fernlea Nurseries, an ornamental plant  
20 nursery. This system has proven itself to be cost effective and favorably  
21 contributes to the overall return for the Company. State prisons in Gilchrist,  
22 Union, Holmes and Jackson counties are either in-service or are under contract  
23 to receive service before the end of the projected test year. A large citrus  
24 processing facility in DeSoto County is also under contract, and is anticipated  
25 to be in-service by October 2000. Expansion into areas throughout the State

1 not only lowers the impacts of a potential bypass but also helps insulate the  
2 Company from a downturn in a particular industry or discrete region and its  
3 effects on the Company's opportunity to earn an adequate return.

4  
5 **Q. DOES THE LOSS OF LOAD OR THE BYPASS THREAT PUT THE**  
6 **COMPANY AT RISK FOR STRANDED SUPPLY OR CAPACITY**  
7 **COSTS?**

8 A. The Company has virtually no commodity supply exposure related to the  
9 bypass or loss of load risks. The supply portfolio providing gas to the  
10 Company's current sales customers is flexible and short-term. The Company  
11 primarily holds highly valued FTS-1 capacity on the Florida Gas Transmission  
12 (FGT) pipeline. This capacity is the lowest priced capacity offered by FGT  
13 and is fully subscribed. Unless a current customer wishes to permanently  
14 release FTS-1 capacity, FGT can only offer high-priced FTS-2 capacity to  
15 newly connected customers. By having FTS-1 capacity available for those  
16 customers that pose the greatest risk of bypass, the Company has reduced its  
17 exposure to bypass. Additionally, the Company has taken steps to minimize its  
18 high-priced FTS-2 capacity holdings through the turn-back provisions in  
19 FGT's Phase 4 and Phase 5 pipeline expansion projects. By the in-service date  
20 of Phase 5 (projected for late 2001), the Company will have released back to  
21 FGT all of its unwanted FTS-2 capacity holdings.

22  
23 **Q. HAS THE COMPANY GROWN ITS SYSTEM IN NEW AREAS OF**  
24 **THE STATE SOLELY TO ADDRESS THE BYPASS THREAT?**

25 A. No. The Company has grown its more traditional service territories as well.

1           The Citrus County system, described above, supplements the Company's  
2           aggressive efforts to capture the rapid population growth within its traditional  
3           service territory located between Orlando and Tampa. As these two  
4           metropolitan areas continue to expand, the effect has been felt within the  
5           service territory of the Company. Specifically, the area along U.S. 27 near  
6           Davenport has been booming with residential and small commercial growth  
7           that is being connected to the Company's distribution system. Within the last  
8           couple of years, the Company has obtained commitments from developers of  
9           many new developments, including Royal Ridge, Santa Cruz, and others, that  
10          together account for more than 2,000 planned homes along this growth  
11          corridor. *The aggressive pursuit of this residential growth has provided the*  
12          Company with other tangible benefits, as well: the opportunity to add other  
13          customers in the proximate areas, including a large hospital (connected), and a  
14          citrus processing plant and sand processing plant (both of which will be  
15          connected by the summer of 2000).

16

17   **Q.    WHAT ELSE HAS THE COMPANY DONE WITH RESPECT TO THE**  
18   **THREAT OF BYPASS?**

19   **A.    The Company attempted to reduce the subsidization of the smaller customers**  
20   **through its 1997 Rate Restructuring proceeding. While this filing was**  
21   **precipitated by the actions of two very large customers, the Company took**  
22   **advantage of the opportunity to reduce the level of subsidization occurring on**  
23   **the system through the shifting of revenues towards the residential and small**  
24   **commercial customers. As a consequence of the rate restructuring, the**

1 percentage of total base rate revenues generated by the top 20 customers  
2 dropped from 41.8% in 1997 to 36.3% in 1998.

3  
4 The load diversification and rate restructuring efforts of the Company are  
5 having the desired impact of mitigating the effects of potential customer bypass  
6 on the Company through the reduction of the percentage of revenues derived  
7 from large industrial customers.

8  
9 **Q. DOES THIS MEAN THAT THE COMPANY INTENDS TO ABANDON**  
10 **ITS EFFORTS TO ADD NEW INDUSTRIAL LOAD?**

11 A. Not at all. The Company is vigorously pursuing opportunities to add large  
12 volume gas customers representing a variety of industries. It appears that  
13 phosphate related gas volumes will continue to decline as mines are depleted.  
14 The long-term objective of building a more diversified revenue base certainly  
15 applies to the large customer market. Company marketing and management  
16 personnel are active in local economic development efforts to attract large  
17 customers representing many industries to each service area. The industrial  
18 growth opportunities within our existing territories provide for significant  
19 revenue enhancements at reasonable costs. Despite the threats and difficulties  
20 mentioned above, natural gas is highly desired by manufacturing and  
21 production plants as an economical fuel source.

22  
23 For example, the Company has signed a contract with the Peace River Citrus  
24 Plant in DeSoto County that is expected to bring an additional 3.0 million  
25 therms annually onto the system beginning on or about October 2000. In

1 addition, the Company is an active participant in the State of Florida's program  
2 to convert its facilities from propane and fuel oil to natural gas. The Company  
3 has recently signed contracts for two correctional facilities, Holmes  
4 Correctional Institution in Holmes County and Appalachee Correctional  
5 Institution in Jackson County. The Company has also recently concluded a  
6 Commission-approved Territorial Agreement that results in the addition of two  
7 prisons, the Lancaster Correctional Institution in Gilchrist County and the  
8 North Florida Reception Center in Union County, to the Company's system.  
9 Along with these accounts the Company has added a building products  
10 manufacturer, Ytong of Florida; two Standard Sands plants, one each in Lake  
11 Wales and Davenport; Willamette, a box manufacturing plant; Bartow  
12 Memorial Hospital; United Container, another box manufacturer; and Clark  
13 Environmental, a soil reclamation processor. The expansions in Gadsden,  
14 Citrus and DeSoto Counties have the potential to serve other larger volume  
15 customers, principally hospitals and other industrial facilities. The new  
16 distribution facilities constructed to add these customers, and the significant  
17 load they bring to the system, as indicated in the projected test year forecast,  
18 will help diversify the Company's industrial customer base.

19  
20 An additional benefit to the industrial and State facilities being pursued and  
21 added to the system is that these facilities have communities nearby which may  
22 be feasibly served by expansions of the distribution system. These  
23 communities, while usually rural and small, typically want natural gas service  
24 for residential and small commercial customers. Although none of these  
25 communities are projected to be served before the end of the projected test

1 year, these potential new distribution systems will afford the Company the  
2 continued opportunity to diversify its load and geographical characteristics,  
3 thus reducing the risks associated with the bypass threat.  
4

5 **Q. IN MR. HOUSEHOLDER'S TESTIMONY, HE DISCUSSES THE**  
6 **COMPETITIVE NATURE OF THE NATURAL GAS INDUSTRY. HAS**  
7 **THE COMPANY EXPERIENCED ANY OF THESE COMPETITIVE**  
8 **FORCES AS IT ATTEMPTS TO EXPAND?**

9 A. The "competitive nature" that Mr. Householder refers to is not limited to  
10 competition between natural gas utilities. Natural gas as a fuel competes  
11 literally every day with other fuel sources, including electricity, propane, fuel  
12 oil and coal. There are numerous examples that illustrate the competitive  
13 nature of the total energy market. I will provide six examples in which the  
14 Company was recently involved.

- 15 1. Three LDCs (Teco/Peoples Gas, City Gas and the Company) competed  
16 to serve customers in Citrus County. The Company emerged as the  
17 provider of natural gas service in Citrus County.
- 18 2. A gas marketing company (TECO Gas Services) successfully  
19 competed with the Company to serve a large citrus processor deep  
20 inside the Company's traditional service territory. Citrosuco North  
21 America, Inc., with the marketer's assistance, constructed its own  
22 pipeline. The Company was able to participate in the deal by offering  
23 gate station access and by leasing the pipeline from Citrosuco so that  
24 other customers in areas adjacent to the pipeline may receive service



1 from the Company, with the added benefit that the surrounding  
2 Company-owned distribution system can be reinforced and looped.

3 3. The Company and West Florida Gas competed to serve the Quincy  
4 Farms and Fernlea Nursery accounts in Gadsden County. The  
5 Company successfully negotiated contracts to serve these customers.

6 4. A nursing home targeted by the Company to convert to natural gas  
7 service as part of a main extension project received a propane gas  
8 price, guaranteed for a year, below the laid-in delivery price of  
9 propane. To date, the facility continues to use propane, although it is  
10 less than five hundred feet from the gas main.

11 5. The Company continually competes with electric utilities for business.  
12 In Polk County, there are numerous examples of residential  
13 subdivisions, within feasible reach of the gas system, that are all  
14 electric as a direct result of the electric utilities' marketing efforts.

15 6. IMC Agrico moved a portion of its phosphate production from its New  
16 Wales plant, a natural gas customer, to its South Pierce plant. The  
17 Company's main could be feasibly extended to the South Pierce plant.  
18 However, the plant continues to burn #6 fuel oil.

19 As exemplified above, energy competition is very keen in Florida. The  
20 challenges facing the Company come from other natural gas companies, gas  
21 marketers and alternative energy providers. The Company has had to be  
22 flexible and offer "value-added" services in order to be successful in capturing  
23 customers.

24

1 Q. MR. HOUSEHOLDER'S TESTIMONY ALSO REFERS TO SEVERAL  
2 CHANGES IN THE COMPANY'S STRATEGIC AND MARKETING  
3 OUTLOOK AS A RESULT OF THE NEW GAS INDUSTRY BUSINESS  
4 ENVIRONMENT. CAN YOU PLEASE BE MORE SPECIFIC.

5 A. Yes. Four key resource and regulatory issues directly relate to the Company's  
6 ability to effectively position itself to thrive in a competitive energy market:

- 7 • The Company must be able to raise the capital needed to extend its system  
8 and diversify its customer base in both the areas it currently serves and in  
9 new areas.
- 10 • The Company must add and realign personnel resources to meet the  
11 challenges and demands of the current business environment.
- 12 • The Company must develop new and enhanced programs designed to  
13 support its growth objectives.
- 14 • The Company must develop and implement a rate design that supports its  
15 business objectives.

16 Q. PLEASE DESCRIBE YOUR FIRST ISSUE.

17 A. The Company must be able to raise the capital it needs to extend its present  
18 system and to expand into new service areas with diversified customer groups.  
19 I have previously referred to several opportunities to grow the Company's  
20 distribution system, both within its native service territory and beyond. The  
21 Company's capital expenditure program over the past two years reflects a  
22 planned, strategic allocation of resources to feasibly grow its customer base.  
23 The capital projections for the Base Year +1 and the Projected Test Year, as  
24 indicated on MFR Schedules G-1, pages 23 and 26, will enable the Company  
25 to meet the growing demand for gas in its traditional service area, and fund

1 expansion projects to continue the Company's strategic goal of diversified  
2 growth into new territory.

3

4 **Q. PLEASE OUTLINE YOUR SECOND ISSUE.**

5 A. The Company must add and realign personnel resources to meet the challenges  
6 and demands of the current business arena. Subsequent to the 1997 Rate  
7 Restructuring, the Company recognized that it was not well positioned to grow  
8 and diversify its customer base. It also was aware that marketing, outside the  
9 core industrial customer group, in a non-monopoly, competitive environment  
10 required skill sets that were not typically available in a regulated utility. Three  
11 primary areas of improvement have been targeted.

12 • *Customer service skills, of the type exhibited by companies in highly*  
13 *competitive markets, needed to be ingrained into each of the*  
14 *Company's departments. Several steps have been taken to develop a*  
15 *customer-focused, market-driven staff. A company-wide program,*  
16 *"The Chesapeake Choice Program," provides customer service and*  
17 *other skills training to all employees. Incentives to employees*  
18 *demonstrating superior service to customers are provided at all levels*  
19 *of the organization. Customer service goals are now part of each*  
20 *employee's personal performance evaluation.*

21 • *The Company must improve its technical capabilities to handle the*  
22 *more complex business interactions resulting from the restructuring of*  
23 *the gas industry. In Mr. Householder's testimony, he describes two*  
24 *new positions, and the associated equipment, required for the*  
25 *Company to implement the expansion of its proposed transportation*

1 services to all non-residential customers. These two positions will  
2 supplement the two Transportation and Exchange employees who  
3 currently devote the majority of their time to customer- and system-  
4 related transportation service issues. Many, if not all, other positions  
5 in the Company have undergone significant changes both in workload  
6 and technical requirements. More sophisticated metering equipment,  
7 expanded and more detailed customer account information,  
8 complicated and specific billing procedures, complex accounting  
9 records and new system operation parameters affect the jobs of all  
10 employees. As unbundled service expands to more customers, the  
11 Company must not only have sufficient employees to handle the  
12 expanded workload, they must also have the experience and training to  
13 meet these customers' expectations.

14 • Marketing and sales skills must be developed or obtained that enable  
15 the Company to effectively compete for business. Over the past two  
16 years, the Company has been working to improve its marketing focus.  
17 A Marketing Manager position has been created to develop strategies  
18 to retain and add revenues that are aligned with corporate objectives,  
19 focused on results and coordinated throughout the Company. A  
20 Business Development representative is working to identify  
21 opportunities for system expansion and growth, both in traditional  
22 service areas and beyond. A Commercial and Industrial Sales  
23 Representative is assigned to attract new commercial accounts and to  
24 increase existing commercial and industrial loads with new gas  
25 technologies. Two Sales Representatives are focused on the new

1 residential construction market in Polk and Osceola Counties. A Sales  
2 Representative is working the Citrus County market area. The  
3 Company's 2001 operating budget adds another Sales Representative  
4 to work the western Polk County and Plant City market. The  
5 Company has reassigned a Director level employee to oversee all  
6 aspects of its marketing and sales operation. In addition to the  
7 employees directly responsible for sales, the Company added a Project  
8 Coordinator position to facilitate customer/Company communications  
9 during the construction process. This position is also responsible for  
10 ensuring that the handoff between sales and operations is transparent to  
11 the customer. All of these positions are critical to meeting the  
12 Company's objectives of growth, diversification of its customer base  
13 and providing premier customer service.

14  
15 The complementary programs that the Company currently has in place  
16 to assist in the growth of the customer base are the Commission-  
17 approved Energy Conservation Programs. These programs allow the  
18 Company to offer rebates to builders/developers for incorporating  
19 natural gas appliances into their homes, and rebates for existing  
20 homeowners changing out appliances from electric to natural gas. As  
21 the Company experiences accelerated growth in the residential market,  
22 as described above, it will incur increased expenses in the existing  
23 Energy Conservation programs that support this growth.

24

1 Q. WHAT IS THE THIRD ISSUE RELATED TO THE COMPANY'S  
2 ABILITY TO SUCCEED IN THE CURRENT MARKET?

3 A. Beyond the personnel resource issues related to increased marketing and sales  
4 activities, there are a number of new and enhanced programs that must be  
5 implemented to support the growth objective. The following list outlines the  
6 major elements:

- 7 • A commission or incentive pay plan is under development for all sales  
8 representatives.
- 9 • An incentive pay structure for operations employees to promote  
10 increased productivity is under development.
- 11 • As the Company grows its customer base, the incentives, advertising  
12 and promotional costs related to the approved energy conservation  
13 program are estimated to increase.
- 14 • A program designed to increase the number of burnertips in existing  
15 residential homes is under development. This program will utilize the  
16 approved energy conservation program to offset new appliance  
17 installation costs.
- 18 • Increased sales and technical training programs have already begun in  
19 2000.
- 20 • Improvements are planned to the Company's Customer Information  
21 System to accommodate increasing the number of transportation  
22 service customers.
- 23 • The Company's Preferred Dealer network of gas appliance retailers  
24 will be expanded.

25

1 Q. PLEASE DESCRIBE THE FOURTH ISSUE.

2 A. The Company's current rate design does not adequately support the business  
3 objectives previously described. In order for the Company to effectively  
4 compete with the various alternative fuels in each market sector, the Company  
5 must differentiate customers based on annual usage, not on customer type. It is  
6 not at all uncommon in the unregulated energy marketplace (propane and fuel  
7 oil) to set prices based upon usage, not whether a customer is residential or  
8 commercial. To this end, the Company is proposing to eliminate most of the  
9 existing rate classifications in the current tariff, and replace these with rate  
10 schedules based solely on annual usage of each customer. Mr. Householder's  
11 testimony elaborates on the appropriate usage classifications.

12

13 **Business Opportunities**

14 Q. PLEASE DESCRIBE DEVELOPMENT ACTIVITIES IN THE  
15 COMPANY'S TRADITIONAL SERVICE AREA.

16 A. The historical service areas in Polk and Hillsborough Counties are growing.  
17 Since the last base rate case in 1989, the Company has experienced a 64%  
18 increase in residential customers. Over the next two years, the customer growth  
19 forecast included in the Company projections anticipates a 10% annual  
20 increase in residential customers. Part of this projected growth is due to a more  
21 aggressive marketing approach and the business strategy of expanding the  
22 Company's service territory. However, a significant portion of the growth in  
23 residential customers is due to increases in development in eastern Polk County  
24 around the Davenport area and along the US 27 corridor. Projections from the  
25 Hillsborough County Planning Department indicate that the Plant City area

1 will grow as people continue to look for bedroom communities within driving  
2 distance of Tampa. Over time, the commercial development that historically  
3 follows residential development will provide additional service opportunities in  
4 the Company's historic territory.

5  
6 **Q. WHAT OPPORTUNITIES EXIST TO COMPETE FOR NEW**  
7 **BUSINESS.**

8 A. There are many opportunities throughout the State for expansion and growth of  
9 any natural gas company. Increased demand for natural gas, primarily by  
10 electric generators, has resulted in newly built interstate pipeline capacity, with  
11 additional projects forecast for the immediate future. Florida Gas  
12 Transmission completed its Phase 3 expansion in 1996. The West Leg of the  
13 Phase 3 project followed a route generally along the coast of west central  
14 Florida. FGT anticipates placing the Phase 4 expansion in service by April  
15 2001. Phase 4 will include a major pipeline extension to southwest Florida,  
16 primarily to serve the FP&L Ft. Myers generating plant. These transmission  
17 system expansions are providing opportunities for distribution companies to  
18 compete for new natural gas service areas. The Company's Citrus County  
19 expansion, discussed in detail in Mr. Householder's testimony, is an example  
20 of an opportunity resulting from the Phase 3 expansion. An agreement with  
21 the Peace River Citrus Company was recently signed to provide gas service  
22 subsequent to the FGT Phase 4 expansion to southwest Florida. FGT has  
23 committed by contract to having this section of the Phase 4 project available  
24 for FP&L to test their converted plant by October 2000. Thus, the Company  
25 has projected that the Peace River facility will be able to also begin receiving



1 service in October 2000, even though the official in-service date of Phase 4 is  
2 not projected until April 2001. The Peace River agreement, along with  
3 opportunities to serve certain State of Florida facilities in the vicinity, will  
4 enable the Company to offer service, if feasible, to customers in the City of  
5 Arcadia. In both cases, the Company actively competed with other LDCs to  
6 provide service to these new areas.

7

8 **Q. DO PIPELINE EXPANSION PROJECTS PROVIDE OTHER**  
9 **OPPORTUNITIES FOR THE COMPANY?**

10 A. The construction of new pipeline capacity provides both risk and opportunity  
11 for LDCs. Opportunities will arise to compete with other distributors for new  
12 gas service territories along the routes of the new pipelines. The Company  
13 intends to aggressively compete to develop feasible system expansions off any  
14 new pipeline. In addition, competition among interstate pipelines may result in  
15 overall lower rates and improved operating conditions for pipeline customers,  
16 including LDCs. Increased pipeline capacity generally promotes economic  
17 development and enables LDCs to meet customer growth targets. LDCs and  
18 gas marketers may have the opportunity to more creatively and effectively  
19 manage their gas transportation activities (access to storage, backhaul options,  
20 segmentation of pipeline capacity, delivery point flexibility, access to new  
21 supply and receipt points, etc.) to the benefit of consumers. The probability of  
22 substantial excess capacity, especially during electric off-peak months, could  
23 provide opportunities for significant short-term discounts. Finally,  
24 interconnections with more than one pipeline will increase system reliability  
25 for end-users.

1 Q. DO OPPORTUNITIES EXIST FOR FEASIBLE SYSTEM  
2 EXPANSIONS INTO NEW SERVICE AREAS THAT ARE NOT  
3 RELATED TO THE CONSTRUCTION OF NEW INTERSTATE  
4 PIPELINE FACILITIES?

5 A. Yes. In recent years the Company has actively looked for opportunities to  
6 serve customers in close proximity to the existing FGT transmission pipeline.  
7 In 1998, the Company extended natural gas service to two industrial businesses  
8 in Gadsden County (Fernlea Nursery and Quincy Farms). This system  
9 expansion is an excellent example of the Company's efforts to identify large  
10 volume propane or fuel oil accounts that can be feasibly served from the  
11 existing interstate pipeline. Both customers have been on-line for almost two  
12 years. The actual construction cost to serve these facilities was on budget, and  
13 the first year sales volumes and revenues were slightly above initial  
14 projections. Similar opportunities exist throughout the State. The Champions  
15 Gate development currently under construction in western Osceola County is  
16 another example of the Company's effort to expand gas service to new areas.  
17 Champions' Gate is a mixed-use development adjacent to Interstate 4, close to  
18 the Disney World complex. The projected build-out calls for 4,136 residences,  
19 1,636 hotel rooms, 426,000 square feet of retail space and three golf courses.  
20 The Company was able to secure a contract to serve the Champions Gate  
21 development even though this general geographic area is currently unserved by  
22 natural gas. Gas service to the first units is scheduled to begin in late fall 2000.  
23 The State of Florida's *Energy Direct* program is also offering new service  
24 opportunities to LDCs. The Florida Department of Management Services  
25 (DMS) administers a program to lower the fuel costs of facilities eligible to

1 participate in the State's natural gas term contract purchasing program. *Energy*  
2 Direct is a mechanism for aggregating the gas loads of participating facilities to  
3 provide transportation service. The DMS negotiates gas supply arrangements  
4 and coordinates capacity requirements to the benefit of those customers in the  
5 *Energy Direct* buying pool. The program focuses on shifting existing natural  
6 gas facilities from sales service to lower cost transportation, the conversion of  
7 non-gas facilities to natural gas, and encouraging gas use in new construction.  
8 *Energy Direct* has successfully converted a number of correctional institutions  
9 to gas. Frequently these prisons are in rural areas with no natural gas service.  
10 In many cases the facility is willing to pay a portion of the capital cost to  
11 ensure the project is feasible. Extending natural gas to the prison, or other state  
12 facility, may offer the LDC an opportunity to provide gas service to a near-by  
13 community.

14

15 **Q. ARE THERE SPECIFIC EXAMPLES WHERE THIS OPPORTUNITY**  
16 **EXISTS?**

17 A. In a recent territorial exchange with Peoples Gas System as approved by Order  
18 No. PSC-99-2228-PAA-GU, the Company acquired the facilities necessary to  
19 serve Lancaster Correctional Institution in Gilchrist County, and the North  
20 Florida Reception Center in Union County. These correctional institutions  
21 participate in the *Energy Direct* program. Both are relatively close to small  
22 rural communities (Trenton and Lake Butler, respectively) that have expressed  
23 an interest in natural gas service.

24

1 In north Florida, the Company is extending gas mains to the Holmes  
2 Correctional Institution, close to the city of Bonifay. As mentioned above, the  
3 gas loads for the Desoto Correctional Institution facility and the G. Pierce  
4 Wood Hospital will help in assessing the feasibility of serving the town of  
5 Arcadia. At this time, the Company has not made a final determination on  
6 serving any of the above communities. If these extensions prove feasible, the  
7 Company's long-term capital spending plan anticipates extending service to  
8 these communities in 2002-2003 or beyond.

9

10 **Q. ARE THERE OTHER EFFORTS UNDERWAY TO DIVERSIFY THE**  
11 **COMPANY REVENUE SOURCES?**

12 Although the Company has focused its efforts to grow the regulated, natural  
13 gas segment of its business over the last several years, it is also involved in  
14 some unregulated activities. These activities are designed to supplement and  
15 enhance the main natural gas operations of the Company by providing  
16 additional services that customers of the Company desire. Builders,  
17 commercial customers and residential homeowners want to have a convenient  
18 source for installation of customer-owned piping needed for natural gas  
19 service. Commercial and residential customers want a trusted and well-trained  
20 source for appliance and equipment repairs and maintenance. The Company  
21 has recognized that it has the trained professionals needed to fulfill these needs  
22 and expectations of its customers at an unregulated market price. In addition,  
23 large use customers (over the current threshold of 200,000 therms per year)  
24 eligible to transport natural gas on the Company's system, want an experienced  
25 and knowledgeable marketer to help take full advantage of open market gas

1 purchasing opportunities. The Company has its own marketing affiliate,  
2 PESCO, to fulfill this need. Further, the Company is beginning its propane  
3 start-up activities in Citrus and Polk Counties that are anticipated to be  
4 operational before the end of the year 2000. Other propane opportunities are  
5 currently being evaluated.

6

7 **Projected Capital Expenditures and Expenses**

8 **Q. WHAT ARE THE PROJECTED CAPITAL EXPENDITURES FOR 2000**  
9 **AND 2001?**

10 *The Company has an approved capital budget for the year 2000 of \$5,756,126*  
11 *and has projected its capital budget for 2001 at \$5,261,064. Included in each*  
12 *of these two years capital budgets are various projects that would connect State*  
13 *and industrial projects around the state. It is important for the Company to*  
14 *identify and include in its budgeting process projects such as these so that the*  
15 *Company can identify the potential future capital requirements. This allows*  
16 *the Company adequate time to attract the necessary external capital at*  
17 *favorable interest rates. Several of these projects remain uncertain at this time;*  
18 *therefore, the Company has removed these projects from the projections made*  
19 *in this case. The capital dollars removed in the years 2000 and 2001 relating to*  
20 *these uncertain projects are \$1,558,937 and \$2,193,616, respectively.*

21 *The capital expenditure projection for 2000 reflected in the MFRs totals*  
22 *\$4,197,189, and includes \$3,558,871 for revenue-producing facilities,*  
23 *including approximately \$1.5 million for the construction of the facilities in*  
24 *Citrus County; \$248,125 for replacement of mains and services and*

1 improvement of the distribution system; and \$390,193 for replacement of  
2 vehicles and equipment and for improvements to structures.

3  
4 *Capital expenditure projections for 2001, as reflected in the MFRs, total*  
5 *\$3,067,448, and includes \$2,294,448 for revenue-producing facilities,*  
6 *including approximately \$1 million for the continued construction of facilities*  
7 *in Citrus County; \$420,000 for replacement of mains and services and*  
8 *improvement of the distribution system; and \$353,000 for replacement of*  
9 *vehicles and equipment and for improvements to structures.*

10

11 **Q. ARE ALL PROJECTS IN THE CAPITAL PROJECTIONS FOR NEW**  
12 **DISTRIBUTION FACILITIES?**

13 A. No, there are several road-widening related main relocation projects contained  
14 in the capital budgets. The Company is authorized by federal, state and local  
15 transportation agencies to place its distribution facilities within the public  
16 rights-of-way at no charge. However, if it is a road right-of-way, then the  
17 Company is fully responsible for all of its incurred costs to relocate its facilities  
18 due to any road widening. For example, if the road is being widened from two  
19 lanes to four lanes, the Company's distribution facilities located within the  
20 right-of-way may need to be moved so that they are not underneath the road  
21 but rather adjacent to the road. This is typically required for safety reasons and  
22 for ease of access should the distribution facilities require maintenance. The  
23 original distribution main is typically removed and replaced with a new section  
24 of distribution main and tied back into unaffected sections of the distribution  
25 system; hence, the capitalization of the new facilities.

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The areas the Company serves are continuing to experience rapid growth that places a significant burden on the transportation infrastructure. As a result, several projects are already in progress and are expected to be completed by the end of the projected test year. These projects include the Cypress Garden Boulevard road-widening project through Winter Haven, requiring a capital expenditure from the Company of \$100,000; the State Road 17 rerouting project through the middle of Winter Haven, estimated to cost \$125,000; and a portion of the US 27 widening project from Interstate 4 south to Lake Wales, estimated at \$350,000. Recently completed road projects have impacted the Company's ability to earn a reasonable return, including the Interstate 4 widening from four to six lanes through Plant City, that required the Company to invest \$122,000 in 1995 through 1997 for removing and replacing the distribution main. Additionally, the State Road 540 project, which is widening the road from 2 to 4 lanes at the southwestern entrance corridor to Winter Haven, is nearly complete, at a projected total cost of \$253,000 (about \$200,000 of the total was incurred in 1999, the remainder will be expended in 2000).

**Q. HOW ARE THE PROJECTED TEST YEAR EXPENSES DERIVED?**

The projected test year expenses are derived by using the adjusted, historical test year expenses as a basis and then applying the appropriate trending factors (inflation only, payroll only, customer growth times inflation and specifically known changes only). The Company has modified the traditional approach of utilizing the customer growth factor by lowering the actual customer growth

1 included in the projected revenues to a more appropriate level. The Company  
2 has a relatively small customer base (approximately 10,000 customers) and is  
3 projecting aggressive growth of nearly 10% per year through the projected test  
4 year. This growth in customers leads to an unusually high increase in  
5 projected expenses, if not modified. The Company has, therefore, lowered the  
6 customer growth factors for expense projection purposes to a more reasonable  
7 level of 5% per year. The Benchmark Variance (MFR Schedule C-34)  
8 demonstrates that overall actual expenses from the last case to the current  
9 historic base year have not grown as fast as the benchmark would indicate.  
10 The Company has managed its expense well over the last decade and believes  
11 that its expenses will not grow as fast as the traditional trending of certain  
12 expenses by customer growth times inflation would indicate. Therefore, the  
13 Company has lowered the customer growth factor as detailed above. The  
14 Company has not changed any corresponding revenue projections, however.

15  
16 The Company has reviewed its budget to determine expenses projected to be  
17 incurred beyond the normal trending methods. As detailed earlier in this  
18 testimony, the Company's strategic plans require additional resources and  
19 training. The year 2000 budget was prepared based on information that was  
20 known relative to the overall strategic plan. As with any valuable plan, it  
21 changes over time as newly updated information becomes available.

22

23 **Q. CAN YOU BE MORE SPECIFIC?**

24 **A.** Yes. The Company's projections in this case use the most current information  
25 available from the Company's strategic plan. Therefore, those projections



1 contain several new, unbudgeted positions. One of the direct results of the  
2 actual and projected customer and geographical growth of the Company is that  
3 the amount of internal financial, accounting and rate information required to  
4 properly manage the expanding natural gas activities increases dramatically.  
5 Each specific distribution area and system must be accounted for separately,  
6 both for internal reporting purposes as well as for external taxing authorities,  
7 utility and franchise purposes and regulatory purposes. A Regulatory and  
8 Rates Manager position is included in the 2001 projected expenses to handle  
9 these activities. Some of the duties currently managed by the existing Finance  
10 Manager, such as the regulatory filings for the PGA, Energy Conservation,  
11 Surveillance Reports, Form 2, and others, will be assigned to the new position.  
12 Additionally, this employee will develop special contract rates for large  
13 industrial customers, perform periodic tariff review and updating activities, and  
14 perform cost studies to determine the profitability of regulated activities. The  
15 person filling this position will also manage the special rate offerings of the  
16 Company, including the Area Expansion Program, Load Enhancement  
17 Programs and the Flexible Gas Service tariff.

18  
19 The Company proposes adding a Sales Representative due to the customer  
20 growth anticipated during the projected test period. The Company currently  
21 has the following positions established related to the marketing and sales area:  
22 Business Development Manager; Director of Marketing & Sales; Marketing  
23 Manager; Commercial & Industrial Sales Manager; two Sales Representatives  
24 in the Winter Haven office; a Sales Representative in the Citrus County office;  
25 and, a Project Coordinator in the Winter Haven office. The level of expenses,

1 as adjusted, associated with these positions for the historic base year (1999)  
2 was \$348,547 (see MFR Schedule C-34). The projected growth is at an  
3 unprecedented rate during the years 2000, 2001 and beyond. The Orlando and  
4 Tampa areas continue to be strong growth areas within the State and this  
5 growth is having a tremendous impact on the Hillsborough, Polk and Osceola  
6 service territories of the Company. In order to capture the benefits of this  
7 growth opportunity, an additional Sales Representative, at an additional cost of  
8 \$63,000 per year beginning in 2001, is needed to handle the incremental  
9 residential growth projected in the revenues, specifically in the western Polk  
10 County and Hillsborough County territory.

11

12 Two additional new positions, a Scheduler and a Customer Service  
13 Representative, are discussed in Mr. Householder's prefiled direct testimony.

14

15 **Outside Professional Services**

16 **Q. PLEASE DESCRIBE EXPENSES FOR OUTSIDE PROFESSIONAL**  
17 **SERVICES.**

18 MFR Schedule C-31 lists all of the outside professional service expenses  
19 incurred by the Company during the historical base year. Most of these outside  
20 services are normal, recurring expenses, including legal and accounting  
21 services. However, three outside services warrant further discussion. First,  
22 Mr. Don Headley, a 24-year employee of the Company prior to his retirement  
23 in 1999, has been retained to continue to provide the critical industrial  
24 customer relations function that has served the Company so well over the  
25 years. It is because of the fact that the Company developed, directly through

1 Mr. Headley, a successful and on-going relationship with every large-use  
2 customer (over 50,000 therms annually) that the Company has been able to  
3 avoid the negative impacts of a customer bypass of the Company's distribution  
4 system. Mr. Headley, who performed this industrial relationship function  
5 while an employee, is continuing this role as a consultant, and has gathered  
6 valuable information for forecasting purposes while maintaining the personal  
7 relationships he has cultivated over the last 20+ years. This role is vitally  
8 important to the future business plans and success of the Company and  
9 therefore, projects that this relationship will continue well into the *foreseeable*  
10 *future*.

