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June 8, 2000

Blanca S. Bayo
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Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

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RECORDS AND REPORTING

Re: Docket No. 000108-GU Chesapeake Utilities Corporation

Dear Ms. Bayo:

Enclosed for informational purposes for filing and distribution in the above docket are twenty (20) copies of the Curtailment Plan to be proposed by the Florida Division of Chesapeake Utilities Corporation (the Company). For ease of reference, attached thereto are copies of the Company's currently authorized curtailment plan and the Florida Gas Transmission Curtailment plan as defined within its FERC-approved tariff.

The Company has requested in the above docket that its curtailment plan be deleted from its Tariff and, instead, be addressed by the Commission on an administrative basis, to facilitate ease of amendment. The only significant change in the enclosed revised curtailment plan is to change from the old P1 through P9 priority scheme to the service classification structure proposed in the above docket. The "essential use" categories (defined as P1 and P2) remain as the last customers to be curtailed in the revised curtailment plan. Within each curtailment category, all customers would be curtailed on a pro rata basis. Once all customers within each category are fully curtailed, then the next category begins to be subject to curtailment, and so forth.

The Company believes the effective date of the proposed Curtailment Plan should coincide with the effective date for the implementation of final rates and charges otherwise proposed in the instant docket.

We would welcome any inquiries or comments from Staff regarding this matter.

Please acknowledge your receipt of the foregoing by stamping and returning the enclosed duplicate copy of this letter. Thank you for your assistance.

Sincerely,

Wayne L. Schiefelbein

Wayne L. Schiefelbein

- APP _____
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DOCUMENT NUMBER-DATE

07031 JUN-88

FPSC-RECORDS/REPORTING

ORIGINAL

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

Revised Curtailment Plan

DOCUMENT NUMBER-DATE

07031 JUN-88

FPSC-RECORDS/REPORTING

Florida Division of Chesapeake Utilities Corporation
Curtailment Plan

This plan will be invoked when the Company issues curtailment / interruption notices to insure firm peak system requirements are met and system integrity is maintained. This plan applies to all gas sales and transportation service, and may be implemented by the Company in the event of a supply and / or capacity constraint.

Curtailment Notice:

Whenever curtailment of gas delivery is required, the Company shall issue a Curtailment Order to its customers specifying the delivery point (City Gate Station), the quantity of gas to be curtailed, and the time at which curtailment is to be made. When restoration of service is permissible, the Company shall similarly issue a restoration order specifying the delivery point (City Gate Station), the quantity of gas to be restored, and the time at which restoration is to be made.

A curtailment order shall be issued at least two (2) hours in advance of its effective time; provided, however, that if curtailment or interruption is occasioned by an event of Force Majeure affecting the Company's system, the Company shall be obligated to give only such notice as is practicable under the circumstances.

In the event that curtailment / interruption of service becomes necessary, such curtailment / interruption shall be implemented in the following order:

- (a) All Interruptible Customers served through the affected Company City Gate Station(s). All consumption must end as of the time specified in the Curtailment Notice.
- (b) All Alternate Fuel Customers served through the affected Company City Gate Station(s). All consumption must end as of the time specified in the Curtailment Notice.
- (c) All customers in Service Classification "Greater than 1,000,000 Annual Therms" served through the affected Company City Gate Station(s). Curtailment will be uniformly shared among this customer group except Priority 2 and Priority 1 customers, as defined in Section 401 of the Natural Gas Policy Act of 1978, will be the last to be affected.
- (d) All customers in Service Classification "500,000 - 1,000,000 Annual Therms" served through the affected Company City Gate Station(s). Curtailment will be uniformly shared among this customer group except Priority 2 and Priority 1 customers, as defined in Section 401 of the Natural Gas Policy Act of 1978, will be the last to be affected.
- (e) All customers in Service Classification "100,000 – 500,000 Annual Therms" served through the affected Company City Gate Station(s). Curtailment will be uniformly shared among this customer group except Priority 2 and Priority 1 customers, as defined in Section 401 of the Natural Gas Policy Act of 1978, will be the last to be affected.

