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August 9, 1994

Blanca S. Bayo, Director
Division of Records & Reporting
Florida Public Service Commission
101 East Gaines Street
Tallahassee, Florida 32399-0850

HAND DELIVERY

940830-GU

Re: Petition by the Florida Division of Chesapeake Utilities Corporation for approval of a Gas Transportation Agreement with Orange Cogeneration Limited Partnership

Dear Ms. Bayo:

Please open a docket for consideration of the above petition.

An original and 15 copies of the petition is submitted herewith on behalf of the Florida Division of Chesapeake Utilities Corporation.

Please acknowledge receipt of the foregoing by stamping the enclosed extra copy of this letter and returning same to my attention. Thank you for your assistance.

Sincerely,

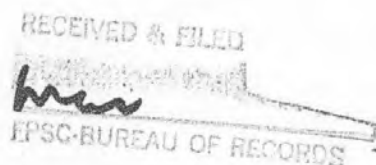
Wayne L. Schiefelbein

Wayne L. Schiefelbein

cc:w/o encl: Michael A. Palecki, Esq.
Division of Legal Services
Joe McCormick,
Division of Electric & Gas

Hand Delivery

Hand Delivery



DOCUMENT NUMBER-DATE
08113 AUG-94
FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by the Florida)
Division of Chesapeake Utilities)
Corporation for approval of a Gas)
Transportation Agreement with)
Orange Cogeneration Limited)
Partnership)

940 830 - GU

ORIGINAL
FILE COPY

PETITION FOR APPROVAL OF A
GAS TRANSPORTATION AGREEMENT

The Florida Division of Chesapeake Utilities Corporation (Florida Division or Company), pursuant to Section 366.06, Florida Statutes, and Rules 25-9.034 and 25-22.036, Florida Administrative Code, petitions the Commission for approval of a Gas Transportation Agreement. In support of its Petition, the Florida Division states as follows:

1. The principal business address of the Florida Division is P. O. Box 960, Winter Haven, Florida 33882.

2. The name and address of the person authorized to receive notices and communications with respect to this Petition is:

Wayne L. Schiefelbein
Gatlin, Woods, Carlson & Cowdery
1709-D Mahan Drive
Tallahassee, Florida 32308
(904) 877-7191

Attorneys for the Florida Division
of Chesapeake Utilities Corporation

3. The Florida Division is a natural gas distribution company subject to the regulatory jurisdiction of this Commission as prescribed in Chapter 366, Florida Statutes. Its substantial interests will be affected by the Commission's disposition of this Petition in that such disposition will determine whether the

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BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

08113 AUG-93

FPSC-RECORDS/REPORTING

Florida Division will be permitted to provide large volume contract transportation service on terms agreeable to it and to Orange Cogeneration Limited Partnership (Orange Co).

4. The Florida Division has entered into a Gas Transportation Agreement (Exhibit 1), in accordance with the Large Volume Contract Transportation Service provisions of its tariff, providing for large volume transportation service to Orange Co. Orange Co (the customer) will be operating a cogeneration facility supplying power to both Florida Power Corporation and Tampa Electric Company beginning June 15, 1995.

Under this agreement, the customer would receive up to 29,664 dekatherms ("dt") per day of natural gas at its cogeneration facility. Furthermore, the customer will have a minimum annual transportation quantity obligation under this agreement of three million dekatherms. The customer will make all necessary arrangements with other parties for transportation of its gas prior to delivery to the Florida Division's system. Upon receipt, the Florida Division will redeliver the customer's gas to the cogeneration facility. The Florida Division will construct the facilities necessary to provide service under this agreement. Orange Co will provide the Florida Division with an irrevocable letter of credit in the amount of \$624,455 in order to provide assurance of reimbursement for the facilities by Orange Co to the Company. On the earlier of the in-service date of Orange Co's cogeneration facility or the date of Orange Co's financial closing

for the facility, Orange Co will pay the Company the full amount of \$624,455 for reimbursement of the facilities.

5. Pursuant to Article VI of the agreement, the customer would pay the Florida Division's non-fuel rate of \$.015 per dekatherm (\$.0015 per therm) for each unit of gas received, transported, and redelivered under the terms and conditions of the agreement.

6. The charges specified in the agreement notwithstanding, the applicable Large Volume Contract Transportation Service (LVCTS) Schedule in the Florida Division's tariff provides that the transportation rate charged would never fall below the fully allocated cost of service as determined in a base rate proceeding, therefore ensuring that the benefits of the contract will always accrue to the general body of ratepayers.

7.(a) The Florida Division performed two cost of service studies for the transportation service to the customer: one on an "incremental" basis; the second being on a "rolled-in" basis, that is, added to the cost of service established by the Commission in the Florida Division's last base rate proceeding (Docket No. 891179-GU, Order No. 23166, issued July 10, 1990) as revised in the Florida Division's petition for approval of the gas transportation agreement with Polk Power Partners (Docket No. 930543-GU, Order No. PSC-93-1178-FOF-GU, issued August 11, 1993). A copy of the studies, together with a statement of the assumptions made, is included herewith as Exhibit 2.

(b) The incremental cost to serve calculation includes an estimation of only those costs incidental to serving the load required by the customer. Since the customer will be reimbursing the Company for the cost of facilities required to serve it, we feel that this methodology is the most appropriate method to utilize in evaluating the agreement. For an incremental annual cost to serve of approximately \$31,457, the Florida Division will be able to increase its throughput, at a minimum, by three million dekatherms per year. Furthermore, the negotiated rate for this agreement exceeds the incremental cost of service by \$.005 per dekatherm resulting in a benefit to the remaining ratepayers.

(c) The rolled-in cost of service was computed 1) to estimate the impact on the existing customer classes when, during the next base rate proceeding, the large volume contract transportation rate schedule will be rolled-in with the other customer groups, and 2) to compare the rolled-in cost of service with the first year annualized expected revenues. The Florida Division did not have any transportation customers at the time that the last cost of service study was established (Docket No. 891179-GU). The rolled-in calculation presented here uses the Commission-approved cost of service as the starting point, including the same cost classification and allocation methodology, and adds the existing large volume contract transportation customer class and the proposed Orange Co agreement.

(d) The following table compares the cost to serve Orange Co's transportation agreement with the first year annualized

transportation revenues expected to be collected from the customer under this agreement.

<u>Methodology</u>	<u>Annual Cost of Service</u>	<u>First Year Revenues</u>	<u>Excess</u>
Incremental:	\$31,457	\$45,000	\$13,543
Rolled-in:	\$36,463	\$45,000	\$ 8,537

8. The Florida Division asks that the Commission approve the Gas Transportation Agreement with Orange Cogeneration Limited Partnership as a special contract under Rule 25-9.034(1), Florida Administrative Code.

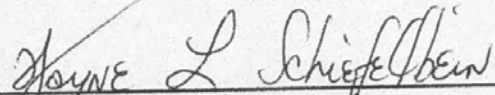
9. Section 11.5 of this gas transportation agreement provides that the Florida Division obtain Commission approval of this agreement by November 30, 1994.

10. Pursuant to Chapter 366, Florida Statutes, the Florida Division is entitled to reasonable compensation for the service rendered, and the Commission has the authority to approve rates to provide such compensation.