11  
12 Second, Mr. David Langer has been retained by the Company to provide key  
13 community and governmental contacts for the Citrus County distribution  
14 system. Mr. Langer has assisted the Company in many ways, including the  
15 acquisition of a piece of property for the city gate station from a local  
16 developer at no cost, *commitments from the two largest developers in the*  
17 *County to utilize natural gas in their new home construction, and facilitating*  
18 *the Company's understanding and functioning of the local (City and County)*  
19 *permitting processes. Mr. Langer's role in Citrus County will continue in the*  
20 *future as the Company continues to expand its natural gas distribution system*  
21 *beyond the initial commitment from the two largest developers. Mr. Langer's*  
22 *services are required to successfully manage relations with local governmental*  
23 *agencies in the City of Inverness, where construction is now just beginning and*  
24 *in the City of Crystal River, where service is now available. Mr. Langer's*  
25 *extensive community ties will continue to be important in ensuring the*

1 acceptance of the Company and natural gas and will result in an enhancement  
2 to the number of customers that utilize the distribution system.

3  
4 The third outside professional expense that warrants discussion is the  
5 Associated Gas Distributors of Florida (AGDF). This organization of investor-  
6 owned natural gas utilities provides a key forum for the exchange of ideas, full  
7 discussion of industry related issues, monitors and participates in State  
8 legislative activities and acts as a voice for each individual member at State  
9 and Federal regulatory proceedings. The AGDF is active at the Federal Energy  
10 Regulatory Commission (FERC) when the incumbent and new interstate  
11 pipelines make various filings, including rate increases, expansions, changes to  
12 operational terms and conditions and other filings that impact, directly and  
13 indirectly, all natural gas consumers in Florida. The AGDF helps member  
14 utilities, including the Company, in closely monitoring federal regulatory  
15 activities while sharing the associated costs. If this organization did not exist  
16 or the Company did not participate in the FERC activities, then the total costs  
17 incurred by the Company to adequately monitor and participate in each  
18 applicable federal proceeding would be significantly higher than the  
19 Company's share of AGDF expenses incurred for the same purpose. Over the  
20 past ten years, there have been many significant FERC proceedings relating to  
21 the unbundling of interstate pipelines, (resulting in Orders 436, 500, 636,  
22 636A, 636B, and 637) that have required significant participation by Florida  
23 natural gas utilities. As a member of AGDF, the Company has controlled these  
24 costs while receiving added value through the frequent discussions among

1 members at the AGDF meetings. However, the AGDF does not always come  
2 to a consensus on every issue of importance to the Company, so for these  
3 instances, the Company retains independent counsel in these specific matters.  
4 The Company does not incur duplicative charges on any issues before FERC,  
5 through AGDF and the concurrent use of the Company's independent counsel.

6

7 **Rate Case Expenses**

8 **Q. PLEASE DESCRIBE PROJECTED RATE CASE EXPENSES.**

9 Mr. Williams identifies the total amount of projected rate case expenses in his  
10 testimony. The projected expenses for this rate case are significantly higher  
11 than previous rate cases. There are several reasons for the projection to reflect  
12 this level of expense.

13

14 The current filing seeks Commission approval of extensive tariff revisions  
15 including, unbundled transportation service, new rate classifications and  
16 schedules, and changes in flexible pricing schedules that are designed to enable  
17 the Company to succeed in a new competitive market environment. These are  
18 broader issues than those addressed in the last rate case, which was a basic case  
19 essentially designed to increase the Company's revenue requirements.

20

21 The rate case expenses projected and included in MFR Schedule C-13 reflect  
22 costs that are likely to be incurred assuming the case runs its full course,  
23 including a hearing at the Commission. If this case results in a stipulated  
24 agreement among all parties, as did its last rate case, then the Company

1 believes it would be more appropriate to incorporate actual rate case expenses  
2 incurred in the determination of final rates.

3  
4 The projected rate case expenses include several outside consultants. Mr.  
5 Householder has been retained as a Company witness, testifying on a broad  
6 array of issues, including current market conditions, enhanced marketing and  
7 sales activities associated with the growth potential in the State, competitive  
8 energy alternatives, revenue projections, cost of service and proposed  
9 permanent rate design, and the unbundling of transportation services. Mr.  
10 Householder brings a level of expertise on these issues that does not exist with  
11 current Company personnel. The estimated professional fees included in the  
12 rate case expenses for Mr. Householder total \$75,000 for the cost of service  
13 and other components covered in his testimony.

14  
15 Mr. Paul Moul's services include pre-filed testimony, rebuttal testimony,  
16 responding to interrogatories and data requests and appearing and testifying at  
17 a hearing on the Return on Equity components of the case. Mr. Moul's fees are  
18 estimated at \$41,000.

19  
20 Mr. William Pence's services are similar in nature to Mr. Moul's. Mr. Pence  
21 addresses the Company's ongoing remediation activities at its former  
22 Manufactured Gas Plant Site. Mr. Pence's fees are estimated at \$20,000. The  
23 previous rate case did not include any expenses for a witness on the  
24 Manufactured Gas Plant Site.

25

1           The aforementioned issues are complex and technical and require the use of  
2           outside experts to properly assemble the necessary information, data and  
3           testimony to fulfill the Company's burden of proof obligations.

4  
5           The Company, in the 1989 rate proceeding, did not include as significant a  
6           level of work by outside counsel in the preparation of the case. The  
7           complexities and broader scope of this case, as described above, warrant  
8           increased involvement of outside counsel in the preparation and defense of the  
9           case. The Company's legal counsel is the same individual as in the last case.  
10          His hourly rate has increased since the 1989 case by twenty percent. The  
11          projected professional fees for legal services are \$97,500, again through the  
12          formal hearing process, rather than by stipulation.

13  
14          Other miscellaneous expenses, which include travel expenses, Company  
15          personnel overtime expenses, and reproduction costs, are estimated at \$10,000.

16  
17          Total rate case expense estimated to be incurred for a full rate increase  
18          proceeding is estimated at \$243,500. The Company requests a four (4) year  
19          amortization period, to mitigate the rate impact of this expense. The  
20          Commission approved two and three year amortization periods for the 1987  
21          and 1989 rate cases, respectively. The longer amortization period results in  
22          rate case expense in the projected year of \$60,875.

23  
24

**Allocated Expenses**

1 **Q. MR WILLIAMS DISCUSSES THE METHODOLOGIES EMPLOYED**  
2 **FOR THE ACCOUNTING OF COSTS BETWEEN CHESAPEAKE**  
3 **UTILITIES CORPORATION (CUC) AND THE COMPANY. PLEASE**  
4 **ELABORATE ON THE BENEFITS THAT THE COMPANY AND ITS**  
5 **CUSTOMERS RECEIVE DUE TO THE AFFILIATION WITH CUC.**

6 **A. One of the primary benefits enjoyed by the Company and its customer base is**  
7 **greater access to capital at more favorable interest rates than could be attained**  
8 **by the previous stand-alone company.**

9  
10 Human Resource functions, which include administering all personnel matters,  
11 the mandated drug and alcohol program and complying with administratively  
12 complex federal laws, such as the Family and Medical Leave Act (FMLA),  
13 provide significant value to the Company because only a portion of the total  
14 cost to perform these vital functions are allocated to the Company.

15  
16 Another benefit from the Company's relationship with CUC is the ability to  
17 offer an impressive benefits package to its employees, thereby attracting and  
18 retaining quality, dedicated personnel. The Company only bears its  
19 proportional share of the costs necessary to administer these benefit programs  
20 (401(k) plan, health and life insurance and other employee benefits).

21  
22 Additional benefits accrue to the Company from other corporate functions,  
23 including strategic planning, investor relations' activities, certain accounting  
24 functions, including internal audit and the production of mandated quarterly  
25 and annual reports, safety, and insurance administration.



1 The Company employs a superior level of technology and sophistication due to  
2 the central resources of the CUC's Management Information Systems (MIS)  
3 department. The Company not only is able to increase the productivity level of  
4 its employees through the use of computers and related software, but also is  
5 able to utilize state-of-the-art field technology, such as electronic flow  
6 measurement devices, that reduces the cost of providing reliable service to all  
7 of its customers. Such resources would not be as readily available to the  
8 Company on a stand-alone basis.

9  
10 Because these shared resources provide necessary services to the Company at a  
11 fraction of the costs that would be incurred if it were a stand-alone company,  
12 the lower costs can be passed through to the Company's customers. As is  
13 reflected in MFR Schedule C-34, Administrative and General expenses are  
14 well below the level of expenses projected by the benchmark.

15  
16 **Q. PLEASE DESCRIBE HOW THE COMPANY ALLOCATES COSTS TO**  
17 **ITS UNREGULATED ACTIVITIES.**

18 Through 1999, the Company's unregulated activities have been exclusively  
19 related to the installation and repair of customer-owned facilities (piping and  
20 appliances) and the gas marketing activities of Peninsula Energy Services  
21 Company (PESCO). PESCO provides existing individual transportation  
22 customers the necessary services to secure gas supply and capacity  
23 management activities on behalf of the customer. Additional PESCO services  
24 include managing the gas transportation scheduling activities, responding to

1 operational orders of the pipeline, and managing the monthly balancing  
2 services in accordance with the interstate pipeline's tariff.

3  
4 The general approach utilized by the Company in this case to allocate rate base  
5 and operating expenses to the unregulated portion of the business is consistent  
6 with what was approved in the previous rate filing. The method used by the  
7 Company to allocate rate base items to these unregulated activities is based on  
8 the proportion of direct unregulated payroll expenses to the total Company  
9 payroll expenses. Operating and maintenance expenses are directly charged to  
10 PESCO and the other unregulated activities. The historical base year expenses,  
11 as shown on MFR Schedule C-5, already reflect the direct allocation of costs;  
12 thus no additional adjustment to expenses has been made.

13

14 **Tariff Issues**

15 **Q, PLEASE DESCRIBE HOW THE COMPANY IS PROPOSING TO**  
16 **COMPLY WITH THE NEWLY ADOPTED COMMISSION RULE**  
17 **REGARDING TRANSPORTATION SERVICES.**

18 The FPSC recently adopted Rule 25-7.0335, F.A.C., effective April 23, 2000,  
19 which requires each local distribution company to offer the transportation of  
20 natural gas to all non-residential customers. In order to meet that objective,  
21 each gas utility must file a transportation service tariff with the FPSC by July  
22 1, 2000. The Company's proposal to implement the new rule is filed as a part  
23 of this rate case. The Company has been working in anticipation of this  
24 requirement for over a year and believes that it will incur specific costs to  
25 comply with the rule. These costs are detailed in Mr. Householder's testimony.

1           The Company is fundamentally supportive of the new transportation rule and  
2           the positive impacts that it will have on the competitiveness of the non-  
3           residential market. The Company believes that ultimately the outcome of this  
4           rule will be a complete migration of non-residential customers to transportation  
5           service, resulting in savings to these customers primarily through a reduction in  
6           interstate pipeline charges. The Company welcomes participation by gas  
7           marketers and believes that a sufficient number will enter the market to  
8           produce a robust, competitive gas supply and capacity management  
9           environment. The Company believes that this type of environment will lead to  
10          innovative services that are tailored to individual customer needs at  
11          competitive prices. This in turn will encourage non-residential customers to  
12          use natural gas for more of their energy needs, helping the Company to  
13          feasibly expand and diversify its customer base.

14

15   **Q.   WHAT OTHER TARIFF PROVISIONS ARE PROPOSED BY THE**  
16   **COMPANY?**

17   A.   The Company proposes several other changes to the current Commission-  
18          approved tariff. The organization of the tariff is updated to be more user  
19          friendly. All of the pages relating to the Company's service territory are  
20          updated to incorporate changes made in our existing service territories as a  
21          result of the recently approved Territorial Agreement and to otherwise reflect  
22          the Company's growth throughout the State. Definitions and other terms and  
23          conditions are revised to incorporate recently adopted Gas Industry Standards  
24          Board (GISB) standards and to define new services being offered by the  
25          Company, such as Transportation Aggregation Service. Mr. Householder's

1 testimony details the new Transportation options being offered by the  
2 Company and the tariff modifications being made to accommodate these  
3 choices.

4  
5 The Company proposes to remove its Curtailment Plan from the tariff and file  
6 it with the Commission for administrative approval. The Company believes  
7 that the tariff is not the appropriate place for the plan to reside, but instead  
8 curtailment is an operational issue that is best handled within the context of its  
9 operation and maintenance procedures. The Company further believes that  
10 removing the plan from the tariff will make it easier to adjust the plan over  
11 time and keep the plan in step with the existing interstate pipelines' curtailment  
12 plan. Additionally, with the potential for at least one more interstate pipeline  
13 system providing an interconnection with the Company's distribution system,  
14 the Company's curtailment plan will need to be flexible enough to  
15 accommodate more than one set of interstate pipeline rules. By removing the  
16 curtailment plan from its tariff now, the Company will be prepared to  
17 administratively modify it without incurring the costs associated with a formal  
18 filing to this Commission to update its curtailment plan.

19  
20 The Company proposes to modify its Maximum Allowable Construction Cost  
21 (MACC) calculation that is used to determine if the Company can feasibly  
22 extend its distribution facilities. The maximum capital investment that the  
23 Company can currently make is five times the estimated annual non-fuel  
24 revenues to be derived from the new facilities. The Company proposes to  
25 change this from five to six times the estimated annual non-fuel revenues. This

1 change will support the Company's strategic objective of diversifying its  
2 customer base, since having the MACC calculated with a multiplier of six  
3 times annual non-fuel revenues will facilitate continued expansion of the  
4 existing distribution system. Encouraging system expansions that diversify the  
5 customer base reduces existing business risks of the Company and spreads the  
6 fixed costs of the system to a larger number of customers. Thus, by enhancing  
7 the MACC, existing customers benefit from the growth of the system.

8

9 Other minor changes are being made to clean up outdated or minor items  
10 within the tariff.

11

12

**Manufactured Gas Plant Site**

13

**Q. PLEASE DISCUSS THE CURRENT STATUS OF THE  
14 MANUFACTURED GAS PLANT SITE ACTIVITIES.**

15

A. The Company continues to be involved with a longstanding environmental  
16 issue at a former manufactured gas plant site in Winter Haven. As is more  
17 fully described in Mr. William Pence's prefiled direct testimony, the Company  
18 is working with the Florida Department of Environmental Protection (FDEP)  
19 to remediate the site.

20

21 The Commission has long been supportive of the Company's efforts in that  
22 regard, authorizing recovery of cleanup costs. By Order 18202, issued on  
23 September 25, 1987, the Commission allowed recovery of certain costs in the  
24 Company's 1987 application for new depreciation rates. By Order No. PSC-  
25 93-0025-FOF-GU, issued on January 5, 1993, the Commission authorized

1           amortization of such expenses at an annual rate of \$71,114. By Order No.  
2           PSC-93-0520-FOF-GU, issued on April 6, 1993, the Commission ratified this  
3           authorization, while also allowing the Company to partially offset the expenses  
4           with 1991 overearnings, including accrued interest. In addition, by Order No.  
5           PSC-95-0160-FOF-GU, issued on February 6, 1995, the Commission permitted  
6           the Company to retroactively resume its \$71,114 annual accrual to its  
7           environmental cleanup of the site, and allowed the Company to offset 1994  
8           excess earnings against costs incurred in 1995. Similarly, the Commission  
9           allowed the Company to offset 1995 overearnings, by Order No. PSC-97-0136-  
10          FOF-GU, issued on February 10, 1997.

11

12          Exhibit No. TAG-3 summarizes the annual accruals and overearnings applied,  
13          as authorized by the Commission, and the annual amounts expended on the  
14          remediation of the MGP site.

15

16          As of December 31, 1999, the balance of the reserve for the MGP site  
17          remediation is \$504,710. As discussed in Mr. Pence's testimony, between  
18          \$745,000 to \$1,440,000 is currently projected to fully comply with future  
19          cleanup requirements.

20

21          Given the uncertainty over the final scope of the remediation that will be  
22          required by FDEP, the Company believes that the most reasonable course of  
23          action in the current rate case is for the Commission to authorize the continued  
24          collection of \$71,114 annually through the Company's rates to fund the  
25          ongoing clean-up efforts.

1 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

2 A. Yes, it does.

**Exhibit No. TAG-1  
Florida Division of Chesapeake Utilities Corp.  
Docket No. 000108-GU**

**LIST OF MFR SCHEDULES SPONSORED BY THOMAS A. GEOFFROY**

<u>Schedule</u>	<u>Title</u>
E-9 P. 9	TARIFF
G-1 P. 23	HISTORIC BASE YEAR + 1 - RATE BASE
G-1 P. 24	HISTORIC BASE YEAR + 1 - PLANT ADDITIONS
G-1 P. 25	HISTORIC BASE YEAR + 1 - PLANT RETIREMENTS
G-1 P. 26	PROJECTED TEST YEAR - RATE BASE
G-1 P. 27	PROJECTED TEST YEAR - ADDITIONS
G-1 P. 28	PROJECTED TEST YEAR - PLANT RETIREMENTS
I-1 P. 1	CUSTOMER SERVICE - INTERRUPTIONS
I-2 P. 1	NOTIFICATION OF COMMISSION RULE VIOLATIONS
I-3 P.P. 1-3	METER TESTING-PERIODIC TESTING
I-4 P. 1	RECORDS - VEHICLE ALLOCATION



**Exhibit No. TAG-2**  
**Florida Division of Chesapeake Utilities Corporation**  
**Docket No. 000108-GU**

Exhibit No. TAG-2, the Company's proposed Original Volume No. 3 tariff, is submitted separately within this filing.

**Exhibit No. TAG-3**  
**Florida Division of Chesapeake Utilities Corporation**  
**Docket No. 000108-GU**

**Summary of the Activity in the Amortization Reserve for the  
Manufactured Gas Plant site Clean-up**

Date	Amounts Collected	Overearnings Applied	Costs Incurred	Balance
Beginning Balance @ 12/31/88				(\$286,825)
12/31/89	\$69,546		\$17,246	(\$234,525)
12/31/90	\$69,546		\$110,811	(\$275,790)
12/31/91	\$69,546		\$30,605	(\$236,848)
12/31/92	\$67,978		\$2,112	(\$170,983)
12/31/93	\$71,114	\$118,761	\$17,949	\$943
12/31/94	\$71,114		\$44,685	\$27,372
12/31/95	\$71,118		\$34,309	\$64,181
12/31/96	\$71,114	\$292,038	\$31,676	\$395,658
12/31/97	\$71,114		\$31,563	\$435,209
12/31/98	\$71,114		\$4,455	\$501,867
12/31/99	\$71,114		\$68,272	\$504,710

Docket No. 000108-GU  
Florida Division of Chesapeake Utilities Corporation

**ORIGINAL**

Exhibit TAG-2  
Tariff Original Volume No. 3

DOCUMENT NUMBER-DATE

**05939 MAY 15 8**

FPSC-RECORDS/REPORTING

Florida Division  
Original Volume No. 3  
Cancels Original Volume No. 2

Original Sheet No. 1

NATURAL GAS TARIFF  
ORIGINAL VOLUME NO. 3  
OF  
FLORIDA DIVISION OF CHESAPEAKE UTILITIES CORPORATION  
FILED WITH  
FLORIDA PUBLIC SERVICE COMMISSION

Communications concerning this Tariff should be addressed to:

Florida Division  
P. O. Box 960  
Winter Haven, Florida 33882-0960

Attn: Rates & Regulatory Manager

Issued by: John R. Schimkaitis, President  
Chesapeake Utilities Corporation

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### DESCRIPTION OF TERRITORY SERVED

Florida Division of Chesapeake Utilities Corporation (hereinafter called "Company") is a natural gas distribution company engaged in the business of distributing natural gas in the State of Florida.

The present system of the Company is comprised of interconnected distribution facilities serving that area within and adjacent to the communities of Winter Haven, Auburndale, Bartow, Baseball City, Davenport, Loughman, Haines City, Mountain Lake, Lake Alfred, Eagle Lake, Lake Wales, Dundee, Lake Hamilton, Highland City, Waverly, Mulberry and Nichols in Polk County, Plant City in Hillsborough County and St. Cloud in Osceola County.

The Company's distribution system also serves certain discrete areas within Gadsden County outside the city limits of Quincy, Havana, and Chattahoochee. Further service territories include certain discrete portions of Gilchrist, Union, Holmes, Jackson and DeSoto counties. Additionally, the Company's distribution system serves all areas within Citrus County.

The Company maintains its general offices, books and records in Winter Haven, Florida, where a copy of all rate schedules, general terms and conditions, and standard forms are readily available for public inspection.

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Chesapeake Utilities Corporation

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DESCRIPTION OF TERRITORY SERVED  
(Continued)

Area included inside the following:

On the western boundary of Hillsborough County NW Corner Section 5, Township 27S, Range 21E proceeding south to SW Corner S 5, T 29S, R 21E then east to SW Corner S 4, T 29 S, R 21 E, then south to SW corner S 9, T 30 S, R 21 E, then east to SE corner S 11, T 30 S, R 21 E, then south to SE corner S 23, T 30 S, R 21 E, then west to SE corner S 21, T 30 S, R 21 E, then south to SW Corner S 34, T 32 S, R 21 E, then east to SE Corner S 36, T 32 S, R 22 E, then south into Hardee County to SW Corner S 19, T 33 S, R 23 E, then east to SE Corner S 24, T 33 S, R 27 E then north into Polk County SE Corner S 36, T 32 S, R 27 E, then NNW to SW Corner S 35, T 31 S, R 27 E, then north to SW Corner S 14, T 31 S, R 27 E, then east 0.5 miles, then north to the south line of S 2, T 31 S, R 27 E (also being the west edge of Crooked Lake) then north and east along irregular shore line of Crooked Lake to NW Corner of S 33, T 30 S, R 28 E, then southeast 0.5 miles, then east to 0.5 miles south of north section line of S 32, T 30 S, R 29 E to the west edge of Lake Weohyakapka (Walk in Water) then north to SE Corner S 20, T 30 S, R 29 E, then north to SE Corner S 32, T 29 S, R 29 E then north along east section line of S 32, T 29 S, R 29 E to SE Corner of S 29, T 29 S, R 29 E, then east along south section line of S 28, T 29 S, R 29 E to west edge of Lake Rosalie, then north and east along irregular shore line of Lake Rosalie to SW Corner of S 14, T 29 S, R 29 E then north northeast to Polk County - Osceola County boundary line, then following irregular Osceola County line north to approximately 0.3 mile west of SE Corner S 31, T 27 S, R 30 E then continuing east in Osceola County to SE Corner of S 31, T 27 S, R 33 E, then north to NE Corner S 30, T 25 S, R 33 E then west to edge of east right-of-way of Florida Turnpike then south southeast to SE Corner of S 16, T 26 S, R 30 E, then west to NE corner S 21, T 26 S, R 29 E, then south to SE corner S 33, T 27 S, R 29 E, then west to NE corner S 4, T 28 S, R 29 E, then south to SE corner S 21, T 28 S, R 29 E, then west to SW corner S 20, T 28 S, R 28 E, then north to NE corner S 6, T 28 S, R 28 E, then east to SE corner S 31, T 27 S, R 28 E, then north to NE corner S 18, T 26 S, R 28 E, being the Polk - Osceola County boundary line, then north northwest along the Polk - Osceola County line to a point 0.5 miles north of the south boundary line of S 6, T 26 S, R 28 E, on the Polk - Osceola County line, then north to a point 0.25 miles east of NW corner of S 31, T 25 S, R 28 E, then west to SW Corner S 27, T 25 S, R 27 E then north to SE Corner S 9, T 25 S, R 27 E, then west to SE Corner S 7, T 25 S, R 27

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DESCRIPTION OF TERRITORY SERVED  
(Continued)

E then north northwest to NW Corner S 1, T 25 S, R 26 E in Polk County then west to NW Corner S 2, T 25 S, R 25 E, then north to NE Corner S 34, T 24 S, R 25 E, then west to NW Corner S 32, T 24 S, R 25 E, then South to SE corner S 6, T 27 S, R 25 E, then west to SW corner S 6, T 27 S, R 25 E, then south to NW corner S 31, T 27 S, R 25 E, then east to NE corner S 31, T 27 S, R 25 E, then south to a point 200 feet north of the centerline of U.S. Highway 92, then westerly (along a line generally parallel to and 200 feet north of the centerline of U.S. Highway 92) to a point which is 0.3 miles west of Old Dixie Highway, then south to a point 200 feet south of the centerline of U.S. Highway 92, then easterly (along a line generally parallel to and 200 feet north of the centerline of U.S. Highway 92) to an imaginary line extending south from the NE corner S 31, T 27 S, R 25 E, then south along said imaginary line to a point (in the approximate center of Lake Hancock) on an imaginary made by extending east, the centerline of Wallace Road, then west to the centerline of Yarborough Lane, then south to an imaginary line made by extending east the intersection of the centerlines of County Line Road and SR 60, then west to the intersection of the centerlines of County Line Road and SR 60 (also being the Polk – Hillsborough County boundary line), then north along county line boundary to SW Corner S 31, T 26 S, R 23 E, then west along Polk-Pasco-Hillsborough County lines to NW Comer S 5, T 27 S, R 21 E, being the point of beginning.

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LIST OF COMMUNITIES SERVED

<u>Community</u>	<u>Applicable Rate Schedules</u>
Auburndale	All
Bartow	All
Crystal River	All
DeSoto County	All
Dundee	All
Eagle Lake	All
Gadsden County	All
Gilchrist County	All
Haines City	All
Highland City	All
Holmes County	All
Homosassa Springs	All
Inverness	All
Jackson County	All
Lake Alfred	All
Lake Hamilton	All
Lake Wales	All

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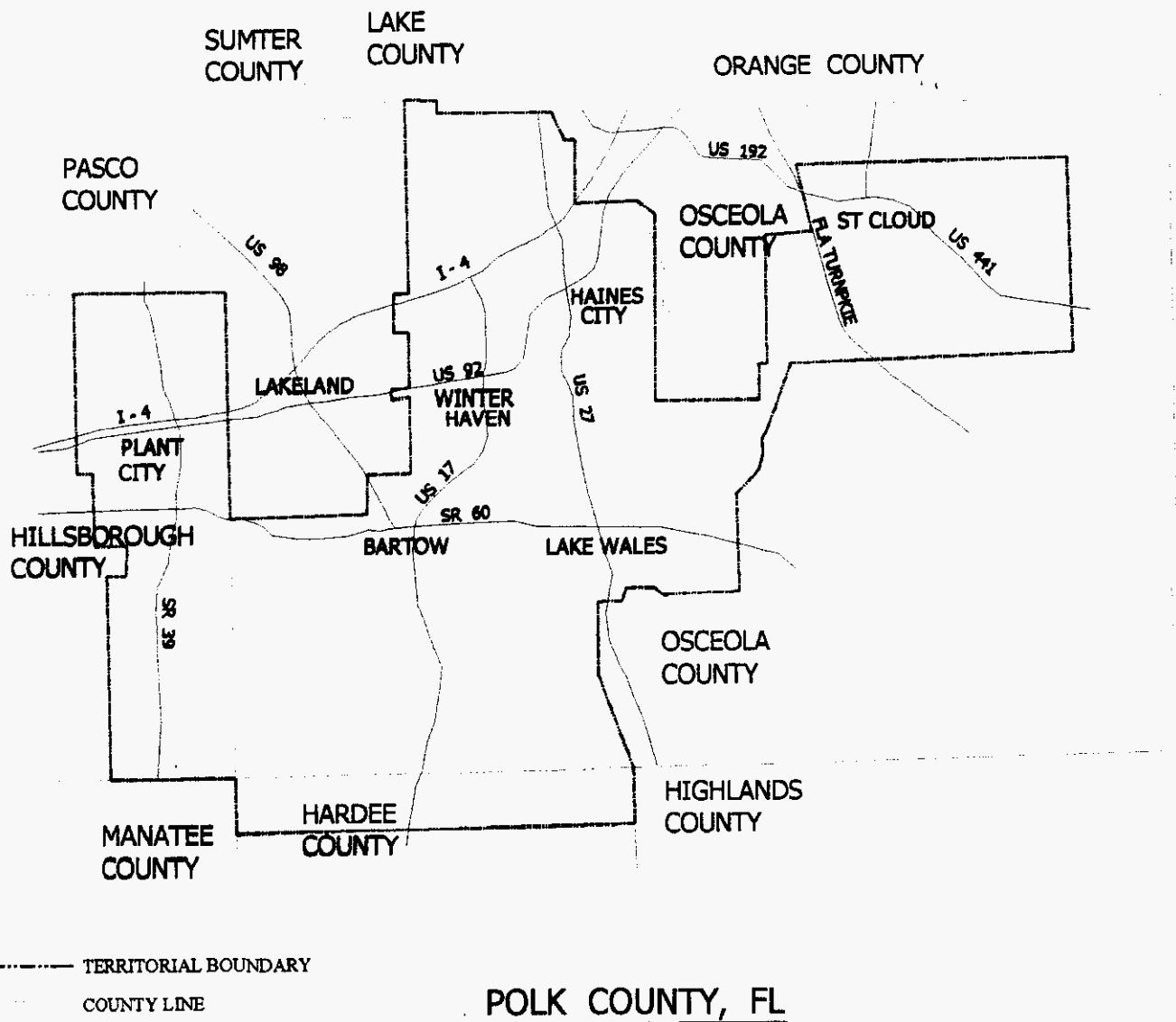
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LIST OF COMMUNITIES SERVED  
(Continued)

<u>Community</u>	<u>Applicable Rate Schedules</u>
Lecanto	All
Mountain Lake	All
Mulberry	All
Nichols	All
Plant City	All
St. Cloud	All
Union County	All
Waverly	All
Winter Haven	All