Florida Division of Chesapeake Utilities Corporation
Curtailment Plan

- (f) All customers in Service Classification “50,000 – 100,000 Annual Therms” served through the affected Company City Gate Station(s). Curtailment will be uniformly shared among this customer group except Priority 2 and Priority 1 customers, as defined in Section 401 of the Natural Gas Policy Act of 1978, will be the last to be affected.
- (g) All customers in Service Classification “25,000 - 50,000 Annual Therms” served through the affected Company City Gate Station(s). Curtailment will be uniformly shared among this customer group except Priority 2 and Priority 1 customers, as defined in Section 401 of the Natural Gas Policy Act of 1978, will be the last to be affected.
- (h) All customers in Service Classification “10,000 - 25,000 Annual Therms” served through the affected Company City Gate Station(s). Curtailment will be uniformly shared among this customer group except Priority 2 and Priority 1 customers, as defined in Section 401 of the Natural Gas Policy Act of 1978, will be the last to be affected.
- (i) All customers in Service Classification “3,000 - 10,000 Annual Therms” served through the affected Company City Gate Station(s). Curtailment will be uniformly shared among this customer group except Priority 2 and Priority 1 customers, as defined in Section 401 of the Natural Gas Policy Act of 1978, will be the last to be affected.
- (j) All customers in Service Classification “300 – 3,000 Annual Therms” served through the affected Company City Gate Station(s). Curtailment will be uniformly shared among this customer group except Priority 2 and Priority 1 customers, as defined in Section 401 of the Natural Gas Policy Act of 1978, will be the last to be affected.
- (k) All customers in Service Classification “0 - 300 Annual Therms” served through the affected Company City Gate Station(s). Curtailment will be uniformly shared among this customer group except Priority 2 and Priority 1 customers, as defined in Section 401 of the Natural Gas Policy Act of 1978, will be the last to be affected.
- (l) All Priority 2 customers, as defined in Section 401 of the Natural Gas Policy Act of 1978, regardless of Service Classification. Curtailment will be uniformly shared among this customer group if necessary after all other customers, with the exception of Priority 1 customers.
- (m) All Priority 1 customers, as defined in Section 401 of the Natural Gas Policy Act of 1978, regardless of Service Classification. Curtailment will be uniformly shared among this customer group if necessary after all other customers have been curtailed.

Existing Curtailment Plan

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Original Volume No. 2

Original Sheet No. 47

GENERAL RULES AND REGULATIONS
(Continued)

21. END USE CURTAILMENT OR INTERRUPTION PLAN

This plan will be invoked when Company issues curtailment/interruption notices to insure firm peak system requirements are met and system integrity is maintained. This plan applies to all gas sales and transportation service. This plan may be invoked by the Company in the event of a supply constraint and/or a capacity constraint.

- (a) **Industrial Interruptible Sales and/or Transportation**
Customers purchasing gas service under Rate Schedule IIS or paying interruptible non-fuel rate for transportation, shall be curtailed/interrupted first on our system, in accordance with the Priority Schedule as described in Section 21c (End Use Priorities).
- (b) **Firm Sales and/or Transportation**
Customers purchasing gas service under Rate Schedule I or paying firm non-fuel rate for transportation, shall be curtailed/interrupted second on our system as described in Section 21c (End Use Priorities).
- (c) **End Use Priorities**
The following are the end use priorities to be used for purposes of end use curtailment/interruption, listed in descending order of priority. The Company shall curtail service on an end-use basis based on these priorities as approved by the FERC, or on any subsequent priorities which may be approved by the FERC in the future. The Company shall curtail service on an end-use basis based on end-use data for the respective delivery point. That is, the Company shall first curtail Priority 9 volumes, then Priority 8 volumes and so on.

Priority 1.

High priority requirements as defined in Section 401 of the Natural Gas Policy Act of 1978.

Priority 2.

Essential agricultural use requirements as determined under Section 401 of the Natural Gas Policy Act of 1978.

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Chesapeake Utilities Corporation

Effective: **MAR 8 1994**

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Original Volume No. 2

Original Sheet No. 48

GENERAL RULES AND REGULATIONS
(Continued)

21. **END USE CURTAILMENT or INTERRUPTION PLAN** (continued)

(c) **End Use Priorities** (continued)

Priority 3.

Essential industrial requirements for process or feedstock use when established under Section 402 of the Natural Gas Policy Act of 1978.

Priority 4.

Industrial uses of customers whose total requirements are less than 300 MMBTu per day; other industrial requirements for feedstock or process use; commercial requirements of 50 MMBTu per day or more.

Priority 5.

Non-boiler fuel industrial requirements not specified in priorities P-1, P-2, P-3, P-4, P-6, P-7, P-8 or P-9 of 300 MMBTu per day or more.

Priority 6.

Industrial boiler fuel requirements of 300 MMBTu per day or more, but less than 1,500 MMBTu per day not otherwise specified in priorities P-1, P-2, P-3, P-4, P-5, P-7, P-8 and P-9.

Priority 7.

Industrial boiler fuel requirements of 1,500 MMBTu per day or more, but less than 3,000 MMBTu per day not otherwise specified in priorities P-1, P-2, P-3, P-4, P-5, P-6, P-8 and P-9.

Priority 8.

Industrial boiler fuel requirements of 3,000 MMBTu per day or more, but less than 10,000 MMBTu per day not otherwise specified in priorities P-1, P-2, P-3, P-4, P-5, P-6, P-7 and P-9.

Priority 9.

Industrial boiler fuel requirements of 10,000 MMBTu per day or more not otherwise specified in priorities P-1, P-2, P-3, P-4, P-5, P-6, P-7 and P-8.