11. The Florida Division is aware of no disputed issues of material fact.

WHEREFORE, the Florida Division of Chesapeake Utilities Corporation requests Commission approval of the Gas Transportation Agreement with Orange Cogeneration Limited Partnership.

Respectfully submitted,



Wayne L. Schiefelbein
Gatlin, Woods, Carlson & Cowdery
1709-D Mahan Drive
Tallahassee, Florida 32308
(904) 877-7191

Attorneys for the Florida Division
of Chesapeake Utilities Corporation

EXHIBIT 1

GAS TRANSPORTATION AGREEMENT

GAS TRANSPORTATION AGREEMENT

THIS AGREEMENT, entered into this 12th day of July, 1994; between CENTRAL FLORIDA GAS COMPANY, a Division of Chesapeake Utilities Corporation, a Delaware corporation, ("Transporter"), and ORANGE COGENERATION LIMITED PARTNERSHIP, a Delaware limited partnership, ("Shipper"). Transporter and Shipper shall be referred to collectively as the "Parties".

WITNESSETH:

WHEREAS, Transporter operates facilities for the distribution of natural gas in the State of Florida; and

WHEREAS, Shipper has requested that Transporter receive certain quantities of gas for Shipper's account from Florida Gas Transmission Company ("FGT") as provided herein, transport such quantities on Transporter's distribution system and redeliver same to Shipper's Cogeneration Facility to be located at Bartow, Florida, and Transporter agrees to provide such service in accordance with the terms hereof;

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

I. POINTS OF DELIVERY AND REDELIVERY

1.1 Shipper shall cause FGT to deliver to Transporter at the Bartow-B, delivery point on FGT's system (hereinafter referred to as "the Delivery Point"), the quantities of gas to be transported by Transporter hereunder. Transporter shall have no responsibility for transportation of Shipper's gas prior to receipt of such gas from FGT at the Delivery Point. Transporter shall redeliver such quantities to Shipper's Cogeneration Facility to be located at

the Orange Co. processing plant on Highway 17 South in Bartow, Florida, (hereinafter referred to as the "Redelivery Point" or "Shipper's Cogeneration Facility").

1.2 In order to provide service under this Agreement it will be necessary for Transporter to incur additional facilities costs to allow gas flows of up to 1,236 dekatherms ("dt") per hour or 29,664 dt per day from the Delivery Point to the Redelivery Point. Transporter shall not incur such costs or commence construction of such facilities until Shipper shall have executed this Agreement, which shall constitute notice to commence construction. Upon execution of this Agreement by Shipper, Transporter shall commence construction of such additional facilities as are required on its system in a diligent and workmanlike manner with the intent of completing the construction by November 30, 1994, and Transporter shall notify Shipper upon completion of the facilities. If, however, after proceeding with due diligence, Transporter is unable to complete construction, by November 30, 1994, of facilities necessary to provide full service under this Agreement, Transporter shall continue to proceed with due diligence to complete construction of such facilities at the earliest practicable date thereafter. Transporter shall not be liable, nor shall this Agreement be subject to cancellation if, despite its exercise of due diligence, Transporter is unable to complete the construction of the required facilities by November 30, 1994.

II. QUANTITIES

2.1 Subject to the terms and conditions of this Agreement, Transporter agrees to receive from FGT daily at the Delivery Point a quantity of gas up to Shipper's Maximum Daily Quantity ("MDQ"), and Transporter agrees to transport and redeliver equivalent quantities to Shipper at the Redelivery Point. Shipper's MDQ under this Agreement shall be

29,664 dt of gas per day.

2.2 Shipper shall have a minimum annual transportation quantity obligation under this Agreement of three million (3,000,000) dt during each twelve-month period, the first such period commencing on the in-service date of Shipper's Cogeneration Facility. Should Shipper deliver, or cause to be delivered, to Transporter for redelivery under this Agreement less than the minimum annual quantity during any such twelve-month period, Shipper shall pay Transporter a Deficiency charge calculated as follows:

$$\text{Deficiency Charge} = \frac{\text{Minimum Annual Transportation Quantity} - \text{Actual Transportation Quantity}}{\text{by the rate per dt specified in Section 6.1 of this Agreement.}}$$

Any Deficiency Charge due from Shipper will be calculated at the end of each such twelve-month period and included in Shipper's next monthly bill.

III. SCHEDULING AND BALANCING

3.1 Shipper shall be responsible for nominating and scheduling of quantities to be delivered by FGT at the Delivery Point and redelivered by Transporter to Shipper's Cogeneration Facility. Imbalances between quantities (i) scheduled for delivery by FGT to Transporter and/or redelivery by Transporter to Shipper's Cogeneration Facility, and (ii) actually delivered and/or re-delivered hereunder, shall be resolved in accordance with the applicable provisions of Transporter's Natural Gas Tariff filed with the Florida Public Service Commission ("FPSC").

3.2 The Parties hereto recognize the desirability of maintaining a uniform rate of flow of gas to Shipper's Cogeneration Facility over each 24-hour period and each day

throughout each month. Therefore, Transporter agrees to receive from FGT for Shipper's account at the Delivery Point and redeliver to Shipper's Cogeneration Facility up to 1,236 dt per hour, subject to any restrictions imposed by FGT and to the provisions of Articles IV and IX of this Agreement, and Shipper agrees to use commercially reasonable efforts to regulate its takes from Transporter's gas distribution system at a daily rate of flow not to exceed 1,236 dt per hour, subject to any additional restrictions imposed by FGT or by Transporter pursuant to Articles IV and IX of this Agreement.

IV. CURTAILMENT

4.1 Pursuant to the General Rules and Regulations of Transporter's Natural Gas Tariff, it may be necessary, to curtail deliveries to Shipper under this Agreement, and Transporter shall not be liable for any loss or damage that may be sustained by Shipper by reason of such curtailment of service under this Agreement.

4.2 Whenever curtailment of service under this Agreement is required, Transporter shall issue a curtailment order to Shipper specifying the quantity to be curtailed and the time at which such curtailment is to be made. Transporter shall provide notice of curtailment to Shipper as soon as practicable. When curtailment is required solely in order to perform routine or scheduled maintenance on Transporter's system, and not as a result of a force majeure event, as defined in Section 9 of the General Rules and Regulations of Transporter's Natural Gas Tariff, or as a result of a curtailment action taken by FGT for any reason, Transporter shall use commercially reasonable efforts to provide notice of such curtailment to Shipper forty-eight (48) hours before the curtailment order is to be effective. When

restoration of service is permissible, Transporter shall similarly issue a restoration order specifying the quantity of gas to be restored and the time at which such restoration is to be made.

4.3 Shipper shall provide Transporter with the names, addresses, and telephone numbers for those individuals who will be Shipper's designated contact persons during the occurrence of curtailment. The curtailment and restoration orders shall be issued by telephone and followed with written orders by telefax within one (1) business day after the telephonic notification.