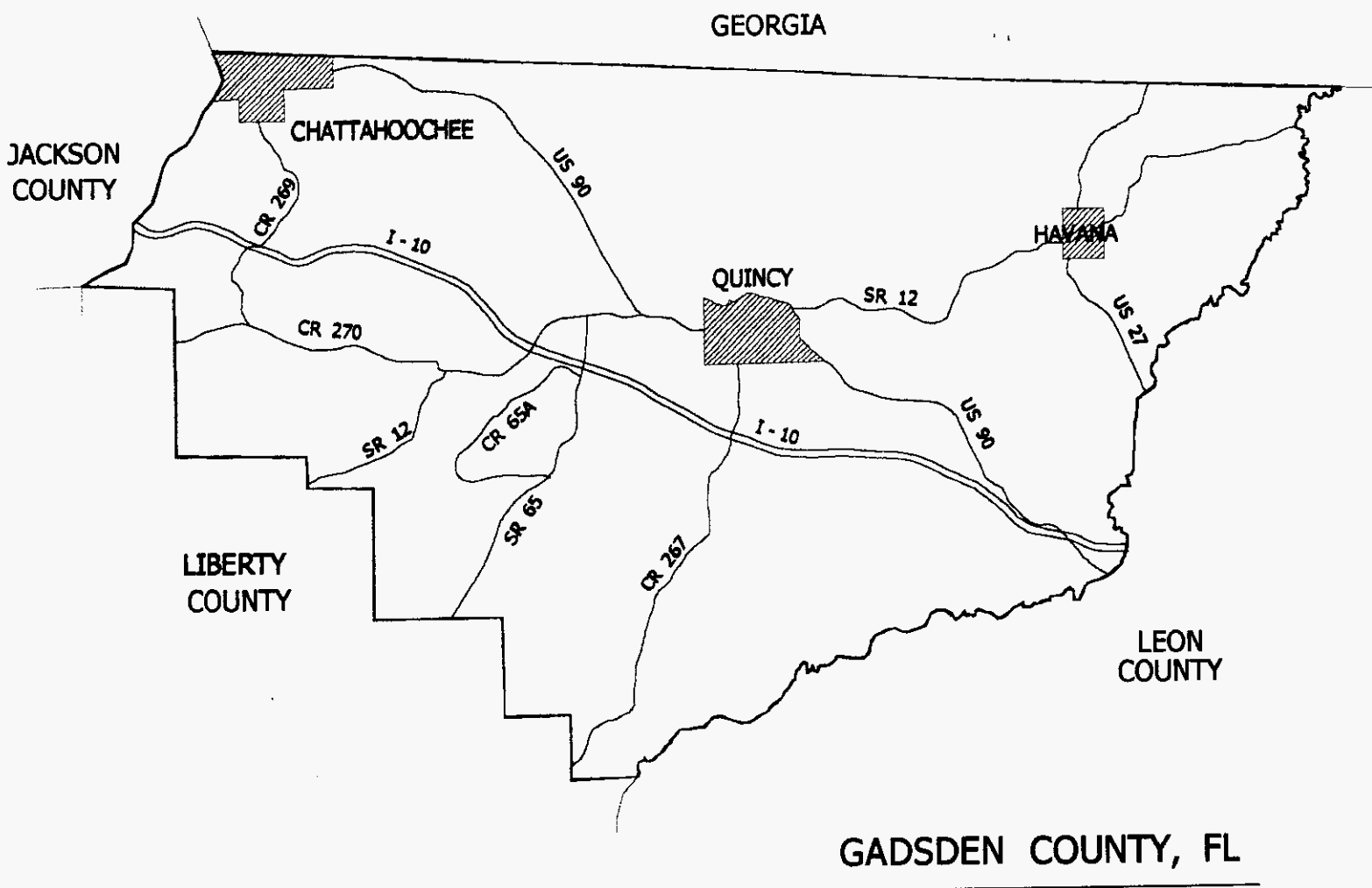
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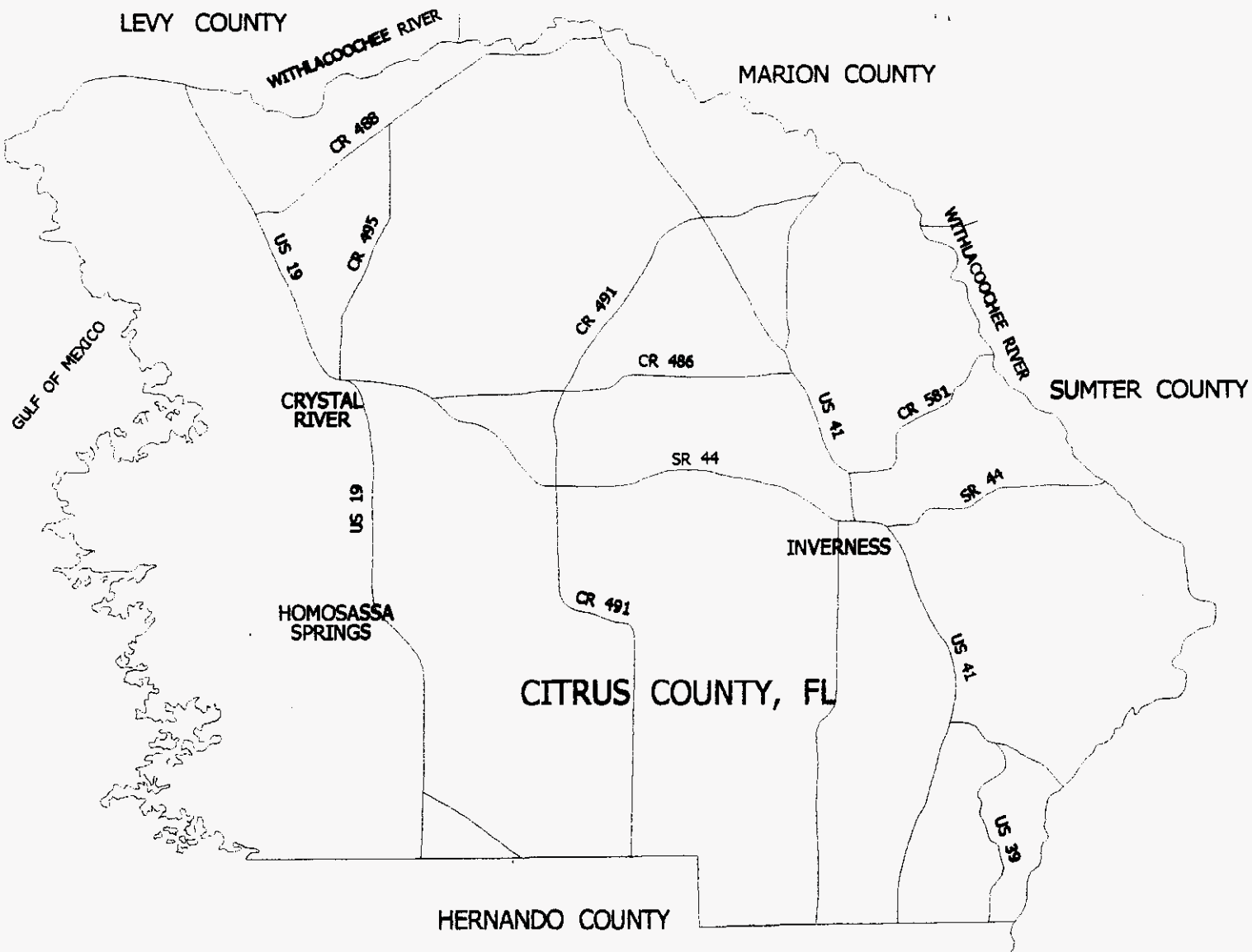
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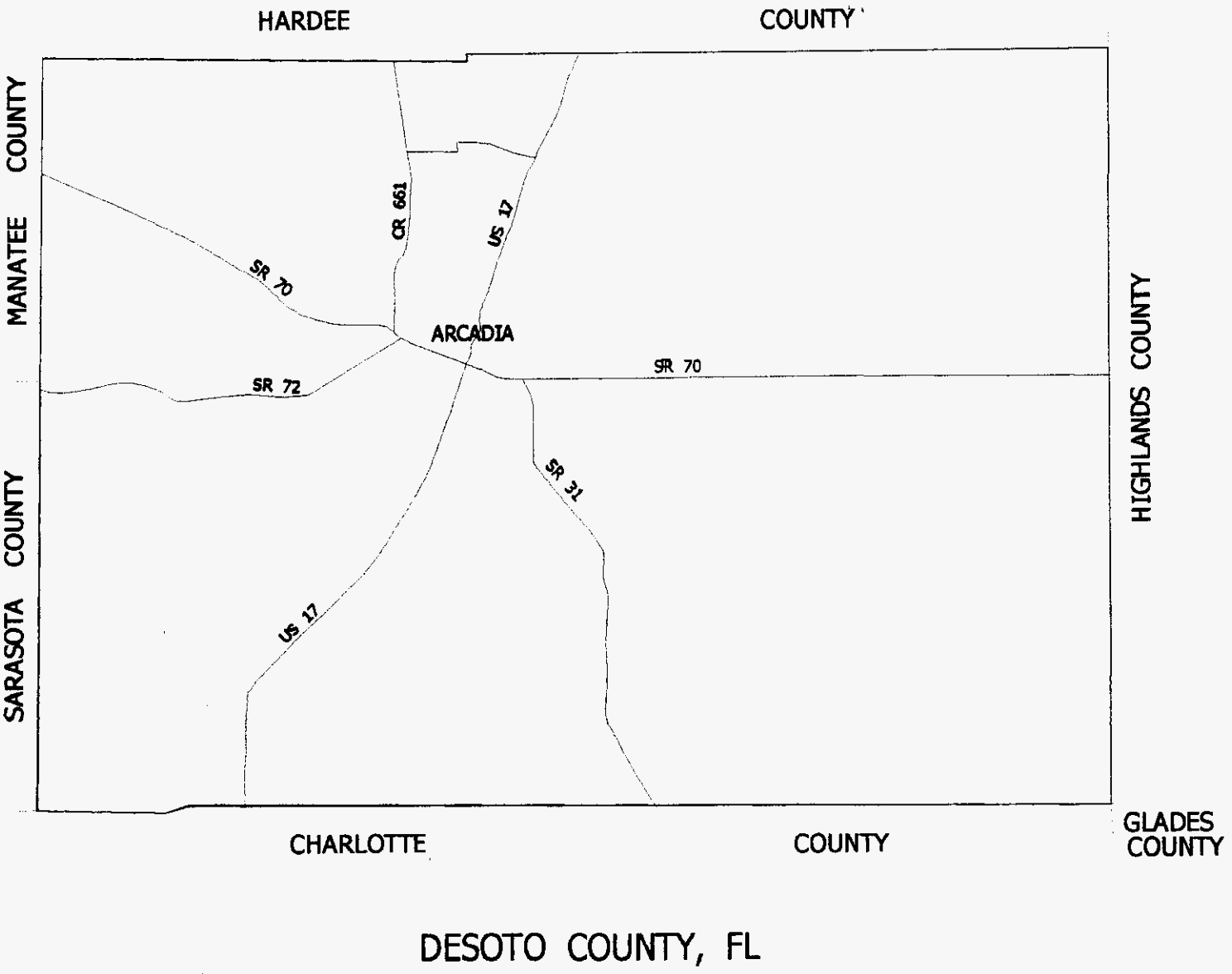
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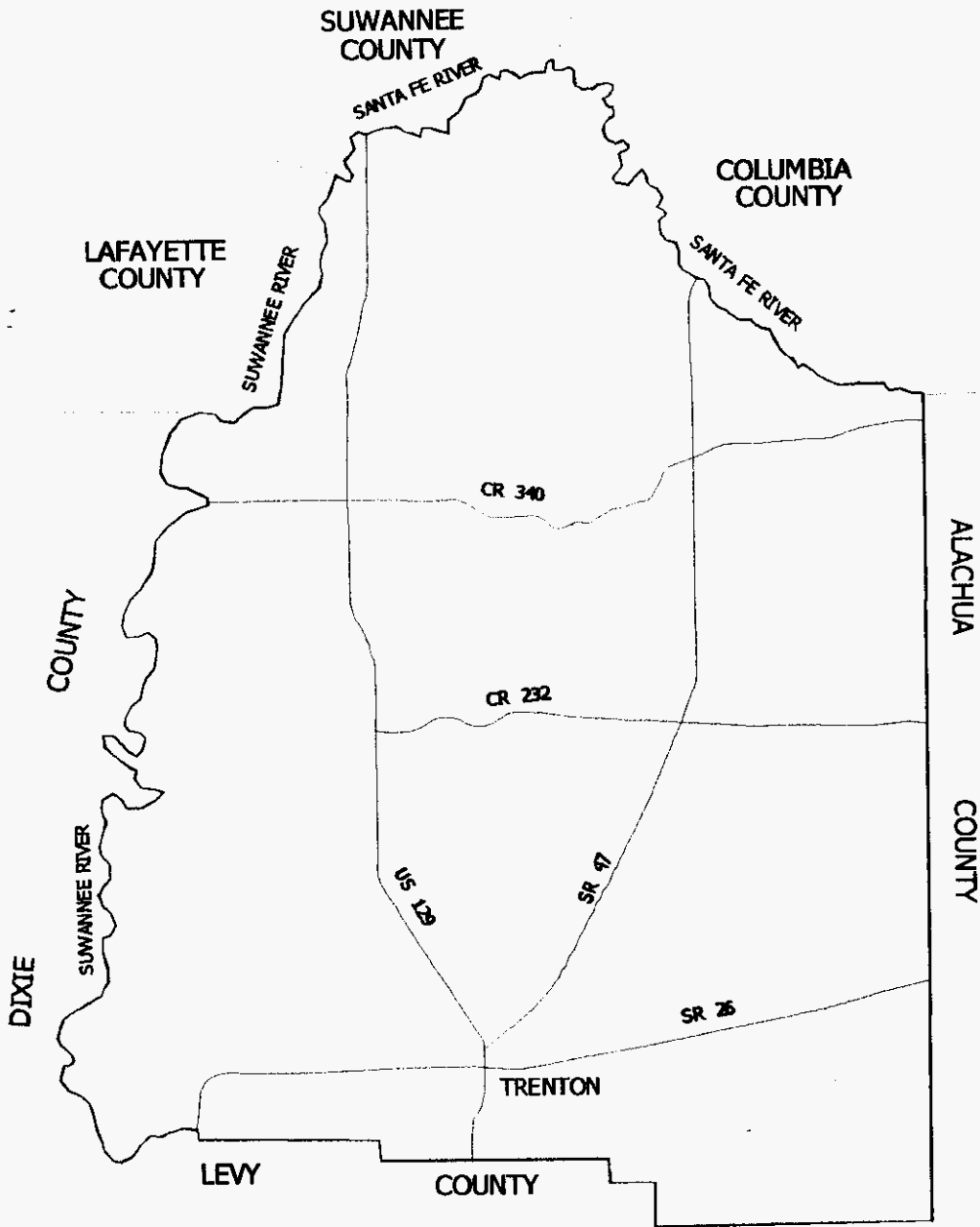
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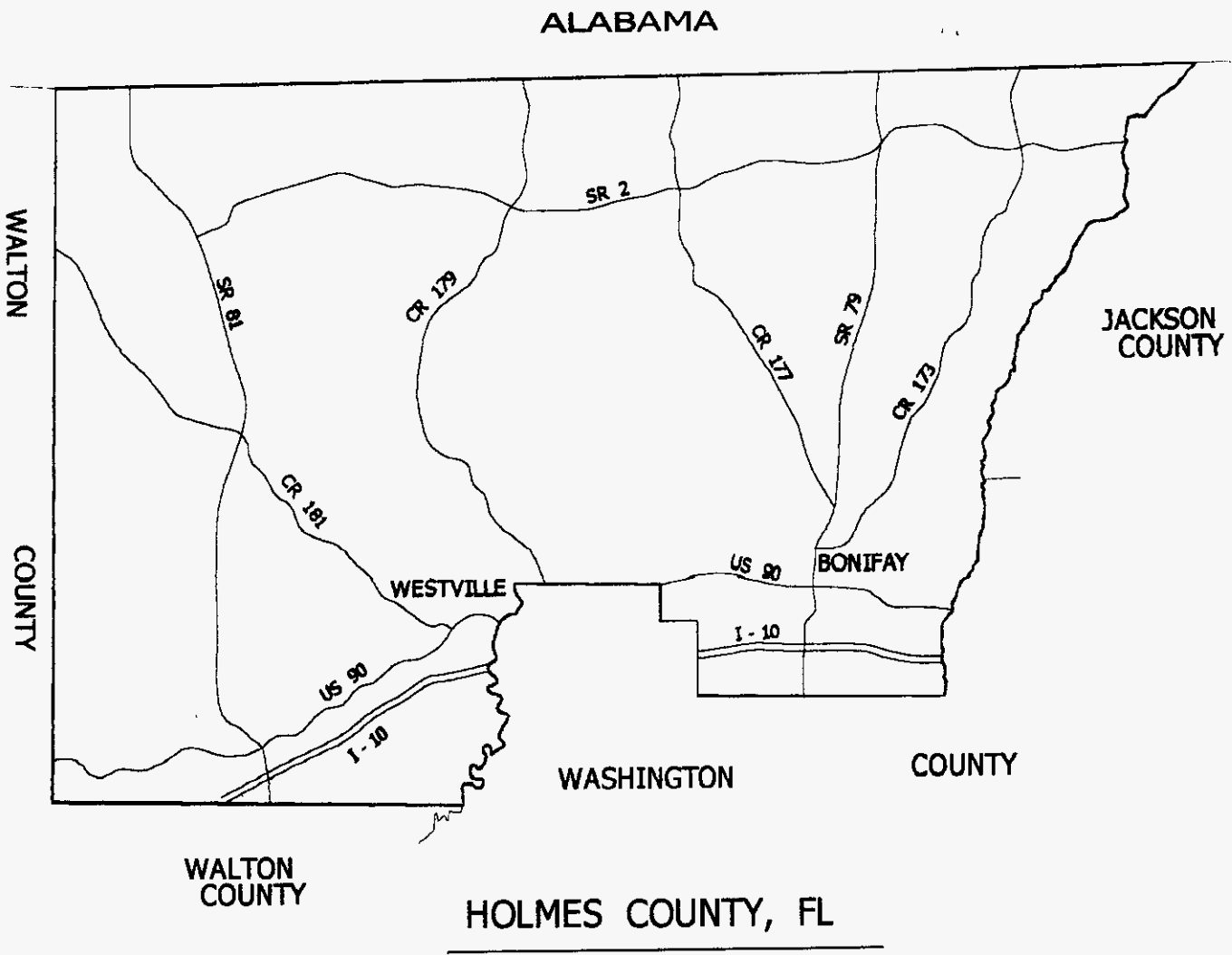
MAPS



GILCHRIST COUNTY, FL

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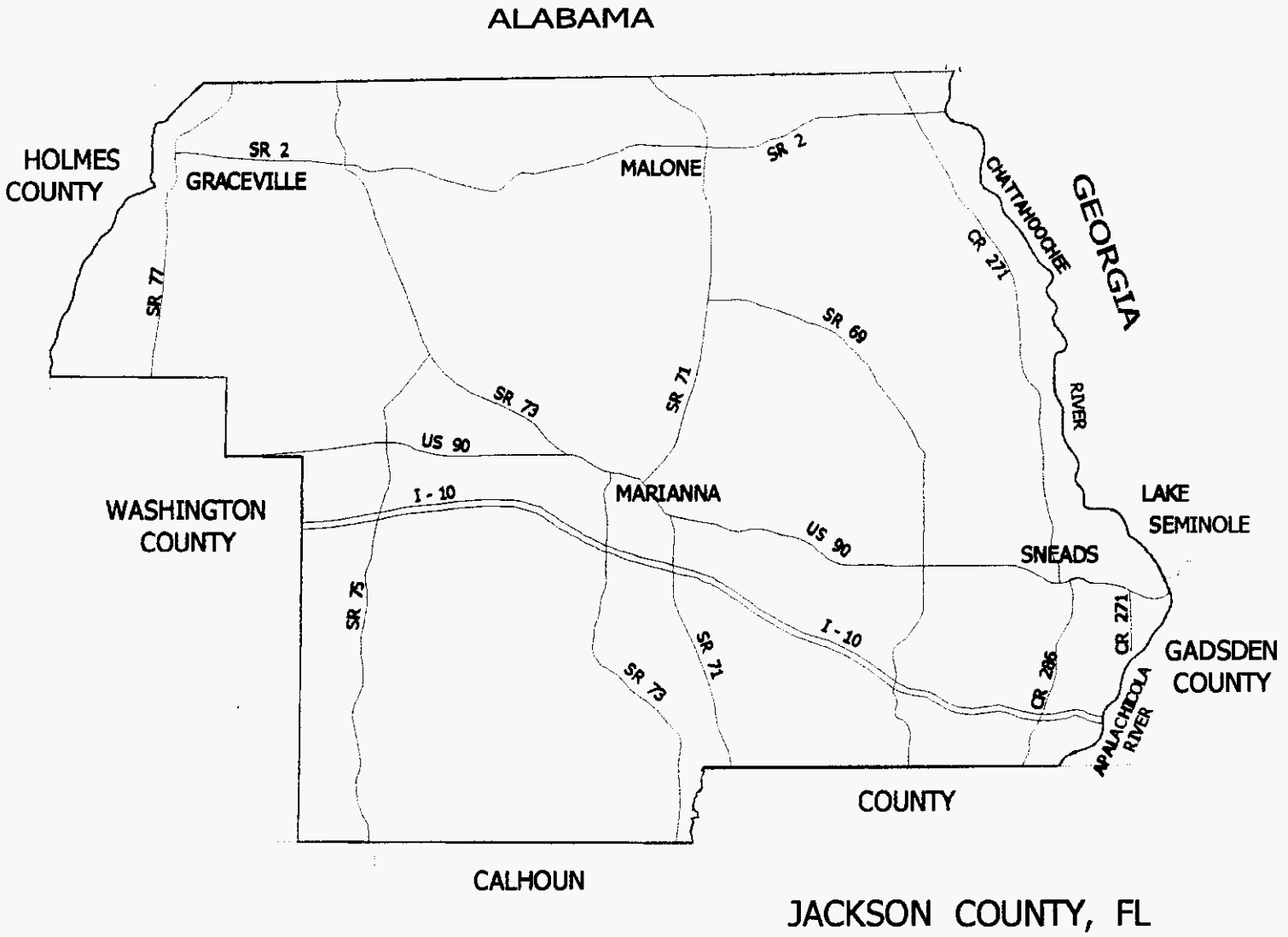
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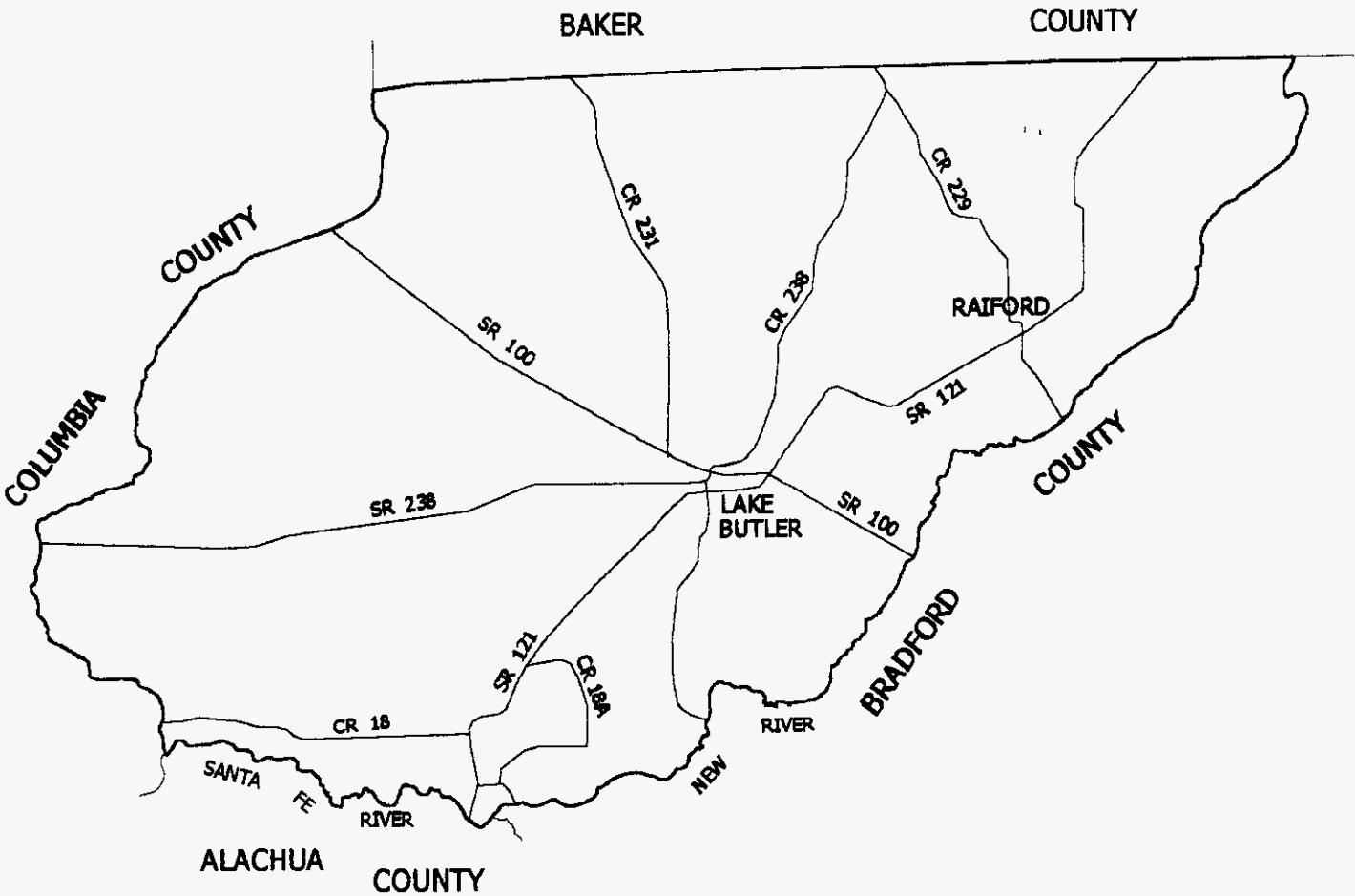


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TECHNICAL TERMS AND ABBREVIATIONS

1. **ALERT DAY**  
When Transporter determines that the pipeline is experiencing or may experience in the next Gas Day high or low line pack operating conditions which threaten the ability to render firm services.
2. **ALERT DAY NOTICE**  
Notice issued by the Transporter when, at its sole discretion, reasonably exercised, Transporter determines that the pipeline is experiencing or may experience in the next Gas Day high or low line pack operating conditions which threaten the ability to render firm services.
3. **APPLICATION**  
A form required by the Company to be completed and signed by prospective customers requesting gas service.
4. **ATMOSPHERIC PRESSURE**  
Fourteen and seventy-three hundredth (14.73) pounds to the square inch, irrespective of actual elevation or location of the point of measurement above sea level or variations in atmospheric pressure from time to time.
5. **BASE NON-FUEL RATES**  
The rates per therm set forth in the rate schedules stated in dollars and cents before application of billing adjustments.
6. **BILLING ADJUSTMENT - BTU**  
A conversion factor representing the BTU content per cubic foot used to convert cubic feet to therms for billings to customers. The BTU content shall be the BTU per cubic foot as reported by the transporting pipeline.
7. **BILLING PERIOD**  
Regular monthly period in which the Company reads meter and renders Customer's bill.
8. **BILLING ADJUSTMENT - PURCHASED GAS**  
A provision in the tariff for adjusting the rates for any variation in the cost of gas purchased from Company's supplier(s).

TECHNICAL TERMS AND ABBREVIATIONS  
(Continued)

9. **BILLING - TAXES**  
A provision in the tariff for adjusting the rates contained therein for any variation in taxes based on meters, customers, revenues or volumes assessed subsequent to the effective date of rates.
10. **BILLING UNIT**  
The billing unit shall be the "therm" which will be computed by applying the "Billing Adjustment Factor - BTU" to the corrected cubic foot consumption indicated by the difference between meter readings at the beginning and end of the billing period.
11. **BRITISH THERMAL UNIT (BTU)**  
The quantity of heat required to raise the temperature of one pound (avoirdupois) of pure water from 58.5 degrees Fahrenheit to 59.5 degrees Fahrenheit at a constant pressure of 14.73 pounds per square inch absolute.
12. **CLASSIFICATION OF CUSTOMER**  
A classification of each Customer according to the primary use of gas by Customer.
13. **CLASSIFICATION OF SERVICE**  
A classification of each Customer according to the quantity of gas used by Customer to which a particular rate schedule applies.
14. **COMMISSION**  
Florida Public Service Commission
15. **COMPANY**  
Florida Division of Chesapeake Utilities Corporation, a Delaware Corporation.
16. **CONJUNCTIVE OR COMBINED BILLING**  
The combination of the quantities of gas, demands, or other billing determinants of two or more meters or services into respective single quantities for the purpose of billing only as if the bill were for a single meter or service.

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TECHNICAL TERMS AND ABBREVIATIONS  
(Continued)

17. **CONTACT PERSON**  
Shall mean person(s) specified by Shipper that is available to receive communication from Transporter at any and all times and upon whose written and oral communications Transporter may exclusively rely.
18. **CONTRACT SALES SERVICE**  
A contract between the Company and a Customer who has alternative fuel sources that defines the terms and conditions under which the Customer receives General Sales Service from the Company.
19. **CONTRACT TRANSPORTATION SERVICE**  
A contract between the Company and a Customer who has alternative fuel sources that defines the terms and conditions under which the Customer receives gas transportation service from the Company.
20. **CUBIC FOOT**  
For purposes of measurement herein shall be determined as follows:
- (a) When gas is metered at the standard delivery pressure, a cubic foot of gas shall be defined to be the volume of gas that, at the temperature and pressure existing in the meter adjusted to 14.98 psia occupies one cubic foot.
  - (b) When gas is metered at other than the standard delivery pressure, a cubic foot of gas shall be defined as the volume of gas that, at a flowing temperature of 60 degrees F., and at an absolute pressure of 14.73 pounds per square inch, occupies one cubic foot. Meter readings will be adjusted to reflect such temperature and pressure base.
  - (c) Where orifice meters are used, volumes delivered shall be computed in accordance with the Joint Bureau of Standards, AGA, A.S.M.E. Specifications published April, 1955, as Gas Measurement Committee Report No. 3 of the American Gas Association as amended or revised.

TECHNICAL TERMS AND ABBREVIATIONS  
(Continued)

21. **CURTAILMENT**  
Temporary discontinuance of gas service in accordance with the provisions of the Company's end use curtailment or interruption plan.
22. **CUSTOMER**  
Any individual, firm or organization receiving gas service at one location under this tariff and provisions thereof.
23. **CUSTOMER FACILITIES CHARGE - MINIMUM BILL**  
That cost billed to a Customer each billing period that reflects the amount of facilities and service cost used during the billing period.
24. **CUSTOMER'S INSTALLATION**  
All pipe and fittings, regulators, cocks, valves, vents, circulating pipes, connections, appliances and apparatus of every kind and nature used in connection with or forming a part of an installation for utilizing gas for any purpose located on the outlet side of the Company's meter located on Customer's premises.
25. **CUSTOMER POOL**  
A group of not less than ten (10) customers whose aggregated annual usage exceeds 100,000 therms per year that elect, in accordance with the applicable transportation provisions, Transportation Aggregation Service with an approved Pool Manager.
26. **DEKATHERM**  
1,000,000 BTU's (1 MMBTU) or ten (10) therms.
27. **DELIVERY GAS DAY**  
A period of twenty-four (24) consecutive hours beginning and ending at 9:00 a.m. Central Clock Time.
28. **DELIVERY POINT or POINT OF DELIVERY**
  - (a) The point at the connection of the facilities of Transporter and of a downstream third party at which the gas leaves the outlet side of Transporter's measuring equipment and enters the downstream party's facilities, OR

TECHNICAL TERMS AND ABBREVIATIONS  
(Continued)

- (b) The point at the interconnection between the facilities of Company and a Customer (sales or transportation) at which the gas leaves the outlet side of Company's measuring equipment and enters the Customer's facilities.
29. **DELIVERY POINT OPERATOR**  
Party that is responsible for balancing loads and allocating gas quantities received at Delivery Points to contracts under which deliveries to that point have been requested. For purposes of this tariff, the Florida Division is the Delivery Point Operator for all city gate stations located on its distribution system.
30. **EFFICIENCY**  
A percentage expression of the available BTU input that is absorbed for useful purpose as applied to combustion equipment.
31. **FIRM SERVICE**  
Gas service on a continuous basis without interruption or curtailment within the limitations of the Company's ability to serve.
32. **FLOWING TEMPERATURE**  
The arithmetical average of the temperature of the gas flowing through the meters as recorded by a recording thermometer installed at the point of measurement. Where such installation is not provided, the flowing temperature of the gas shall be assumed to be sixty degrees Fahrenheit (60°F.).
33. **GAS**  
Natural gas that is in conformance with the quality specifications of the Transporter.
34. **GAS DAY**  
A period of twenty-four (24) consecutive hours beginning and ending at 9:00 a.m. Central Clock Time.
35. **GAS MONTH**  
A period beginning at 9:00 a.m. Central Clock Time on the first day of a calendar month and ending at 9:00 a.m. Central Clock Time of the first day of the next succeeding calendar month.

TECHNICAL TERMS AND ABBREVIATIONS  
(Continued)

36. **GAS SERVICE**  
Sales and/or transportation of gas by the Company to a Customer pursuant to an application or service agreement of which there has been acceptance by the Company.
37. **HEATING VALUE**  
The amount of heat measured in BTU per cubic foot that is produced when a unit quantity of gas is completely burned. For purposes herein the heating value shall be the BTU as measured by the interstate pipeline adjusted for pressure base.
38. **MAINS**  
Pipes installed to transport gas within a service area to points of connection with the service pipes.
39. **MAIN EXTENSION**  
Gas mains added to an existing distribution system to serve new customers.
40. **MAXIMUM DAILY TRANSPORTATION QUANTITY ("MDTQ")**  
The maximum quantity of gas to be transported by Company for a Shipper on a daily basis in accordance with the provisions of a Transportation Service or Transportation Aggregation Agreement.
41. **MCF**  
One thousand cubic feet.
42. **METER**  
Any device or instrument used by the Company in measuring a quantity of gas.
43. **METER READING DATE**  
The day upon which an authorized employee or agent of the Company reads the meter of a Customer.
44. **METER TURN-ON CHARGE**  
An amount to be paid by Customer at initiation or restoration of gas service for unlocking the meter and lighting of gas appliances.



TECHNICAL TERMS AND ABBREVIATIONS  
(Continued)

45. **MONTH**  
The period between any two (2) regular readings of Company's meters at approximately thirty (30) day intervals.
46. **NOMINATION**  
A request by a party to a producer, pipeline or local distribution company for receipt or delivery of a physical quantity of gas pursuant to a Transportation Service or Transportation Aggregation Agreement. A nomination specifies (1) the quantity of gas per day, measured in Dekatherms, to be received or delivered on behalf of the nominating party; (2) the point(s) at which the gas is to be received and delivered; and, (3) the period of time in which the delivery is to take place.
47. **OPERATIONAL FLOW ORDER**  
Is an order issued to alleviate conditions, which threaten or could threaten the safe operations or system integrity of the Transporter or to maintain operations required to provide efficient and reliable firm service.
48. **OPERATIONAL BALANCING ACCOUNT**  
The account in which a Shipper's daily imbalances between receipts and deliveries are recorded. Shippers on the Company's distribution system will be required to cashout the net imbalances in their operational balancing account at the end of each month.
49. **POOL MANAGER**  
An entity that provides gas supply and interstate pipeline capacity management for an aggregated number of customers on the Company's distribution system, as further defined in the General Terms and Conditions for Transportation Aggregation Service.
50. **RATE SCHEDULE**  
A statement of the Company's rates or charges for a specific classification of service, both sales and transportation.
51. **RECEIPT GAS DAY**  
A period of twenty-four (24) consecutive hours beginning and ending at 9:00 a.m. Central Clock Time.

TECHNICAL TERMS AND ABBREVIATIONS  
(Continued)

52. **SHIPPER**  
Customer who has executed a Transportation Service Agreement or a Pool Manager who has executed a Transportation Aggregation Agreement with the Company and who has acquired capacity with a Transporter.
53. **SPECIFIC GRAVITY**  
Specific gravity of the gas delivered shall be determined with an Edwards or other standard type gravity balance by test made as near the first of each month as practicable; or by a recording gravitometer of standard manufacture installed at a suitable location.
54. **STANDARD DELIVERY PRESSURE**  
The standard delivery pressure is assumed to be seven inches (7") of water column, 14.98 psia, where the atmospheric pressure is assumed to be 14.73 psia. No adjustment will be made for variations from the normal atmospheric pressure at the Customer's meter. Gas delivered at standard delivery pressure may vary from three inches (3") to two pounds (2 lbs.) of water column.
55. **SUBMETERING**  
The remetering of gas purchased by a Customer for distribution to the Customer's tenants through Customer-owned or rented meters.
56. **SUPERCOMPRESSIBILITY FACTOR**  
The multiplier used to correct the metered volume of natural gas for deviation from Boyle's law and varies according to the pressure, temperature and specific gravity. Where this factor is applied to measured volumes that are computed to base conditions, these volumes are greater than that obtained by the strict application of the ideal gas laws. The factor is obtained from the supercompressibility tables published in the American Gas Association Gas Measurement Committee Report No. 3, as amended from time to time.
57. **SUPPLIER**  
Any entity from which the Company or its Customers obtains its gas supply.
58. **THERM**  
A unit of heating value equivalent to one hundred thousand (100,000) British Thermal Units.