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GENERAL RULES AND REGULATIONS
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21. END USE CURTAILMENT or INTERRUPTION PLAN (continued)

(c) **End Use Priorities (continued)**

Unless specified by the Natural Gas Policy Act of 1978, the definition of terms for these priorities of service shall be those prescribed by the Federal Energy Regulatory Commission and set forth in 18 C.F.R. Section 2.78(c), with the exception that the term "boiler fuel" shall be defined as "natural gas used as a fuel for the generation of steam or electricity, not including the utilization of internal combustion engines or turbines."

(d) **Curtailement Notice:**

Whenever curtailment of gas delivered hereunder is required, Company shall issue a curtailment order to customer specifying the delivery point, the quantity of gas to be curtailed and the time at which such curtailment is to be made. When restoration of service is permissible, Company shall similarly issue a restoration order specifying the delivery point, the quantity of gas to be restored and the time at which such restoration is to be made.

A curtailment order shall be issued at least two (2) hours in advance of its effective time, provided, however, that if curtailment or interruption is occasioned by an event of Force Majeure affecting the Company's system the Company shall be obligated to give only such notice as is practicable under the circumstances.

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Chesapeake Utilities Corporation

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FGT Curtailment Plan

GENERAL TERMS AND CONDITIONS
(continued)

17. CURTAILMENTS AND OTHER OPERATIONAL CONTROLS
- A. Capacity Curtailment or Interruption --
1. Applicability -- The provisions of this Section 17A shall apply where Transporter is unable to deliver scheduled transportation volumes during periods of diminished capacity on Transporter's system under any Rate Schedule.
- (a) To the maximum extent possible, Transporter shall confine curtailment or interruption of scheduled volumes to Shippers in Affected Areas and shall not institute the system-wide suspension of services if such action in the Affected Area can remedy the operating condition.
- (b) Prior to issuing a Curtailment Order under this Section 17A , Transporter shall utilize the provisions of its Tariff (Sections 17C and 10) to the extent practicable to attempt to suspend deliveries of scheduled volumes to any Shipper which has not delivered scheduled volumes to Transporter at Receipt Points, to the extent of such underdelivery, regardless of such Shipper's Exempt/Non-Exempt Use classification, unless Shipper's actions were taken in reasonable reliance on a pack order, draft order or operational flow order issued by Transporter.
- (c) Transporter shall not knowingly schedule or permit scheduling of service which will result in the need to issue a Curtailment Order.
- (d) Nothing in this Section 17A shall operate to allow a Shipper to receive more than its Maximum Daily Transportation Quantity ("MDTQ") on Transporter's system, as set forth in Shipper's Service Agreement(s) with Transporter.
2. Definitions -- The following definitions shall apply to the terms used herein with respect to the curtailment of firm transportation services or the interruption of interruptible transportation services. As a general matter, references to "curtailment" refer to the cessation of scheduled firm transportation service, references to "interruption"

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GENERAL TERMS AND CONDITIONS
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refer to the cessation of scheduled interruptible transportation service, and references to "suspension" refer to the curtailment and/or interruption of scheduled firm and/or interruptible transportation service, as the context requires.

- (a) "Alternate Fuel" means, unless specified otherwise in this Section 17A, a fuel other than natural gas, including substitute or back-up electrical energy available from the electric power grid, that is used in lieu of natural gas during a curtailment event. Alternate Fuel is not considered available when either (i) no facilities exist enabling the utilization of Alternate Fuel; or (ii) facilities exist for the use of Alternate Fuel but Alternate Fuel, although available, cannot legally or operationally be used in such facilities.
- (b) "Alternate Fuel Charge" or "AFC" means the charge, as more particularly described hereafter in this Section 17A, that is billed by Transporter to those Exempt Shippers that received a Pro Rata Capacity Excess, which is intended to reimburse curtailed Shippers under Firm Rate Schedules for the costs of utilizing Alternate Fuel during a curtailment event.
- (c) "Curtailment Order" means the notice of suspension of scheduled firm and/or interruptible transportation service provided by Transporter to affected Shippers, as more particularly described in Section 17A3.
- (d) "Curtailment Reservation Charge" or "CRC" means the weighted average reservation charge for all firm transportation service actually curtailed during a curtailment event, including demand surcharges, billed by Transporter to those Exempt Shippers that received a Pro Rata Capacity Excess.
- (e) "Data Verification Committee" or "DVC" means the committee, as more particularly described hereafter in this Section 17A, composed of representatives from Shippers with firm transportation service agreement(s) on Transporter's system.