V. TITLE, CONTROL AND INDEMNIFICATION

5.1 Shipper warrants that it will have good and merchantable title to all gas delivered by FGT to Transporter for Shipper's account at the Delivery Point. Shipper will indemnify Transporter and save it harmless from all suits, actions, debts, accounts, damages, costs including reasonable attorney's fees, losses, and expenses arising out of the adverse claim of any person or persons to said gas for any taxes, licenses, fees or charges which are applicable prior to the time of delivery of said gas to Transporter or after redelivery by Transporter to Shipper. Similarly, Transporter will indemnify Shipper and save it harmless from all suits, actions, debts, accounts, damages, costs including reasonable attorney's fees, losses, and expenses arising out of the adverse claim of any person or persons to said gas for any taxes, licenses, fees or charges which are applicable while said gas is in Transporter's possession and control prior to the time of redelivery of said gas to Shipper. In the event any adverse claim in respect to said gas is asserted, or Shipper breaches its warranty herein, Transporter shall not be required to perform or, subject to receipt of any necessary regulatory authorization, to

continue service hereunder for Shipper until such claim has been finally determined; provided, however, Shipper may receive service if (i) in the case of an adverse claim, Shipper furnishes a bond to Transporter, in the amount of such claim and with sureties satisfactory to Transporter, conditioned for the protection of Transporter with respect to such claim; or (ii) in the case of a breach of warranty, Shipper furnishes satisfactory evidence of its title to Transporter.

5.2 Transporter shall be deemed to be in control and possession of the gas to be transported by it upon delivery of such gas by FGT to Transporter for Shipper's account at the Delivery Point and until it shall have been redelivered to Shipper at the Redelivery Point; Shipper shall be deemed to be in control and possession of such gas prior to such delivery to Transporter and after such redelivery to Shipper. Each party, while deemed to be in control and possession of such gas, shall be responsible for, and will 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.

VI. RATE

6.1 The rate to be charged for each dt of gas received, transported and redelivered hereunder by Transporter shall be one and one-half cents (\$0.015). This is a negotiated rate under Transporter's Large Volume Contract Transportation Service (LVCTS) Rate Schedule, as filed with the FPSC and as such Rate Schedule may be amended from time to time, except that the rate provided in this Section 6.1 includes only Transporter's Delivery charge per dt of gas transported and redelivered under this Agreement and does not include any charges for firm transportation service by FGT or any other upstream pipeline transporter transporting

Shipper's gas prior to delivery to Transporter at the Delivery Point. The rate provided herein is subject to the continuing jurisdiction of the FPSC and may be adjusted during the term of this Agreement, as provided herein and in Transporter's LVCTS Rate Schedule, the terms of which, as they may be amended from time to time subject to the approval of the FPSC, are incorporated herein by reference. The transportation service under this Agreement is subject to Florida Gross Receipts Tax (currently equal to 2.5%) and a Regulatory Assessment Fee (currently equal to 3/8 of 1%). The Regulatory Assessment Fee and 1.5% of the Gross Receipts Tax are included in the \$0.015 transportation rate. The remaining portion (1%) of the current Gross Receipts Tax shall be added to Shipper's monthly invoice.

6.2 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 Transporter under this Agreement, any such additional tax actually paid by Transporter shall be computed on a cents per dt basis and added to the then effective rate 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 paid by Transporter relating to the service provided by Transporter under this Agreement, the reduction in such tax shall be computed on a cents per dt basis and subtracted from the then effective rate hereunder.

6.3 To provide assurance of reimbursement by Shipper to Transporter of the costs of constructing facilities needed to provide service under this Agreement, Shipper shall provide Transporter, on or before the date of execution of this Agreement, and maintain in force an irrevocable letter of credit from a lending institution acceptable to Transporter and on terms

and conditions acceptable to Transporter. Such letter of credit shall be in the amount of \$624,455.00, which amount may from time to time be reduced, upon Shipper's request to reflect amounts paid by Shipper to Transporter under this Agreement. Shipper shall prepay to Transporter the full amount of such letter of credit (\$624,455.00) on the earlier of (a) the in-service date of Shipper's Cogeneration Facility, or (b) the date on which Shipper completes the Financial Closing for Shipper's Cogeneration Facility. The term "Financial Closing" shall mean the date on which all of the lenders' conditions to advance project loans and/or credit facilities for the construction of Shipper's Cogeneration Facility are satisfied on an unrestricted basis. Upon payment of such amount to Transporter, the letter of credit may be terminated. In the event that this Agreement is terminated for any reason after Transporter has incurred costs to construct facilities needed to provide service hereunder and before Shipper has reimbursed Transporter for such costs, Shipper shall pay Transporter, within fifteen (15) days after such termination becomes effective, the entire amount of such unreimbursed facilities construction costs incurred by Transporter to provide service hereunder. In the event that such payment is not made in full within such period, Transporter may draw under any outstanding letter of credit provided by Shipper hereunder the entire amount of such unreimbursed facilities construction costs.

VII. TERM

7.1 Subject to all other provisions, conditions, and limitations hereof, this Agreement shall be effective on the date first above written ("Effective Date"), and shall continue in full force and effect through December 31, 2015. Thereafter, the Agreement shall

be extended on a year-to-year basis unless terminated by either party, with at least twelve (12) months written notice to the other party prior to the termination date.

7.2 Notwithstanding the provisions of Section 7.1 above, should Shipper's Cogeneration Facility not achieve commercial in-service status by January 1, 1996, either Party shall have the right to terminate this Agreement by giving written notice to the other Party, and such termination shall be effective thirty (30) days after delivery of such notice. As provided in Section 6.3 above and Section 11.7 below, termination of this Agreement for any reason, including those set forth in this Section 7.2 and Section 11.5, shall not relieve Shipper of its reimbursement obligations under Section 6.3 of this Agreement.

VIII. PRESSURE

8.1 Pursuant to Section 1.2, Transporter agreed to construct certain facilities to increase the delivery capability of its distribution system by 1236 dt per hour. Transporter shall use commercially reasonable efforts to deliver the gas to Shipper's Cogeneration Facility at a pressure of no less than 550 psig. However, Shipper understands that Transporter's ability to deliver gas to Shipper's Facility at such pressure is dependent on Transporter's receipt of gas from FGT at a pressure of no less than 650 psig. Shipper acknowledges that FGT's FERC tariff does not guarantee delivery pressure in excess of 250 psig. Transporter shall not be required to install any facilities (pipeline, compression or other) to guarantee any specific delivery pressure at Shipper's Facility.

IX. TRANSPORTER'S TARIFF PROVISIONS

9.1 Transporter's LVCTS Rate Schedule and Subsections 3 through 6, 8 through 11, and 13 through 21 of the General Rules and Regulations of Transporter's Natural Gas Tariff filed with the FPSC, including any amendments thereto 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 Transporter's FPSC Tariff and specific provisions of this Agreement, the latter shall prevail.

X. DISPUTE RESOLUTION

10.1 The Parties agree that any dispute arising under this Agreement which is not subject to the exclusive jurisdiction of the FPSC shall be resolved solely by application of the procedures set forth in this Article X. The procedures set forth herein may be modified by agreement of the Parties with respect to any particular dispute which is subject to these procedures.

10.2 Each Party shall continue to perform its obligations under this Agreement pending final resolution of any dispute which is subject to these procedures. All applicable statutes of limitation and defenses based upon the passage of time shall be tolled while the procedures specified in this Article X are pending. The Parties shall take such action, if any, as may be required to effectuate such tolling.

10.3 A dispute subject to the procedures provided herein shall be resolved in a dispute resolution proceeding (DRP). Such a proceeding shall be commenced by either party giving written notice to the other of the matter in dispute.