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TECHNICAL TERMS AND ABBREVIATIONS  
(Continued)

59. **TRANSPORTATION AGGREGATION AGREEMENT**  
A contract between the Company and a Pool Manager which defines the terms and conditions under which the Pool Manager's customers receive Transportation Service from the Company.
60. **TRANSPORTATION AGGREGATION SERVICE**  
That service which is offered by the Company in which volumes nominated by a Pool Manager under a Transportation Aggregation Agreement are received from the Transporter and delivered to the Pool Manager's customers.
61. **TRANSPORTATION SERVICE**  
That service which is offered by the Company in which volumes nominated by a Shipper under a Transportation Service Agreement are received from the Transporter and delivered to the Shipper's facility.
62. **TRANSPORTATION SERVICE AGREEMENT**  
A contract between the Company and a Shipper which defines the terms and conditions under which the Shipper receives Transportation Service from the Company.
63. **TRANSPORTER**  
Any pipeline that delivers gas to Company's city gate facilities.
64. **UNAUTHORIZED OVERRUN**  
The volume of natural gas that a Shipper or Shipper's customers consumes during the Month in excess of the volumes scheduled for the Month by the Shipper for delivery.
65. **UNAUTHORIZED UNDERRUN**  
The volume of natural gas that a Shipper schedules in excess of the actual volume of gas actually consumed by the Shipper or Shipper's customers during the Month.
66. **WORKING DAY**  
Any day on which the utility's business office is open and the U.S. mail is delivered.

TECHNICAL TERMS AND ABBREVIATIONS  
(Continued)

67. YEAR  
A period of three hundred and sixty-five (365) consecutive days except that in a year having a date of February twenty-nine (29), such year shall consist of three hundred sixty-six (366) consecutive days.

68. ABBREVIATIONS

AGA	American Gas Association
BTU	British Thermal Unit
CCF	One Hundred (100) Cubic Feet
Cu. Ft.	Cubic Feet
Cu. Ft./Hr.	Cubic Feet Per Hour
°C	Degree Centigrade
°F	Degree Fahrenheit
FERC	Federal Energy Regulatory Commission
FPSC	Florida Public Service Commission
C	Commercial
I	Industrial
LDC	Local Distribution Company
MCF	1,000 Cubic Feet
OSSS	Off-System Sales Service
OSSSA	Off-System Sales Service Agreement
psi	Pounds per square inch
psia	Pounds per square inch absolute
psig	Pounds per square inch gauge
TSA	Transportation Service Agreement

## CLASSIFICATION OF CUSTOMERS

### 1. RESIDENTIAL CUSTOMERS

Applies to customers purchasing natural gas from the Company for use in a single family dwelling or building, or in an individual flat, apartment or condominium unit in a multiple family dwelling or building or portion thereof occupied as the home, residence or sleeping place of one or more persons. Also applies to natural gas used in commonly owned facilities of condominium associations, cooperative apartments and homeowner associations subject to the following criteria:

1. 100% of the natural gas is used exclusively for the co-owners benefit.
2. None of the natural gas is used in any endeavor which sells or rents a commodity or provides a service for a fee or otherwise engages in a commercial or industrial enterprise.
3. Each point of delivery is separately metered and billed.
4. A responsible legal entity is established as the customer to whom the Company can render its bills for said service.

### 2. COMMERCIAL CUSTOMERS

Applies to customers engaged in selling, warehousing or distributing a commodity, product or service in some business activity or in a profession, or in some other form of economic or social activity (offices, stores, clubs, hotels, etc.) and to service that does not directly fall under on of the other customer types.

### 3. INDUSTRIAL CUSTOMERS

Applies to customers engaged in a process which creates a product or changes raw or unfinished materials into another form of product, or which involves the extraction of a raw material from the earth (factories, mills, distilleries, machine shops, wells, refineries, plants, etc.).

CLASSIFICATION OF CUSTOMERS  
(Continued)

4. ALTERNATE FUEL CUSTOMERS

Applies to any Commercial or Industrial Customer whose annual metered gas volume exceeds 100,000 therms, and who has the continuing capability to utilize an alternate fuel which displaces natural gas sold or transported by the Company. Alternate Fuel Customers shall, by a contract in writing, provide from time to time, sufficient evidence of the alternate fuel price to warrant an adjustment in the Company's base energy charge for the Rate Schedule under which the customer receives natural gas service. In all cases where continuous operation of a customer's facilities is necessary, the Alternate Fuel Customer shall, continuously maintain the capability to utilize a supply of alternate fuel of sufficient capability to allow the curtailment of natural gas without adversely impacting the customer's operation.

5. INTERRUPTIBLE CUSTOMERS

At the sole option of the Company, a customer without alternate fuel capabilities whose annual metered gas volume exceeds 100,000 therms, and who, by a contract in writing, agrees to interrupt their natural gas supply and discontinue operations to the benefit of other distribution system customers in the event a curtailment is required, may be designated an Interruptible Customer. Such customers may be deemed eligible to receive service under the Company's Special Contract provisions.

CLASSIFICATION OF SERVICE  
(Continued)

Service Classification: 0 – 300 Annual Therms

Applicability

Residential, Commercial or Industrial customers whose metered consumption is 300 therms per year or less.

Service Options

1. General Sales Service: Rate Schedule GS-1
2. Aggregated Transportation Service: Rate Schedule TS -1

Terms and Conditions of Service

1. Gas service provided to customers in this Class of Service shall be subject to the General Terms and Conditions set forth in this tariff, and other approved rules or regulations of the Company as applicable.

Service Classification: 300 – 3,000 Annual Therms

Applicability

Residential, Commercial or Industrial customers whose metered consumption is greater than 300 therms per year up to 3,000 therms per year.

Service Options

1. General Sales Service: Rate Schedule GS-2
2. Aggregated Transportation Service: Rate Schedule TS -2

Terms and Conditions of Service

1. Gas service provided to customers in this Class of Service shall be subject to the General Terms and Conditions set forth in this tariff, and other approved rules or regulations of the Company as applicable.

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CLASSIFICATION OF SERVICE  
(Continued)

Service Classification: 3,000 – 10,000 Annual Therms

Applicability

Residential, Commercial or Industrial customers whose metered consumption is greater than 3,000 therms up to 10,000 therms per year.

Service Options

- |                                       |                    |
|---------------------------------------|--------------------|
| 1. General Sales Service:             | Rate Schedule GS-3 |
| 2. Aggregated Transportation Service: | Rate Schedule TS-3 |

Terms and Conditions of Service

1. Gas service provided to customers in this Class of Service shall be subject to the General Terms and Conditions set forth in this tariff, and other approved rules or regulations of the Company as applicable.

Service Classification: 10,000 – 25,000 Annual Therms

Applicability

Commercial or Industrial customers whose metered consumption is greater than 10,000 therms up to 25,000 therms per year.

Service Options

- |                                       |                    |
|---------------------------------------|--------------------|
| 1. General Sales Service:             | Rate Schedule GS-4 |
| 2. Aggregated Transportation Service: | Rate Schedule TS-4 |

Terms and Conditions of Service

1. Gas service provided to customers in this Class of Service shall be subject to the General Terms and Conditions set forth in this tariff, and other approved rules or regulations of the Company as applicable.

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CLASSIFICATION OF SERVICE  
(Continued)

Service Classification: 25,000 – 50,000 Annual Therms

Applicability

Commercial or Industrial customers whose metered consumption is greater than 25,000 therms up to 50,000 therms per year.

Service Options

- |                                       |                    |
|---------------------------------------|--------------------|
| 1. General Sales Service:             | Rate Schedule GS-5 |
| 2. Aggregated Transportation Service: | Rate Schedule TS-5 |

Terms and Conditions of Service

1. Gas service provided to customers in this Class of Service shall be subject to the General Terms and Conditions set forth in this tariff, and other approved rules or regulations of the Company as applicable.

Service Classification: 50,000 – 100,000 Annual Therms

Applicability

Commercial or Industrial customers whose metered consumption is greater than 50,000 therms up to 100,000 therms per year.

Service Options

- |                                       |                    |
|---------------------------------------|--------------------|
| 1. General Sales Service:             | Rate Schedule GS-6 |
| 2. Aggregated Transportation Service: | Rate Schedule TS-6 |

Terms and Conditions of Service

1. Gas service provided to customers in this Class of Service shall be subject to the General Terms and Conditions set forth in this tariff, and other approved rules or regulations of the Company as applicable.

CLASSIFICATION OF SERVICE  
(Continued)

Service Classification: 100,000 – 500,000 Annual Therms

Applicability

Commercial or Industrial customers whose metered consumption is greater than 100,000 therms up to 500,000 therms per year.

Service Options

- |                                       |                    |
|---------------------------------------|--------------------|
| 1. General Sales Service:             | Rate Schedule GS-7 |
| 2. Contract Sales Service:            | Rider CSS          |
| 3. Aggregated Transportation Service: | Rate Schedule TS-7 |
| 4. Transportation Service:            | Rate Schedule TS-7 |
| 5. Contract Transportation Service:   | Rider CTS          |

Terms and Conditions of Service

1. Gas service provided to customers in this Class of Service shall be subject to the General Terms and Conditions set forth in this tariff, and other approved rules or regulations of the Company as applicable.

**CLASSIFICATION OF SERVICE**  
(Continued)

**Service Classification: 500,000 – 1,000,000 Annual Therms**

**Applicability**

Commercial or Industrial customers whose metered consumption is greater than 500,000 therms up to 1,000,000 therms per year.

**Service Options**

- |                                       |                    |
|---------------------------------------|--------------------|
| 1. General Sales Service:             | Rate Schedule GS-8 |
| 2. Contract Sales Service:            | Rider CSS          |
| 3. Aggregated Transportation Service: | Rate Schedule TS-8 |
| 4. Transportation Service:            | Rate Schedule TS-8 |
| 5. Contract Transportation Service:   | Rider CTS          |

**Terms and Conditions of Service**

1. Gas service provided to customers in this Class of Service shall be subject to the general Terms and Conditions set forth in this tariff, and other approved rules or regulations of the Company as applicable,

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**CLASSIFICATION OF SERVICE**  
(Continued)

**Service Classification: Greater than 1,000,000 Annual Therms**

**Applicability**

Commercial or Industrial customers whose metered consumption is greater than 1,000,000 therms per year.

**Service Options**

- |                                       |                    |
|---------------------------------------|--------------------|
| 1. General Sales Service:             | Rate Schedule GS-9 |
| 2. Contract Sales Service:            | Rider CSS          |
| 3. Aggregated Transportation Service: | Rate Schedule TS-9 |
| 4. Transportation Service:            | Rate Schedule TS-9 |
| 5. Contract Transportation Service:   | Rider CTS          |

**Terms and Conditions of Service**

1. Gas service provided to customers in this Class of Service shall be subject to the general Terms and Conditions set forth in this tariff, and other approved rules or regulations of the Company as applicable.

## SERVICE OPTIONS

### 1. GENERAL SALES SERVICE

All Customer Classifications at all Service Classification levels may elect the General Sales Service option. Customer's served under a General Sales Service (GS) Rate Schedule will purchase natural gas directly from the Company.

### 2. CONTRACT SALES SERVICE

Alternate Fuel Customers (metered gas volume over 100,000 annual therms) may elect to enter into a contract to purchase natural gas directly from the Company for a period of not less than one-year. The energy charge for this service option shall be subject to the Company's flexible pricing mechanism. It is the intention of the Company that the energy charge be determined based upon the competitive pricing of the customer's alternate fuel. In establishing the customer's energy charge, the Company may analyze: the cost of gas available to the customer; the delivered price of the customer's alternate fuel; the availability of such fuel; and the nature of the customer's operations. The Company may from time to time increase or reduce the energy charge as it deems necessary or appropriate to compete with alternate fuel, but shall have no obligation to do so. Contract Sales Service shall be provided in accordance with the terms and conditions contained in Rider CSS, Sheet Nos. 59 to 61.

### 3. AGGREGATED TRANSPORTATION SERVICE

All Customer Classifications in all Service Classifications, except Residential Customers and customers served under the Flexible Gas Service rate schedules or under a Special Contract, may elect to transport customer owned gas on the Company's distribution system as part of an aggregated Customer Pool. Aggregated transportation service is the only transportation option available to Commercial and Industrial Customers whose annual metered gas volume is less than 100,000 therms. Aggregated Transportation Service shall be provided in accordance with Section 17, General Terms and Conditions, Sheet Nos. 103 to 115.

**SERVICE OPTIONS**  
(Continued)

**4. TRANSPORTATION SERVICE**

All Customer Classifications in all Service Classifications, except Residential Customers, whose annual metered gas volume exceeds 100,000 therms, may elect to individually transport customer owned gas on the Company's distribution system. Transportation Service shall be provided in accordance with Section 17, General Terms and Conditions, Sheet Nos. 103 to 115.

**5. CONTRACT TRANSPORTATION SERVICE**

Alternate Fuel Customers (metered gas volume over 100,000 annual therms) may elect to purchase natural gas from a supplier other than the Company and arrange for the transportation of said natural gas on the interstate pipeline for delivery into the Company's distribution system. Customers electing this service option must enter into a contract with the Company to transport customer owned gas on the Company's distribution system for a period of not less than one year. The transportation charge for this service option shall be subject to the Company's flexible pricing mechanism. It is the intention of the Company that the transportation charge be determined based upon the competitive pricing of the customer's alternate fuel. In establishing the customer's transportation charge, the Company may analyze: the cost of gas available to the customer; the delivered price of the customer's alternate fuel; the availability of such fuel; and the nature of the customer's operations. The Company may from time to time increase or reduce the transportation charge as it deems necessary or appropriate to compete with alternate fuel, but shall have no obligation to do so. Contract Transportation Service shall be provided in accordance with Section 17, General Terms and Conditions, Sheet Nos. 103 to 115, and Rider CTS, Sheet Nos. 62 to 65.

**SERVICE OPTIONS**  
(Continued)

6. **FLEXIBLE GAS SERVICE**

At the sole option of the Company, service agreements with terms and conditions other than those set forth in the Company's tariff, may be executed with customers demonstrating viable alternate fuel options. Under this service option, the Company assumes the investment risk of serving the customer in return for the option to establish rates, capital repayment, length of service, operating conditions, etc. outside the normal regulatory process. Flexible Gas Service customers must not cause any additional cost to the Company's other customer.

7. **SPECIAL CONTRACTS**

Any non-residential customer who, at the sole option of the Company, and with the approval of the Commission, receives general sales or transportation service from the Company under written contractual terms and conditions other than those set forth in the Company's approved tariff.

8. **LOAD PROFILE ENHANCEMENT SERVICE**

Residential and commercial customers served under Rate Schedules GS-1/TS-1 through GS-6/TS-6, adding separately metered incremental gas volumes consumed during the months of April through October may elect the rate discount available under Rider LE, Sheet Nos. 57 to 58.

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Transportation Service - 1	TS-1	40
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Chesapeake Utilities Corporation

Effective:

GENERAL SALES SERVICE-1  
Rate Schedule GS-1

Availability:

Throughout the service area of the Company.

Applicability:

Residential, commercial or industrial customers purchasing natural gas directly from the Company whose annual metered gas volume is 0 therms up to 300 therms.

Monthly Rate:

Customer Charge:	\$15.00
Energy Charge:	\$0.10220 per therm
Minimum Bill:	The customer charge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 80.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of gas service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the monthly rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, sales under this rate schedule shall be billed at rates stated herein.

Issued by: John R. Schimkaitis, President  
Chesapeake Utilities Corporation

Effective:

TRANSPORTATION SERVICE-1  
Rate Schedule TS-1

Availability:

Throughout the service area of the Company.

Applicability:

Aggregated transportation service available to Commercial and Industrial customers whose annual metered transportation volume is 0 therms up to 300 therms.

Monthly Rate:

Customer Charge:	\$20.00
Energy Charge:	\$0.10220 per therm
Minimum Bill:	The customer charge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 80.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of gas service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the monthly rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, sales under this rate schedule shall be billed at rates stated herein.

Issued by: John R. Schimkaitis, President  
Chesapeake Utilities Corporation

Effective:

GENERAL SALES SERVICE-2  
Rate Schedule GS-2

Availability:

Throughout the service area of the Company.

Applicability:

Residential, commercial or industrial customers purchasing natural gas directly from the Company whose annual metered gas volume is greater than 300 therms up to 3,000 therms.

Monthly Rate:

Customer Charge:	\$22.50
Energy Charge:	\$0.20038 per therm
Minimum Bill:	The customer charge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 80.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of gas service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the monthly rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, sales under this rate schedule shall be billed at rates stated herein.

Issued by: John R. Schimkaitis, President  
Chesapeake Utilities Corporation

Effective:

TRANSPORTATION SERVICE-2  
Rate Schedule TS-2

Availability:

Throughout the service area of the Company.

Applicability:

Aggregated transportation service available to Commercial and Industrial customers whose annual metered transportation volume is greater than 300 therms up to 3,000 therms.

Monthly Rate:

Customer Charge:	\$32.50
Energy Charge:	\$0.20038 per therm
Minimum Bill:	The customer charge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 80.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of gas service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the monthly rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, sales under this rate schedule shall be billed at rates stated herein.

Issued by: John R. Schimkaitis, President  
Chesapeake Utilities Corporation

Effective:

GENERAL SALES SERVICE-3  
Rate Schedule GS-3

Availability:

Throughout the service area of the Company.

Applicability:

- Residential, commercial or industrial customers purchasing natural gas directly from the Company whose annual metered gas volume is greater than 3,000 therms up to 10,000 therms.

Monthly Rate:

Customer Charge:	\$32.50
Energy Charge:	\$0.29273 per therm
Minimum Bill:	The customer charge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 80.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of gas service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the monthly rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, sales under this rate schedule shall be billed at rates stated herein.

Issued by: John R. Schimkaitis, President  
Chesapeake Utilities Corporation

Effective:

TRANSPORTATION SERVICE-3  
Rate Schedule TS-3

Availability:

Throughout the service area of the Company.

Applicability:

Aggregated transportation service available to Commercial and Industrial customers whose annual metered transportation volume is greater than 3,000 therms up to 10,000 therms.

Monthly Rate:

Customer Charge:	\$42.50
Energy Charge:	\$0.29273 per therm
Minimum Bill:	The customer charge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 80.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of gas service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the monthly rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, sales under this rate schedule shall be billed at rates stated herein.

Issued by: John R. Schimkaitis, President  
Chesapeake Utilities Corporation

Effective:

GENERAL SALES SERVICE-4  
Rate Schedule GS-4

Availability:

Throughout the service area of the Company.

Applicability:

Commercial or industrial customers purchasing natural gas directly from the Company whose annual metered gas volume is greater than 10,000 therms up to 25,000 therms.

Monthly Rate:

Customer Charge:	\$40.00
Energy Charge:	\$0.24908 per therm
Minimum Bill:	The customer charge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 80.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of gas service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the monthly rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, sales under this rate schedule shall be billed at rates stated herein.

Issued by: John R. Schimkaitis, President  
Chesapeake Utilities Corporation

Effective:



TRANSPORTATION SERVICE-4  
Rate Schedule TS-4

Availability:

Throughout the service area of the Company.

Applicability:

Aggregated transportation service available to Commercial and Industrial customers whose annual metered transportation volume is greater than 10,000 therms up to 25,000 therms.

Monthly Rate:

Customer Charge:	\$55.00
Energy Charge:	\$0.24908 per therm
Minimum Bill:	The customer charge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 80.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of gas service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the monthly rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, sales under this rate schedule shall be billed at rates stated herein.

GENERAL SALES SERVICE-5  
Rate Schedule GS-5

Availability:

Throughout the service area of the Company.

Applicability:

Commercial or industrial customers purchasing natural gas directly from the Company whose annual metered gas volume is greater than 25,000 therms up to 50,000 therms.

Monthly Rate:

Customer Charge:	\$100.00
Energy Charge:	\$0.19843 per therm
Minimum Bill:	The customer charge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 80.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of gas service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the monthly rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, sales under this rate schedule shall be billed at rates stated herein.

TRANSPORTATION SERVICE-5  
Rate Schedule TS-5

Availability:

Throughout the service area of the Company.

Applicability:

Aggregated transportation service available to Commercial and Industrial customers whose annual metered transportation volume is greater than 25,000 therms up to 50,000 therms.

Monthly Rate:

Customer Charge:	\$125.00
Energy Charge:	\$0.19843 per therm
Minimum Bill:	The customer charge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 80.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of gas service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the monthly rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, sales under this rate schedule shall be billed at rates stated herein.

GENERAL SALES SERVICE-6  
Rate Schedule GS-6

Availability:

Throughout the service area of the Company.

Applicability:

Commercial or industrial customers purchasing natural gas directly from the Company whose annual metered gas volume is greater than 50,000 therms up to 100,000 therms.

Monthly Rate:

Customer Charge:	\$175.00
Energy Charge:	\$0.16326 per therm
Minimum Bill:	The customer charge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 80.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of gas service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the monthly rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment sales under this rate schedule shall be billed at rates stated herein.

TRANSPORTATION SERVICE-6  
Rate Schedule TS-6

Availability:

Throughout the service area of the Company.

Applicability:

Aggregated transportation service available to Commercial and Industrial customers whose annual metered transportation volume is greater than 50,000 therms up to 100,000 therms.

Monthly Rate:

Customer Charge:	\$200.00
Energy Charge:	\$0.16326 per therm
Minimum Bill:	The customer charge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 80.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of gas service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the monthly rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, sales under this rate schedule shall be billed at rates stated herein.

GENERAL SALES SERVICE-7  
Rate Schedule GS-7

Availability:

Throughout the service area of the Company.

Applicability:

Commercial or industrial customers purchasing natural gas directly from the Company whose annual metered gas volume is greater than 100,000 therms up to 500,000 therms.

Monthly Rate:

Customer Charge:	\$250.00
Energy Charge:	\$0.10627 per therm
Minimum Bill:	The customer charge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 80.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of gas service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the monthly rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, sales under this rate schedule shall be billed at rates stated herein.

Issued by: John R. Schimkaitis, President  
Chesapeake Utilities Corporation

Effective:

TRANSPORTATION SERVICE-7  
Rate Schedule TS-7

Availability:

Throughout the service area of the Company.

Applicability:

Transportation service available to Commercial and Industrial customers whose annual metered transportation volume is greater than 100,000 therms up to 500,000 therms.

Monthly Rate:

Customer Charge:	\$300.00
Energy Charge:	\$0.10627 per therm
Minimum Bill:	The customer charge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 80.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of gas service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the monthly rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, sales under this rate schedule shall be billed at rates stated herein.

GENERAL SALES SERVICE-8  
Rate Schedule GS-8

Availability:

Throughout the service area of the Company.

Applicability:

Commercial or industrial customers purchasing natural gas directly from the Company whose annual metered gas volume is greater than 500,000 therms up to 1,000,000 therms.

Monthly Rate:

Customer Charge:	\$350.00
Energy Charge:	\$0.09675 per therm
Minimum Bill:	The customer charge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 80.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of gas service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the monthly rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, sales under this rate schedule shall be billed at rates stated herein.

Issued by: John R. Schimkaitis, President  
Chesapeake Utilities Corporation

Effective:



TRANSPORTATION SERVICE-8  
Rate Schedule TS-8

Availability:

Throughout the service area of the Company.

Applicability:

Transportation service available to Commercial and Industrial customers whose annual metered transportation volume is greater than 500,000 therms up to 1,000,000 therms.

Monthly Rate:

Customer Charge:	\$500.00
Energy Charge:	\$0.09675 per therm
Minimum Bill:	The customer charge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 80.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of gas service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the monthly rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, sales under this rate schedule shall be billed at rates stated herein.

GENERAL SALES SERVICE-9  
Rate Schedule GS-9

Availability:

Throughout the service area of the Company.

Applicability:

Commercial or industrial customers purchasing natural gas directly from the Company whose annual metered gas volume is greater than 1,000,000 therms.

Monthly Rate:

Customer Charge:	\$500.00
Energy Charge:	\$0.08287 per therm
Minimum Bill:	The customer charge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 80.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of gas service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the monthly rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, sales under this rate schedule shall be billed at rates stated herein.

TRANSPORTATION SERVICE-9  
Rate Schedule TS-9

Availability:

Throughout the service area of the Company.

Applicability:

Transportation service available to Commercial and Industrial customers whose annual metered transportation volume is greater than 1,000,000 therms.

Monthly Rate:

Customer Charge:	\$700.00
Energy Charge:	\$0.08287 per therm
Minimum Bill:	The customer charge.

Billing Adjustments:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 74 – 80.
2. If the Company agrees to provide the necessary natural gas conversion equipment, an agreement as to terms and conditions governing recovery of such conversion costs from the customer may be entered into and the initial contract term of gas service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the monthly rate section, may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural gas conversion equipment. At such time as the Company has recovered its costs of providing the natural gas conversion equipment, sales under this rate schedule shall be billed at rates stated herein.

LOAD PROFILE ENHANCEMENT RIDER  
Rider LE

Availability:

Service hereunder is available, in all of the Company's service area, to any residential or commercial customer who would otherwise qualify for service under Rate Schedules GS-1, TS-1, GS-2, TS-2, GS-3, TS-3, GS-4, TS-4, GS-5, TS-5, GS-6, and TS-6.

Applicability:

Service under this Rider LE is applicable, at the request of the Customer, to incremental consumption, as defined below, during the months of April through October to customers served under the applicable Rate Schedules. This rider shall be applicable prospectively beginning on the date approved by the Commission, for service commencing on or after the Origination Date. An existing Customer which is served under an applicable Rate Schedule must satisfy two conditions to be eligible for Rider LE on or after the Origination Date; (a) the Customer must add incremental gas consumption, as defined below, after the Origination Date, and (b) the portion of the incremental consumption taken during the April through October period must equal at least two (2) times the portion of the incremental consumption taken during the November through March period. A party which is not a customer of the Company on the Origination Date shall be eligible for Rider LE after the Origination Date if its total projected gas consumption during the April through October period is at least two (2) times its total projected gas consumption for the November through March period. The Company will review a Customer's actual consumption history at the end of each calendar year to determine if the Customer is eligible for Rider LE for the next calendar year.

Rates:

Customer Charge: As set forth in the otherwise applicable rate schedule. There is not an additional Customer Charge for this Rider LE.

Non-Fuel: Fifty (50) percent of the Non-Fuel charge set forth in the otherwise applicable rate schedule for all incremental therms consumed during the months of April through October only.

Issued by: John R. Schimkaitis, President  
Chesapeake Utilities Corporation

Effective:

**LOAD PROFILE ENHANCEMENT RIDER**  
**Rider LE**  
**(Continued)**

**Special Conditions:**

1. Service by the Company pursuant to this Rider LE will be initiated only if requested by Customer, and the rates provided herein shall be applicable prospectively from the time service hereunder is initiated by the Company.
2. Company will require that Customer's incremental consumption be separately metered.
3. The above rates shall apply only to the Customer's incremental consumption during the months of April through October.
4. For the purposes of this rider:
  - (A) "Incremental consumption" shall mean all therms consumed by the Customer in excess of the Customer's Base Load Quantity.
  - (B) "Base Load Quantity" shall mean the total therms of gas consumed by the Customer in the twelve-billing-month period prior to receiving service under Rider LE. If the Customer was not a customer for a full twelve-month period before receiving Rider LE, then the Customer's "Base Load Quantity" consumption will be the annualized equivalent of the actual consumption for such less than twelve-month period. Such annualized consumption shall equal the actual consumption divided by the number of months which the Customer was receiving service, times twelve (12).
  - (C) "Origination Date" shall mean the first day of the first calendar month following Commission approval of this Rider LE.
5. For the purposes of Rider LE eligibility (see Applicability above), a change in the name or identity of the party receiving gas service at a given service location shall not result in such party being a new Customer if such service location was receiving gas service on the Origination Date.

**CONTRACT SALES SERVICE  
Rider CSS**

**Availability:**

In all of the Company's service area.

**Applicability:**

To any alternate fuel sales customer who would otherwise qualify for service under Rate Schedule GS-7, GS-8 or GS-9, who contracts for service under this Rate Schedule for a minimum period of one year, provided that the Company has delivery capacity in excess of the then existing requirements of other customers receiving gas service and provided the Company has available from its supplier a quantity of gas to meet such customer's requirements.

**Rates:**

**Customer Charge:**

The monthly customer charge for contract sales service shall be the monthly customer charge applicable to the GS-7, GS-8 or GS-9 rate schedule under which the customer would otherwise qualify for service.

**Energy Charge:**

The energy charge for service hereunder shall be subject to a flexible pricing mechanism. It is the intention of Company that this charge shall be determined based upon competition with Customer's alternate fuel.

The energy charge to customer shall be determined by Company based upon Company's evaluation of competitive conditions. Such conditions may include, but are not necessarily limited to: the cost of gas which is available to serve customer; the delivered price of customer's designated alternate fuel; the availability of such fuel; and the nature of customer's operations. Company may from time to time increase or reduce the energy charge as it deems necessary or appropriate to compete with alternate fuel, but shall have no obligation to do so.

Unless changed by Company pursuant to this Rate Schedule, the base charge shall be the current applicable rate. The "currently applicable non-adjusted rate" as used herein means the energy charge prescribed in the GS-7, GS-8 or GS-9 rate schedule for which the customer would otherwise qualify for service.

Issued by: John R. Schimkaitis, President  
Chesapeake Utilities Corporation

Effective:

**CONTRACT SALES SERVICE  
RIDER CSS  
(Continued)**

Customer may at any time request a reduction in its energy charge by completing the form which appears on Sheet Nos. 62 and 63 and submitting the same to Company. During any period in which the energy charge is less than base rate, customer shall complete and submit the same form with then current information as close as practicable to the first day of each month.

Company will notify customer immediately by telephone communication to be followed by written notification within 24 hours of any change in the energy charge under this Rate Schedule. The rate change shall be effective at 4:00 p.m. Eastern Daylight Time on the first day of the month for which the rate applies or at 4:00 p.m. Eastern Daylight Time on the day following notification to customer of a change in rates which may occur at any time during the billing month.

Notwithstanding the other provisions of this Rate Schedule, the Company may enter into a contract with an alternate fuel sales customer to provide service under terms other than those set forth herein; provided that the charges prescribed in any such contract shall be established with the objective of enabling the Company to recover at a minimum the fully allocated cost of serving that customer. Any such contract shall be subject to approval by the Florida Public Service Commission, and the Commission shall have continuing jurisdiction over the rates charged therein.

**Terms and Conditions of Service:**

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos.
2. Service under this Rate Schedule is subject to the General Rules and Regulations of the Company applicable to gas service.
3. The customer will submit a "first of the month" nomination for estimated gas consumption to the Company by the 10<sup>th</sup> day of the month preceding the month for which it requests gas service. A final nomination for gas consumption will be submitted by the 20<sup>th</sup> day of the preceding month. The Company will confirm the final nomination to the customer by the last working day of the preceding month.

Issued by: John R. Schimkaitis, President  
Chesapeake Utilities Corporation

Effective:

CONTRACT SALES SERVICE  
RIDER CSS  
(Continued)

4. Nominations after the first of the month (intra-month) will require 48 hours notice to and confirmation from the Company before using gas.
5. Any additional charges incurred by the Company due to intra-month nominations shall be passed through to the customer making such nominations as over-run charges and credited to the purchased gas cost in the month during which the intr-month nomination occurs.
6. **Alternate Fuel Certification:**  
The customer shall certify that its cost of alternate fuel is less than the delivered cost of gas received under Company's Transportation Service. Determination of customer's cost of alternate fuel shall be based on information set forth in Company's Form AFA (set forth on Sheet Nos. 66 and 67). Once a customer has submitted such form, and the same has been accepted by the Company, the customer shall resubmit such form, with then current information, on the first day of each month thereafter, and at any time there is any change in any information contained in a form previously submitted. The monthly rate for a customer who submits no Form AFA to Company, or who fails to submit such form (properly completed) as required hereunder, or whose completed form if not accepted by Company, shall be the currently applicable non-adjusted rate.

Issued by: John R. Schimkaitis, President  
Chesapeake Utilities Corporation

Effective:



**CONTRACT TRANSPORTATION SERVICE  
Rider CTS**

**Availability:**

In all of the Company's service area.

**Applicability:**

To any alternate fuel customer who enters into a Transportation Service Agreement with the Company, for a minimum term of one year, and who would otherwise qualify for service under Rate Schedule TS-7, TS-8 or TS-9. Service under this Rider shall be subject to: (a) the special conditions set forth in this Rider, (b) the provisions of the Transportation Service Agreement between the Company and the customer and, (c) the customer's ability to arrange sufficient transportation service by transporter(s).

**Rates:**

**Customer Charge:**

The monthly customer charge for contract transportation service shall be the monthly customer charge applicable to the TS-7, TS-8 or TS-9 rate schedule under which the customer would otherwise qualify for service.

**Transportation Charge:**

The transportation charge for service hereunder shall be subject to a flexible pricing mechanism. It is the intention of Company that this charge shall be determined based upon competition with Customer's alternate fuel.