GENERAL TERMS AND CONDITIONS (continued)

- (f) "Delivery Point" shall be as defined in Section 1(m) of these General Terms and Conditions, except that, when used in this Section 17A, the definition shall exclude In-Line Transfer Points.
- (g) "Exempt Use" means a use of natural gas to serve Priority 1 or Priority 2 requirements, as defined hereinafter, (regardless of whether such gas is consumed directly or used to generate electricity to serve such uses, if, unless otherwise specified, there is no Alternate Fuel as defined in Section 17A2(a) above) as certified by the Data Verification Committee ("DVC") and served by firm transportation capacity on Transporter's system.
- (h) "Exempt Shipper" or "ES" means any Shipper on Transporter's system serving Exempt Uses with firm transportation capacity.
- (i) "Firm Rate Schedules" means Transporter's firm transportation rate schedules FTS-1, FTS-2, FTS-WD and SFTS.
- (j) "Hospital" means a facility, the primary function of which is delivering medical care to patients who remain at the facility. Outpatient clinics or doctors' offices are not included in this definition. Nursing homes and convalescent homes are included in this definition.
- (k) "NGPA" means the Natural Gas Policy Act of 1978.
- (l) "Non-Exempt Use" means any use other than an Exempt Use.
- (m) "Priority 1 Use" means any use of natural gas:
 - (i) in a residence, including apartment buildings and other multi-unit dwellings, where gas is used predominantly for residential purposes;
 - (ii) in a commercial establishment in amounts of less than 50 MMBtu on a peak day (as determined by the highest average daily volume for a month in a twelve-

GENERAL TERMS AND CONDITIONS
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- month period) and for purposes other than manufacturing;
- (iii) in a School or Hospital; or
 - (iv) for a minimum plant protection when operations are shut-down, for police protection, for fire protection, in a sanitation facility, for emergency situations, or for emergency conditions as described herein.
- (n) "Priority 2 Use" means any use of natural gas which is certified by the Secretary of Agriculture under 7 C.F.R. Section 2900 et seq. as an "essential agricultural use" under section 401(c) of the NGPA, excluding those volumes where the use of an Alternate Fuel is economically practicable and such fuel is reasonably available as determined by the FERC under Section 401(b) of the NGPA; provided, however, the aggregate capacity that can be qualified as a Priority 2 Use shall not exceed 50,000 MMBtu/day and shall be used only by those essential agricultural use customers being served directly or indirectly by FGT as of July 31, 1994.
- (o) "Pro Rata Capacity Excess" or "PRCE" means the excess capacity (stated in MMBtus) resulting from the difference between the capacity allocated to an ES during a curtailment event in accordance with the provisions of this Section 17A and the Determination of Deliveries provisions of Section 13 of these General Terms and Conditions and the capacity that would have been allocated under a straight pro rata allocation.
- (p) "School" means a facility, the primary function of which is delivering instruction to regularly enrolled students in attendance at such facility. Facilities used for both educational and noneducational activities are not included under this definition, unless the latter activities are merely incidental to the delivery of instruction.
3. Procedure for the Suspension of Transportation Services --

GENERAL TERMS AND CONDITIONS
(continued)

- (a) General Procedures -- The suspension of transportation services for any period shall, within the limits of dispatching accuracy and available facilities, be accomplished as follows:
- (i) Transporter shall determine: (1) the Affected Area, (2) whether any firm capacity must be curtailed in the Affected Area, (3) the pro rata share of firm capacity available for each Delivery Point or Division, as applicable, in the Affected Area, and (4) whether any capacity serving Exempt Uses in the Affected Area is subject to curtailment. If Transporter determines that firm capacity must be curtailed in the Affected Area, but the pro rata share of capacity for each Delivery Point or Division, as applicable, is equal to or greater than the amount of the Exempt Uses served at each such Delivery Point or Division, as applicable, then all firm Shippers in the Affected Area, including each ES, shall be entitled only to their straight pro rata share of available capacity.
 - (ii) Following the determination procedure described in subsection 3(a)(i) above, Transporter shall then issue a Curtailment Order to all Shippers and Delivery Point Operators that have Delivery Points or Divisions in the Affected Area by telephone to be followed by facsimile as soon as possible thereafter.
 - (iii) In its Curtailment Order, Transporter shall state the quantity suspended as measured from currently scheduled levels, the daily quantity authorized for delivery at the Delivery Points or Divisions, as applicable, and an hourly flow rate; provided however, if no flow rate is specified in the Curtailment Order, the hourly flow rate shall be the maximum hourly flow rate set forth in the respective affected Shipper's underlying Service Agreement or as specified in Section 6 of these General Terms and Conditions. Transporter shall also specify in its Curtailment Order the extent to which any operational control orders previously issued under these General Terms and

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Conditions are affected by the curtailment event. In its Curtailment Order, Transporter shall specify for each Delivery Point Operator the total volume each is entitled to take at such point based upon suspended volumes, clearly specifying (i) what volumes are for Exempt Uses at such point and (ii) whether Transporter will need to curtail capacity serving Exempt Uses. If required by Transporter, each Delivery Point Operator will then allocate such volumes to each Shipper for which deliveries are being made at that point and notify Transporter of such volumes.