10.4 Within ten (10) days after delivery of such notice, the Parties shall meet at a

mutually acceptable time and place to exchange relevant information and to attempt to resolve the dispute through good faith negotiations. Requests for information shall be reasonable; responses shall be prompt and complete. If the matter is not resolved within thirty (30) days after delivery of the notice to commence, the DRP shall proceed to mediation.

10.5 Within forty (40) days after delivery of the notice to commence the DRP, the Parties shall attempt to agree on the selection of a Mediator, or, failing such agreement, the Parties shall select a Mediator from the Center for Public Resources' Panel of Neutrals or other agreed upon registry of persons skilled in dispute resolution. The Parties shall bear equally the costs of the Mediator.

10.6 Within twenty (20) days after selection of the Mediator, the Parties shall meet at a mutually acceptable time and place to present their positions to the Mediator. At least five (5) days prior to such meeting, each Party shall submit to the Mediator and to the other Party a statement of position on the issues remaining in dispute and a summary of the evidence and arguments supporting its position. The Mediator shall prescribe the order of, and appropriate time limits for, the Parties' presentations at the meeting. The Mediator may request the Parties to provide additional information or arguments in support of their positions at or following the meeting. The Mediator, with the agreement of the Parties, may schedule additional mediation meetings. The Mediator may confer jointly and separately with the Parties. The Mediator shall not disclose to either Party any information provided in confidence by the other Party, unless the latter authorizes such disclosure.

10.7 If the parties fail to resolve all disputed issues through the mediation process described above, the Mediator shall submit to them, within thirty (30) days after the final

mediation meeting, a draft recommended decision. The Parties may submit to the Mediator their comments on the draft recommended decision within fifteen (15) days after its issuance, and each Party shall submit a copy of such comments to the other Party. The Mediator shall submit to the Parties a final decision on all remaining issues within fifteen (15) days after receipt of any comments by the Parties.

10.8 The Parties agree to be bound by the Mediator's final decision, except that either Party may, within fifteen (15) days after the issuance of the Mediator's final decision, file a petition with the FPSC seeking review of the decision solely on the grounds that it (a) was procured by corruption, fraud or undue means, (b) was the result of evident partiality or misconduct by the Mediator, or (c) would, if given effect, be unlawful under the laws of Florida. If the FPSC makes any such finding, the Mediator's decision shall be given no effect, and the FPSC shall issue its own decision on the issues remaining in dispute.

10.9 All communications by the Parties or their representatives with respect to a dispute which is the subject of a DRP shall be privileged and confidential and shall not be disclosed or admissible in evidence, unless (a) they bear directly on allegations that the Mediator's decision should be rejected for reasons of fraud, corruption, misconduct or evident partiality, or (b) the FPSC or a court determines that such disclosure is necessary.

XI. MISCELLANEOUS PROVISIONS

11.1 Any notice, request, demand, statement or payment provided for in this Agreement, unless otherwise specified, shall be sent to the Parties hereto at the following addresses:

Shipper:

Orange Cogeneration Limited
Partnership
1027 S. Rainbow Boulevard
Suite 360
Las Vegas, Nevada 89128

Attention: General Counsel

Facsimile: (714) 588-3972

Copy To:

Orange Cogeneration Limited
Partnership
1901 Clear Spring Road
Bartow, Florida 33830

Attention: Program Manager

Facsimile: (813) 533-4152

Ark Energy Inc.
23046 Avenida De La Carlota
Suite 400
Laguna Hills, California 92653

Attention: Senior Program Manager

Facsimile: (714) 588-3972

Transporter:

Central Florida Gas Company
1015 Sixth Street, N.W.
Winter Haven, Florida 33881

Attention: Transportation and
Exchange Coordinator

Facsimile: (813) 294-3895

11.2 The captions in this Agreement are for the convenience of the Parties in identification of the provisions hereof and shall not constitute a part of the Agreement, nor be considered interpretive thereof.

11.3 This Agreement shall be binding upon and inure to the benefit of the respective successors and permitted assigns of the parties. The respective rights and obligations of either party hereto shall not be assignable without the consent of the other party, and such consent shall not be unreasonably withheld, except that this Agreement may be assigned without further approval as collateral security to any bank or financial institution providing financing to Shipper ("Shipper's Lender") in connection with Shipper's Cogeneration Facility. Transporter agrees to execute any consent to assignment and such other documents in connection with any assignment to Lender as Lender may reasonably request.

11.4 The interpretation and performance of this Agreement shall be in accordance with the laws of the State of Florida.

11.5 This Agreement shall be subject to all of the rules, regulations, and orders of any duly constituted federal or state regulatory authorities having jurisdiction hereof. Transporter and Shipper shall comply at all times with all applicable federal, state, municipal, and other laws, ordinances and regulations. Transporter and/or Shipper will furnish any information or execute any documents required by any duly constituted federal or state regulatory authority in connection with the performance of this Agreement. Transporter's and Shipper's obligations under this Agreement shall terminate in the event approval of this Agreement by the FPSC is not granted on terms and conditions acceptable to Transporter and Shipper. Transporter shall pursue such approval with due diligence and in good faith, at its own expense, and give Shipper written notice when such approval is obtained. Notwithstanding anything to the contrary herein, if the FPSC has not approved this Agreement by November 30, 1994, then either Party may terminate this Agreement, subject to Section 6.3 hereof, by

sending written notice to the other Party.

11.6 This Agreement shall be subject to all valid applicable state, local and federal laws, orders, directives, rules and regulations of any governmental body, agency or official having jurisdiction over this Agreement and the transportation of gas hereunder. Each Party shall proceed with diligence to file any necessary applications with any governmental authorities for any authorizations necessary to carry out its obligations under this Agreement. In the event this Agreement or any provisions herein shall be found contrary to or in conflict with any 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 any governmental agency other than the FPSC over this Agreement or any part thereof. In the event of such contestation, and unless otherwise prohibited from doing so under this Section 11.6, Transporter shall continue to transport and Shipper shall continue to take gas pursuant to the terms of this Agreement. In the event any law, order, directive, rule, or regulation shall prevent either Party from performing hereunder, then neither Party shall have any obligation to the other during the period that performance is precluded.

11.7 Shipper's obligation with respect to (a) minimum annual transportation quantity deficiency charges as defined in Section 2.3, and (b) reimbursement of facilities construction costs as provided in Section 6.3 of this Agreement, and Shipper's and Transporter's obligations with respect to indemnification under this Agreement, shall survive termination of this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first stated above.

WITNESS:

Thomas F. Donnan
Name:

SHIPPER:

ORANGE COGENERATION LIMITED
PARTNERSHIP,
a Delaware limited partnership

By: Orange Cogeneration G.P., Inc.
Its General Partner

By: L. C. Lafair
Name: Vice President
Title

WITNESS:

INT Hastings
Name: V

TRANSPORTER:

CENTRAL FLORIDA GAS COMPANY,
a Division of Chesapeake Utilities
Corporation

By: Philip J. Benget SG
Name: SG. V.P. PJB
Title

EXHIBIT 2

COST OF SERVICE STUDIES

ASSUMPTIONS MADE IN COST OF SERVICE
STUDIES CALCULATED FOR ORANGE COGENERATION LIMITED PARTNERSHIP
TRANSPORTATION AGREEMENT

"Rolled-In" Cost of Service

Base of Study - Approved cost of service in last rate case (Docket No. 891179-GU) as revised to include Polk Power Partners' April 22, 1993 agreement (Docket No. 930543-GU)

Investment - Cost of facilities necessary to serve load requirements of Orange Co will be fully reimbursed by Orange Co. Therefore, no adjustment to rate base is included.