The transportation charge to customer shall be determined by Company based upon Company's evaluation of competitive conditions. Such conditions may include, but are not necessarily limited to: the cost of gas which is available to serve customer; the delivered price of customer's designated alternate fuel; the availability of such fuel; and the nature of customer's operations. Company may from time to time increase or reduce the transportation charge as it deems necessary or appropriate to compete with alternate fuel, but shall have no obligation to do so.

Unless changed by Company pursuant to this Rate Schedule, the base charge shall be the current applicable rate. The "currently applicable non-adjusted rate" as used herein means the transportation charge prescribed in the TS-7, TS-8 or TS-9 rate schedule for which the customer would otherwise qualify for service.

Issued by: John R. Schimkaitis, President  
Chesapeake Utilities Corporation

Effective:

**CONTRACT TRANSPORTATION SERVICE**  
**Rider CTS**  
**(Continued)**

Customer may at any time request a reduction in its transportation charge by completing the Form AFA which appears on Sheet Nos. 66 and 67 and submitting the same to Company. During any period in which the transportation charge is less than base rate, customer shall complete and submit the same form with then current information as close as practicable to the first day of each month.

Company will notify customer immediately by telephone communication to be followed by written notification within 24 hours of any change in the transportation charge under this Rate Schedule. The rate change shall be effective at 4:00 p.m. Eastern Daylight Time on the first day of the month for which the rate applies or at 4:00 p.m. Eastern Daylight Time on the day following notification to customer of a change in rates which may occur at any time during the billing month.

Notwithstanding the other provisions of this Rate Schedule, the Company may enter into a contract with an alternate fuel transportation customer to provide service under terms other than those set forth herein; provided that the charges prescribed in any such contract shall be established with the objective of enabling the Company to recover at a minimum the fully allocated cost of serving that customer. Any such contract shall be subject to approval by the Florida Public Service Commission, and the Commission shall have continuing jurisdiction over the rates charged therein.

Company will notify customer immediately by telephone communication to be followed by written notification within 24 hours of any change in the transportation charge under this Rate Schedule. The rate change shall be effective at 4:00 PM Eastern Daylight Time on the first day of the month for which the rate applies or at 4:00 PM Eastern Daylight Time on the day following notification to customer of a change in rates which may occur at any time during the billing month.

**Terms and Conditions of Service:**

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos.
2. Service under this Rate Schedule is subject to the General Rules and Regulations of the Company applicable to gas service.

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Chesapeake Utilities Corporation

Effective:

CONTRACT TRANSPORTATION SERVICE  
Rider CTS  
(Continued)

3. Customer bears sole responsibility for all costs incurred up to the designated point of delivery on Company's system.
4. Service under this schedule shall be subject to the terms and conditions of the Transportation Service Agreement (TSA) between the Company and the customer and, unless otherwise indicated herein or in the TSA, to the General Rules and Regulations set forth in this tariff.
5. Customer will notify the Company of its "first of the month" nomination to transporter eight business days prior to the first of the month.
5. Customer will notify the Company of any intra-month nominations to transporter at least twenty-four (24) hours before the effective date of such nominations.
6. **Alternate Fuel Certification:**  
The customer shall certify that its cost of alternate fuel is less than the delivered cost of gas received under Company's Transportation Service. Determination of customer's cost of alternate fuel shall be based on information set forth in Company's Form AFA (set forth on Sheet Nos. 66 and 67). Once a customer has submitted such form, and the same has been accepted by the Company, the customer shall resubmit such form, with then current information, on the first day of each month thereafter, and at any time there is any change in any information contained in a form previously submitted. The monthly rate for a customer who submits no Form AFA to Company, or who fails to submit such form (properly completed) as required hereunder, or whose completed form if not accepted by Company, shall be the currently applicable non-adjusted rate.
7. Transportation service rendered under this Rate Schedule may be curtailed or fully interrupted at the sole discretion of the Company in accordance with the Transportation Service Agreement and the provisions of the Curtailment Plan. The Company assumes no liability for any loss or damage that may be sustained by customer by reason of any curtailment or interruption of gas service rendered under this Rate Schedule. During such interruptions the Company may, at its option, utilize customer's gas for system supply and issue a credit to the customer during the next

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Effective:

Florida Division  
Original Volume No. 3

Original Sheet No. 65

**CONTRACT TRANSPORTATION SERVICE**  
**Rider CTS**  
**(Continued)**

billing cycle equal to the monthly average spot price for gas delivered to FGT at Tivoli as reported in Natural Gas Week for the week in which delivery occurred times the volume of gas utilized by the Company.

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Chesapeake Utilities Corporation

Effective:



ALTERNATE FUEL AFFIDAVIT  
Form AFA  
(Continued)

I hereby certify that (Name of Customer) will cease taking gas from Florida  
Division on (Date) unless such gas is priced at less than \$.\_\_\_\_\_ per therm as  
provided in Florida Division's Rate Schedule \_\_\_\_\_.

\_\_\_\_\_  
(Customer Name)

By:

\_\_\_\_\_  
(Signature of Corporate Officer)

\_\_\_\_\_  
(Title)

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

SWORN TO AND SUBSCRIBED before me this \_\_\_\_\_ day of  
\_\_\_\_\_, 19\_\_\_\_.

My commission expires: \_\_\_\_\_

Notary Public

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Chesapeake Utilities Corporation

Effective:

OFF-SYSTEM SALES SERVICE  
Rate Schedule OSSS

Availability:

In all of the Company's service area, and of any interstate or intrastate natural gas pipeline (Transporter) serving the Company when Company has availability of capacity and supply.

Applicability:

- (1) Gas delivered by Company through the facilities of Transporter, using Company's transportation capacity rights on such Transporter, to any party on Transporter's system that is not connected to Company's distribution system.
- (2) Gas delivered to any natural gas local distribution company directly interconnected with the Company.

Rates:

Customer Charge: None

Transaction Charge: \$100.00 per transaction

Energy Charge:

For all Scheduled Quantities (as such term is defined in Special Condition 5 below), the Energy Charge per therm shall be established by agreement between Company and Customer prior to each transaction pursuant to this rate schedule.

The Energy Charge for service pursuant to this rate schedule shall be determined by Company based upon Company's evaluation of competitive conditions. Such conditions may include, but are not necessarily limited to: the cost of gas which is available to service Customer; the delivered price and availability of Customer's designated alternate fuel; and the nature of Customer's operations (such as load factor, fuel efficiency, alternate fuel capacity, etc.). Company may from time to time increase or reduce the Energy Charge as it deems necessary or appropriate to meet competition or remain competitive, but shall have not an obligation to do so.

The Energy Charge per therm shall include, at a minimum, the cost per therm of the gas delivered to Customer pursuant to this rate schedule, including all variable costs incurred by Company for (or in connection with) Pipeline transportation and all applicable taxes. Company's Purchase Gas Cost Recovery Adjustment Clause,

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Effective:

OFF-SYSTEM SALES SERVICE  
Rate Schedule OSSS  
(Continued)

Energy Conservation Cost Recovery Clause, General Service Rate Adjustment and Transportation Cost Recovery Clause shall not apply to purchases of gas made by Customer pursuant to this rate schedule.

Terms and Conditions:

1. The rates set forth above shall be subject to the Company's billing adjustments set forth on Sheet Nos. 74 to 80, except as specifically excluded above.
2. Service under this rate schedule shall be subject to (a) the terms and conditions of the Off-System Sales Service Agreement (OSSSA) between the Company and the Customer (b) the conditions set forth in this rate schedule, and (c) except as modified by the provisions set forth above, to the General Rules and Regulations set forth in this tariff.
3. Amounts payable to Company pursuant to this rate schedule shall be subject to the operation of the Company's Taxes and Other Adjustments set forth on Sheet No.80.
4. Disposition of Net Revenues and Transaction Charges. For purposes of this paragraph 3 "net revenues" shall equal the difference between the Energy Charge and the cost of gas delivered to Customer inclusive of all taxes and adjustments.
5. Interruption and Curtailment. Neither Customer nor Company shall have any obligation to the other for any specific minimum quantity of gas or pipeline capacity on any day or during any month, and deliveries pursuant to this rate schedule shall be subject to curtailment or interruption at any time at the sole discretion of Company.

Any gas taken in excess of the volume allocated to Customer in an interruption or curtailment order shall be considered to be unauthorized overrun gas subject to the cash-out provisions as defined in the Billing Adjustment section of this tariff.

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Effective:



OFF-SYSTEM SALES SERVICE  
Rate Schedule OSSS  
(Continued)

6. For each day on which customer desires to receive service pursuant to this rate schedule, Customer shall provide a nomination to Company specifying the quantity of gas it desires to receive at the specified point of delivery pursuant to the OSSSA. Following receipt of a timely and complete nomination from Customer, Company will confirm the quantities of gas to be made available for delivery to Customer at such point of delivery. Quantities confirmed by Company for delivery shall be "Scheduled Quantities."
7. The point of delivery for all gas sold pursuant to this rate schedule shall be the delivery point of the delivering Pipeline specified by Customer.
8. Except as modified by the provisions set forth above, service under this rate schedule shall be subject to the Rules and Regulations set forth in this tariff.
9. The point of delivery for all gas sold pursuant to this rate schedule shall be either the delivery point of the delivering pipeline (Transporter) specified by Customer if Customer is not directly interconnected with Company or the interconnection between Company and Customer's facilities if Customer is a local distribution company directly connected to Company.
10. When applicable, the availability of this service is contingent upon acceptance by Transporter to deliver at alternate delivery points and upon appropriate operating conditions existing on Transporter.

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Chesapeake Utilities Corporation

Effective:

FLEXIBLE GAS SERVICE  
Rate Schedule FGS

OBJECTIVE

The objective of this service classification is to enable the Company the opportunity to compete in markets where natural gas service is not a monopoly service. It is designed to increase load by working with customers with regard to the specific terms and conditions of service. Although the primary purpose of the flexible gas service schedule is to attract new customers, the Company shall not be precluded from using the schedule to keep existing customers from leaving its system.

To the extent that the Company enters into flexible gas service agreements with customers, the Company is at risk for the capital investment necessary to serve the flexible gas service tariff customers, not the general body of ratepayers.

APPLICABILITY

This service is available at the Company's option to customer(s) meeting the applicability standards, which include (1) the customer must provide the Company with a viable economic energy alternative including verifiable documentation of customer alternative and (2) the Company must demonstrate that this customer will not cause any additional cost to the Company's other rate classes. The Company is under no obligation to grant service under this tariff. Absent a service agreement with the Company under this rate schedule, customers are under no obligation to accept service under this rate schedule, and may elect to receive service under other applicable tariff rate schedules.

Terms of service under this rate schedule, including pressure, capital repayment, operating conditions and length of service are separately set forth in individual agreements between the Company and the Customers.

MONTHLY RATE

The rate will be developed based on economic market conditions at the time gas service is requested. The rate shall not be set lower than the incremental cost the Company incurs to serve the Customer.

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Effective:

FLEXIBLE GAS SERVICE  
(Continued)

CONFIDENTIALITY

The Company and Customer each regard the terms and conditions of the negotiated service agreement as confidential, proprietary business information.

The Company and Customer agree to utilize all reasonable and available measures to guard the confidentiality of said information, subject to the requirements of courts and agencies having jurisdiction hereof.

In the event either party is asked to provide the information by such a court or agency, it will promptly inform the other of the request, and will cooperate in defending and maintaining the confidentiality of the information.

This provision shall not prohibit or restrict the FPSC from reviewing the service agreement in the performance of its duties, but the FPSC shall treat the service agreement as a confidential document. Within 30 days after a service agreement has been executed under this rate schedule, the Company shall file the service agreement and related documents with the Commission's Division of Records and Reporting for review by the Commission Staff who shall treat them as confidential documents.

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Chesapeake Utilities Corporation

Effective:

**MISCELLANEOUS CHARGES AND FEES**  
Rate Schedule MCF

**Availability:**

**In all of the Company's service area.**

**Applicability:**

**To all customers for services rendered or fees assessed in accordance with the General Terms and Conditions Section of the Company's approved tariff.**

**Rates and Charges:**

<b>Residential Connection Charge:</b>	<b>\$30.00</b>
<b>Commercial Connection Charge:</b>	<b>\$60.00</b>
<b>Residential Re-Connection Charge</b>	<b>\$30.00</b>
<b>Commercial Re-Connection Charge</b>	<b>\$60.00</b>
<b>Collection in Lieu of Disconnect Charge:</b>	<b>\$20.00</b>
<b>Change of Account Charge:</b>	<b>\$15.00</b>
<b>Return Check Charge:</b>	<b>\$25.00 or 5% of the face value of the check, which ever is greater.</b>

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Chesapeake Utilities Corporation**

**Effective:**

**BILLING ADJUSTMENTS - BA**

**(1) PURCHASED GAS COST RECOVERY FACTOR:**

Applicable:

To the Rate per Month provision in each of the Company's general sales service rate schedules.

The energy charge of the Monthly Rate for gas supplied in any billing period shall be adjusted by the Company's expected weighted average cost of gas (WACOG). The WACOG may not exceed the Commission approved purchased gas cost recovery factor based on estimated gas purchases for the twelve-month period of January through December, in accordance with the methodology adopted by the Commission on June 1, 1993, in Order No. PSC-93-0708-FOF-GU, Docket No. 930003-GU, or as such methodology may be amended from time to time by further order of the Commission. The factor determined as set forth above shall be multiplied by 1.00503 for regulatory fees, and rounded to the nearest \$.000001 per therm, to be applied to the total number of therms consumed by the customer during the billing period.

The purchased gas cost recovery factor approved by the Commission for the billing months of January 2000 through December 2000 is \$.46424 cents per therm.

The purchased gas cost recovery factor shall serve as a cap or maximum recovery factor. If re-projected expenses for the remaining period exceed projected recoveries by at least 10% for the six month period, a mid-course correction may be formally requested by the Company. For changes in market conditions and costs, the Company, upon one day's notice to the Commission, shall have the option of flexing downward (reducing the WACOG) or upward (increasing the WACOG) to the extent that the increase does not exceed the authorized cap.

The current month WACOG may be adjusted for prior months' differences between projected and actual costs of gas purchased, but may not exceed the approved cap for the period.

(2) **ENERGY CONSERVATION COST RECOVERY ADJUSTMENT CLAUSE:**  
Applicable:

To the Rate per Month provision in each of the Company's rate schedules referenced below in this section.

The bill for gas or transportation service supplied to a general sales service customer in any billing period shall be adjusted as follows:

Each Rate Schedule shall be increased or decreased to the nearest .01 cent multiplied by the tax factor of 1.00503 for each therm of gas sales or transportation to recover the conservation related expenditures by the Company. The Company shall record both projected and actual expenses and revenues associated with the implementation of the Company's energy conservation plan as authorized by the Commission. The procedure for the review, approval, recovery and recording of such costs and revenues is set forth in the Commission Rule 25-17.15, F.A.C.

The cost recovery factor for the period from January 2001 through December 2001 for each rate schedule are as follows:

<u>Rate Schedule</u>	<u>Classification of Service</u>	<u>Dollars per therm</u>
GS-1/TS-1	< 300 therms	\$0.00
GS-2/TS-2	>300 up to 3,000 therms	\$0.00
GS-3/TS-3	>3,000 up to 10,000 therms	\$0.00
GS-4/TS-4	>10,000 up to 25,000 therms	\$0.00
GS-5/TS-5	>25,000 up to 50,000 therms	\$0.00
GS-6/TS-6	>50,000 up to 100,000 therms	\$0.00
GS-7/TS-7	>100,000 up to 500,000 therms	\$0.00
GS-8/TS-8	>500,000 up to 1,000,000 therms	\$0.00
GS-9/TS-9	>1,000,000 therms	\$0.00

(3) **TRANSPORTATION COST RECOVERY CLAUSE (TCR):**

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Chesapeake Utilities Corporation

Effective:

**Applicable:**

To the monthly Customer Charge provision in each of the Company's Transportation Service rate schedules referenced below in this section.

The bill for service provided to all transportation customers, except those receiving service under the Contract Transportation Service (CTS) Rider, the Flexible Gas Service rate schedule or a Special Contract, shall be adjusted as follows:

The Customer Charge of the Monthly Rate for transportation service provided in any billing period shall be increased or decreased to the nearest \$1.00 multiplied by the regulatory assessment fee factor of 1.00503, to recover non-recurring costs related to the implementation and administration of its expanded transportation service program. The Company shall annually forecast transportation-related expenditures for the twelve-month period of January through December. Projected expenditures shall be submitted to the Commission for approval on or before September 30 of the year prior to the proposed recovery period. For the purposes of this clause, the recovery period shall be defined as the calendar year immediately following the September 30, expenditure forecast submittal date. The total expenditure amount approved by the Commission for recovery, shall be divided into twelve equal portions. Each month during the recovery period, 1/12 of the total amount shall be billed to transportation service customers through the monthly Customer Charge.

The Company shall separately record both expenditures and revenues associated with the TCR Clause. Concurrent with the September 30, filing of projected expenditures, the Company will account for any surpluses or shortfalls in the recovery of approved expenditures. Any variation between the approved recovery amount and the actual revenue the Company collected during the recovery period, shall be "trued-up" during the succeeding twelve month recovery period. The true-up amount shall be subject to the approval of the Commission.

The Company may defer all or a portion of a shortfall recovery to a subsequent recovery period.

The Transportation Cost Recovery factor for the period January 2001 to December 2001 for each transportation service rate schedule is as follows:

<u>Rate Schedule</u>	<u>Service Classification</u>	<u>Customer Charge</u>
----------------------	-------------------------------	------------------------

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TS-1	< 300 therms	\$0.00
TS-2	>300 up to 3,000 therms	\$0.00
TS-3	>3,000 up to 10,000 therms	\$0.00
TS-4	>10,000 up to 25,000 therms	\$0.00
TS-5	>25,000 up to 50,000 therms	\$0.00
TS-6	>50,000 up to 100,000 therms	\$0.00
TS-7	>100,000 up to 500,000 therms	\$0.00
TS-8	>500,000 up to 1,000,000 therms	\$0.00
TS-9	>1,000,000 therms	\$0.00

The TCR Clause will expire at the earlier of the Company's full recovery of the non-recurring costs associated with implementing unbundled transportation service, or at the end of December 2005.

(4) **GENERAL SALES SERVICE RATE ADJUSTMENT:**  
Applicable:

To the Rate per Month provision in each of the Company's General Sales Service Rate Schedules.

The non-gas energy charge for General Sales Service gas supplied after September 30, 1990 is subject to adjustment in accordance with the following provisions for prior shortfalls or surpluses in the Company's revenues resulting from sales under the CSS and CTS riders.

(a) For the purposes of this clause, the following definitions shall apply:

- (1) "Actual revenue" means Company's actual non-gas revenue derived from service provided to alternate fuel customers at rates prescribed, under the rates section of the CSS Rider or CTS Rider, during a determination period.
- (2) "Base revenue" means the non-gas revenue which Company would have derived had all gas sold or transported at rates prescribed, under the "currently applicable base rate," during a determination period, been billed at the base non-gas energy charge.
- (3) "Currently Applicable Base Rate" means the General Sales Service or Transportation Service Rate Schedule for which the customer would otherwise qualify for service.

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- (4) "Surplus" means the amount, if any, by which Florida Division's actual revenue exceeds its base revenue for a determination period.
- (5) "Shortfall" means the amount, if any, by which the Florida Division's base revenue exceeds its actual revenue for a determination period.
- (b) The existence of a shortfall or surplus shall be determined by comparing Florida Division's actual revenue with its base revenue. This determination shall be made each year for the twelve months ending September 30 ("determination period").
- (c) Adjustments to firm rates pursuant to this clause shall be implemented during an "adjustment period," which shall be the twelve months immediately following the determination period in the event of a surplus. In the event of a shortfall, any twelve successive months ending on a September 30 within five years following the determination period may be an adjustment period.
- (d) In the event of a surplus, Florida Division shall reduce rates to General Sales Service customers to credit them with revenues equal to one-half the surplus. In the event of a shortfall, Company may increase rates to firm customers to recover an amount not to exceed one-half the short fall. The amount of any credit or recovery is governed by the following:

$$\text{Credit to Firm} = (\text{Actual revenue} - \text{Base revenue}) \times 0.5$$
$$\text{Short fall recovery} = (\text{Base Revenue} - \text{Actual revenue}) \times 0.5$$

- (e) A credit or shortfall recovery shall be implemented during an adjustment period by reducing or increasing the non-gas energy charges prescribed in each firm rate schedule of this tariff by an adjustment factor computed as follows and rounded to the nearest .001 cent per therm:

In event of a surplus, subtract:  $\frac{\text{Credit to Firm}}{\text{PFS}}$

In event of a shortfall, add:  $\frac{\text{Shortfall Recovery}}{\text{PFS}}$

Where PFS is the projected therm sales to General Sales Service customers during the adjustment period. Any variation between the actual credit to General Sales Service customers and the amount calculated pursuant to the

preceding paragraph, or between the actual shortfall recovery and the amount which the Florida Division elected to recover in an adjustment period, shall be "trued-up" during the succeeding twelve months pursuant to methodology approved by the Florida Public Service Commission.

- (f) Company may defer all or a portion of a shortfall recovery to a subsequent adjustment period or portion thereof.

(5) **OPERATIONAL BALANCING ACCOUNT**

Shippers on the Company's distribution system will be required to "cash-out" the net imbalances in their operational balancing account at the end of each month. The cash-out provisions are identified in Section 17, General Terms and Conditions.

The Operational Balancing Account provides the tool by which the Company recovers the costs associated with balancing the delivery points on its distribution system with the Transporter(s). This mechanism should not be considered to preclude the Company from recovering other penalties and charges from its customers as defined in Section 17, General Terms and Conditions of this Tariff.

(6) **TAXES AND OTHER ADJUSTMENTS APPLICABLE TO ALL RATE SCHEDULES:**

There will be added to all bills rendered, all applicable local utility and franchise taxes and state sales taxes presently assessed by governmental authority; as well as future changes or new assessments by any governmental authority subsequent to the effective date of this tariff. All such assessments as described above shall be shown on customer bills.

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Chesapeake Utilities Corporation

Effective:

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## GENERAL TERMS AND CONDITIONS

### 1. INITIATION OF SERVICE

#### 1.1 Application for Gas Service

A prospective Customer or a duly authorized representative may request gas service by completing an application for service or service agreement. Such application shall contain the information necessary to determine the type of service desired and the conditions under which service will be rendered.

#### 1.2 Commencement of Gas Service

The completion of an application or the deposit of any sum of money by the prospective Customer shall not require the Company to render service until the expiration of such time as may be reasonably required by Company to determine if such applicant has fully complied with the provisions of Company's applicable General Terms and Conditions and as may reasonably be required by Company to install the required facilities to render service to such applicant.

#### 1.3 Withholding of Gas Service

The Company may withhold gas service requested under any application for service or service agreement submitted by any member or agent of a family, household, organization, or business unless all prior indebtedness for gas service to the Company of such family, household, organization, or business has been settled in full and all of the applicable General Terms and Conditions have been complied with by such applicant.

#### 1.4 Turn-On Charge

The Company shall bill the Customer an approved Turn-on Charge (see Sheet No. 73) for initiation or restoration of service, or an approved charge (see Sheet No. 73) for reading the meter upon changes of account name.

GENERAL TERMS AND CONDITIONS  
(Continued)

2. ELECTION OF RATE SCHEDULES

2.1 Customer and Company Responsibility

Upon application for service or upon request by Customer, applicant or Customer shall elect the applicable rate schedule. Company will assist in making such election but does not guarantee that customers will be served under the most favorable rate schedule at all times. Company will not be responsible for failure to notify customers of the most advantageous rate schedule and will not make any refunds to Customer for the difference between actual billings and charges under other rate schedules.

2.2 Changes in Load Characteristics

Upon notification of any material change in Customer's installation or gas requirements, Company will assist Customer in selecting the most advantageous rate schedule, but unless required by substantial changes in Customer's installation or gas requirements, not more than one (1) such change in rates will be made within any twelve (12) month period.

3. CUSTOMER'S INSTALLATION

3.1 Type and Maintenance

The Customer's installation shall be constructed and maintained in accordance with standard practice as determined by the American Gas Association and American Standard Association Gas Safety Code, with the General Terms and Conditions of the Company, and in full compliance with all governmental regulations applicable to same. The Customer shall not utilize any apparatus or device which is not properly constructed, controlled, or protected, or which may adversely affect gas service; and the Company reserves the right to discontinue or withhold gas service to any Customer on account of any defect in Customer's installation.

3.2 Change of Customer's Installation

No changes in Customer's installation that will affect the operation of any portion of the distribution system of the Company shall be made without written consent of the Company. The Customer will be liable for any damage to the Company resulting from a violation of this provision.

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Chesapeake Utilities Corporation

Effective:

GENERAL TERMS AND CONDITIONS  
(Continued)

3.3 Inspection of Customer's Installation

If municipal or other governmental inspection is required, the Company shall not be required to render gas service until such inspection has been made and approval from the inspecting authority has been received by the Company. The Company reserves the right to inspect Customer's installation prior to rendering service and from time to time thereafter, but assumes no responsibility whatsoever on account of having made such inspection.

3.4 Investigation of Suspected Gas Leak on Customer's Installation

The Company, upon request from Customer, will investigate a suspected gas leak on the Customer's installations at no charge to the Customer. If a leak is detected the Company will secure and make safe the gas system until appropriate repairs are effected. If the appropriate action is to turn-off and lock the meter, upon request to reactivate the meter, the approved turn-on charge (see Sheet No. 73) shall apply.

3.5 Indemnity to Company

The Customer shall indemnify, hold harmless, and defend the Company from and against any and all liability, proceedings, suits, cost or expense for loss, damage or injury to persons or property, in any manner directly or indirectly connected with or growing out of the transmission and use of gas by the Customer at or on the Customer's side of the point of delivery.

3.6 Access to Premises

The Company or its duly authorized agents shall have access at all reasonable hours to the premises of the Customer for the purpose of installing, maintaining, inspecting or removing the Company's property, reading meters and such other purposes as are incident to rendering or terminating of gas service to the Customer. In such performance the Company and its agents shall not be liable for trespass.

3.7 Right of Way

The Customer shall grant or cause to be granted to the Company without cost to the Company all rights, easements, permits and privileges that in the Company's opinion are necessary for the rendering of gas service. The Customer will furnish without charge to Company an acceptable location for the meter.



**GENERAL TERMS AND CONDITIONS**  
(Continued)

**4. DEPOSITS**

**4.1 Deposits Required; Establishment of Credit**

The Company may require an applicant for gas service to satisfactorily establish credit before service will be supplied, but such establishment of credit shall not relieve the Customer from complying with the Company's provisions herein for prompt payment of bills. Credit will be deemed so established if:

- (a) The applicant for residential service furnishes a satisfactory guarantor to secure payment of bills for the gas service requested. A satisfactory guarantor shall, at the minimum, be a Customer of the utility with a satisfactory payment record. A guarantor's liability shall be terminated when a residential Customer whose payment of bills is secured by the guarantor meets the requirements of Section 4.3 of this tariff. Guarantors providing security for payment of residential customers' bills shall only be liable for bills contracted at the service address contained in the Contract of Guaranty.
- (b) The applicant pays a deposit by cash, check, credit card, or debit card prior to the initiation of gas service. A receipt for any deposit made by a Customer shall be given to Customer. Such receipt is not negotiable or transferable.
- (c) The applicant for service furnishes an irrevocable letter of credit from a bank or a surety bond.
- (d) The applicant for service furnishes a letter from another utility showing the applicant's satisfactory payment record for the preceding 23 months. Satisfactory payment record will be deemed to be established if the applicant meets the criteria stated below in Section 4.3.
- (e) Residential customers may request to be billed for the amount of deposit. A bill for Customer deposit is due upon receipt and shall be considered delinquent by the Company at the expiration of seven days from the date of mailing by the Company. Delinquent accounts are subject to Section 10, Discontinuance of Service.

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4.2 New or Additional Deposits

The Company may require, upon reasonable written notice of not less than ten (10) days, such request or notice being separate and apart from any bill for service, a new deposit where previously waived or returned, or an additional deposit, in order to secure payment of current bills; provided, however, that the total amount of the required deposit shall not exceed an amount equal to the average actual charges for gas service for the two (2) highest billing periods for the twelve (12) month period immediately prior to the date of notice. In the event the Customer has had service less than twelve (12) months, then the utility shall base its new or additional deposit upon the average actual monthly billing available.

4.3 Refund of Deposits

(a) After a residential Customer has established a satisfactory payment record and has had continuous service for a period of not less than 23 months, the Company will refund the residential Customer's deposits and shall, at its option, either refund or pay the higher rate of interest specified in Section 4.4 for non-residential deposits provided the Customer has not, in the preceding twelve (12) months: a) made more than one late payment of the bill (after the expiration of twenty (20) days from the date of mailing or delivery by the Company); b) paid with a check refused by a bank; c) been disconnected for non-payment; d) tampered with the gas meter; or, e) used service in a fraudulent or unauthorized manner.

(b) Upon termination of service, the deposit and accrued interest may be credited against the final account and the balance, if any, shall be returned promptly to the Customer but in no event later than fifteen (15) days after service is discontinued.

4.4 Interest on Deposits

Six percent (6%) per annum interest will be credited to Residential Customer's account annually in accordance with the current effective rules and regulations of the Commission. Seven percent (7%) per annum will be credited annually on deposits of Residential customers qualifying under Section 4.3 when the Company elects not to refund such a deposit after twenty-three (23) months. The Utility shall credit annually seven percent (7%) per annum on deposits of non-residential customers qualifying under Section 4.3 (a) of these General Terms and Conditions until the Commission sets a new interest rate applicable to the Company.

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5. BILLING AND COLLECTING

5.1 Billing Periods

Each Customer's meter will be read at regular intervals and bills for gas service will be rendered regularly on a monthly basis. Bills will be rendered as soon as practical after determination of their amount and shall be due and payable at the office of the Company in accordance with the Florida Public Service Commission rules and regulations, and the requirements of this section.

- (a) Customers may choose to pay their bill in person, by mail, or by telephone no later than twenty days from the date of mailing by the Company.
- (b) Customers choosing to pay their bill by telephone will be required to furnish a valid credit card number to the Company for processing.
- (c) Customers may choose to participate in the Company's direct bank debit program by completing an agreement with the Company. Customers choosing this payment method agree that the Company may debit their bank account for the balance due on Customer's gas account on the 15th day following the date of mailing by the Company.

5.2 Partial Month

Upon commencement of gas service less than fifteen (15) days prior to a regular monthly billing date and when the gas service continues thereafter to the same Customer at the same address where customers are receiving gas service on monthly rate schedules, no bill will be rendered for gas service covering such period, but the charge for such period will be included in the bill rendered for the next succeeding monthly billing period.

5.3 Non-Receipt of Bills

Non-receipt of bills by Customer shall not release or diminish obligation of Customer with respect to payment thereof.

5.4 Calculation of Bill

Gas Delivered Under More Than One Rate Schedule and/or at More Than One Point of Delivery

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(Continued)

Gas service will be measured by a meter or meters at each point of delivery and the applicable rates set forth in the applicable rate schedule shall be applied to the quantity of gas so measured to determine the amount of the bill.

If a Customer purchases gas under more than one rate schedule, the gas service rendered under each rate schedule shall be separately metered and separate bills shall be calculated for each type of gas service rendered. If a Customer purchases gas under a particular rate schedule but receives delivery thereof at more than a single point of delivery, the Company shall consider such deliveries as separate gas service and will calculate separate bills therefore except for the convenience of the Company.

5.5 Change of Occupancy

When change of occupancy takes place on any premises to which the Company renders gas service, notice thereof shall be given by the Customer not less than three (3) days prior to the date of change. The Customer will be held responsible for all gas service furnished to such premises until such notice is received by the Company and the Company has had reasonable time to discontinue the gas service; however, the Company will automatically terminate gas service to the Customer upon receipt of an application of a succeeding occupant, if such notice has not been received prior thereto.

5.6 Delinquent Bills

Bills are due when rendered, and are delinquent in accordance with the rules established by the Florida Public Service Commission. Gas service will be discontinued after five (5) days written notice to the Customer subsequent to such delinquent date and, if discontinued, such service will not be restored until all bills are paid in full and a delinquent reconnect charge is paid (see Sheet No. 73).

5.7 Estimated or Adjusted Bills

Meter readings will be adjusted to compensate for meter inaccuracy or meter reading errors and may be estimated in the case of non-registering meters or the inability to obtain access to the meter on the regular meter reading date. Bills will contain reference to "Estimated Reading".

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5.8 Adjustment of Bills for Meter Error

(a) Fast Meters

Whenever a meter is found to have an average error of more than two percent (2%) fast, the utility shall refund to the Customer the amount billed in error for one-half the period since the last test, said one-half period not to exceed twelve (12) months except that if it can be shown that the error was due to some cause, the date of which can be fixed, the overcharge shall be computed back to, but not beyond, such date, based upon available records. If the meter has not been tested in accordance with Rule 25-7.064, the period for which it has been in service beyond the regular test period shall be added to the twelve (12) months in computing the refund. The refund shall not include any part of any minimum charge.

(b) Slow Meters

(1) Except as provided by this sub-section, a utility may backbill in the event that a meter is found to be slow, non-registering or partially registering. A utility may not backbill for any period greater than twelve (12) months from the date it removes the meter of a Customer, which meter is later found by the utility to be slow, non-registering or partially registering. If it can be ascertained that the meter was slow, non-registering or partially registering for less than twelve (12) months prior to removal, then the utility may backbill only for the lesser period of time. In any event, the Customer may extend the payments of the backbill over the same amount of time for which the utility issued the backbill. Nothing in this sub-section shall be construed to limit the application of sub-section (d) of this section.