- (iv) In its Curtailment Order, Transporter shall give Shippers as much notice as is operationally feasible of the deadline for compliance with a Curtailment Order; provided, however, Transporter will not specify a time period for compliance which is less than two (2) hours after issuance of the Curtailment Order. Transporter's Curtailment Order shall include information as to the anticipated extent and duration of the situation.
- (b) Order of Suspension of Service -- To the extent Transporter is unable to make deliveries, or receive gas in accordance with scheduled volumes, Transporter shall suspend service to Shippers in the Affected Area in accordance with this Section 17A3. Transporter shall first suspend service in category (i) below, then category (ii) below and so on in descending order, as listed below. To the extent Transporter only suspends part of the service volumes in a category it shall prioritize such volumes in the manner set forth below.
- (i) Park 'N Ride Service - Transporter shall first interrupt service under Rate Schedule PNR when such service is detrimental to the operating conditions of the system or when such service adversely impacts service provided under any of Transporter's other rate schedules. Transporter shall interrupt such service under Rate Schedule PNR based upon total revenue commitment to Transporter. The lowest total revenue received volumes in the Affected Area shall be interrupted first, with volumes at the same total revenue interrupted on a pro rata basis. Shippers paying more than the maximum tariff rate will be considered to be paying the maximum tariff rate.

GENERAL TERMS AND CONDITIONS
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- (ii) Interruptible Transportation Service —Transporter shall interrupt service under Rate Schedules ITS-1 and ITS-WD as well as Transporter's service under interruptible X-rate schedules in Volume 3 of Transporter's Tariff, by price. The lowest rate volumes in the Affected Area shall be interrupted first, with volumes at the same rate interrupted on a pro rata basis. Shippers paying higher than the maximum rate will be interrupted pro rata with Shippers paying the maximum rate. All Interruptible Transportation Service in the Affected Area must be interrupted before any other category of service listed in (iii) below is suspended.
- (iii) Firm Transportation Service —Transporter shall determine whether firm transportation capacity serving Exempt Uses would be curtailed under a straight pro rata allocation of available firm capacity. If no firm capacity serving Exempt Uses would be curtailed under a straight pro rata allocation, then Transporter shall curtail scheduled service at Delivery Points or Divisions, as applicable, under Firm Rate Schedules, on a pro rata basis. If, however, firm capacity serving Exempt Uses would be curtailed under a straight pro rata allocation, then Transporter shall first curtail scheduled service at Delivery Points or Divisions, as applicable, under Firm Rate Schedules serving Non-Exempt Uses, on a pro rata basis, and secondly, if needed, Transporter shall curtail scheduled service at Delivery Points or Divisions, as applicable, under Firm Rate Schedules serving Exempt Uses as follows: Transporter shall curtail such service serving Priority 2 Uses, on a pro rata basis and thereafter Transporter shall, as needed, curtail service serving Priority 1 Uses, on a pro rata basis. All service for Priority 2 Uses must be fully curtailed before any service for Priority 1 Uses is curtailed. Exempt Use volumes will be determined either at the level of volumes approved by the DVC (plus those volumes qualifying under the emergency procedures outlined herein, if any) or the level of firm service scheduled for a particular Delivery Point or Division during the curtailment event, whichever is less.

GENERAL TERMS AND CONDITIONS
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4. Determination of Exempt Uses Classification --
- (a) Exempt Uses for natural gas at each Delivery Point or Division, as applicable, shall be certified by the DVC and classified as either Priority 1 or 2 Uses. The requirements for Exempt Uses for Shippers shall be established by the DVC at each Delivery Point or Division, as applicable, by month, using average daily volumes, as more particularly set forth in this Section 17A.
 - (b) DVC Membership -- A Data Verification Committee is hereby established to review and establish the Exempt Uses at each Delivery Point or Division and to classify such uses as either Priority 1 or 2 Uses. Membership on the DVC is available to any Shippers that wish to participate and that hold firm capacity on a permanent basis under one of Transporter's Firm Rate Schedules; provided, however, no Shipper holding capacity under a capacity relinquishment transaction shall be represented unless the relinquishment was a permanent relinquishment, as defined in Section 18 of these General Terms and Conditions. Each Shipper shall designate to Transporter a DVC contact person to receive notice of DVC matters, and notice of DVC meetings shall be provided by Transporter. Transporter may have representatives on the DVC, but such representatives shall not be entitled to vote on the decisions of the DVC. Each participating Shipper shall be entitled to one (1) vote for each Firm Rate Schedule under which such Shipper is entitled to service, plus a fractional vote equal to the percentage of total system capacity contracted for by such Shipper on a firm basis. Shippers that have aggregated capacity as a Joint Action Agency shall have voting rights as if they had not so aggregated their capacity.
 - (c) DVC Procedures -- The DVC shall be authorized to formulate internal operating procedures to streamline the performance of its duties, including the establishment of voting procedures. All decisions of the DVC at scheduled meetings shall be made by a majority of the votes cast. A representative of Transporter shall serve

GENERAL TERMS AND CONDITIONS
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as chairperson of the DVC. The DVC shall have the authority to classify requirements of electric generation users of natural gas as Exempt Uses in accordance with the end-use(s) of the electricity generated from such natural gas, subject to a demonstration satisfactory to the DVC that (i) such uses are served by electricity generated from gas use, and (ii) no Alternate Fuel serves the electric generation facilities at issue.