Added to Base:

- Additional volume associated with customer (3 million dekatherms minimum annual transportation quantity).
- Property taxes associated with assessed value of plant additions.
- Revenues associated with new sale.

Other:

- Rate of Return of 8.57% - Mid-point of rate of return per Company's most recent surveillance report which reflects approved 11% return on equity effective January 1, 1994 (Docket No. 931099-GU).
- Used same method approved in last rate case for cost allocations.
- No change in O & M costs from rate case.

"Incremental" Cost of Service - Pure incremental cost of serving the additional load for this customer.

Investment - same as "rolled-in" cost of service study.

Rate of Return - 8.57% mid-point of rate of return per Company's most recent surveillance report which reflects approved 11% return on equity effective January 1, 1994 (Docket No. 931099-GU).

O & M Expenses are explained in detail on Page 4 of 5 of the Cost of Service estimate.

Taxes Other Than Income - Explanation in Note 1 on page 3 of 5 of the cost of service estimate.

Interest assumes capitalization in last rate case.

FLORIDA DIVISION
SCHEDULE A - COST OF SERVICE
CLASSIFICATION OF RATE BASE

07/27/94

ROLLED-IN COST OF SERVICE
Page 1 of 11

RATE CASE PLUS POLK POWER PARTNERS 1 & 2 PLUS ORANGE CO

	TOTAL	CUSTOMER	CAPACITY	COMMODITY	CLASSIFIER
LOCAL STORAGE PLANT	0	0	0	0	100% CAPACITY
INTANGIBLE PLANT:	37,452	0	37,452	0	"
PRODUCTION PLANT	0	0	0	0	"
DISTRIBUTION PLANT:					
374 - Land & Land Rights	6,283	0	6,283	0	"
375 - Struct & Improv	175,423	0	175,423	0	"
376 - Mains	9,109,577	0	9,109,577	0	"
377 - Comp Sta Eq	0	0	0	0	"
378 - M&R Sta. Eq. - Gen.	155,533	0	155,533	0	"
379 - M&R Sta. Eq. - CG.	430,713	0	430,713	0	"
380 - Services	1,661,191	1,661,191	0	0	100% CUSTOMER
381-382 Meters	1,008,553	1,008,553	0	0	"
383-384 House Regulators	372,619	372,619	0	0	"
385 - Ind. M&R Equipment	661,325	0	661,325	0	100% CAPACITY
386 - Property on Cust Premises	0	0	0	0	AC 374-385
387 - Other Equipment	106,467	26,071	80,396	0	AC 374-386
	13,687,684	3,068,434	10,619,250	0	13,687,684
GENERAL PLANT:	1,232,250	616,125	616,125	0	50% CUSTOMER, 50% CAPACITY
PLANT ACQUISITIONS:	123,409	0	123,409	0	100% CAPACITY
GAS PLANT FOR FUTURE USE:	0	0	0	0	"
CWIP:	0	0	0	0	DIST. PLANT
TOTAL PLANT	15,080,795	3,684,559	11,396,236	0	15,080,795

CLASSIFICATION OF RATE BASE'S ACCUMULATED DEPRECIATION
RATE CASE PLUS POLK POWER PARTNERS 1 & 2 PLUS ORANGE CO

Page 2 of 11

	TOTAL	CUSTOMER	CAPACITY	COMMODITY	CLASSIFIER
LOCAL STORAGE PLANT	0	0	0	0	RELATED PLANT
INTANGIBLE PLANT:	20,334	0	20,334	0	RELATED PLANT ACCOUNT
PRODUCTION PLANT	0	0	0	0	"
DISTRIBUTION PLANT:					
374 - Land & Land Rights	0	0	0	0	"
375 - Struct & Improv	50,250	0	50,250	0	"
376 - Mains	1,682,905	0	1,682,905	0	"
377 - Comp Sta Eq	0	0	0	0	"
378 - M&R Sta. Eq. - Gen.	15,506	0	15,506	0	"
379 - M&R Sta. Eq. - CG.	43,129	0	43,129	0	"
380 - Services	165,222	165,222	0	0	"
381-382 Meters	229,992	229,992	0	0	"
383-384 House Regulators	56,128	56,128	0	0	"
385 - Ind. M&R Equipment	26,911	0	26,911	0	"
386 - Property on Cust Premises	0	0	0	0	"
387 - Other Equipment	13,380	3,276	10,104	0	"
	2,283,423	454,618	1,828,805	0	2,283,423
GENERAL PLANT:	143,584	71,792	71,792	0	GENERAL PLANT
PLANT ACQUISITIONS:	82,412	0	82,412	0	PLANT ACQUISITIONS
RETIREMENT WORK IN PROGRESS:	(653)	(160)	(493)	0	DIST. PLANT
TOTAL ACCUMULATED DEPRECIATION	2,529,100	526,250	2,002,850	0	2,529,100
NET PLANT (Plant Less A/D)	12,551,695	3,158,309	9,393,386	0	12,551,695
LESS: CUST. ADVANCES	(75,728)	(37,864)	(37,864)	0	50% CUSTOMER, 50% CAPACITY
PLUS: WORKING CAPITAL	296,819	195,423	92,145	9,251	O & M EXPENSES
EQUALS: TOTAL RATE BASE	12,772,786	3,315,868	9,447,667	9,251	12,772,786

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FLORIDA DIVISION
SCHEDULE B - COST OF SERVICE
CLASSIFICATION OF EXPENSES

RATE CASE PLUS POLK POWER PARTNERS 1 & 2 PLUS ORANGE CO	TOTAL	CUSTOMER	CAPACITY	COMMODITY	CLASSIFIER
LOCAL STORAGE PLANT	0	0	0	0	AC 301-320
	0	0	0	0	100% CAPACITY
PRODUCTION PLANT	0	0	0	0	AC 871-879
DISTRIBUTION PLANT:	94,886	57,057	37,829	0	100% CAPACITY
870 - Oper. Super. & Eng.	1,531	0	1,531	0	AC 377
871 - Dist. Load Dispatch	0	0	0	0	100% COMMODITY
872 - Comp. Sta. Lab & Exp	0	0	0	0	AC 378 & 380
873 - Comp Sta. Fuel & Power	87,872	14,799	73,073	0	AC 378
874 - Mains and Services	759	0	759	0	AC 385
875 - M&R Sta. Eq. - Gen	(100)	0	(100)	0	AC 379
876 - M&R Sta. Eq. - Ind.	423	0	423	0	AC 381 & 383
877 - M&R Sta. Eq. - CG	99,359	99,359	0	0	AC 386
878 - Meter and House Reg.	0	0	0	0	AC 387
879 - Customer Install.	36,981	16,521	20,460	0	100% COMMODITY
880 - Other Expenses	2,389	0	2,389	0	AC 886-894
881 - Rents	14,950	3,203	11,747	0	AC 375
885 - Maintenance Super.	5,105	0	5,105	0	AC 376
886 - Maint. of Struc & Imp	66,954	0	66,954	0	AC 377
887 - Maint. of Mains	0	0	0	0	AC 378
888 - Maint. of Comp Sta Eq	2,655	0	2,655	0	AC 385
889 - Maint. of M&R Sta Eq - G	55,598	0	55,598	0	AC 379
890 - Maint. of M&R Sta Eq - Ind	(762)	0	(762)	0	AC 380
891 - Maint. of M&R Sta Eq - CG	15,275	15,275	0	0	AC 381-383
892 - Maint. of Services	20,053	20,053	0	0	AC 387
893 - Maint. of Meters & House Reg	4,889	1,048	3,841	0	
894 - Maint. of Other Equip				0	508,817
Total Distribution Expenses	508,817	227,315	281,502		
CUSTOMER ACCOUNTS:	2,698	2,698	0	0	100% CUSTOMER
901 - Supervision	46,912	46,912	0	0	
902 - Meter-Reading Expense	221,581	221,581	0	28,772	100% COMMODITY
903 - Records & Coll Exp	28,772	0	0	0	100% CUSTOMER
904 - Uncollectible Accounts	0	0	0	0	
905 - Misc. Expenses				28,772	299,963
Total Customer Accounts	299,963	271,191	0		
(907-910) CUST. SER & INFO EXP	2,978	2,978	0	0	100% CUSTOMER
(911-916) SALES EXPENSE	101,233	101,233	0	0	
(932) MAINT. OF GEN. PLANT	10,184	5,092	5,092	0	GENERAL PLANT
(920-931) ADMIN & GENERAL	1,774,056	1,168,021	550,744	55,291	O&M EXCL. A&G
TOTAL O&M EXPENSES	2,697,231	1,775,830	837,338	84,063	2,697,231

RATE CASE PLUS POLK POWER PARTNERS 1 & 2 PLUS ORANGE CO

Page 4 of 11

	TOTAL	CUSTOMER	CAPACITY	COMMODITY	CLASSIFIER
DEPRECIATION & AMORTIZATION EXP					
Depreciation Expense	563,621	145,098	418,523	0	NET PLANT
Amort. of Other Plant	72,277	0	72,277	0	100% CAPACITY
Amort. of Property Loss	0	0	0	0	INTANGIBLE PLANT
Amort. of Limited-Term Inv.	0	0	0	0	INTAN/DIST/GEN
Amort. of Acquisition Adj.	3,504	936	2,568	0	100% COMMODITY
Amort. of Conversion Costs	0	0	0	0	
Total Deprec & Amort Expense	639,402	146,034	493,368	0	639,402
TAXES OTHER THAN INCOME					
Revenue Related	109,423	0	0	109,423	100% REVENUE
Other	352,268	88,639	263,629	0	NET PLANT
Total Taxes Other Than Income	461,691	88,639	263,629	109,423	
REV. CRDT TO COS (NEG OF OTHER OP REV)	(59,092)	(59,092)	0	0	100% CUSTOMER
RETURN (REQUIRED NOI)	1,094,628	284,170	809,665	793	RATE BASE * 8.57% ROR
INCOME TAXES FACTOR .3594809	393,498	102,154	291,059	285	RETURN (NOI)
TOTAL OVERALL COST OF SERVICE	5,227,358	2,337,735	2,695,059	194,564	5,227,358

FLORIDA DIVISION
SCHEDULE C - COST OF SERVICE
CLASSIFICATION OF PURCHASE GAS COSTS

07/27/94

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RATE CASE PLUS POLK POWER PARTNERS 1 & 2 PLUS ORANGE CO	TOTAL	RESIDENTIAL	COMMERCIAL	COMMERCIAL LG. VOLUME	INDUSTRIAL	INTERRUPT.	LG. VOL CONTRACT TRANSP. SER.
CUSTOMER COSTS:							
No. of Customers	7,307	6,407	824	22	25	26	3
Weighting	N/A	1	2	19	19	44	143
Weighted No. of Customers	10,512	6,407	1,649	416	467	1,144	129
Allocation Factors	1	0.6094939117	0.1568683409	0.0395738204	0.0444254186	0.1088280061	0.04081293
CAPACITY COSTS:							
Peak & Avg Month Sales Vol (Therm)	16,834,360	258,118	405,188	132,192	456,365	5,659,489	9,923,008
Allocation Factors	1	0.0153328074	0.0240691063	0.0078525112	0.0271091387	0.3361867633	0.5894496732
MAIN ALLOCATION DOLLARS:							
Allocation Factors	7,426,672	460,928	723,554	236,058	814,942	4,299,084	892,106
	1	0.0620638693	0.0974264112	0.0317851657	0.1097317883	0.5788708590	0.1201219066
COMMODITY COSTS:							
Annual Sales Vol (Therm)	184,492,337	1,691,026	4,001,885	1,334,904	5,086,295	59,103,477	113,274,750
Allocation Factors	1	0.0091658333	0.0216913345	0.0072355526	0.0275691396	0.3203573545	0.6139807856
REVENUE-RELATED COSTS:							
Tax on Cust, Cap & Comm	97,804	30,572	11,280	3,328	7,392	35,814	9,418
Allocation Factors	1	0.3125811858	0.1153332362	0.0340291553	0.0755820773	0.3661814666	0.0362928787

SCHEDULE 3 ALLOCATION OF RATE BASE TO CUSTOMER	
RATE CASE PLUS POLK POWER PARTNERS 1 & 2 PLUS ORANGE CO	
TOTAL	RE

FLORIDA DIVISION SCHEDULE D - COST OF SERVICE ALLOCATION OF RATE BASE TO CUSTOMER CLASSES		07/27/94								L.Q. VOL. CONTRACT TRANSP. SER.	
RATE CASE PLUS POLK POWER PARTNERS 1 & 2 PLUS ORANGE CO		RESIDENTIAL		COMMERCIAL		COMMERCIAL L.Q. VOLUME		INDUSTRIAL		INTERRUPT.	
TOTAL											
DIRECT & SPECIAL ASSIGNMENTS:											
CUSTOMER	773,561	464,704	127,310	32,152	36,064	88,331	0 wtd cust/direct				
Meters	316,491	316,491	0	0	0	0	0 direct assign				
House Regulators	1,495,969	950,551	244,620	61,779	69,296	169,723	0 wtd cust/direct				
Services	724,847	441,789	113,705	28,685	32,202	78,884	29,582 wtd cust				
All Other											
TOTAL	3,315,868	2,203,535	485,635	122,616	137,562	336,938	29,582				
CAPACITY											
Indus M&R Sta Equip	634,414	0	0	12,383	42,748	530,133	49,150 peak sales/direct				
M&R Sta Equip-Gen	140,027	5,230	8,209	2,678	9,246	114,664	0 peak/avg sales/direct				
Maina	7,426,672	460,928	723,554	236,058	814,942	4,299,084	892,106 direct assign				
All Other	1,246,554	31,130	48,868	15,943	55,040	431,145	664,428 peak/avg sales/direct				
TOTAL	9,447,667	497,288	780,631	267,062	921,976	5,375,026	1,605,684				
COMMODITY											
Account #	0	0	0	0	0	0	0				
Account #	0	0	0	0	0	0	0				
Account #	9,251	65	201	67	255	2,964	5,680 annual sales				
All Other											
TOTAL	9,251	85	201	67	255	2,964	5,680				
GRAND TOTAL	12,772,786	2,700,808	1,266,467	389,745	1,059,793	5,714,927	1,640,946				

FLORIDA DIVISION
 SCHEDULE E - COST OF SERVICE
 ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSES (Page 1 of 3)

RATE CASE PLUS POLK POWER PARTNERS 1 & 2 PLUS ORANGE CO

OPERATIONS & MAINTENANCE EXPENSE:
 DIRECT & SPECIAL ASSIGNMENTS:

	TOTAL	RESIDENTIAL	COMMERCIAL	COMMERCIAL LG. VOLUME	INDUSTRIAL	INTERRUPT.	LG. VOL. CONTRACT TRANSP. SER.
CUSTOMER	99,359	30,559	15,586	3,932	4,414	10,813	4,055 wtd cust
879 - Meter & House Regs	20,053	12,222	3,146	794	891	2,182	818 wtd cust
893 - Maint Meters & House Reg	14,799	9,020	2,321	586	657	1,811	604 wtd cust
874 - Mains & Services	15,275	9,310	2,396	604	679	1,662	623 wtd cust
892 - Maint. of Services	1,626,346	991,249	255,122	64,361	72,251	176,992	66,372 wtd cust
All Other							
TOTAL	1,775,832	1,082,360	278,572	70,276	78,892	193,260	72,473
CAPACITY	(100)	0	0	(100)	0	0	0 direct
876 - M&R Sta Eq - I	55,598	0	0	0	3,314	41,081	11,203 peak/avg sales
890 - Maint of M&R Sta Eq-I	73,073	4,535	7,119	2,323	8,018	42,300	8,778 main alloc (direct)
874 - Mains and Services	66,954	4,155	6,523	2,128	7,347	38,758	8,043 main alloc (direct)
887 - Maint. of Mains	641,813	39,833	62,530	20,400	70,427	371,527	77,096 main alloc (direct)
All Other							
TOTAL	837,338	48,524	78,172	24,751	89,106	493,666	105,119
COMMODITY	0	0	0	0	0	0	0
Account #	0	0	0	0	0	0	0
Account #	0	0	0	0	0	0	0
Account #	84,064	1,996	4,724	1,576	6,004	69,765	0 annual sales/direct
All Other							
TOTAL	84,064	1,996	4,724	1,576	6,004	69,765	0
TOTAL C&M EXPENSES ALLOCATED	2,697,234	1,132,880	359,467	96,603	174,002	756,691	177,592
DEPRECIATION EXPENSE:	145,098	88,436	22,761	5,742	6,446	15,791	5,922 wtd cust
Customer	418,523	25,975	40,775	13,303	45,925	242,271	50,274 main alloc (direct)
Capacity							
TOTAL	563,621	114,412	63,536	19,045	52,371	258,061	56,195
AMORTIZATION OF GAS PLANT:							
Capacity	72,277	2,142	3,363	1,097	3,787	29,668	32,220 peak/avg sales

FLORIDA DIVISION
SCHEDULE E - COST OF SERVICE
ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSES (Page 2 of 3)

07/27/94

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RATE CASE PLUS POLK POWER PARTNERS 1 & 2 PLUS ORANGE CO	TOTAL	RESIDENTIAL	COMMERCIAL	COMMERCIAL LG. VOLUME	INDUSTRIAL	INTERRUPT.	LQ. VOL. CONTRACT TRANSP. SER.
AMORTIZATION OF PROPERTY LOSS: Capacity	0	0	0	0	0	0	0 peak/avg sales
AMORT. OF LIMITED TERM INVEST. Capacity	0	0	0	0	0	0	0 peak/avg sales
AMORT. OF ACQUISITION ADJ. Customer	936	570	147	37	42	102	38 wtd cust
Capacity	2,568	159	250	82	282	1,487	308 main alloc (direct)
TOTAL	3,504	730	397	119	323	1,588	347
AMORT. OF CONVERSION COSTS: Commodity	0	0	0	0	0	0	0 wtd cust

FLORIDA DIVISION
SCHEDULE E - COST OF SERVICE
ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSES (Page 3 of 3)

07/27/94

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RATE CASE PLUS POLK POWER PARTNERS 1 & 2 PLUS ORANGE CO	TOTAL	RESIDENTIAL	COMMERCIAL	COMMERCIAL L.Q. VOLUME	INDUSTRIAL	INTERRUPT.	L.Q. VOL. CONTRACT TRANSP. SER.
TAXES OTHER THAN INCOME TAXES:							
Customer	88,639	54,025	13,905	3,508	3,938	9,648	3,617 wtd cust
Capacity	263,629	16,362	25,684	8,379	28,928	152,607	31,668 main alloc (direct)
Subtotal	352,268	70,387	39,589	11,887	32,866	162,254	35,285
Revenue	109,423	34,204	12,620	3,724	8,270	40,069	10,537
TOTAL	461,691	104,590	52,209	15,611	41,137	202,322	45,822
RETURN (NOI)							
Customer	284,170	188,843	41,619	10,508	11,789	28,876	2,535 cust rel R.B.
Capacity	809,665	42,618	66,900	22,887	79,013	460,640	137,607 cap rel R.B. (direct)
Commodity	793	7	17	6	22	254	487 comm rel R.B.
TOTAL	1,094,628	231,468	108,536	33,401	90,824	489,769	140,629
INCOME TAXES							
Customer	102,154	67,885	14,961	3,777	4,238	10,380	911 cust rel R.B.
Capacity	291,059	15,320	24,049	8,228	28,404	165,591	49,467 cap rel R.B. (direct)
Commodity	285	3	6	2	8	91	175 comm rel R.B.
TOTAL	393,498	83,208	39,017	12,007	32,650	176,063	50,553
REVENUE CREDITED TO COS:							
Customer	(59,092)	(35,455)	(23,637)	0	0	0	0 direct assign
TOTAL COST OF SERVICE:							
Customer	2,337,737	1,446,665	348,327	93,849	105,344	258,055	85,496
Capacity	2,695,059	151,100	237,194	78,727	275,448	1,545,929	408,663
Commodity	85,142	2,006	4,747	1,583	6,033	70,110	662
Subtotal	5,117,938	1,599,771	590,268	174,159	386,824	1,874,094	492,821
Revenue Related Taxes	109,423	34,204	12,620	3,724	8,270	40,069	10,537
TOTAL	5,227,361	1,633,975	602,888	177,883	395,095	1,914,163	503,358
=====							

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FLORIDA DIVISION
SCHEDULE F - COST OF SERVICE
DERIVATION OF REVENUE DEFICIENCY

RATE CASE PLUS POLK POWER PARTNERS 1 & 2 PLUS ORANGE CO

	TOTAL	RESIDENTIAL	COMMERCIAL	COMMERCIAL LG. VOLUME	INDUSTRIAL	INTERRUPT.	LG. VOL. CONTRACT TRANSP. SER.
CUSTOMER COSTS	2,337,737	1,446,665	348,327	93,849	105,344	258,055	85,496
CAPACITY COSTS	2,695,059	151,100	237,194	78,727	275,446	1,545,929	406,663
COMMODITY COSTS	85,142	2,006	4,747	1,583	6,033	70,110	662
REVENUE COSTS	109,423	34,204	12,620	3,724	8,270	40,069	10,537
TOTAL	5,227,361	1,633,975	602,888	177,883	395,095	1,914,163	503,358
less: REV AT PRESENT RATES (in the projected test year)	4,472,493	988,839	806,993	146,906	331,677	2,198,078	0
equals: GAS SALES REVENUE DEFICIENCY	754,868	645,136	(204,105)	30,977	63,418	(283,915)	503,358
plus: DEFICIENCY IN OTHER OPER REV	20,652	12,391	8,261	0	0	0	0
equals: TOTAL BASE-REV DEFICIENCY	775,520	657,527	(195,844)	30,977	63,418	(283,915)	503,358
UNIT COSTS:							
Customer	26.660925	18.816200	35.227290	355.488489	351.147986	827.098680	2,374.8945
Capacity	0.160093	0.585392	0.585392	0.595548	0.603566	0.273157	0.040982
Commodity	0.000461	0.001186	0.001186	0.001186	0.001186	0.001186	0.000006
COST OF SERVICE PER SALES THERM		0.966262	0.150651	0.133255	0.077678	0.032387	0.004444

FLORIDA DIVISION
 SCHEDULE E-7 - COST OF SERVICE - METER SET
 EXPLANATION: Provide the Calculation of the Average Cost
 of Meter Set and Service by Rate Class

DATED:

07/27/94

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RATE CASE PLUS POLK POWER PARTNERS 1 & 2 PLUS ORANGE CO

	RESIDENTIAL	COMMERCIAL	COMMERCIAL LG. VOLUME	INDUSTRIAL	INTERRUPT.	LG. VOL. CONTRACT TRANSP. SER.
SERVICE LINE: PIPE AND PIPING	\$219	\$219	\$2,371	\$2,371	\$1,955	\$0 1/
METER: METER COST METER SET	34 80	360 80	1,522 2,530	1,522 2,530	2,001 10,490	0
REGULATOR: REGULATOR COST REGULATOR INSTALL	16 1	45 3	317 0 2/	317 0 2/	908 0 2/	50,000 4/ 0 2/
TOTAL	\$350	\$707	\$6,740	\$6,740	\$15,354	\$50,000
INDEX 3/	1	2.02	19.26	19.26	43.87	142.86

- 1/ CUSTOMER DOES NOT HAVE SERVICE LINE - IT IS CLASSIFIED AS A MAIN
 2/ COST OF REGULATOR INSTALL INCLUDED IN METER SET
 3/ TOTAL AVERAGE COST BY CLASS COMPARED TO THE RESIDENTIAL CLASS
 4/ TOTAL COST OF METER AND REGULATOR SET, INCLUDING INSTALLATION

FLORIDA DIVISION
ORANGE COGENERATION LIMITED PARTNERSHIP
TRANSPORTATION AGREEMENT
ESTIMATED RATE BASE AND RETURN

<u>Description</u>	<u>Amount</u>
Cost of Plant: Incremental cost of plant to serve Orange Co	\$624,455
Less reimbursement of construction costs by Orange Co	<u>(\$624,455)</u>
Net Plant	\$0
Working Capital	\$0
Accumulated Deferred Income Taxes	\$0
Deferred Investment Tax Credit	<u>\$0</u>
Rate Base	<u>\$0</u>
Long Term Debt @ 0.00%	0
Common Equity @ 0.00%	<u>0</u>
Total Return @ 8.57%	<u><u>\$0</u></u>

FLORIDA DIVISION
ORANGE COGENERATION LIMITED PARTNERSHIP
TRANSPORTATION AGREEMENT
ESTIMATED INCOME TAXES

<u>Description</u>	<u>Total</u>
	<u>\$0</u>
1. Rate Base	\$0
2. Return On Rate Base (Line 1 x Rate of Return)	\$11,943
3. O&M Expenses	\$0
4. Depreciation	<u>\$10,913</u>
5. Taxes Other Than Income	\$22,856
6. Cost of Service Before Income Taxes	<u>\$0</u>
7. Interest on Debt	\$22,856
8. Adjusted Total Tax Base	\$1,257
9. State Tax @ 5.50%	\$21,599
10. Federal Tax Base	<u>\$7,344</u>
11. Federal Tax @ 34%	<u>\$8,601</u>
12. Combined State & Federal Income Taxes (Ln. 9 - Ln. 11)	

FLORIDA DIVISION
ORANGE COGENERATION LIMITED PARTNERSHIP
TRANSPORTATION AGREEMENT
ESTIMATED CLASSIFICATION OF COST OF SERVICE

<u>Description</u>	<u>Costs</u>
	<u>Total</u>
<u>Cost of Service</u>	
	\$ 11,943
Operation & Maintenance	0
Depreciation	10,913
Taxes – Other Than Income 1/	8,601
Income Taxes	0
Return @ 8.57% 2/	
	\$ <u>31,457</u>
Total Operating Costs	
Cost of Operating Expenses Per Therm \$31,457/30,000,000 therms	<u>\$0.0010</u>

NOTES:

- 1/ Taxes Other Than Income –
Revenue related taxes of 1.911% times first year
estimated revenue (\$.0015 x 30,000,000 therms)
plus property taxes on assessed value of property
additions (1993 avg % x gross plant = .0161 x \$624,455)
- 2/ 8.57% Return is mid–point return from Company's most recent
surveillance report which reflects 11% ROE effective 1/1/94.

FLORIDA DIVISION
ORANGE COGENERATION LIMITED PARTNERSHIP
TRANSPORTATION AGREEMENT
ESTIMATED O&M EXPENSES

1. Meter – Spin Testing 4 times/yr (labor only)	\$480
2. Meter – Recalibrated every year @\$220/year	440
3. Meter Parts – \$2,000/3 years or \$666.66/year	1,334
4. Annual Regulator Testing – 4 hours/year @\$22.00/hour	176
5. Cathodic Protection Testing – 4 hours/year @\$20.00/hour	80
6. Leak Testing – @\$20.00/year	20
7. Pipeline Marker Replacements – @\$13.00/hour labor & markers @\$60.00	73
8. Repaint Regulator every 2 years @\$100/year	200
9. Telemetry Monitoring @2 hours/month @\$25.00/hr	600
10. Maintenance on Equipment @10 hours/month @\$22.00/hr	2,640
11. Billing & Customer Accounting @2 hours/month \$25.00/hr	600
12. T&E Person @2 hours/month \$25.00/hr	600
13. Percentage of time allocated from Management and Marketing personnel– @10 hrs/month @\$30.00/hr	3,600
14. Miscellaneous	<u>1,100</u>
TOTAL ESTIMATED O & M EXPENSES	<u><u>\$11,943</u></u>

FLORIDA DIVISION
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CAPITALIZATION IN
DOCKET NO. 891179—GU COMMISSION VOTE

40.23%	Debt
<u>59.77%</u>	Common Equity, DIT, ITC, Customer Deps.
<u>100.00%</u>	
3.8042%	Weighted Average Cost of Service
\$0	Total Incremental Facilities Cost
<u>\$0</u>	INTEREST EXPENSE