(2) Whenever a meter tested is found to have an average error of more than two percent (2%) slow, the utility may bill the Customer an amount equal to the unbilled error in accordance with this sub-section. If the utility has required a deposit as permitted under Rule 25-7.065(2), the Customer may be billed only for that portion of the unbilled error that is in excess of the deposit retained by the utility.

(3) In the event of a non-registering or a partially registering meter, unless the provisions of sub-section (c) of this section apply, a Customer may be billed on an estimate based on previous bills for similar usage.

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- (c) It shall be understood that when a meter is found to be in error in excess of the prescribed limits of two percent (2%) fast or slow, the figure to be used for calculating the amount of refund or charge in (a) or (b)(2) above shall be that percentage of error as determined by the test.
- (d) In the event of unauthorized use, the Customer may be billed on a reasonable estimate of the gas consumed.

**5.9 Returned Check Charge**

A service charge, as specified on Sheet No. 73, shall be added to the Customer's bill for gas service for each check dishonored by the bank upon which it is drawn. Termination of service shall not be made for failure to pay the returned check charge.

**5.10 Contracts and Agreements**

Where there exists a special contract or agreement between the Company and a Customer pursuant to Commission Rule 25-9.034, the terms and conditions of that contract as approved the Florida Public Service Commission will apply to gas service received under the contract when those terms and conditions differ from Section 5 of this Tariff.

**6. METERING**

**6.1 Use of Meters and Measuring Equipment**

The Company will provide and install and properly maintain at its own expense such meter or meters, recording devices and metering equipment necessary to measure the quantity of gas used by the Customer.

The Customer, acting jointly with Company, may install, maintain and operate at his expense such check measuring equipment as desired provided that such equipment shall be so installed as not to interfere with the safe and efficient operation of Company's equipment. No gas shall be remetered or sub-metered by Customer for resale unless approved by the Company.

Company may furnish and install such regulating and/or flow control equipment and devices as it deems to be in the best interest of the Customer served, or of the system in general.

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Only duly authorized agents of the Company or persons authorized by law shall set or remove, turn on or turn off, or in any way handle such meters. Connections to the Company's system shall be made only by Company's duly authorized agents. Unauthorized connections to, or tampering with, the Company's meter or metering equipment, or indications or evidence thereof, subjects the Customer to immediate discontinuance of gas service, prosecution under the laws of the State of Florida, adjustment of prior bills for gas furnished, and reimbursement of the Company for all expenses incurred on this account.

6.2 Location of Meters

The Customer shall provide a suitable location satisfactory to the Company for its metering equipment. Such location shall be convenient and accessible at all reasonable times to the Company's meter readers and other agents.

6.3 Access to Meters

Company representative shall be given access to the premises of the Customer at all reasonable hours for obtaining meter readings, for shutting off the flow of gas when necessary or due to any Customer delinquency or infraction, and for inspecting, removing, repairing, or protecting from abuse or fraud any of the property of the Company installed on the premises. Access shall be granted at all times for emergency purposes.

6.4 Meter Accuracy

Meters, when installed, shall have been tested to be within a tolerance of one percent (1%) fast and two percent (2%) slow. Meters installed will be tested periodically at reasonable intervals and in accordance with the rules and regulations of the Commission. Company will test meters at the written request of the Customer; provided, however, the Company will be obligated to make only one meter test within a period of twelve (12) months. Customer shall pay costs incurred by Company as prescribed by the Commission rules and regulations of each additional meter test in any twelve (12) month period unless such additional test proves meter to be more than two percent (2%) fast. Any dispute over meter accuracy between Customer and Company shall be handled in accordance with the applicable rules and regulations of the Commission.

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(Continued)

7. EXTENSION OF FACILITIES

7.1 Free Extension

Whenever a prospective Customer requests gas service at a location where the Company has no facilities, the Company will extend its facilities to serve the prospective Customer under the following conditions:

- (a) Prospective Customer executes a gas service application agreement on the Company's Application for Gas Service.
- (b) The extension of facilities to the prospective Customer(s) will not jeopardize gas service to existing Customers.
- (c) For a year-round Customer using natural gas for water heating and at a minimum of one other appliance, the maximum capital investment to be made by the Company shall be defined as the Maximum Allowable Construction Costs (MACC). The MACC shall equal the estimated annual gas revenue (sales or transportation) to be derived from the facilities, less the cost of gas, and the net result multiplied by six.

7.2 Service Extensions Above Free Limit

Notwithstanding the provisions of this section (7), the Company will install up to one hundred feet of service lateral facilities, commencing at an existing gas main, at no charge to a year-round Customer with a water heater and a minimum of one other appliance. Any extension of service facilities from an existing gas main that exceeds the MACC or the provisions contained herein, shall be made at a cost to the Customer of \$4.00 per foot for pipe sizes of one inch or less. All other services requiring pipe sizes larger than one inch shall be charged at actual cost.

7.3 Main Extensions Above Free Limit - Contribution in Aid of Construction.

When the cost of the facilities required to provide service is greater than the MACC specified in 7.1(b) above, the Company shall require a non-interest bearing Contribution in Aid of Construction (CIAC) of the cost in excess of the MACC provided that:

- (a) At the end of the first year, the Company shall refund to the person paying the CIAC or his assigns an amount equal to the excess, if any, of the MACC



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recalculated using the actual gas revenues (sales or transportation), less the actual cost of gas, and the actual construction costs.

- (b) For each additional Customer taking service at any point on the extension within a period of five (5) years from date of construction, the Company shall refund to the person paying the CIAC or his assigns an amount by which the MACC for the new Customer exceeds the cost of connecting the Customer, provided that an additional main extension shall not have been necessary to serve the additional Customer.
- (c) The aggregate refund to any Customer made through the provisions of (a) and (b) above shall at no time exceed the original CIAC of such Customer.
- (d) The extension shall at all times be the property of the Company and any unrefunded portion of the CIAC at the end of five (5) years shall be credited to the plant account of the Company.

**7.4 Main Line Extensions of Facilities for Non-Natural Gas Water Heating Customers**  
For a Residential Customer using gas only for space heating, cooking, clothes drying, pool heating, standby electric generator, or outdoor living equipment, the Company will extend main and service line facilities in accordance with the MACC.

**7.5 Service Line Extensions for Non-Natural Gas Water Heating Customers From Existing Main**  
For a Residential Customer using gas only for space heating, cooking, clothes drying, pool heating, standby electric generator, or outdoor living equipment, the Company will extend service line facilities from an existing main at a cost to the Customer of \$4.00 per foot for pipe sizes of one inch or less. All other services larger than one inch shall be charged at actual cost.

**7.6 Area Extension Program Charge**  
Notwithstanding the provisions of sections 7.1, 7.2, and 7.3, when facilities are to be extended to serve one or more delivery points in a discrete geographic area, the Company may require an Area Extension Program Charge (AEP). The Company, in its sole discretion, may require this charge when:

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- (a) The cost of the project facilities required to provide service through the area is greater than the aggregate MACC for the customers to be served; and
- (b) The Company reasonably forecasts gas revenues, including the AEP and excluding the cost of gas, during a period not to exceed ten years from when the mains required to serve the project facilities are placed in service (the Amortization Period), that are sufficient to recover the cost of the project facilities.

The AEP, which shall be stated on a per therm basis, shall apply with respect to all natural gas sold or transported to Company customers located within the applicable discrete geographic area during the Amortization Period.

The AEP will be calculated by dividing (1) the amount of additional revenue required in excess of the Company's applicable tariff rates by (2) the volume of gas reasonably forecast to be sold or transported to customers within the applicable discrete geographic area during the Amortization Period. The additional revenue required is that amount determined necessary to recover the excess cost of the facilities, including the Company's allowed cost of capital.

AEP collected shall be used specifically to amortize the cost of the project facilities within the applicable discrete geographic area that is in excess of the MACC. If the AEP collected is sufficient before the expiration of the Amortization Period to fully amortize the excess costs, including the provision for the accumulated cost of capital, the AEP for that area shall terminate immediately, and the Company shall promptly credit the affected customers for amounts overcollected, if any.

Upon the earlier of (1) the third anniversary of the date when the project facilities are placed in service and (2) the date on which 80% of the originally forecast annual load is connected, the Company will reassess the amount of additional revenue required to recover the unamortized excess cost of the facilities and the calculation of the AEP. The resulting adjustment of the AEP (whether upward or downward) will be applied prospectively over the remainder of the Amortization Period.

The Company may enter into a guaranty agreement with the party or parties requesting the extension, whereby that party or parties agree to pay to the Company any unamortized balance remaining at the end of the Amortization Period. The

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Company's rights under the guaranty agreement will not be considered when calculating the AEP.

7.7 Temporary Service

In the case of temporary service for short-term use, Company may require the Customer to pay all costs of making the service connection and removing the material after service has been discontinued, or to pay a fixed amount in advance to cover such expense; provided, however, that the Customer shall be credited with reasonable salvage realized by the Company when service is terminated. A motor home or house trailer that is not set up on a semi-permanent basis; i.e., leveled and tied down, would be classified as a temporary service.

7.8 No Discrimination Practiced Between Customers

Nothing in this section (7) shall be construed as prohibiting the Company from establishing extension policies more favorable to Customers so long as no undue discrimination is practiced between Customers.

8. OBLIGATIONS OF COMPANY AND CUSTOMERS

8.1 Operation of Company's System

Company will use reasonable diligence in operating its system in order to insure a uniform and adequate supply of gas to meet the gas requirements of its customers.

8.2 Interruptions

The Company may temporarily shut off the supply of sales and/or transportation gas to the Customer's premises after reasonable notice for the purpose of making necessary repairs or adjustments to mains or supply pipes, and will endeavor to make such interruptions, if required, at a time, where possible, which will cause the least inconvenience to the Customer. Company reserves the right to shut off supply of gas without notice in case of emergency in accordance with the Company's filed Curtailment Plan.

8.3 Information to Customers

Company shall maintain personnel at its general offices to assist the Customer in acquiring gas service, provide information as to rates and charges and handle Customer inquiries or complaints. A copy of all Rate Schedules, General Terms and general offices.

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- 8.4 **Access to Customer's Premises**  
Customer shall be obligated to allow the Company or its duly authorized agents to enter Customer's premises for reasons set forth in other sections of these General Terms and Conditions . Any refusal on part of Customer to permit Company access to premises will be cause for discontinuance of gas service without liability to the Company.
- 8.5 **Protection of Company's Property**  
All property of Company installed in or upon Customer's premises used and useful in supplying service is placed there under Customer's protection. All reasonable care shall be exercised to prevent loss of or damage to such property and, ordinary wear and tear excepted, Customer will be held liable for any such loss of property damage thereto and shall pay to Company the cost of necessary repairs or replacements.
- 8.6 **Interfering or Tampering with Company's Property**  
Customer will be held responsible for breaking the seals, tampering or interfering with Company's meter or meters, or other equipment of Company installed on Customer's premises, and no one except employees or authorized agents of Company will be allowed to make any repairs or adjustments to any meter or other piece of apparatus belonging to Company except in cases of emergency.
- 8.7 **Conformance with Tariff**  
Upon commencement of gas service by the Company pursuant to an application or Service Agreement, the terms and conditions of the application and/or Service Agreement, of these General Terms and Conditions, and of the applicable rate schedules shall be binding upon the Customer and the Company unless otherwise stated in a special contract as approved by the Commission in accordance with Commission Rule 25-9.034.
9. **FORCE MAJEURE**  
In the event of either party, Company or Customer, being rendered unable wholly or in part by Force Majeure to carry out its obligations under an Application, acceptance of which has been made, or under a Service Agreement, other than to make payments due thereunder, it is agreed that on such party giving notice and full particulars of such Force Majeure to the other party as soon as possible after the occurrence of the cause relied on, then the obligations of the party giving such notice, so far as they are affected by such Force Majeure, shall be suspended during the continuance of any

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inability so caused but for no longer period, and such cause shall as far as possible be remedied with all reasonable dispatch.

The term "Force Majeure", as employed herein, shall mean acts of God, strikes, lockouts, or other industrial disturbances, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, hurricanes or evacuation orders due to hurricanes, floods, washouts, arrests and restraints of government and people, civil disturbances, explosions, breakage or accidents to machinery or lines of pipe, the necessity for making repairs or alterations to machinery or lines of pipe, freezing of well or lines of pipe, partial or entire failure of source of supply, and any other cause, whether of the kind herein enumerated or otherwise, not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome; such term shall likewise include (a) in those instances where either party is required to obtain servitudes, rights of way grants, permits, or licenses to enable such party to fulfill its obligations hereunder, the inability of such party to acquire, or the delays on the part of such party in acquiring, at reasonable cost and after the exercise of reasonable diligence, such servitude, rights of way grants, permits, or licenses; and (b) in those instances where either party is required to furnish materials and supplies for the purpose of constructing or maintaining facilities or is required to secure grants or permissions from any governmental agency to enable such party to acquire, or the delays on the part of such party in acquiring, at reasonable cost and after the exercise of reasonable diligence, such materials and supplies, permits and permissions.

It is understood and agreed that the settlement of strikes or lockouts shall be entirely within the discretion of the party having the difficulty, and that the above requirement that any Force Majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts by acceding to the demands of opposing party when such course is inadvisable in the discretion of the party having the difficulty.

**10. DISCONTINUANCE OF SERVICE**

The Company reserves the right, but assumes no liability for failure to do so, to discontinue service to any Customer for cause as follows:

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**10.1 Without Notice**

- (a) If a dangerous or hazardous condition exists on Customer's premises in Customer's installation or appliances.
- (b) Due to tampering with or fraudulent use of Company-owned facilities or equipment on Customer's premises.
- (c) In the event of unauthorized or fraudulent use of gas service.

**10.2 After Five (5) Days Written Notice**

- (a) For non-payment of bills for gas service.
- (b) For failure to correct improper piping or appliance defects previously called to the attention of Customer by Company.
- (c) For failure or refusal to provide or increase a deposit when requested, to insure payment of bills.
- (d) For any violation of these rules and regulations which Customer refuses or neglects to correct.

**10.3 Waiver of Discontinuance of Service**

Discontinuance of service may be temporarily waived in specific cases when the service is medically essential and interruption will endanger life or require hospitalization to sustain life. Prior to granting a medical waiver, the consumer will be required to furnish the Company written notice from a competent physician acceptable to the Company that the service is required for life support.

**10.4 Bill Collection in Lieu of Disconnection**

A service charge (see Sheet No. 73) shall be added to the Customer's bill for gas service when payment is made at billed address prior to disconnection for non-payment of bills.

**11. RESTORATION OF SERVICE**

When service has been discontinued for any of the reasons set forth in or violation of the General Terms and Conditions, service will be restored only after the following conditions are met:

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- (a) All delinquent bills and amounts due Company are paid in full by Customer including a charge (see Sheet No. 73) for reconnection of service, damages, or fraudulent use.
- (b) All conditions creating violations of these rules and regulations, unsafe conditions, misuse or fraudulent uses have been corrected by Customer and proven satisfactory to Company.
- (c) Customer has provided the required deposit.

**12. TERMINATION OF SERVICE**

Subject to any existing Agreement between Customer and Company, if Customer wishes the gas service to be terminated, Customer shall give notice at the office of the Company at least three (3) days prior to the time that such termination shall become effective. Customer will be held liable both for any gas that may pass through the meter and safe custody of the Company's property until the meter has been shut off and locked by the Company.

If Customer wishes Company's property to be removed, he shall give notice at the office of the Company at least ten (10) days prior to the time of such requested removal.

**13. LIMITATION OF GAS SUPPLY**

Company reserves the right, subject to regulatory authority having jurisdiction, to limit, restrict or refuse service that will result in additions to its distribution system and/or production capacity and/or alterations in its contractual requirements of supply from non-affiliated companies that may jeopardize service to existing customers.

**14. QUALITY OF GAS**

The Quality of Gas delivered to the Company shall meet the same specifications as the FERC-approved tariff requirements of the upstream interstate pipeline systems connected to Company.

**15. APPLICABILITY OF GENERAL TERMS AND CONDITIONS**

Unless otherwise provided in an agreement approved by the Commission, these General Terms and Conditions apply to gas service rendered by the Florida Division

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in the entire service area of the Company, as such distribution system is now constituted and as it may be enlarged or extended, and to any new distribution system which may be acquired or constructed by the Florida Division.

16. **OWNERSHIP OF PROPERTY**

The Company will own, operate and maintain all service pipes, regulators, vents, meters, meter connections, valves and other apparatus from Company mains to the outlet side of the meter and shall have a perpetual right of ingress and egress thereto.

17. **TRANSPORTATION SERVICE**

17.1 **Transportation Service**

- (a) The Company offers Transportation Service (TS) service to all large use Customers desiring to transport gas through the Company's distribution system on an individual basis. Each individual Customer, in order to qualify for the TS service must have an annual usage of over 100,000 therms per year.

Upon receipt of Customer's request for TS (see Sheet No. 125), the Company shall have 30 days to process the request and make proper arrangements with the upstream interstate pipeline system to accommodate Customer's request. Service will begin on the first day of the month after the 30 day period for processing, provided that timely nominations for the first day of the month, in accordance with the interstate pipeline's tariff, can be made by Customer.

Each Customer electing this service will be required to transport all of their natural gas requirements under this TS service. An individual Customer will not be authorized to transport a portion of their usage requirements and receive the remaining requirements under a sales service schedule of the Company.

Each Customer electing this service shall have electronic telemetering equipment installed on their measurement equipment and their meter will be read at the end of the Gas Month.



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(b) Capacity Release – Without Alternative Fuel as a Back-up

The Company shall, to the extent capacity is available, release to an existing Customer (defined as a Customer who has received natural gas service from the Company prior the effective date of this section of the tariff) interstate pipeline capacity based upon the historical monthly needs of the Customer. Adjustments to the historical monthly needs may be made based on information obtained from the Customer; however, under no circumstances will the Company be obligated to release more capacity than the amount that is based upon the historical monthly usage. Capacity release will be made on a temporary basis, in accordance with applicable FERC rules and regulations, as they may change from time to time.

The interstate pipeline Primary Receipt Points, Primary Delivery Points and the Maximum Daily Transportation Quantities (MDTQ) that the Company shall relinquish hereunder during each individual month of the year shall be as set forth in the executed Transportation Services Agreement (see Sheet No. 127), between the Customer and the Company.

The Customer, or its authorized designee, shall diligently and in a timely manner take all actions required under the approved tariff of the interstate pipeline to acquire the firm capacity rights to be relinquished. Upon completion of the above actions, the Customer, or its authorized designee, shall accept the temporary pipeline capacity relinquishment from the Company.

New Customers (defined as a Customer who has not received natural gas service from the Company prior the effective date of this section of the tariff) shall not be required to take interstate pipeline capacity from the Company.

(c) Capacity Release – With Alternative Fuel as a Back-up

A Customer having an alternative fuel source as a back-up to natural gas, and executing a Transportation Service Agreement, shall have the option to take interstate pipeline capacity from the Company. If a Customer executed said option, then the terms and conditions specified in Section 17.2 (b) shall apply.

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(d) Use of Relinquished Capacity; Recall Rights

The Customers use of the relinquished capacity and the Company's right to recall shall be as stated in the Transportation Services Agreement.

(e) Scheduling and Nominating

The Customer, or its authorized designee, shall submit to the Company all scheduling and nominating information simultaneously with its submission to the interstate pipeline system (see Sheet No. 126).

(f) Monthly Balancing

The balancing of the quantity of gas received by the Customer and the actual usage by the Customer shall be done on a monthly basis. The Company and the Customer will resolve all imbalances at the end of each Month, as follows:

- (1) If the monthly imbalance is positive (amount of gas scheduled is greater than actual usage by Customer), the Company shall purchase from the Customer such monthly imbalance at a price that is consistent with the then effective interstate pipeline system's cash-out methodology, with respect to the use of indexes, imbalance levels and applicable factors.
- (2) If the monthly imbalance is negative (amount of gas scheduled is less than actual usage by Customer), the Company shall sell to the Customer such monthly imbalance at a price that is consistent with the then effective interstate pipeline system's cash-out methodology, with respect to the use of indexes, imbalance levels and applicable factors.
- (3) Prior to initiation of Transportation Service, the Company will provide to the Customer, by electronic means, facsimile or by hard copy, a copy of the current, approved cash out provisions of the interstate pipeline tariff. The Company further agrees to provide to the Customer, by electronic means or facsimile, a copy of all FERC approved changes to the cash out provisions within 15 days of the Company's receipt of the applicable interstate pipeline tariff. In

**GENERAL TERMS AND CONDITIONS**  
(Continued)

addition, the Company will maintain, at each of its offices and on the Company's web site, a copy of the currently effective interstate pipeline's cash out provisions.

(g) **Operational Tools**

(1) **Operational Flow Orders (OFO)**

When the interstate pipeline issues an OFO, the Company, as the Delivery Point Operator (DPO) will receive the notice and will promptly notify via electronic means all Individual Transportation Customers of the OFO. The notification will contain all information that is provided by the interstate pipeline in its notice to the DPO.

If the Customer violates the terms of the OFO (i.e. is outside the established percentage usage tolerances of the Order), then the Company will charge the responsible Customer(s) two times the interstate pipelines' authorized tariff OFO penalty.

(2) **Alert Days**

When the interstate pipeline issues and Alert Day notice, the Company, as the DPO will receive the notice and will promptly notify via electronic means all individual transportation customers of the Alert Day notice. The notification will contain all information that is provided by the interstate pipeline in its Alert Day notice.

If the Customer violates the terms of the Alert Day (i.e. is outside the established percentage usage tolerances of the Alert Day notice), then the Company, if, and only if, charges for the Alert Day notice have been incurred, will pass the incurred charges through to the responsible Customer(s) on a pro rata basis.

(3) **Other Balancing Tools**

As the DPO, the Company will comply with any other operational balancing tools order from the interstate pipeline and, at month end, will determine which Customers caused the operational balancing

**GENERAL TERMS AND CONDITIONS**  
(Continued)

tools order and charge the responsible Customers the total cost incurred to comply with the order. Such charges will be made on a pro rata basis to all responsible Customers.

(4) Non-performance Penalty

The Company shall charge a Customer \$10 per Dekatherm, plus the cost of gas delivered to the City gate station, for all quantities of gas that the Company provided to Customer due specifically to the non-performance of Customers obligation to deliver its own transportation gas to Company.

(5) Penalties Collected

All penalties, net of payments to third parties, collected by the Company for the Operational Tools, identified herein, shall be credited or charged to the Purchase Gas Adjustment clause in the Company's tariff. The Company shall not, under any circumstances, retain any of the penalties collected from the TS Customers nor absorb any costs related to complying with valid interstate pipeline Operational Tools orders.

17.2 Transportation Aggregation Service

- (a) Transportation Aggregation Service (TA) shall be available to all non-residential customers, regardless of the level of annual usage. This service allows each such Customer to group its respective natural gas needs together into a common pool for transportation service. The Company will establish the necessary relationship with the authorized Pool Managers to accommodate this service and provide customers with the necessary mechanisms for entry into its chosen pool. The Company will maintain a listing of authorized TA service Pool Manager and, upon request, will make this list available to all non-residential Customers.

Each Customer electing this service will be required to transport all of its natural gas requirements under this TA service. An individual Customer will not be authorized to transport a portion of their usage requirements and

**GENERAL TERMS AND CONDITIONS**  
(Continued)

receive the remaining requirements under a sales service schedule of the Company.

**(b) Aggregation Pool**

- (1) Each Aggregation Pool shall consist of a minimum of ten (10) individual customers with a total aggregated annual usage of at least 100,000 therms per year.**
- (2) Each Customer shall execute a Letter of Authorization (see Sheet No. 152), in order to become a member of the Aggregation Pool that it chooses. Upon receipt of the Letter of Authorization, the Company shall have 30 days to process the request.**
- (3) A Customer will be added to an Aggregation Pool on the first day of the Month after the 30-day processing period has expired.**
- (4) An authorized Pool Manager shall manage each Aggregation Pool.**
- (5) Each individual Customer may change Aggregation Pool's with 30 days notice to Company, specifying the new Service Requested and the name of the Pool Manager, if switching to a new Aggregation Pool. The requested change, upon approval of the Company, will take effect on the first day of the month following the expiration of the 30-day notice requirement. There shall be no charge by Company to Customer for the first such change of Pool Managers for an account within a 12-month period. A Customer shall pay to Company for each subsequent requested change in Pool Managers for any account an administrative fee of \$25.00.**
- (6) Upon election of the TA service, the Customer will automatically remain a Customer of this service until a request to change to another service is received by the Company. There shall be no charge by Company to Customer for the first such requested change within a 12-month period. A Customer shall pay to Company for each subsequent requested change an administrative fee of \$25.00. All requested changes will be effective on the first day of the first month following**

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**GENERAL TERMS AND CONDITIONS**  
(Continued)

completion of all required administrative activities by the Customer and the Company.

- (7) If, for whatever reason, an Aggregation Pool falls below the required 10 individual customers and/or minimum of 100,000 therms in aggregation, then the pool will be declared invalid and the remaining Pool customers shall be reallocated on a pro-rata basis to other valid Aggregation Pool Managers. Such reallocation shall occur on the first day of the month subsequent to the declaration and each Customer's capacity, as determined in accordance with the above provisions, shall be reallocated to each individual Customer's new Aggregation Pool.
- (c) A "Pool Manager" is an entity that provides gas supply and interstate pipeline capacity management for an aggregated number of customers on the Company's distribution system which has:
- (1) Been duly approved as a Shipper on the interstate pipeline system upstream of the Company City Gate Station used as a point of entry onto Company's distribution system;
  - (2) Entered into Letters of Authorization to sell Gas to, or procure Gas for, Customer accounts desiring to receive service pursuant to the TA Service; and
  - (3) Executed and delivered to Company an Aggregated Transportation Agreement (see Sheet No. 153), that is inclusive of Capacity Release and Operating Balancing sections, and provides for the temporary release of Company's primary firm interstate pipeline transportation capacity to be used for the transportation and delivery to Company of Gas purchased.
- (d) The Company's rate for transportation service applicable to each individually billed Customer's account shall be based upon the annual therm usage of the Customer (see the Classification of Service section of this tariff to determine the appropriate Rate Schedule).

GENERAL TERMS AND CONDITIONS  
(Continued)

(e) Capacity Release

The Company shall, to the extent capacity is available, release on behalf of an existing Customer (defined as a Customer who has received natural gas service from the Company prior the effective date of this section of the tariff) to its chosen Pool Manager, interstate pipeline capacity based upon the historical monthly average use per day, rounded upwards to the next whole Dekatherm, of the Customer. Adjustments to the historical monthly averages may be made based on information obtained from the Customer or Pool Manager; however, under no circumstances will the Company be obligated to release more capacity than the amount that is based upon the historical monthly average. Capacity release will be made on a temporary basis, in accordance with applicable FERC rules and regulations, as they may change from time to time.

The interstate pipeline Primary Receipt Points, Primary Delivery Points and the Maximum Daily Transportation Quantities (MDTQ) that the Company shall relinquish hereunder during each individual month of the year shall be as set forth in the executed Transportation Services Agreement between the Pool Manager and the Company.

The Pool Manager shall diligently and in a timely manner take all actions required under the approved tariff of the interstate pipeline to acquire the firm capacity rights to be relinquished. Upon completion of the above actions, the Pool Manager shall accept the temporary pipeline capacity relinquishment from the Company.

New Customers (defined as a Customer who has not received natural gas service from the Company prior the effective date of this section of the tariff) shall not be required to take interstate pipeline capacity from the Company.

For each TA Customer, the level of capacity release will be reviewed and adjusted annually by the Company, based upon each Customer's original start date in the TA service.

GENERAL TERMS AND CONDITIONS  
(Continued)

(f) Meter Reading

Each individual Customer whose annual consumption is 100,000 therms or less will continue to have their its read during the normal monthly cycle for the meter route Customer resides within. Each individual Customer whose annual consumption is over 100,000 therms will have its meter read at the end of the last day of the Gas Month.

(g) Billing

If requested by a Customer and the Pool Manager administering service hereunder to such account, Company will bill the Pool Manager's charges for service provided hereunder to such account. Company shall charge a Pool Manager \$5.00 per bill for such optional service.

(h) Scheduling and Nominating

The Pool Manager shall submit to the Company all scheduling and nominating information simultaneously with its submission to the interstate pipeline system.

(i) Monthly Balancing

The balancing of the quantity of gas scheduled and nominated for the Aggregation Pool and the actual usage by the sum of all individual Customers shall be done on a monthly basis. The Company and the Pool Manager will resolve all imbalances at the end of each Month, as follows:

- (1) If the monthly imbalance is positive (amount of gas scheduled is greater than aggregated actual usage by Customers), the Company shall purchase from the Pool Manager such monthly imbalance at a price that is consistent with the then effective interstate pipeline system's cash-out methodology, with respect to the use of indexes, imbalance levels and applicable factors.



GENERAL TERMS AND CONDITIONS  
(Continued)

- (2) If the monthly imbalance is negative (amount of gas scheduled is less than aggregated actual usage by Customers), the Company shall sell to the Pool Manager such monthly imbalance at a price that is consistent with the then effective interstate pipeline system's cash-out methodology, with respect to the use of indexes, imbalance levels and applicable factors.
  - (3) The Company will provide to the Pool Manager prior to initiation of TA Service a copy of the current, approved interstate pipeline tariff that specifies the applicable cash out provisions. The Company further agrees to provide a copy of all approved changes to the cash out provisions to the Pool Manager within 15 days of receipt of the approved applicable interstate pipeline tariff. In addition, the Company will maintain, at each of its offices and on the Company's web site, a copy of the currently effective interstate pipeline's cash out provisions.
- (j) Operational Tools
- (1) Operational Flow Orders (OFO)  
  
When the interstate pipeline issues an OFO, the Company, as the Delivery Point Operator (DPO) will receive the notice and will promptly notify via electronic means all Pool Manager's of the OFO. The notification will contain all information that is provided by the interstate pipeline in its notice to the DPO.  
  
If the Aggregated Pool violates the terms of the OFO (i.e. is outside the established percentage usage tolerances of the Order), then the Company will charge the responsible Pool Manager(s) twice the interstate pipelines established OFO penalties.

GENERAL TERMS AND CONDITIONS  
(Continued)

(2) Alert Days

When the interstate pipeline issues an Alert Day notice, the Company, as the Delivery Point Operator (DPO) will receive the notice and will promptly notify via electronic means all Pool Managers of the Alert Day notice. The notification will contain all information that is provided by the interstate pipeline in its Alert Day notice.

If the Aggregated Pool violates the terms of the Alert Day (i.e. is outside the established percentage usage tolerances of the Alert Day notice), then the Company, if, and only if, charges for the Alert Day notice have been incurred, will pass the incurred charges through to the responsible Pool Manager(s) on a pro rata basis.

(3) Other Balancing Tools

As the Delivery Point Operator, the Company will comply with any other operational balancing tools order from the interstate pipeline and, at month end, will determine which Aggregated Pool caused the operational balancing tools order and charge the responsible Pool Manager(s) the total cost incurred to comply with the order. Such charges will be made on a pro rata basis to all responsible Pool Managers.

(4) Non-performance Penalty

The Company shall charge a Pool Manager \$10 per Dekatherm, plus the cost of gas delivered to the City gate station, for all quantities of gas that the Company provided to Pool Manager due specifically to the non-performance of Pool Manager's obligation to deliver its own transportation gas to Company.

(5) Penalties Collected

All penalties, net of payments made to third parties, collected by the Company for the Operational Tools shall be credited or charged to the Purchase Gas Adjustment clause in the Company's tariff. The

**GENERAL TERMS AND CONDITIONS**  
(Continued)

Company shall not, under any circumstances, retain any of the penalties collected from the Pool Manager(s) nor absorb any costs related to complying with valid interstate pipeline Operational Tools orders.

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**Chesapeake Utilities Corporation**

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Florida Division  
Original Volume No. 3

Original Sheet No. 115

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**APPLICATION FOR GAS SERVICE**

**RESIDENTIAL  
APPLICANTS**

Name of Applicant \_\_\_\_\_

Address of property at which gas service is desired

Street \_\_\_\_\_ Apt. \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Telephone # at service address \_\_\_\_\_

If you want your gas bill sent to an address other than the location at which service is desired, specify:

Street \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

In care of \_\_\_\_\_

Your prior address:

Street \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Do you own or rent the property at which gas service is desired? \_\_\_\_\_

**If you rent:**

Property owner's name \_\_\_\_\_

Property owner's telephone no. \_\_\_\_\_

Your employer \_\_\_\_\_

Your telephone number at work \_\_\_\_\_

Your Social Security number \_\_\_\_\_

Spouse or co-occupant's name \_\_\_\_\_

Your employer \_\_\_\_\_

Telephone number at work \_\_\_\_\_

Social security number \_\_\_\_\_

**COMMERCIAL  
APPLICANTS**

Name of Applicant \_\_\_\_\_

Address of property at which gas service is desired

Street \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Telephone # at service address \_\_\_\_\_

Your name \_\_\_\_\_

Your position with company \_\_\_\_\_

Your telephone number \_\_\_\_\_

Owner or principle's name \_\_\_\_\_

Vendor references \_\_\_\_\_

Commercial banking references \_\_\_\_\_

Type of business \_\_\_\_\_

Tax -exempt# \_\_\_\_\_

**ALL  
APPLICANTS**

**In case of emergency, list a friend or relative not a member of your family household.**

Name \_\_\_\_\_

Street \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Telephone number \_\_\_\_\_

I, the undersigned, make application for natural gas service as indicated herein, and agree to the provisions hereof.