- (d) Qualification for Exempt Uses and Non-Exempt Uses Status -- Any firm Shipper may request that some portion of its requirements be categorized as Exempt Uses by application to the DVC. Shippers applying for such status must provide the DVC with a written statement, signed under oath by an officer or other person legally authorized to bind such Shipper, containing the following information, based upon data from the most recent 12-month time period ending June 30:
- (i) the average daily volume, by month and by Delivery Point or Division, as applicable, of the volume for which Exempt Use status is sought;
 - (ii) for Shippers serving Priority 1 Uses, (i) the specific nature and extent of the Priority 1 Use being served; (ii) the fact that the Shipper is unable to utilize Alternate Fuel to serve such uses; (iii) for Shippers serving combined Priority 1 Uses over 50 MMBtu per day, a breakdown of each such Priority 1 Uses by class of end-use customer and by location; and (iv) any other information required by the DVC;
 - (iii) for Shippers serving Priority 2 Uses, (i) the specific nature and extent of the Priority 2 Uses being served; (ii) if requirements exceed 300 MMBtu/day, the fact that the Shipper is able only to utilize either No. 2 fuel oil or propane (or such other fuel(s) as may be designated from time to time pursuant to 401(b) of the NGPA) as an Alternate Fuel to serve such uses; and (iii) any other information required by the DVC.

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GENERAL TERMS AND CONDITIONS
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- (e) Submission of Data -- Shippers applying for Exempt Uses status must provide to Transporter the required data for review by the DVC. Absent an adequate showing justifying placement in an Exempt Uses category, as determined by the DVC, Shippers' uses shall be classified as Non-Exempt Uses. Should Transporter or the DVC need any additional data to implement this Section 17, Transporter shall request same, and each Shipper asked to so respond shall provide the requested data to Transporter as soon as possible. If a Shipper fails to supply the necessary data within a reasonable time, Transporter shall be entitled to estimate such data from records available to Transporter, and Transporter shall not be liable to Shipper for any damage or injury that may result therefrom.
- (f) Delivery Point or Division Classification -- In classifying Shippers' Exempt Uses at each Delivery Point or by Division in accordance with the priorities set forth in this Section 17A3(b), the volumes utilized shall be the average daily requirements for each month consumed during the most recent 12-month period ended June 30, which have been reviewed and approved by the DVC. Such data shall be utilized in classifying Shippers' Exempt Uses until updated in accordance with this Section 17A. After such data has been received, reviewed and approved by the DVC, the data shall be utilized for any suspension of service under this Section 17A occurring thereafter.
- (g) DVC Meeting Timetable -- Once the initial determinations as to Exempt and Non-Exempt Uses are made, the DVC shall meet one year after the date of the implementation of these curtailment provisions to review the Exempt Use classifications. Thereafter, unless otherwise agreed to by the DVC, the DVC shall meet the earlier of: (i) each three years after the plan's implementation date or anniversary thereof or (ii) within sixty (60) days following the second of two firm curtailment events on FGT's system occurring within a 12-month period. The DVC shall also meet as may be required to comply with the provisions of Section 17A4(h) below.

GENERAL TERMS AND CONDITIONS
(continued)

(h) Shippers serving Exempt Uses shall resubmit data to the DVC as required in Section 17A4(d) above on the third July 31 following implementation of this plan and on every third July 31 thereafter, for use by the DVC in revising levels of Exempt Uses in accordance with this Section 17A. To the extent a new Delivery Point is utilized and no Exempt/Non-Exempt Uses classification is in place for such point, or to the extent a new Shipper or new end-use customer of such Shipper for whom no Exempt/Non-Exempt Uses classification is in place commences service under one of Transporter's Firm Rate Schedules, the Shipper, to the extent it seeks an Exempt Uses designation for all or part of its capacity, shall submit data to Transporter indicating its end-use classification. The DVC shall establish procedures to address new Exempt Uses requests submitted between established DVC meetings and shall attempt to make a determination of such Shipper's Exempt Uses, if any, within ninety (90) days of its receipt of all required data. If a curtailment event occurs after such data is submitted to Transporter but before the DVC has made a determination as to the submitting Shipper's Exempt Uses, such uses shall be treated as Exempt Uses during such curtailment event as if such treatment had been requested under the Emergency Procedures provided in Section 17A5 below; provided, however, for purposes of such emergency treatment, the Shipper that had submitted such new data to Transporter shall not be required to submit the data required in Section 17A5(a) below but shall be subject to the penalties set forth in Section 17A7 below if the DVC ultimately denies such request for Exempt Use status.

5. Emergency Procedure for Exempt Use Classification -- In order to serve peak firm requirements or address unforeseen events affecting Exempt Uses that could not have been recognized sufficiently in advance to enable certification of gas uses for Exempt Uses status (including events under circumstances in which a Shipper has facilities enabling the use of Alternate Fuel, but, through no fault of such Shipper, Alternate Fuel is not physically available), the following actions may be taken by Shippers entitled to service under

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one of Transporter's Firm Rate Schedules to protect such Exempt Uses during a curtailment event.

- (a) Data to be Submitted -- Any firm transportation Shipper using these emergency procedures must provide the following data to Transporter prior to the time such capacity is made available:
- (i) written notification, to be provided within two hours after receipt of a Curtailment Order, that sets forth the claimed emergency situation and the additional capacity required to serve Exempt Uses as a result thereof; and
 - (ii) a sworn affidavit (signed by an officer or other person legally authorized to bind such Shipper) within three working days of the written notification required in (i) above that sets forth a detailed explanation of the emergency situation, which includes the following information:
 - (1) the specific nature and extent of the emergency claimed to justify the exception;
 - (2) a description of the reasonable efforts made by the requesting Shipper under the circumstances to acquire capacity (or utilize Alternate Fuel, if applicable) through other available means;
 - (3) any other information required by the DVC or Transporter.
- (b) Transporter shall make changes to all Shippers' scheduled volumes, in accordance with this Section 17, as needed, to accommodate requests made under these emergency procedures. After the curtailment event, if a Shipper wishes to obtain Exempt Uses status for the use that had been protected under these emergency procedures, the requisite showing to the DVC set forth in this Section 17 for an Exempt Use status must be made; otherwise, such emergency

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protection shall expire at the end of the respective curtailment event.

6. Compensation --

- (a) Applicability -- This Compensation provision sets forth amounts to be paid by Exempt Shippers using more than their straight pro rata allocation of capacity to serve their respective levels of Exempt Uses approved by the DVC or obtained under the emergency procedures described herein. An Exempt Shipper using more than its straight pro rata allocation of capacity to serve its approved level of Exempt Uses in the event of curtailment shall pay compensation for Shippers receiving less than their straight pro rata allocation of capacity, as set forth in subsections 6(b) and 6(c) below within thirty (30) days following issuance by Transporter of an invoice for such amounts. Payment of compensation hereunder shall be in addition to all other charges or amounts due from such Shippers.
- (b) Curtailment Reservation Charge ("CRC") -- An ES receiving a PRCE will pay an amount equal to its PRCE multiplied by the weighted average reservation charge for all firm transportation service actually curtailed on Transporter's system (including demand surcharges), to Transporter within thirty (30) days following issuance by Transporter of an invoice for such amounts for remittance to Shippers curtailed in excess of their straight pro rata allocation.
- (c) Alternate Fuel Charge ("AFC") --
- (i) For PRCE capacity allocated to an ES to serve Priority 1 Uses, the ES will pay to Transporter, within thirty (30) days following issuance by Transporter of an invoice for such amount, an amount calculated under the following formula: $PRCE [(Fuel\ Oil\ Price \times 120\%) - Gas\ Index]$ for remittance to Shippers curtailed in excess of their straight pro rata allocation. With regard to such formula, the term "Fuel Oil Price" means the average of the daily average high and low

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prices for (a) low sulfur (LS) No. 2 fuel oil, and (b) 0.7% sulfur No. 6 fuel oil ("No. 6 Fuel Oil"), as posted in Platt's Oilgram Price Report for Estimated U.S. Gulf Coast Spot prices, Waterborne, for the month in which the curtailment event occurred; and the term "Gas Index" means the mathematical average of the prices for spot gas deliveries to Transporter for Zones 1, 2, and 3, as published in Natural Gas Week for the month in which the curtailment event occurred.

- (ii) For PRCE capacity allocated to an ES to serve Priority 2 Uses, the ES will pay to Transporter, within thirty (30) days following issuance by Transporter of an invoice for such amount, an amount calculated under the following formula: $PRCE[(Fuel\ Oil\ Price \times 150\%) - Gas\ Index]$ for remittance to Shippers curtailed in excess of their straight pro rata allocation. With regard to such formula, the terms "Fuel Oil Price" and "Gas Index" are as defined in subsection 2(c)(i) above.

- (d) Credits -- A firm Shipper receiving less capacity under this Section 17A than its pro rata allocation will be entitled to a share of the CRC and AFC revenues (and penalties, if applicable) collected by Transporter to the extent provided herein. (Demand charge credits given by Transporter pursuant to 4 of Transporter's FTS-1, FTS-WD and FTS-2 Rate Schedules will be applied to the difference between the volumes scheduled and the volumes that would have been delivered under a straight pro rata allocation.)

- (e) Remitting to Curtailed Shippers --
 - (i) General -- Transporter shall act as the clearinghouse for remitting the CRC and AFC amounts to curtailed Shippers; however, Transporter shall not be required to remit any amounts except to the extent it recoups payments from those Shippers owing same. The incremental funds collected by Transporter shall be accounted for in a segregated account.

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- (ii) CRC Funds -- The CRC funds collected by Transporter will be remitted by Transporter on a pro rata basis to firm Shippers curtailed in excess of their straight pro rata allocation, based upon the type of firm capacity (FTS-1, FTS-WD, or FTS-2) curtailed. Each such curtailed Shipper's share of the CRC funds collected shall equal a percentage of such CRC funds based on a fraction where: the numerator is that Shipper's curtailed volume in excess of its straight pro rata allocation multiplied by that Shipper's reservation charge (FTS-1, FTS-WD or FTS-2) applicable to such volume, and the denominator is the sum of all Shippers' curtailed volumes in excess of their straight pro rata allocation multiplied by the weighted average reservation charge applicable to all such volumes.
- (iii) AFC Funds -- The AFC funds collected by Transporter will be remitted by Transporter to curtailed firm Shippers receiving less capacity than their straight pro rata allocation. The percentage share of the AFC funds to be paid to each such qualifying Shipper will be determined by the ratio of the Alternate Fuel costs of such Shipper (or of such Shipper's end user(s) when such end user(s) receive gas directly from Transporter's system) to the aggregate Alternate Fuel costs of all qualifying Shippers or their end users that receive gas directly from Transporter's system. In order for Transporter to determine such AFC amounts, Shippers entitled to compensation hereunder may provide Transporter with a statement showing the amount and price of the Alternate Fuel actually used due to the curtailment event, such statement to be provided within fifteen (15) days following the end of a curtailment event. Absent submission of such statement within the required time period, a Shipper will be presumed to have used No. 6 Fuel Oil as its Alternate Fuel. Based upon this information, Transporter shall determine the weighted average share of the AFC fund to be paid to each Shipper owed compensation therefrom.

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- (f) If a Shipper fails to remit payment of AFC and/or CRC amounts, if applicable, to Transporter within thirty (30) days after issuance by Transporter of an invoice for such amounts, Shipper shall forfeit its Exempt Uses status or the right to utilize the emergency procedures provided in Section 17A5 above to request Exempt Uses status in the future, unless and until full payment is made and reinstatement of such Shipper's Exempt Uses status and/or ability to utilize the emergency procedures is approved by the DVC. Interest shall accrue on all overdue payments as provided in Section 15 of these General Terms and Conditions.

7. Penalties --

- (a) General -- If a Shipper fails to comply with a Curtailment Order (including any adjustments thereto to accommodate treatment under the emergency procedures set forth in Section 17A5 above), the Shipper/Delivery Point Operator, as applicable, shall pay Transporter a penalty equal to \$10 for each MMBtu by which the Shipper exceeded the specified quantity for the gas day in which the Curtailment Order was in effect, as such quantity is determined in accordance with the provisions of this Section 17A and the Determination of Deliveries provisions of Sections 13 and 13.1 of these General Terms and Conditions. Compliance with a Curtailment Order shall be defined as (1) a measurable change in the hourly gas flow as compared to the flow prior to the suspension of service, to the extent Transporter specifies an hourly flow rate in the Curtailment Order or (2) actual deliveries which are equal to or less than the daily quantity set forth in the Curtailment Order.
- (b) Additional Penalty -- In addition, if (i) any Shipper, after having provided written notice of emergency Exempt Use status to Transporter, fails to provide the required affidavit to support emergency relief obtained under the procedures set forth in this Section 17, or (ii) the relevant information in an affidavit submitted to support emergency relief is incorrect or does not substantiate the emergency (as determined by the

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DVC), then the Shipper will pay to Transporter a penalty of \$25.00 for each MMBtu of excess capacity obtained by such action.

- (c) Procedures -- Payment of charges and/or penalties under this Section 17A shall be in addition to all other penalties, charges or amounts due from Shippers. Any penalties collected by Transporter under this Section 17A will be placed in a segregated account and paid out, pro rata, to the curtailed Shippers receiving less capacity than their pro rata share in accordance with Section 17A6(e). Shippers shall be required to comply with a Curtailment Order no later than two (2) hours after such Curtailment Order's issuance, such compliance deadline to be specified in the Curtailment Order. Shippers shall not be subject to penalties under this Section 17A for failure to adjust quantities to comply with a Curtailment Order until after the time period for compliance set forth in a Curtailment Order has expired. The failure of any Shipper to remit payment of any penalties under this Section within thirty (30) days after issuance by Transporter of an invoice for such amounts shall result in the forfeiture of such Shipper's Exempt Uses status and the right to utilize the emergency procedures provided in Section 17A5 above to request Exempt Uses status in the future, unless and until full payment is made and reinstatement of such Shipper's Exempt Uses status and/or ability to utilize the emergency procedures is approved by the DVC. Interest shall accrue on all overdue payments as provided in Section 15 of these General Terms and Conditions.

8. Liability -- Transporter shall not be liable for any damage, cost or expense of any kind incurred as a result of Transporter's good faith implementation of the provisions of this Section 17A (including actions taken in reliance upon information provided by Shippers seeking emergency relief). Furthermore, Transporter will be indemnified by Shippers for all damages, costs, and expenses, including attorneys' fees, it may suffer as a result of its good faith implementation of such provisions (including actions taken in reliance upon information provided by Shippers seeking emergency

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relief). The term "good faith" does not include acts of negligence or willful misconduct.

Issued by: William V. Allison, President
Issued on: September 29, 1995

Effective: November 1, 1995