Date \_\_\_\_\_ Signature of Applicant \_\_\_\_\_

Date \_\_\_\_\_ Signature of Co-Applicant \_\_\_\_\_

Date \_\_\_\_\_ Signature of Agent \_\_\_\_\_

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**GAS SERVICE APPLICATION**

Gas is to be delivered to applicant at the outlet side of the Corporation's gas meter serving the premises indicated. Such meter and service line there to be installed and operated at the cost of the Corporation and if located on applicant's property, the site thereof to be furnished free of charge by applicant.

The Corporation and its representatives are hereby authorized to enter upon and install on applicant's property the gas meter or meters, and gas pipe for furnishing gas to said address, and to ditch and lay such pipe as is outside the building. The gas pipe form the Corporation's gas system to and including said meter or meters shall be owned, operated, and maintained by the Corporation, with a perpetual right of ingress and egress thereto being hereby granted to the Corporation for such purpose. All gas pipe, from the outlet side of said meter or meters, shall be owned, operated, and maintained by the applicant named on the reverse side.

If the Corporation, in order to provide gas service requested herein by applicant, incurs costs for construction of facilities used, or to be used, in providing such service, applicant agrees that:

1. If applicant fails or refuses to take gas service from Corporation as requested herein, applicant shall pay to Corporation the actual cost incurred by Corporation in constructing the facilities to have been used in providing service to applicant pursuant to this request for service.

2. At the end of four years from the date on which gas service is initiated pursuant to this request for service, or on applicant's discontinuance of the service provided by Corporation hereunder, whichever should first occur, the maximum allowable construction cost (M.A.C.C.) shown in the feasibility computation on the face hereof shall be recomputed, using in the calculation thereof the actual revenues and cost of gas (in lieu of estimated amounts) received and experienced by the Corporation, together with the actual period of time during which gas service was provided to applicant by Corporation hereunder. Applicant shall pay to Corporation the amount, if any, by which the actual construction cost incurred by Corporation [less any unrefunded contribution in aid of construction (C.I.A.C.)] exceeds the maximum allowable construction cost as recomputed.

After a residential customer has established a satisfactory payment record and has had continuous service for a period of twenty-three (23) months, the Corporation shall refund the deposit required by this application. At such time as the deposit becomes refundable, the applicant hereby authorizes the Corporation to credit it against the applicant's gas account.

Applicant will receive and pay for all gas delivered according to the applicable rules and regulations filed with the Florida Public Service Commission under the applicable rate schedule. Any gas delivered at any other delivery point is also subject to the terms and conditions hereof. No oral statement shall change the terms of this obligation.

OFFICE USE ONLY					
Division # _____	Service # _____	New	RESIDENTIAL	NON-RESIDENTIAL	IDENTIFICATION
	Customer # _____	Existing	___ Range	___ Heat	No. _____
(If applicant rents)	Landlord # _____	New	___ Water Heater	___ Manufacturing	___ Drivers License
	MO/SO # _____	Prior	___ Furnace	___ Processing	___ Age of Majority
Turn-on: Date _____	Time: _____		___ Space Heater	___ Other (specify) _____	___ Employment ID
Connect appliance (s)? _____			___ Clothes Dryer		___ Welfare ID
			___ Air Conditioner	RATE _____	
City Limits of _____			___ Pool Heater	Customer Rep. _____	BDGT \$ _____
Plant confirmation _____		In	___ Other (specify) _____		FNLS \$ _____
		Out		Customer qualifies	B.D. \$ _____
Other comments _____			Service qualifies	for tax at service	METER DEPOSIT
			for tax	___ State	Am't \$ _____
			___ State	___ Utility	Rcpt # _____
			___ Utility	___ Franchise	
			___ Franchise		
			N = Exempt	N = Exempt	

FEASIBILITY COMPUTATION	
A. Annual Revenue .....	\$ _____
B. Cost of Gas .....	\$ _____
C. Annual Non-Fuel (A-B) .....	\$ _____
D. M.A.C.C. (4 x C) .....	\$ _____
E. Estimated Construction Cost .....	\$ _____
F. C.I.A.C. (D-E) .....	\$ _____

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Account Number	Statement Summary		Total Amount Due
By Other	Past Due		
	Gas		
	Other Chgs.		Total Amount Due

Please return this portion with your payment. Make check payable to Central Florida Gas Company. Write your account number on your check. Please bring entire statement when paying in person.

<p>City or Serving Your Account</p>		<p>Account Activity</p>	
<p>Service Number</p>		<p>Meter Number</p>	
<p>Service Address</p>			
<p>Billing Period</p>			
From:		To:	
<p>Meter Readings</p>			
Present	Previous	Difference	
	( )	(=)	
	( )	(=)	
Rate	CCFs Used	I	
Route-Sequence	Pressure Factor	(d)	
	BTU Factor	(d)	
	Therms Used	(d)	
<p>For Comparison</p>			

Account #	Account Name	Statement Summary	
		Past Due	
		Gas	
		Other Chgs.	

Comparative Data	Days in Billing Pd	Total Units Used in Billing Period	Avg Daily Units Used	Avg Daily Temp	Avg Daily Cost	Past Due After	Total Amount Due

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NAME, ADDRESS, PHONE CHANGES (Please Print)

Name \_\_\_\_\_  
In Care Of \_\_\_\_\_  
Street \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_  
Home Telephone \_\_\_\_\_  
Work Telephone \_\_\_\_\_

**WHAT IF I HAVE A QUESTION ABOUT MY STATEMENT?**

Call your Customer Representative at the office telephone number printed on the front of this statement.

**WHEN IS MY PAYMENT DUE?**

Your payment is due when you receive your statement. If you pay later than the "Past Due After" date printed on your statement, your payment is considered late.

**HOW CAN I PAY MY BILL?**

1. Make your check or money order payable to Central Florida Gas Company.
2. Write your account number on your check or money order.
3. Place your check or money order, along with the top portion of your statement, in the return envelope.

MAIL TO: Central Florida Gas Company  
P.O. Box 960  
Winter Haven, Florida 33882-0960

Mail no later than three business days before the "Past Due After" date to make sure that your payment is not late. **DO NOT MAIL CASH.**

**OFFICE BUSINESS HOURS - Winter Haven Office - Monday through Friday 8 AM to 5 PM except holidays.**  
**Plant City Office - Monday through Friday 8 AM to 5 PM except holidays. This office is closed 12:30 PM to 1:30 PM daily for lunch.**

**SL Cloud Office - Customers should call the telephone number on their statement for the address and telephone number of the Central Florida Gas Office nearest them.**

**PAYMENT DROP - Payments can be dropped anytime day or night. Checks or Money Orders Only. NO CASH.** Payments dropped before 1 PM each business day will be posted same day.

**EXPLANATION OF TERMS USED ON YOUR BILL**

**BILLING PERIOD**

This is the period of time from the date your meter was read last month until the date it was read this month.

**METER READINGS**

When our meter reader comes to your house, he reads the dials on your meter and records them. When you subtract last month's reading from this month's reading, you know how much gas you used. If two sets of readings are listed, then your meter was changed during the billing period. All meter readings are actual unless circumstances prevented the meter from being read. In this case, the present reading will be estimated.

**RATE**

How much gas you use determines the rate at which you are billed.

**CCF'S USED**

A CCF is one hundred cubic feet. This is the way gas is measured when it goes through your meter.

**PRESSURE FACTOR**

The numeric factor used to convert uncorrected cubic feet to corrected cubic feet.

**BTU FACTOR**

The numeric factor used to convert corrected cubic feet to units of heat energy (therms).

**THERMS USED**

The amount of gas used this service period, stated in therms. A therm is 100,000 BTU's.

**CUSTOMER CHARGE**

The amount includes maintenance of gas lines and meters, and other costs such as reading meters, billing, and processing payments.

**FUEL COST**

This is the amount we pay our suppliers for gas. The fuel cost goes up if they charge us more; it goes down if they charge us less. You are charged this fuel cost only for the gas that you use.

**NON-FUEL COST**

The amount charged per therm based on rates set by the Public Service Commission.



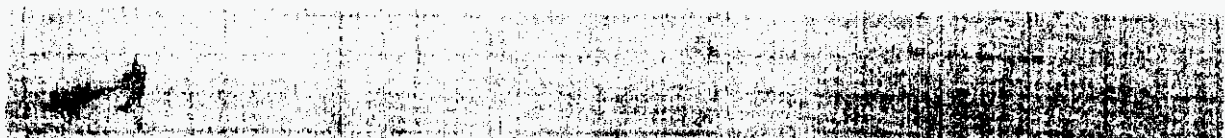
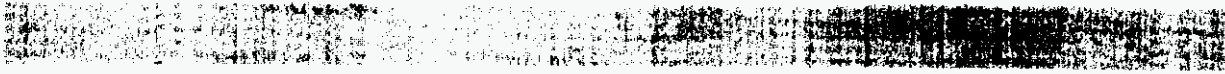
<b>Office Serving Your Account</b>	<b>Account Number</b>
	<b>Type of Account</b>
	<b>Amount to be Paid</b>
	<b>Amount Paid</b>

Please return this portion with your payment. Make check payable to Central Florida Gas Company. Write your account number on your check.

<b>Dear Customer,</b> Our records show that your payment is past due. If you have already sent us your payment, please disregard this notice. Call our office to verify that your payment has been received.	<b>Office Serving Your Account</b>	<b>Account Number</b>
	<b>Type of Account</b>	
	<b>Disconnect Date</b>	
	<b>Amount Due</b>	
<b>Service #</b>	<b>Service Address</b>	<b>Rate Meter</b>

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Time Dispatched: _____	By: _____	Date: _____
Serviced By: _____	Date Work Completed: _____	
Time Arrived: _____	Time Departed: _____	
Labor Billable? _____	Over Time Labor Charge? _____	
Service Person: _____	Charge For Labor Second Person? _____	
Time Arrived: _____	Time Departed: _____	

Customer's Signature _____	Date: _____
----------------------------	-------------

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Gas Payment \_\_\_\_\_  
Service Work Chgs \_\_\_\_\_  
Bad Debt Payment \_\_\_\_\_  
NSF Fee \_\_\_\_\_  
Turn On Fee \_\_\_\_\_  
Deposit \_\_\_\_\_  
Misc. \_\_\_\_\_  
Balance \_\_\_\_\_



**TO SAVE TIME**  
PLEASE BRING YOUR BILL NEXT VISIT

CUST # \_\_\_\_\_  
NAME \_\_\_\_\_  
STREET \_\_\_\_\_  
CITY \_\_\_\_\_  
SERV/EXT# \_\_\_\_\_  
Source:  Desk  Drop Box  Mail  
Method:  Check  Cash  Credit  
TOTAL AMT PAID \$ \_\_\_\_\_

**Request for Gas Transportation**

**Central Florida Gas**  
 A Division of Chesapeake Utilities Corporation

Please Send Request To:

Central Florida Gas  
 ATTN: Gas Supply  
 P.O. Box 960  
 Winter Haven, FL 33881  
 Telecopy: 863.294.3895

Date Received:
Legal Entity No.:
Request No.:

**SHIPPER INFORMATION**

Full Legal Name:	D-U-N-S Number:
Address:	
Telephone Number / Telecopy Number:	
Shipper Contact: (Name)	(Title):
Address for Notices:	Address for Billing and Invoices:
	Telephone Number:

**SERVICE REQUIRED**

Request Status:	<input type="checkbox"/> New Service	<input type="checkbox"/> Amendment (Contract No. _____ )
Describe Service: _____		
Terms:	Projected ID Date:	

**QUANTITY INFORMATION**

Maximum Daily Transportation Quantity (MMBtu/Day)			
October	Nov. - March	April	May - Sept

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 Chesapeake Utilities Corporation

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**CENTRAL FLORIDA GAS**  
 A Division of Chesapeake Utilities Corporation

**DESIGNEE REQUEST FORM**

**Please Send Requests To:** Central Florida Gas  
 ATTN: Gas Supply  
 P.O. Box 960  
 Winter Haven, FL 33881

**Or Fax To:** 863.294.3895

\_\_\_\_\_ ("Shipper") hereby notifies Central Florida Gas that it has designated \_\_\_\_\_ ("Designee") as its designee to perform the following obligations of Shipper under its Transportation Agreement(s) with CFG beginning on \_\_\_\_\_ through \_\_\_\_\_ for CFG contact number(s) which may include Delivery Point Operating Account(s): \_\_\_\_\_

("X" all those that apply)

Invoicing/Payment Obligations

Nominations

Receipt Point(s)  ..... Zone 1  Zone 2  Zone 3

Delivery Point(s)  ..... Primary Delivery Point DRN No. (if applicable) \_\_\_\_\_

Confirmations

Receipt Point(s)  ..... Zone 1  Zone 2  Zone 3

Delivery Point(s)  ..... Primary Delivery Point DRN No. (if applicable) \_\_\_\_\_

Imbalance Resolutions

Receipt Point(s)  ..... Zone 1  Zone 2  Zone 3

Delivery Point(s)  ..... Primary Delivery Point DRN No. (if applicable) \_\_\_\_\_

CFG shall have the right to rely on written and verbal communications from Designee for all purposes for the duties specified above. Shipper agrees to defend and hold CFG harmless from all of Designee's actions.

Communications by CFG to Designee shall be deemed to be notice to Shipper for all purposes for the duties specified above

Designee agrees to perform its duties consistent with CFG's FERC Tariff.

SHIPPER INFORMATION <small>(Full Company Legal Name)</small>	DESIGNEE INFORMATION <small>(Full Company Legal Name)</small>
---	--

SHIPPER: \_\_\_\_\_

DESIGNEE: \_\_\_\_\_

Legal Entity: \_\_\_\_\_ Duns: \_\_\_\_\_

Legal Entity: \_\_\_\_\_ Duns: \_\_\_\_\_

Address: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ ST \_\_\_\_\_ Zip \_\_\_\_\_

City: \_\_\_\_\_ ST \_\_\_\_\_ Zip \_\_\_\_\_

Contact: \_\_\_\_\_

Contact: \_\_\_\_\_

Phone: (\_\_\_\_) \_\_\_\_\_ (\_\_\_\_) \_\_\_\_\_

Phone: (\_\_\_\_) \_\_\_\_\_ (\_\_\_\_) \_\_\_\_\_

*Shipper hereby agrees to the terms and conditions herein.*

*Designee hereby agrees to the terms and conditions herein.*

Signed By: \_\_\_\_\_

Signed By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Request Received On: _____	Processed By: _____	Accepted by CFG On: _____
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Florida Division  
Original Volume No. 3  
Cancels Original Volume No. 2

Original Sheet No. 127

# Transportation Services Agreement

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Issued by: John R. Schimkaitis, President  
Chesapeake Utilities Corporation

Effective:

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**T**his TRANSPORTATION SERVICES AGREEMENT ("Agreement") is made and entered into by and between Chesapeake Utilities Corporation, a Delaware corporation doing business in Florida as Central Florida Gas Company and hereinafter referred to as "Chesapeake", and XXXX, a (State's Name) Corporation hereinafter referred to as "Shipper."

## **Witnesseth**

**WHEREAS**, Chesapeake is a party to a Firm Transportation Service Agreement, Contract No. 5057, dated October 1, 1993, or any successor Agreement thereto, with Florida Gas Transmission Company ("FGT") under FGT's Rate Schedule FTS-1 (which agreement is hereinafter referred to as "the FTS-1 Service Agreement"); and

**WHEREAS**, Shipper has requested that Chesapeake receive certain quantities of gas for Shipper's account, transport such quantities on Chesapeake's distribution system, and redeliver same to Shipper Facility located at \_\_\_\_\_ County, Florida, and Chesapeake agrees to provide such service in accordance with the terms hereof; and

**WHEREAS**, Shipper desires Gas Transportation service, and Chesapeake is willing to furnish such service under its applicable Rate Schedule \_\_\_ and provisions of the General Rules and Regulations of its Florida Public Service Commission ("FPSC") - approved Natural Gas Tariff; and

**WHEREAS**, Chesapeake wishes to relinquish to Shipper, and Shipper wishes to acquire, a portion of Chesapeake's firm capacity rights under the FTS-1 Service Agreement, which firm capacity rights Chesapeake is entitled to relinquish pursuant to the capacity relinquishment provisions of the General Terms and Conditions of FGT's Federal Energy Regulatory Commission ("FERC") Gas Tariff, and subject to the terms and conditions of this Agreement; and

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, the Parties agree as follows:

## **Article I: Definitions**

Unless another definition is expressly stated within this Agreement, the following terms and abbreviations, when used in this Agreement and in all exhibits, recitals, and appendices contained or attached to this Agreement, are intended to and will mean as follows:

### **I.1 "Acquiring Shipper"**

means Shipper

### **I.2 "Btu"**

means the amount of heat required to raise the temperature of one pound of water from 59 degrees Fahrenheit to 60 degrees Fahrenheit at a constant pressure of 14.73 p.s.i.a.

### **I.3 "Day"**

means a period of 24 consecutive hours beginning and ending at 9:00 a.m. Central Clock Time ("CCT"); provided that, in the event of a change in the definition of the corresponding term in the tariff of Florida Gas Transmission Company ("FGT") on file with the Federal Energy Regulatory Commission ("FERC"), this definition shall be deemed to be amended automatically so that it is identical at all times to the definition of the corresponding term in said tariff.

### **I.4 "Dekatherm" (Dt)**

means 1,000,000 Btu's or ten (10) therms.

### **I.5 "Delivery Point"**

means the point at the connection of the facilities of an upstream party and a downstream party's facility at which the gas leaves the outlet side of the measuring equipment of the upstream party and enters the downstream party's facility.

**I.6 "DRN #"**

means the unique identifying number assigned to Receipt and Delivery Points.

**I.7 "Firm Capacity Rights"**

means the right of a Shipper to receive, and the obligation of Transporter to make available for delivery, quantities at Shipper's Primary Delivery Points up to the stated MDTQ, pursuant to the terms and conditions of the FGT FERC Gas Tariff and any applicable Service Agreement or Service Agreements providing for Firm Transportation Service.

**I.8 "Gas"**

means natural gas which is in conformance with the quality specifications of the Transporter.

**I.9 "Maximum Daily Transportation Quantity" or "MDTQ"**

means the largest quantity of gas, expressed in Dts, that Transporter is obligated to transport and make available for delivery to a Shipper under any applicable Service Agreement or Service Agreements for Firm Transportation Service on any one day.

**I.10 "Month"**

means a period beginning at 9:00 a.m. CCT on the first day of a calendar month and ending at 9:00 a.m. CCT on the first day of the next succeeding calendar month; provided that, in the event of a change in the definition of the corresponding term in the tariff of Florida Gas Transmission Company ("FGT") on file with the Federal Energy Regulatory Commission ("FERC"), this definition shall be deemed to be amended automatically so that it is identical at all times to the definition of the corresponding term in said tariff.

**I.11 "Nomination"**

means a request by a party to a producer, pipeline or local distribution company for receipt or delivery of a physical quantity of gas pursuant to a Transportation Service Agreement. A nomination specifies (i) the quantity of gas per day, measured in Dts, to be received or delivered on behalf of the nominating party, (ii) the point(s) at which the gas is to be received and delivered and (iii) the period of time in which the delivery is to take place.

**I.12 "p.s.i.a."**

means pounds per square inch absolute.

**I.13 "Recall"**

means the recall, by Relinquishing Shipper, of Firm Capacity Rights formerly released to an Acquiring Shipper.

**I.14 "Receipt Point"**

means the point at which gas is received by Transporter into Transporter's system from an upstream service or facility.

**I.15 "Release"**

means a relinquishment of Firm Capacity Rights by a Shipper.

**I.16 "Relinquishing Shipper"**

means Chesapeake Utilities Corporation.

**I.17 "Shipper"**

means \_\_\_\_\_, the party that has contracted with Transporter for transportation service.

**I.18 "Therm"**

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



### **1.19 "Transporter"**

means FGT, the party receiving gas at the receipt point(s) and transporting volumes to the point(s) of delivery.

### **1.20 "Zone"**

means a production zone, as follows: FGT divides its pipeline supply territory into three zones. Zone one (1) originates at compressor station #2 and extends to the suction side of compressor station #7. Zone two (2) originates at the discharge side of compressor station #7 and extends to the suction side of compressor station #8. Zone three (3) originates at the discharge side of compressor station # 8 and extends to station #12; provided that, in the event of a change in the definition of the corresponding term in the tariff of Florida Gas Transmission Company ("FGT") on file with the Federal Energy Regulatory Commission ("FERC"), this definition shall be deemed to be amended automatically so that it is identical at all times to the definition of the corresponding term of said tariff.

## **Capacity Relinquishment Section**

### **ARTICLE II: Scope of Capacity Relinquishment**

#### **2.1**

Chesapeake shall relinquish to Shipper, subject to the terms and conditions of this Agreement, a portion of the firm capacity rights which Chesapeake is entitled to relinquish under the FTS-1 Service Agreement. Chesapeake's relinquishment of FTS-1 capacity rights hereunder shall be subject to the terms and conditions governing pre-arranged temporary point-to-point relinquishment of FTS-1 capacity rights, as set forth in the General Terms and Conditions of FGT's FERC Gas Tariff, as such provisions may be amended from time to time, subject to approval by the FERC. Chesapeake represents and warrants that, on the date of execution of this Agreement: (a) the FTS-1 Service Agreement is in full force and effect and has not been assigned by Chesapeake, and (b) Chesapeake is not in default of any of its obligations under the FTS-1 Service Agreement.

## **2.2**

The FGT Primary Point(s) of Receipt under the FTS-1 Service Agreement which Chesapeake shall relinquish hereunder during various months of the year are set forth in Exhibit A to this Agreement, which is incorporated herein by reference and made a part hereof. The Maximum Daily Transportation Quantity ("MDTQ") and the associated FGT Primary Delivery Point capacity to be relinquished hereunder shall be as set forth in Exhibit B to this Agreement, which is incorporated herein by reference and made a part hereof.

## **2.3**

Chesapeake shall provide to FGT the notice of capacity relinquishment required under the General Terms and Conditions of FGT's FERC Gas Tariff. Chesapeake shall also diligently and in a timely manner take all other actions required under the General Terms and Conditions of FGT's FERC Gas Tariff to relinquish its firm capacity rights to Shipper.

## **2.4**

Shipper shall accept the firm capacity relinquishment from Chesapeake subject to the terms and conditions of this Agreement and the General Terms and Conditions of FGT's FERC Gas Tariff governing such relinquishments. Shipper shall also diligently and in a timely manner take all other actions required under the General Terms and Conditions of FGT's FERC Gas Tariff to acquire the firm capacity rights to be relinquished hereunder.

## **2.5**

The firm capacity relinquishment contemplated hereunder shall become effective on \_\_\_\_\_ and remain in effect until \_\_\_\_\_ unless terminated earlier subject to the terms and conditions of this Agreement.

### **ARTICLE III: Relinquished Capacity Charges**

#### **3.1**

Commencing on the effective date of the capacity relinquishment to Shipper

under the FTS-1 Service Agreement, as identified in Section 2.5 above, and continuing until this Agreement is terminated or expires, Shipper shall pay to FGT the maximum applicable tariff rate allowed by FERC for the capacity relinquished under said FTS-1 Service Agreement and shall indemnify Chesapeake and hold it harmless from any and all FTS-1 rates and charges assessed by FGT to Chesapeake for the relinquished capacity during the period that this Agreement remains in effect.

### **3.2**

Upon the effective date of any recall by Chesapeake of any portion or all of the relinquished capacity, as provided in Section 4.2 or Section 4.3 hereof, Chesapeake shall be responsible for and shall pay all of FGT's rates and charges for such recalled capacity under the FTS-1 Service Agreement during the period of such recall. Chesapeake shall indemnify Shipper and hold it harmless from any and all such charges assessed by FGT to Shipper for the recalled capacity after the effective date of such recall.

## **ARTICLE IV: Use of Relinquished Capacity; Recall Rights**

### **4.1**

Commencing on the effective date of the capacity relinquishments defined in Section 2.5 hereof, Shipper shall acquire the FTS-1 capacity rights relinquished by Chesapeake hereunder and shall be entitled to use such capacity subject to (a) the General Terms and Conditions of FGT's FERC Gas Tariff applicable to capacity relinquishments, and (b) the terms and conditions of this Agreement.

### **4.2**

Chesapeake shall have the right to recall temporarily or permanently a portion or all of the firm capacity rights relinquished hereunder, subject to the applicable notice requirements in FGT's FERC Gas Tariff, in the event that (a) Shipper without Chesapeake's prior written consent, (i) re-relinquishes to a third party any portion or segment of the FTS-1 capacity relinquished by Chesapeake, (ii) requests a Primary Receipt Point other than those specified in Exhibit A to this

Agreement, or (iii) uses the relinquished capacity to move quantities of gas to a delivery point on FGT's system at which Chesapeake is not the Delivery Point Operator as defined in FGT's Tariff; (b) Shipper nominates for delivery at its delivery point on Chesapeake's system less than eighty (80) percent of the capacity relinquished hereunder by Chesapeake; or (c) Shipper breaches its contractual obligations of payment to FGT for capacity obtained under the capacity relinquishment provided for by this Agreement; or (d) Shipper otherwise breaches the terms and conditions of this Agreement. In the event that Chesapeake temporarily recalls a portion of the relinquished capacity under this Section 4.2, Chesapeake shall re-relinquish such capacity to Shipper subject to compliance with the provisions of Sections 2.3 and 2.4 hereof as to such recalled capacity, within ten (10) days after Shipper has provided assurance satisfactory to Chesapeake, in Chesapeake's sole discretion, that the cause which gave rise to Chesapeake's recall right has been removed. Neither a temporary nor a permanent recall under this Section 4.2 of a portion or all of the capacity relinquished under this Agreement shall become effective until Chesapeake has given Shipper notice in writing specifying the cause for the recall and Shipper has had ten (10) days after receipt of such notice to remove or correct the cause for the recall.

### **4.3**

In the event that Chesapeake needs a portion of the relinquished FTS-1 capacity to serve its peak demand requirements, Chesapeake shall have the right to temporarily recall the firm capacity rights relinquished hereunder, pursuant to the provisions governing Curtailment of service as set forth in Chesapeake's Natural Gas Curtailment Plan, as approved by the Florida Public Service Commission (FPSC).

## **Firm Transportation Service Section**

### **Article V: Points of Delivery and Redelivery**

#### **5.1**

Issued by: John R. Schimkaitis  
Chesapeake Utilities Corporation

Effective:

Shipper shall cause the Transporter to deliver to Chesapeake at the delivery point on the Transporter's system, (which specified delivery point is hereinafter referred to as "Transporter's Delivery Point"), the quantities of gas to be transported by Chesapeake hereunder. Chesapeake shall have no responsibility for transportation of Shipper's gas prior to receipt of such gas from the Transporter at Transporter's Delivery Point. Chesapeake shall deliver such quantities of gas received from the Transporter at Transporter's Delivery Point for Shipper's account to Chesapeake's Delivery Point at Shipper's Facility located at \_\_\_\_\_, Polk County, Florida, (hereinafter referred to as "Chesapeake's Delivery Point" or "Shipper's Facility").

## **Article VI: Quantities**

### **6.1**

Subject to the terms and conditions of this Agreement, Chesapeake agrees to receive from the Transporter, at Transporter's Delivery Point, on a daily basis, a quantity of gas up to Shipper's Maximum Daily Transportation Quantity ("MDTQ"), and Chesapeake agrees to transport and deliver equivalent quantities to Shipper at Chesapeake's Delivery Point located at Shipper's Facility. Shipper's MDTQ under this Agreement shall be the quantity of gas per day as shown in Exhibit B to this Agreement, which is incorporated herein by reference and made a part hereof.

## **Article VII: Scheduling and Balancing**

### **7.1**

Shipper shall be responsible for nominating quantities of gas to be delivered by the Transporter to Transporter's Delivery Point and delivered by Chesapeake to Shipper's Facility. Shipper shall promptly provide notice to Chesapeake of all such nominations. Such notices shall be provided to Chesapeake by facsimile transmission. Imbalances between quantities (i) scheduled for delivery by the Transporter to Chesapeake and/or delivery by Chesapeake to Shipper's Facility, and (ii) actually delivered by the Transporter and/or Chesapeake hereunder, shall be resolved in accordance with the applicable provisions of Chesapeake's Florida Public Service Commission ("FPSC") Natural Gas Tariff, as such provisions may

be amended from time to time, subject to approval by the FPSC.

## **7.2**

The Parties hereto recognize the desirability of maintaining a uniform rate of flow of gas to Shipper's Facility over each 24-hour period and each day throughout each month. Therefore, Chesapeake agrees to receive from the Transporter for Shipper's account at Transporter's Delivery Point and deliver to Chesapeake's Delivery Point up to the MDTQ as described in Exhibit B attached hereto, subject to any restrictions imposed by the Transporter and to the provisions of Articles VIII and XIX of this Agreement, and Shipper agrees to use commercially reasonable efforts to regulate its deliveries from Chesapeake's gas distribution system at a daily rate of flow not to exceed the aggregate of the applicable MDTQ and MDCQ for the month in question, subject to any additional restrictions imposed by the Transporter or by Chesapeake pursuant to Articles VII and IX of this Agreement.

## **Article VIII: Curtailment**

### **8.1**

This Agreement in all respects shall be and remain subject to the applicable provisions of the General Rules and Regulations of Chesapeake's Natural Gas Tariff and/or Curtailment Plan, as they specifically apply to curtailment, and as approved by the FPSC or its appropriate successor agency or authority, all of which are made a part hereof by this reference.

## **Article IX: Title, Control and Indemnification**

### **9.1**

Shipper warrants that it will have good and merchantable title to all gas delivered by the Transporter to Chesapeake for Shipper's account at Transporter's Delivery Point, and that such gas will be free and clear of all liens, encumbrances, and claims whatsoever. Shipper will indemnify Chesapeake and save it harmless from all suits, actions, debts, accounts, damages, costs including reasonable attorneys' fees, losses, and expenses arising from or out of the adverse claim of any and all

persons to said gas. Chesapeake will indemnify Shipper and save it harmless from all suits, actions, debts, accounts, damages, costs including reasonable attorney's fees, losses, and expenses arising from or out of the adverse claim of any and all persons to gas delivered for the account of Shipper to Chesapeake for transportation hereunder which arise from or relate to Chesapeake's transportation of said gas on Chesapeake's distribution system. In the event any adverse claim in respect to said gas is asserted, or Shipper breaches its warranty herein, Chesapeake shall not be required to perform its obligations to transport and deliver gas to Shipper's Facility or, subject to receipt of any necessary regulatory authorization, to continue service hereunder for Shipper until such claim has been finally determined; provided, however, that Shipper may receive service if (i) in the case of an adverse claim, Shipper furnishes a bond to Chesapeake, conditioned for the protection of Chesapeake with respect to such claim; or (ii) in the case of a breach of warranty, Shipper furnishes evidence, satisfactory to Chesapeake, of Shipper 's title to said gas.

## **9.2**

Chesapeake shall be deemed to be in control and possession of the gas to be transported by it upon delivery of such gas by the Transporter to Chesapeake for Shipper's account at Transporter's Delivery Point and until it shall have been delivered to Shipper at Chesapeake's Delivery Point located at Shipper's Facility; and Shipper shall be deemed to be in control and possession of such gas prior to such delivery to Chesapeake and after such delivery by Chesapeake to Shipper. Each party, while deemed to be in control and possession of such gas, shall be responsible for, and shall indemnify and hold the other harmless from any and all claims, actions, suits, including attorney's fees, arising out of or relating in any way to custody and control of such gas.

## **Article X: Rate**

### **10.1**

The rate to be charged for each therm of gas delivered hereunder by Chesapeake, up to the MDTQ established by this Agreement, shall be the rate set forth on the \_\_\_\_\_ rate schedule in Chesapeake's FPSC Natural Gas Tariff. This rate includes

the charges per therm for transportation service by Chesapeake under Chesapeake's approved FTS Transportation Service Rate Schedule. Chesapeake and Shipper recognize that (i) the \_\_\_\_ transportation rate schedule may change from time to time due to changes in Chesapeake's operations and (ii) that the aforesaid or otherwise applicable rates and rate schedules may be revised, amended or superseded from time to time subject to the approval of the FPSC. Chesapeake and Shipper agree that in any such case, the newly applicable transportation rate schedule or the transportation rate schedule that supersedes any applicable transportation rate schedule or the revised or amended transportation rate schedule, as the case may be, shall apply to this Agreement.

## **10.2**

Nothing contained in this Agreement shall prevent Chesapeake from proposing to, and filing with, the FPSC: (i) changes and revisions to any effective rate schedule, (ii) superseding rate schedules, or (iii) any other modifications to its tariff for the purpose of changing the rates, charges and other provisions applicable to the service provided under this Agreement. Nothing contained in this Agreement shall prevent Shipper from opposing any changes, revisions or modifications contained in any proposal or filing made by Chesapeake to or with the FPSC that affect the charges or other provisions applicable to service provided under this Agreement, or from pursuing any other available legal remedy with respect to such changes, revisions or modifications.

## **10.3**

If, during the term of this Agreement, the Federal Government, or any State, municipality or subdivision of such Government, should increase any present tax or levy any additional tax, relating to the service provided by Chesapeake under this Agreement, any such additional tax required by law to be paid by Chesapeake shall, in Chesapeake's discretion, insofar as such discretion is provided for under applicable law, be either separately stated on the total amount of the bill or computed on a cents per therm basis and added to the then effective rate for Chesapeake's services hereunder. If, during the term of this Agreement, the Federal Government, or any State, municipality or subdivision of such Government, should decrease or eliminate any tax relating to the service provided



by Chesapeake under this Agreement, the reduction in such tax required to be paid by Chesapeake shall, in Chesapeake's discretion, insofar as such discretion is provided for under applicable law, be either separately stated as a deduction to the total amount of the bill or computed on a cents per therm basis and subtracted from the then effective rate hereunder.

## **ARTICLE XI: Force Majeure**

### **11.1**

Chesapeake shall not be liable for failure to deliver gas under this Service Agreement, nor shall Shipper be liable for failure to take gas under this Service Agreement, which failure is due to any cause or act constituting Force Majeure as defined in the Chesapeake's FPSC-approved Natural Gas Tariff, which Force Majeure interferes with Chesapeake delivering or Shipper taking delivery of or using the gas.

## **Term and Other Provisions**

### **ARTICLE XII: Term**

#### **12.1**

This Agreement shall be effective upon its date of execution by both parties and shall continue in effect until \_\_\_\_\_; provided, however, this Agreement may be terminated earlier: (a) at Chesapeake's option, upon the effective date of Chesapeake's exercise of permanent recall rights in accordance with the provisions of Section 4.2 hereof, only as to the permanently recalled capacity, and this Agreement shall remain in full force and effect as to any firm capacity relinquished hereunder which is not recalled permanently by Chesapeake; (b) upon the expiration or termination of Chesapeake's FTS-1 Service Agreement with FGT; or (c) otherwise in accordance with the Parties' respective rights under applicable law. This Agreement shall be extended on a year-to-year basis after \_\_\_\_\_, unless terminated by either Party, with at least ninety (90) days written notice to the other Party prior to the termination date.

## **ARTICLE XIII: Assignment and Transfer**

### **13.1**

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, and upon such assignment or transfer and 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 assumption of duties and obligations.

## **ARTICLE XIV: Governmental Authorizations; Compliance With Law**

### **14.1**

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. The parties shall comply at all times with all applicable Federal, state, municipal, and other laws, ordinances and regulations. The parties 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. In the event this Agreement or any provisions herein shall be found contrary to or in conflict with any such 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 the FPSC or the FERC over this Agreement or any part thereof. 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 is precluded.

### **14.2**

This Agreement and any dispute arising hereunder shall be governed by and interpreted in accordance with the laws of the State of Florida, excluding any conflicts of laws rules that would require the application of the laws of another jurisdiction, and shall be subject to all applicable laws, rules, orders and regulations of any Federal, state or local governmental authority having jurisdiction over the parties, their facilities or the transactions contemplated herein. 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.

## **ARTICLE XV: Notices**

### **15.1**

Except as otherwise provided herein, any notice, request, demand, statement or report pertaining to this Agreement shall be in writing and shall be considered as effective on the receipt date, when mailed by certified or registered mail, or on the date sent by facsimile transmission or express mail service.

### **15.2**

All Communications with respect to this Agreement shall be sent to the following addresses:

To Chesapeake:  
Chesapeake Utilities Corporation  
P.O. Box 960  
Winter Haven, Florida 33882  
Contact Person: Manager Of Gas Supply  
Telephone: (863) 293-2125  
Facsimile: (863) 294-3895

To Shipper :  
XXXX  
STREET NO STREET  
CITY, Florida 33823

Issued by: John R. Schimkaitis  
Chesapeake Utilities Corporation

Effective:

Attention: Production Manager  
Telephone: (xxx) xxx-xxxx  
Facsimile: (xxx) xxx-xxxx

## **ARTICLE XVI: Miscellaneous**

### **16.1 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.

### **16.2 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.

### **16.3 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 18.2 shall not be deemed nor require an amendment of this Agreement provided such change is communicated in accordance with section 18.1 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 which are necessary to comply with the requirements of, or are otherwise approved by, FERC or its successor agency or authority.

### **16.4 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 an equitable adjustment in the provisions of this Agreement in good faith.

### **16.5 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. No waiver shall be binding unless executed in writing by the party making the waiver.

### **16.6 Legal Fees.**

In the event of litigation between the parties hereto arising out of or in connection with this Agreement, then the reasonable attorneys' fees and costs of the party prevailing in such litigation shall be paid by the other party.

### **16.7 Independent Parties.**

Chesapeake and Shipper shall perform hereunder as independent parties and neither Chesapeake 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.

### **16.8 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.

## **Article XVII: Chesapeake's Tariff Provisions**

### **17.1**

Chesapeake's applicable Rate Schedule provisions and applicable Subsections of the General Rules and Regulations of Chesapeake's Natural Gas Tariff approved with the FPSC, including any amendments thereto approved by the FPSC during the term of this Agreement, are hereby incorporated into this Agreement and made a part hereof for all purposes. In the event of any conflict between said provisions of Chesapeake's FPSC Tariff and specific provisions of this Agreement, the latter shall prevail, in the absence of an FPSC Order to the contrary.

Florida Division  
Original Volume No. 3  
Cancels Original Volume No. 2

Original Sheet No. 148

**IN WITNESS WHEREOF**, the parties have duly executed this Agreement, in multiple originals, effective as of the date of execution by both parties.

Shipper:  
XXXX

ATTEST: \_\_\_\_\_

BY: \_\_\_\_\_

DATE: \_\_\_\_\_

TITLE: \_\_\_\_\_

Chesapeake:  
Chesapeake Utilities Corporation

ATTEST: \_\_\_\_\_

BY: \_\_\_\_\_

DATE: \_\_\_\_\_

TITLE: \_\_\_\_\_

Issued by: John R. Schimkaitis  
Chesapeake Utilities Corporation

Effective:

Florida Division  
Original Volume No. 3  
Cancels Original Volume No. 2

Original Sheet No. 149

## Exhibit A

### Point(s) of Receipt

Period	MDQ Dts	Zone 1 DRN #	Zone 1 Dts	Zone 2 DRN #	Zone 2 Dts	Zone 3 DRN#	Zone 3 Dts
Jan							
Feb							
Mar							
Apr							
May							
Jun							
Jul							
Aug							
Sep							
Oct							
Nov							
Dec							

Chesapeake:  
Chesapeake Utilities Corporation

Shipper:  
XXXX

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

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

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

Issued by: John R. Schimkaitis  
Chesapeake Utilities Corporation

Effective:



Florida Division  
Original Volume No. 3  
Cancels Original Volume No. 2

Original Sheet No. 150

## Exhibit B

### Capacity at Delivery Point(s)

Description	Primary DRN #	Month	MDTQ (Dts)
		January	
		February	
		March	
		April	
		May	
		June	
		July	
		August	
		September	
		October	
		November	
		December	

Chesapeake:  
Chesapeake Utilities Corporation

Shipper:  
XXXX

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

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

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

Issued by: John R. Schimkaitis  
Chesapeake Utilities Corporation

Effective:

Florida Division  
Original Volume No. 3  
Cancels Original Volume No. 2

Original Sheet No. 151

## Exhibit C

### Maximum Daily Contact Quantities (MDCQ)

Description	Primary DRN#	Month	MDCQ (Dts)
		January	
		February	
		March	
		April	
		May	
		June	
		July	
		August	
		September	
		October	
		November	
		December	

Chesapeake:  
Chesapeake Utilities Corporation

Shipper:  
XXXX

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

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

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

Issued by: John R. Schimkaitis  
Chesapeake Utilities Corporation

Effective:

**Aggregated Transportation Agreement  
LETTER OF AUTHORIZATION**

**Central Florida Gas**  
A Division of Chesapeake Utilities Corporation

Please Send Request To:

**Central Florida Gas**  
**ATTN: Gas Supply**  
**P.O. Box 960**  
**Winter Haven, FL 33881**  
  
**Fax Number: 863.294.3895**

**CUSTOMER NAME**

Full Legal Name:		Date:
Address:		
Telephone Number:	Fax Number:	
Customer Contact: (Name)	(Title):	
Account Number:	Address for Billing and Invoices:	

**SUPPLIER INFORMATION**

Pool Manager Name:		Pipeline Contract No:
Address:		
Pool Contact: (Name)		
Telephone Number:	Fax Number:	

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

Title: \_\_\_\_\_

Issued by: John R. Schimkaitis, President  
Chesapeake Utilities Corporation

Effective:

# Aggregated Transportation Services Agreement

(Pool Manager Agreement)

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**T**his AGGREGATED TRANSPORTATION SERVICES AGREEMENT (“Agreement”) is made and entered into by and between Chesapeake Utilities Corporation, a Delaware corporation doing business in Florida as Central Florida Gas Company and hereinafter referred to as “Chesapeake”, and XXXX, a (State’s Name) Corporation hereinafter referred to as “Shipper.”

## **Witnesseth**

**WHEREAS**, Chesapeake is a party to a Firm Transportation Service Agreement, Contract No. 5057, dated October 1, 1993, or any successor Agreement thereto, with Florida Gas Transmission Company (“FGT”) under FGT’s Rate Schedule FTS-1 (which agreement is hereinafter referred to as “the FTS-1 Service Agreement”); and

**WHEREAS**, Shipper has requested that Chesapeake receive certain quantities of gas for Shipper’s account, transport such quantities on Chesapeake’s distribution system, and redeliver same to Shipper’s Customers on the Company’s natural gas distribution system, and Chesapeake agrees to provide such service in accordance with the terms hereof; and

**WHEREAS**, Shipper desires Gas Transportation service, and Chesapeake is willing to furnish such service under its applicable Rate Schedule \_\_\_ and provisions of the General Rules and Regulations of its Florida Public Service Commission (“FPSC”) - approved Natural Gas Tariff; and

**WHEREAS**, Chesapeake wishes to relinquish to Shipper, and Shipper wishes to acquire, a portion of Chesapeake’s firm capacity rights under the FTS-1 Service Agreement, which firm capacity rights Chesapeake is entitled to relinquish pursuant to the capacity relinquishment provisions of the General Terms and Conditions of FGT’s Federal Energy Regulatory Commission (“FERC”) Gas Tariff, and subject to the terms and conditions of this Agreement; and

**NOW, THEREFORE**, in consideration of the premises and the mutual

covenants and agreements herein contained, the Parties agree as follows:

## **Article I: Definitions**

Unless another definition is expressly stated within this Agreement, the following terms and abbreviations, when used in this Agreement and in all exhibits, recitals, and appendices contained or attached to this Agreement, are intended to and will mean as follows:

### **I.1 "Acquiring Shipper"**

means Shipper, also means "Pool Manager".

### **I.2 "Btu"**

means the amount of heat required to raise the temperature of one pound of water from 59 degrees Fahrenheit to 60 degrees Fahrenheit at a constant pressure of 14.73 p.s.i.a.

### **I.3 "Day"**

means a period of 24 consecutive hours beginning and ending at 9:00 a.m. Central Clock Time ("CCT"); provided that, in the event of a change in the definition of the corresponding term in the tariff of Florida Gas Transmission Company ("FGT") on file with the Federal Energy Regulatory Commission ("FERC"), this definition shall be deemed to be amended automatically so that it is identical at all times to the definition of the corresponding term in said tariff.

### **I.4 "Dekatherm" (Dt)**

means 1,000,000 Btu's or ten (10) therms.

### **I.5 "Delivery Point"**

means the point at the connection of the facilities of an upstream party and a downstream party's facility at which the gas leaves the outlet side of the

measuring equipment of the upstream party and enters the downstream party's facility.

**1.6 "DRN #"**

means the unique identifying number assigned to Receipt and Delivery Points.

**1.7 "Firm Capacity Rights"**

means the right of a Shipper to receive, and the obligation of Transporter to make available for delivery, quantities at Shipper's Primary Delivery Points up to the stated MDTQ, pursuant to the terms and conditions of the FGT FERC Gas Tariff and any applicable Service Agreement or Service Agreements providing for Firm Transportation Service.

**1.8 "Gas"**

means natural gas which is in conformance with the quality specifications of the Transporter.

**1.9 "Maximum Daily Transportation Quantity" or "MDTQ"**

means the largest quantity of gas, expressed in Dts, that Transporter is obligated to transport and make available for delivery to a Shipper under any applicable Service Agreement or Service Agreements for Firm Transportation Service on any one day.

**1.10 "Month"**

means a period beginning at 9:00 a.m. CCT on the first day of a calendar month and ending at 9:00 a.m. CCT on the first day of the next succeeding calendar month; provided that, in the event of a change in the definition of the corresponding term in the tariff of Florida Gas Transmission Company ("FGT") on file with the Federal Energy Regulatory Commission ("FERC"), this definition shall be deemed to be amended automatically so that it is identical at all times to the definition of the corresponding term in said tariff.

**I.11 "Nomination"**

means a request by a party to a producer, pipeline or local distribution company for receipt or delivery of a physical quantity of gas pursuant to an Aggregated Transportation Service Agreement. A nomination specifies (i) the quantity of gas per day, measured in Dts, to be received or delivered on behalf of the nominating party, (ii) the point(s) at which the gas is to be received and delivered and (iii) the period of time in which the delivery is to take place.

**I.12 "Pool Manager"**

means an entity that provides gas supply and interstate capacity management for an aggregated number of customers on the Company's distribution system which has been approved as a shipper on the interstate pipeline system upstream of the Company's city gate, entered into Letters of Authorization to sell gas to, or procure gas for customer accounts desiring to receive service pursuant to the TA Service, and, executed and delivered to Company an Aggregated Transportation Service Agreement (Pool Manager Agreement).

**I.13 "p.s.i.a."**

means pounds per square inch absolute.

**I.14 "Recall"**

means the recall, by Relinquishing Shipper, of Firm Capacity Rights formerly released to an Acquiring Shipper.

**I.15 "Receipt Point"**

means the point at which gas is received by Transporter into Transporter's system from an upstream service or facility.

**I.16 "Release"**

means a relinquishment of Firm Capacity Rights by a Shipper.

**I.17 "Relinquishing Shipper"**

means Chesapeake Utilities Corporation.

**1.18 "Shipper"**

means \_\_\_\_\_, the party that has contracted with Transporter for aggregated transportation service.

**1.19 "Therm"**

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

**1.20 "Transporter"**

means FGT, the party receiving gas at the receipt point(s) and transporting volumes to the point(s) of delivery.

**1.21 "Zone"**

means a production zone, as follows: FGT divides its pipeline supply territory into three zones. Zone one (1) originates at compressor station #2 and extends to the suction side of compressor station #7. Zone two (2) originates at the discharge side of compressor station #7 and extends to the suction side of compressor station #8. Zone three (3) originates at the discharge side of compressor station # 8 and extends to station #12; provided that, in the event of a change in the definition of the corresponding term in the tariff of Florida Gas Transmission Company ("FGT") on file with the Federal Energy Regulatory Commission ("FERC"), this definition shall be deemed to be amended automatically so that it is identical at all times to the definition of the corresponding term of said tariff.

## **Capacity Relinquishment Section**

### **ARTICLE II: Scope of Capacity Relinquishment**

#### **2.1**

Chesapeake shall relinquish to Shipper, subject to the terms and conditions of this Agreement, a portion of the firm capacity rights which Chesapeake is entitled to relinquish under the FTS-1 Service Agreement. Chesapeake's relinquishment of FTS-1 capacity rights hereunder shall be subject to the terms and conditions governing pre-arranged temporary point-to-point relinquishment of FTS-1

capacity rights, as set forth in the General Terms and Conditions of FGT's FERC Gas Tariff, as such provisions may be amended from time to time, subject to approval by the FERC. Chesapeake represents and warrants that, on the date of execution of this Agreement: (a) the FTS-1 Service Agreement is in full force and effect and has not been assigned by Chesapeake, and (b) Chesapeake is not in default of any of its obligations under the FTS-1 Service Agreement.

## **2.2**

The FGT Primary Point(s) of Receipt under the FTS-1 Service Agreement which Chesapeake shall relinquish hereunder during various months of the year are set forth in Exhibit A to this Agreement, which is incorporated herein by reference and made a part hereof. The Maximum Daily Transportation Quantity ("MDTQ") and the associated FGT Primary Delivery Point capacity to be relinquished hereunder shall be as set forth in Exhibit B to this Agreement, which is incorporated herein by reference and made a part hereof.

## **2.3**

Chesapeake shall provide to FGT the notice of capacity relinquishment required under the General Terms and Conditions of FGT's FERC Gas Tariff. Chesapeake shall also diligently and in a timely manner take all other actions required under the General Terms and Conditions of FGT's FERC Gas Tariff to relinquish its firm capacity rights to Shipper.

## **2.4**

Shipper shall accept the firm capacity relinquishment from Chesapeake subject to the terms and conditions of this Agreement and the General Terms and Conditions of FGT's FERC Gas Tariff governing such relinquishments. Shipper shall also diligently and in a timely manner take all other actions required under the General Terms and Conditions of FGT's FERC Gas Tariff to acquire the firm capacity rights to be relinquished hereunder.

## **2.5**

The firm capacity relinquishment contemplated hereunder shall become effective on \_\_\_\_\_ and remain in effect until \_\_\_\_\_ unless terminated earlier subject

to the terms and conditions of this Agreement.

### **ARTICLE III: Relinquished Capacity Charges**

#### **3.1**

Commencing on the effective date of the capacity relinquishment to Shipper under the FTS-1 Service Agreement, as identified in Section 2.5 above, and continuing until this Agreement is terminated or expires, Shipper shall pay to FGT the maximum applicable tariff rate allowed by FERC for the capacity relinquished under said FTS-1 Service Agreement and shall indemnify Chesapeake and hold it harmless from any and all FTS-1 rates and charges assessed by FGT to Chesapeake for the relinquished capacity during the period that this Agreement remains in effect.

#### **3.2**

Upon the effective date of any recall by Chesapeake of any portion or all of the relinquished capacity, as provided in Section 4.2 or Section 4.3 hereof, Chesapeake shall be responsible for and shall pay all of FGT's rates and charges for such recalled capacity under the FTS-1 Service Agreement during the period of such recall. Chesapeake shall indemnify Shipper and hold it harmless from any and all such charges assessed by FGT to Shipper for the recalled capacity after the effective date of such recall.

### **ARTICLE IV: Use of Relinquished Capacity; Recall Rights**

#### **4.1**

Commencing on the effective date of the capacity relinquishments defined in Section 2.5 hereof, Shipper shall acquire the FTS-1 capacity rights relinquished by Chesapeake hereunder and shall be entitled to use such capacity subject to (a) the General Terms and Conditions of FGT's FERC Gas Tariff applicable to capacity relinquishments, and (b) the terms and conditions of this Agreement.

#### **4.2**

Chesapeake shall have the right to recall temporarily or permanently a portion

or all of the firm capacity rights relinquished hereunder, subject to the applicable notice requirements in FGT's FERC Gas Tariff, in the event that (a) Shipper without Chesapeake's prior written consent, (i) re-relinquishes to a third party any portion or segment of the FTS-1 capacity relinquished by Chesapeake, (ii) requests a Primary Receipt Point other than those specified in Exhibit A to this Agreement, or (iii) uses the relinquished capacity to move quantities of gas to a delivery point on FGT's system at which Chesapeake is not the Delivery Point Operator as defined in FGT's Tariff; (b) Shipper nominates for delivery at its delivery point on Chesapeake's system less than eighty (80) percent of the capacity relinquished hereunder by Chesapeake; or (c) Shipper breaches its contractual obligations of payment to FGT for capacity obtained under the capacity relinquishment provided for by this Agreement; or (d) Shipper otherwise breaches the terms and conditions of this Agreement. In the event that Chesapeake temporarily recalls a portion of the relinquished capacity under this Section 4.2, Chesapeake shall re-relinquish such capacity to Shipper subject to compliance with the provisions of Sections 2.3 and 2.4 hereof as to such recalled capacity, within ten (10) days after Shipper has provided assurance satisfactory to Chesapeake, in Chesapeake's sole discretion, that the cause which gave rise to Chesapeake's recall right has been removed. Neither a temporary nor a permanent recall under this Section 4.2 of a portion or all of the capacity relinquished under this Agreement shall become effective until Chesapeake has given Shipper notice in writing specifying the cause for the recall and Shipper has had ten (10) days after receipt of such notice to remove or correct the cause for the recall.

### **4.3**

In the event that Chesapeake needs a portion of the relinquished FTS-1 capacity to serve its peak demand requirements, Chesapeake shall have the right to temporarily recall the firm capacity rights relinquished hereunder, pursuant to the provisions governing Curtailment of service as set forth in Chesapeake's Natural Gas Curtailment Plan, as approved by the Florida Public Service Commission (FPSC).



## **Firm Transportation Service Section**

### **Article V: Points of Delivery and Redelivery**

#### **5.1**

Shipper shall cause the Transporter to deliver to Chesapeake at the delivery point on the Transporter's system, (which specified delivery point is hereinafter referred to as "Transporter's Delivery Point"), the quantities of gas to be transported by Chesapeake hereunder. Chesapeake shall have no responsibility for transportation of Shipper's gas prior to receipt of such gas from the Transporter at Transporter's Delivery Point. Chesapeake shall deliver such quantities of gas received from the Transporter at Transporter's Delivery Point for Shipper's account to Chesapeake's Delivery Point at Shipper's Facility located at \_\_\_\_\_, Polk County, Florida, (hereinafter referred to as "Chesapeake's Delivery Point" or "Shipper's Facility").

### **Article VI: Quantities**

#### **6.1**

Subject to the terms and conditions of this Agreement, Chesapeake agrees to receive from the Transporter, at Transporter's Delivery Point, on a daily basis, a quantity of gas up to Shipper's Maximum Daily Transportation Quantity ("MDTQ"), and Chesapeake agrees to transport and deliver equivalent quantities to Shipper at Chesapeake's Delivery Point as designated by shipper and within the quantities established in Exhibit B. Shipper's MDTQ under this Agreement shall be the quantity of gas per day as shown in Exhibit B to this Agreement, which is incorporated herein by reference and made a part hereof.

### **Article VII: Scheduling and Balancing**

#### **7.1**

Shipper shall be responsible for nominating quantities of gas to be delivered by the Transporter to Transporter's Delivery Point and delivered by Chesapeake to Shipper's Facility. Shipper shall promptly provide notice to Chesapeake of all such nominations. Such notices shall be provided to Chesapeake by facsimile transmission. Imbalances between quantities (I) scheduled for delivery by the Transporter to Chesapeake and/or delivery by Chesapeake to Shipper's Facility,

and (ii) actually delivered by the Transporter and/or Chesapeake hereunder, shall be resolved in accordance with the applicable provisions of Chesapeake's Florida Public Service Commission ("FPSC") Natural Gas Tariff, as such provisions may be amended from time to time, subject to approval by the FPSC.

## **7.2**

The Parties hereto recognize the desirability of maintaining a uniform rate of flow of gas to Shipper's Facility over each 24-hour period and each day throughout each month. Therefore, Chesapeake agrees to receive from the Transporter for Shipper's account at Transporter's Delivery Point and deliver to Chesapeake's Delivery Point up to the MDTQ as described in Exhibit B attached hereto, subject to any restrictions imposed by the Transporter and to the provisions of Articles VIII and XIX of this Agreement, and Shipper agrees to use commercially reasonable efforts to regulate its deliveries from Chesapeake's gas distribution system at a daily rate of flow not to exceed the aggregate of the applicable MDTQ and MDCQ for the month in question, subject to any additional restrictions imposed by the Transporter or by Chesapeake pursuant to Articles VII and IX of this Agreement.

## **Article VIII: Curtailment**

### **8.1**

This Agreement in all respects shall be and remain subject to the applicable provisions of the General Rules and Regulations of Chesapeake's Natural Gas Tariff and/or Curtailment Plan, as they specifically apply to curtailment, and as approved by the FPSC or its appropriate successor agency or authority, all of which are made a part hereof by this reference.

## **Article IX: Title, Control and Indemnification**

### **9.1**

Shipper warrants that it will have good and merchantable title to all gas delivered by the Transporter to Chesapeake for Shipper's account at Transporter's Delivery Point, and that such gas will be free and clear of all liens, encumbrances, and claims whatsoever. Shipper will indemnify Chesapeake and save it harmless from all suits, actions, debts, accounts, damages, costs including reasonable attorneys'

fees, losses, and expenses arising from or out of the adverse claim of any and all persons to said gas. Chesapeake will indemnify Shipper and save it harmless from all suits, actions, debts, accounts, damages, costs including reasonable attorney's fees, losses, and expenses arising from or out of the adverse claim of any and all persons to gas delivered for the account of Shipper to Chesapeake for transportation hereunder which arise from or relate to Chesapeake's transportation of said gas on Chesapeake's distribution system. In the event any adverse claim in respect to said gas is asserted, or Shipper breaches its warranty herein, Chesapeake shall not be required to perform its obligations to transport and deliver gas to Shipper's Facility or, subject to receipt of any necessary regulatory authorization, to continue service hereunder for Shipper until such claim has been finally determined; provided, however, that Shipper may receive service if (i) in the case of an adverse claim, Shipper furnishes a bond to Chesapeake, conditioned for the protection of Chesapeake with respect to such claim; or (ii) in the case of a breach of warranty, Shipper furnishes evidence, satisfactory to Chesapeake, of Shipper 's title to said gas.

## **9.2**

Chesapeake shall be deemed to be in control and possession of the gas to be transported by it upon delivery of such gas by the Transporter to Chesapeake for Shipper's account at Transporter's Delivery Point and until it shall have been delivered to Shipper at Chesapeake's Delivery Point located at Shipper's Facility; and Shipper shall be deemed to be in control and possession of such gas prior to such delivery to Chesapeake and after such delivery by Chesapeake to Shipper. Each party, while deemed to be in control and possession of such gas, shall be responsible for, and shall indemnify and hold the other harmless from any and all claims, actions, suits, including attorney's fees, arising out of or relating in any way to custody and control of such gas.

## **Article X: Rate**

### **10.1**

The rate to be charged for each therm of gas delivered hereunder by Chesapeake, up to the MDTQ established by this Agreement, shall be the rate set forth on the \_\_\_\_\_ rate schedule in Chesapeake's FPSC Natural Gas Tariff. This rate includes

the charges per therm for transportation service by Chesapeake under Chesapeake's approved \_\_\_\_\_ Rate Schedule. Chesapeake and Shipper recognize that (i) the \_\_\_\_\_ transportation rate schedule may change from time to time due to changes in Chesapeake's operations and (ii) that the aforesaid or otherwise applicable rates and rate schedules may be revised, amended or superseded from time to time subject to the approval of the FPSC. Chesapeake and Shipper agree that in any such case, the newly applicable transportation rate schedule or the transportation rate schedule that supersedes any applicable transportation rate schedule or the revised or amended transportation rate schedule, as the case may be, shall apply to this Agreement.

## **10.2**

Nothing contained in this Agreement shall prevent Chesapeake from proposing to, and filing with, the FPSC: (i) changes and revisions to any effective rate schedule, (ii) superseding rate schedules, or (iii) any other modifications to its tariff for the purpose of changing the rates, charges and other provisions applicable to the service provided under this Agreement. Nothing contained in this Agreement shall prevent Shipper from opposing any changes, revisions or modifications contained in any proposal or filing made by Chesapeake to or with the FPSC that affect the charges or other provisions applicable to service provided under this Agreement, or from pursuing any other available legal remedy with respect to such changes, revisions or modifications.

## **10.3**

If, during the term of this Agreement, the Federal Government, or any State, municipality or subdivision of such Government, should increase any present tax or levy any additional tax, relating to the service provided by Chesapeake under this Agreement, any such additional tax required by law to be paid by Chesapeake shall, in Chesapeake's discretion, insofar as such discretion is provided for under applicable law, be either separately stated on the total amount of the bill or computed on a cents per therm basis and added to the then effective rate for Chesapeake's services hereunder. If, during the term of this Agreement, the Federal Government, or any State, municipality or subdivision of such Government, should decrease or eliminate any tax relating to the service provided by Chesapeake under this Agreement, the reduction in such tax required to be

paid by Chesapeake shall, in Chesapeake's discretion, insofar as such discretion is provided for under applicable law, be either separately stated as a deduction to the total amount of the bill or computed on a cents per therm basis and subtracted from the then effective rate hereunder.

## **ARTICLE XI: Force Majeure**

### **11.1**

Chesapeake shall not be liable for failure to deliver gas under this Service Agreement, nor shall Shipper be liable for failure to take gas under this Service Agreement, which failure is due to any cause or act constituting Force Majeure as defined in the Chesapeake's FPSC-approved Natural Gas Tariff, which Force Majeure interferes with Chesapeake delivering or Shipper taking delivery of or using the gas.

## **Term and Other Provisions**

### **ARTICLE XII: Term**

#### **12.1**

This Agreement shall be effective upon its date of execution by both parties and shall continue in effect until \_\_\_\_\_; provided, however, this Agreement may be terminated earlier: (a) at Chesapeake's option, upon the effective date of Chesapeake's exercise of permanent recall rights in accordance with the provisions of Section 4.2 hereof, only as to the permanently recalled capacity, and this Agreement shall remain in full force and effect as to any firm capacity relinquished hereunder which is not recalled permanently by Chesapeake; (b) upon the expiration or termination of Chesapeake's FTS-1 Service Agreement with FGT; or (c) otherwise in accordance with the Parties' respective rights under applicable law. This Agreement shall be extended on a year-to-year basis after \_\_\_\_\_, unless terminated by either Party, with at least ninety (90) days written notice to the other Party prior to the termination date.

### **ARTICLE XIII: Assignment and Transfer**

#### **13.1**

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, and upon such assignment or transfer and 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 assumption of duties and obligations.

## **ARTICLE XIV: Governmental Authorizations; Compliance With Law**

### **14.1**

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. The parties shall comply at all times with all applicable Federal, state, municipal, and other laws, ordinances and regulations. The parties 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. In the event this Agreement or any provisions herein shall be found contrary to or in conflict with any such 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 the FPSC or the FERC over this Agreement or any part thereof. 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 is precluded.

### **14.2**

This Agreement and any dispute arising hereunder shall be governed by and interpreted in accordance with the laws of the State of Florida, excluding any conflicts of laws rules that would require the application of the laws of another jurisdiction, and shall be subject to all applicable laws, rules, orders and

regulations of any Federal, state or local governmental authority having jurisdiction over the parties, their facilities or the transactions contemplated herein. 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.

## **ARTICLE XV: Notices**

### **15.1**

Except as otherwise provided herein, any notice, request, demand, statement or report pertaining to this Agreement shall be in writing and shall be considered as effective on the receipt date, when mailed by certified or registered mail, or on the date sent by facsimile transmission or express mail service.

### **15.2**

All Communications with respect to this Agreement shall be sent to the following addresses:

To Chesapeake:  
Chesapeake Utilities Corporation  
P.O. Box 960  
Winter Haven, Florida 33882  
Contact Person: Manager Of Gas Supply  
Telephone: (863) 293-2125  
Facsimile: (863) 294-3895

To Shipper :  
XXXX  
STREET NO STREET  
CITY, Florida 33823  
Attention: Production Manager  
Telephone: (xxx) xxx-xxxx  
Facsimile: (xxx) xxx-xxxx

## **ARTICLE XVI: Miscellaneous**

### **16.1 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.

### **16.2 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.

### **16.3 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 18.2 shall not be deemed nor require an amendment of this Agreement provided such change is communicated in accordance with section 18.1 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 which are necessary to comply with the requirements of, or are otherwise approved by, FERC or its successor agency or authority.

### **16.4 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 an equitable adjustment in the provisions of this Agreement in good faith.



### **16.5 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. No waiver shall be binding unless executed in writing by the party making the waiver.

### **16.6 Legal Fees.**

In the event of litigation between the parties hereto arising out of or in connection with this Agreement, then the reasonable attorneys' fees and costs of the party prevailing in such litigation shall be paid by the other party.

### **16.7 Independent Parties.**

Chesapeake and Shipper shall perform hereunder as independent parties and neither Chesapeake 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.

### **16.8 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.

## **Article XVII: Chesapeake's Tariff Provisions**

### **17.1**

Chesapeake's applicable Rate Schedule provisions and applicable Subsections of the General Rules and Regulations of Chesapeake's Natural Gas Tariff approved with the FPSC, including any amendments thereto approved by the FPSC during the term of this Agreement, are hereby incorporated into this Agreement and made a part hereof for all purposes. In the event of any conflict between said

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provisions of Chesapeake's FPSC Tariff and specific provisions of this Agreement,  
the latter shall prevail, in the absence of an FPSC Order to the contrary.

Issued by: John R. Schimkaitis, President  
Chesapeake Utilities Corporation

Effective:

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Cancels Original Volume No. 2

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**IN WITNESS WHEREOF**, the parties have duly executed this Agreement, in multiple originals, effective as of the date of execution by both parties.

Shipper:  
XXXX

ATTEST: \_\_\_\_\_

BY: \_\_\_\_\_

DATE: \_\_\_\_\_

TITLE: \_\_\_\_\_

Chesapeake:  
Chesapeake Utilities Corporation

ATTEST: \_\_\_\_\_

BY: \_\_\_\_\_

DATE: \_\_\_\_\_

TITLE: \_\_\_\_\_

Issued by: John R. Schimkaitis, President  
Chesapeake Utilities Corporation

Effective:

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## Exhibit A

### Point(s) of Receipt

Period	MDQ Dts	Zone 1 DRN #	Zone 1 Dts	Zone 2 DRN #	Zone 2 Dts	Zone 3 DRN#	Zone 3 Dts
Jan							
Feb							
Mar							
Apr							
May							
Jun							
Jul							
Aug							
Sep							
Oct							
Nov							
Dec							

Chesapeake:  
Chesapeake Utilities Corporation

Shipper:  
XXXX

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

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

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

Issued by: John R. Schimkaitis, President  
Chesapeake Utilities Corporation

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## Exhibit B

### Capacity at Delivery Point(s)

Description	Primary DRN #	Month	MDTQ (Dts)
		January	
		February	
		March	
		April	
		May	
		June	
		July	
		August	
		September	
		October	
		November	
		December	

Chesapeake:  
Chesapeake Utilities Corporation

Shipper:  
XXXX

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

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

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

Issued by: John R. Schimkaitis, President  
Chesapeake Utilities Corporation

Effective: