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IN REPLY REFER TO:

Ansley Watson, Jr.
P.O. Box 1531
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e-mail: aw@macfar.com

August 11, 2008

VIA HAND DELIVERY

Ann Cole
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

RECEIVED-FPSC
08 AUG 11 AM 10:40
COMMISSION
CLERK

Re: Docket No. 080318-GU -- Petition for rate increase by Peoples Gas System

Dear Ms. Cole:

Enclosed for filing on behalf of Peoples Gas System ("Peoples") in the above docket are the original and 20 copies of the following:

1. Peoples' Petition; 07024-08
2. New and revised rate schedules and other tariff sheets, pursuant to Section 366.06(3), *Florida Statutes*; 07024-08
3. Peoples' Petition for Interim Rate Relief under Section 366.071, *Florida Statutes*; 07025-08

(testimony)
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COM
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GCL
Yardley, Lewis M. Binswanger and Kandi M. Floyd; and

OPC
RCP
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ADM
CLK

4. Minimum Filing Requirements ("MFRs") required by the Commission's Rule 25-7.039, each set consisting of two volumes. One of the volumes contains the proposed new tariff sheets in legislative form, and the other contains the remainder of the MFRs.

DOCUMENT NUMBER-DATE

07024 AUG-11 08

FPSC-COMMISSION CLERK

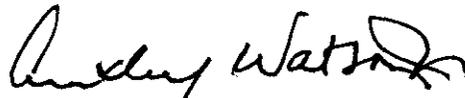
Ann Cole, Commission Clerk
August 11, 2008
Page 2

Also enclosed is a CD containing Peoples' Petition.

Please acknowledge your receipt and the date of filing of the enclosures on the duplicate copy of this letter and give the same to the person delivering these materials for filing.

Thank you for your usual assistance.

Sincerely,

A handwritten signature in black ink that reads "Ansley Watson, Jr." in a cursive style.

ANSLEY WATSON, JR.

AWjr/a
Enclosures

cc: Patricia A. Christensen, Esquire (w/enclosures)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for rate increase by :
Peoples Gas System. :
_____ :

Docket No. 080318-GU

Submitted for Filing:
8-11-08

PETITION OF PEOPLES GAS SYSTEM

Peoples Gas System ("Petitioner," "Peoples" or the "Company") files its Petition under Section 366.06(3), *Florida Statutes*, for authority to increase its rates and charges for natural gas service so that such rates and charges will be sufficient to enable it to earn reasonable compensation for the services rendered, and pursuant to Section 366.06(3), *Florida Statutes*, hereby notifies the Commission of the filing herewith of new rate schedules designed to enable it to achieve such compensation, and requests that the Commission consent to the placing in effect thereof. Peoples also seeks approval for a change in the method of recovering the gas cost portion of bad debt expense, establishment of a storm damage reserve, a new Gas System Reliability Rider, and a new Carbon Reduction Rider, together with other modifications to its natural gas tariff on file with the Commission, and requests the Commission's consent to the placing in effect of such riders and other tariff modifications.

In support of this Petition, the Company states:

1. The name, address and telephone number of the petitioner are:

Peoples Gas System
702 N. Franklin Street – 7th Floor
Tampa, Florida 33602
(813) 228-4111

2. The names and addresses of the persons authorized to receive notices and communications with respect to this Petition are:

DOCUMENT NUMBER-DATE

07024 AUG-11g *kmf*

FPSC-COMMISSION CLERK

Ansley Watson, Jr., Esquire
Macfarlane Ferguson & McMullen
P. O. Box 1531
Tampa, Florida 33601-1531

Matthew R. Costa, Esquire
Legal Department
TECO Energy, Inc.
P. O. Box 111
Tampa, Florida 33601-0111

Ms. Kandi M. Floyd
Peoples Gas System
P. O. Box 2562
Tampa, Florida 33601-2562

Ms. Paula K. Brown
Peoples Gas System
P. O. Box 2562
Tampa, Florida 33601-2562

Jurisdiction and Test Period

3. Peoples is a public utility as defined by Section 366.02, *Florida Statutes*, and subject to the regulatory jurisdiction of the Commission established by Chapter 366, *Florida Statutes*.

4. A 12-month period ending December 31, 2009, based upon the historic base year ended December 31, 2007, will be used as the projected test year in this proceeding. The 2009 projected test year will match projected revenues with the projected costs of service and capital investment required by the Company to provide natural gas service to its customers. As such, it provides an appropriate period of utility operations that may be analyzed so that the Commission can set reasonable rates for the period when the new rates will be in effect.

The Company

5. Peoples is a public utility engaged in the distribution and sale of natural gas to residential, commercial, industrial and electric generation customers located in 14 separate geographic areas of the state, or "divisions." The Company primarily provides transportation of customer-owned natural gas to its electric generation, industrial and commercial customers, and makes sales of gas on a delivered basis to its

residential and smaller commercial customers.

Company headquarters is located at 702 North Franklin Street, Tampa, Florida. The 14 geographic areas are grouped into three "regions" that serve both franchised and non-franchised areas through delivery facilities common to both. The South Region consists of the Daytona Beach, Eustis, Orlando, Palm Beach, Southwest Florida and Dade/Broward divisions. The West Region consists of the Tampa, St. Petersburg, Lakeland, Avon Park and Sarasota divisions. The North Region consists of the Jacksonville, Panama City and Ocala divisions. Each region is administered by a General Manager who is responsible for all operations and maintenance within the region. These General Managers report to the Vice President, Operations.

6. Under the administrative and operational control of these regional offices, the Company owns and operates a system of natural gas mains and services providing natural gas service to its customers. Within each region there are facilities to permit receipt of natural gas from the interstate natural gas pipelines that deliver gas to the Company, distribution through the necessary mains and services, and delivery to customers, together with necessary pressure regulation and metering facilities to control and measure such deliveries. Also included within each region are the necessary office, warehouse, and storage facilities, together with construction and transportation equipment to support the Company's operations.

Last Base Rate Proceeding

7. In its last base rate proceeding in Docket No. 020384-GU, Petitioner used a projected test year ending December 31, 2003. By its Order No. PSC-03-0038-FOF-GU in that docket, the Commission set the midpoint of the rate of return to be earned by

the Company upon its projected 13-month average rate base at 8.83%. As a result of that order, the Company adjusted its base rates to produce revenues sufficient, on a pro forma basis, to yield the allowed rate of return. Pursuant to a clarifying order, the allowed rate of return included a return on common equity ("ROE") within a range of 10.25% to 12.25%, with the allowed return being based on a midpoint ROE of 11.25%.

Recent Developments

8. Under the economic conditions existing in the projected test year, the current base rates of the Company will not produce the currently authorized rate of return and, under such economic conditions, cannot be made to produce a fair rate of return. Since the historic base year in Peoples' last base rate proceeding, the Consumer Price Index has increased more than 17%, not only requiring the Company to pay more for goods and services it purchases, but also contributing to a steady increase in the level of the Company's direct and indirect payroll costs. The cost of steel pipe of the diameters generally used by Peoples has more than doubled, and corresponding costs of plastic pipe have increased more than 45%. Insurance and health care costs continue to escalate at a rate significantly higher than that of inflation. There have also been changes in accounting laws and regulations which have contributed to the increase in the Company's cost of providing natural gas service to its customers. During the same period, Peoples has strived to improve the efficiency and economy of its operations without compromising the level of service to its customers, and to continue to expand its distribution system in order to make natural gas available as an environmentally friendly and efficient energy choice to more Florida citizens. Since its last rate case, Petitioner has added approximately 100,000 new residential

and commercial customers.

9. In addition, the Company's average use of gas per customer has been declining, due in part or in combination to increased appliance efficiencies, customer conservation efforts, many prompted by Peoples' aggressive energy conservation programs, and customer sensitivities to the rising cost of living, including the cost of gas. The Company submits that its base rates must be increased in order for it to have the opportunity to earn a fair and reasonable return on its investment.

10. As shown by Exhibit A attached to and made a part of this Petition, when the adjusted net operating income of \$33,944,697 resulting from Peoples' present base rates is related to a 13-month average adjusted net investment rate base of \$563,599,436 for the 12 months ending December 31, 2009, it results in a rate of return of 6.02%. Obviously, this rate of return does not, and will not in the future, afford Peoples reasonable compensation for the use of its property devoted to public service, is grossly insufficient to meet the Company's reasonable needs and requirements, and fails to furnish it with a reasonable basis for maintaining its present credit standing and obtaining future needed credit.

Requested Rate of Return and Revenue Requirement

11. It is essential that Peoples has fair and reasonable earnings so that investors will have sufficient confidence in its financial integrity to enable it to maintain and raise new capital as needed for public service. Such financial integrity bears directly upon the Company's ability to furnish service to its present and future customers, upon the cost of the service rendered, and upon the continuity, efficiency and extension of such service. In essence, Petitioner's financial integrity depends upon

whether the base rates it is allowed to charge under the Commission's authority are adequate under efficient management to produce earnings in an amount sufficient to reasonably compensate its investors for the public use of their property, and to encourage them, and others inclined to invest, to make further investments, as needed, in the Company's business.

12. Petitioner is entitled by law to the opportunity to receive a reasonable return upon its property used and useful in providing public service, and its base rates should be sufficient to yield reasonable compensation for the services rendered.

13. Peoples' present base rates and charges, as previously approved by this Commission, are inadequate and insufficient to allow the Company to realize fair and reasonable compensation for the services it provides to the public.

14. Present economic conditions make it imperative that the Company's authorized rate of return be increased. Peoples represents that its ROE should be within the range of 10.50% to 12.50% per annum. An overall return of 8.88% based on the midpoint of this range is asserted by the Company to be a reasonable rate of return predicated on a December 31, 2009, 13-month average adjusted net investment rate base. The application of a rate of return of 8.88% to this rate base results in a revenue deficiency of \$26,488,091, as demonstrated by Exhibit A.

15. It is necessary that the rates and charges applicable to the natural gas service furnished by Petitioner be increased so Petitioner will have the opportunity to recover its total cost of service, including a reasonable return upon its property used and useful in providing service to the public.

Storm Damage Reserve

16. The additional revenue requirements Peoples is requesting by this Petition include annual accruals to establish a storm damage reserve. Peoples seeks Commission approval for the establishment of such reserve so the Company is not forced to incur large and unpredictable costs in any particular year. Rather, such costs could be spread more evenly over a longer period of time, thereby providing rate stability for customers and greater financial stability for the Company.

Change in Method of Recovering Bad Debt Expense

17. Peoples also seeks Commission approval to recover the gas cost portion of bad debt expense through the Company's purchased gas adjustment ("PGA"), rather than through base rates, and this change has been incorporated in calculating the additional revenues for which Peoples is seeking the Commission's approval. The Company believes the gas cost portion of bad debt expense should be recovered through the PGA just as are all other costs of the gas distributed to the Company's customers.

Other Tariff Modifications

18. In addition to the increases in its rates and charges reflected on the revised rate schedules submitted with this Petition, Peoples seeks the Commission's approval of the following modifications to its natural gas tariff on file with the Commission:

- a. A Gas System Reliability Rider ("Rider GSR") which would permit the Company to recover on a more timely basis the revenue requirements associated with government-mandated relocations of its facilities, and

incremental operating and maintenance expenses incurred to comply with federal and state mandated pipeline safety requirements;

b. A Carbon Reduction Rider (“Rider CR”) that would encourage the expansion of natural gas service to new residential developments that are not located near interstate pipelines or existing Company supply mains by permitting the Company to recover the revenue requirements associated with the installation of new supply mains;

c. Modifications to the tariff’s rules and regulations with respect to gas quality to address specifications for natural gas which may be delivered into the Company’s system;

d. Modifications to the definition of the term “force majeure” to address judicial constructions affecting such term;

e. Modifications to Rider ITS (Individual Transportation Service) to address the resolution of imbalances between receipts and deliveries of gas at Peoples’ interconnections with Gulfstream Natural Gas System, LLC (“Gulfstream”) and the responsibility for penalties assessed by Gulfstream; and

f. Other modifications to the tariff made necessary by the foregoing changes and the new rate schedules filed with this Petition.

New Rate Schedules and the Effective Date Thereof

19. New rate schedules in tariff form modifying the rates and charges of the Company to provide additional gross revenues sufficient to permit the Company to recover its total cost of service, and addressing the other modifications described above, are filed with this Petition. A summary of the estimated annual revenue change

involved and the gross revenue increase which would result from these new rate schedules is set forth in Exhibit B attached to and made a part of this Petition.

20. Pursuant to Section 366.06(3), *Florida Statutes*, notice is hereby given of the filing of the new rate schedules. Unless consent is withheld to the placing in effect of the new rate schedules or a part thereof, such new rate schedules or the portion thereof having consent will be placed in effect in accordance with Section 366.06(3), *Florida Statutes*. Should the Commission continue to withhold consent to the placing in effect of all or a part of the new rate schedules for a period exceeding eight months from the date of their filing, and if no final order has been entered during said period in an investigation made in this proceeding, then, pursuant to Section 366.06(3), *Florida Statutes*, the new rate schedules or such portion thereof as to which consent has not been given shall be placed in effect by Peoples under bond or corporate undertaking at the end of such eight-month period.

21. In compliance with Rule 25-7.039, *Florida Administrative Code*, Petitioner has filed herewith the information required by such rule.

22. This Petition initiates a proceeding that may involve disputed issues of material fact. It is not known which, if any, of the material issues of fact set forth in this Petition, or in the testimony, exhibits and minimum filing requirements filed herewith, may be disputed by any person(s) planning to participate in the proceeding initiated by the filing of this Petition.

WHEREFORE, Petitioner respectfully requests:

A. That pursuant to Section 366.06(3), *Florida Statutes*, the Commission will consent to the placing in effect of the new rate schedules and other tariff modifications filed with this Petition, which increase the rates and charges for natural gas service rendered by the Company to a level of reasonable compensation for such services and incorporate the other modifications described in this Petition, said new rate schedules being just and reasonable and designed to recover the Company's cost of service, including the additional annual revenue requirement of \$26,488,091 (determined as previously stated).

B. That should the Commission withhold its consent to the placing in effect of all or any part of such new rate schedules or other revised tariff sheets, it will forthwith undertake an investigation to determine the level of reasonable compensation for the services rendered and the just and reasonable rates and charges to be established as a result thereof, and will ultimately conclude that:

(1) the gas cost portion of bad debt expense should be recovered by the Company through its purchased gas adjustment rather than through base rates;

(2) the Company should be authorized to establish a storm damage reserve and recover the expense of annual accruals to such reserve through its base rates;

(3) the Company's present rates and charges are insufficient to yield reasonable compensation for the services rendered;

(4) the projected December 31, 2009 adjusted average net investment

rate base of \$563,599,436 represents that property used and useful in serving the public and on which the Company is, by law, entitled to earn a reasonable rate of return;

(5) a reasonable ROE lies within the range of 10.50% to 12.50%, and an overall return of 8.88% based on the midpoint of this range is reasonable;

(6) the application of the reasonable rate of return to the December 31, 2009 adjusted average net investment rate base requires additional annual gross revenues of \$26,488,091 based on the Company's total cost of service for the projected test year;

(7) the Company should adjust its rates and charges by placing in effect the new rate schedules filed herewith so as to produce such additional revenue requirement on a permanent basis in order that the Company might have the opportunity to earn its reasonable rate of return;

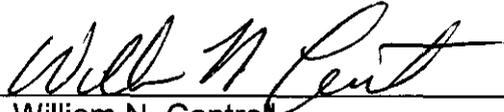
(8) the new rates filed with this Petition constitute fair and reasonable rates within the meaning of Chapter 366, *Florida Statutes*; and

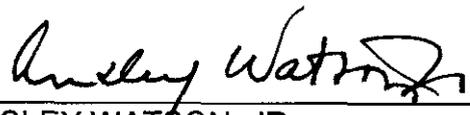
(9) the other tariff modifications set forth in the new and revised tariff sheets filed with this Petition are just and reasonable, and should be approved and implemented by the Company.

C. That should a final order not be entered within eight months from the date of filing of the new rate schedules, pursuant to Section 366.06(4), *Florida Statutes*, the new rate schedules or such portion thereof as to which the Commission has not consented shall be placed in effect under corporate undertaking at the end of such eight month period pending the entry of a final order herein.

Respectfully submitted,

PEOPLES GAS SYSTEM

By 
William N. Cantrell
President


ANSLEY WATSON, JR.
Macfarlane Ferguson & McMullen
Post Office Box 1531
Tampa, Florida 33601-1531
(813) 273-4321
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Attorneys for Peoples Gas System

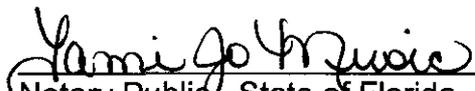
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STATE OF FLORIDA
COUNTY OF HILLSBOROUGH

BEFORE ME, the undersigned authority, personally appeared WILLIAM N. CANTRELL, personally known to me, who being by me first duly sworn, says that he is President of Peoples Gas System, is duly qualified and acting in that capacity, and is authorized to execute the foregoing Petition and to make this oath thereto; that the matters and things stated in said Petition are, insofar as they come within his knowledge and belief, true; and that insofar as they are derived from or are dependent upon the knowledge of others, he verily believes them to be true.


WILLIAM N. CANTRELL

Sworn to and subscribed before me this 7 day of August, 2008.


Notary Public - State of Florida
at Large

My Commission Expires:



PEOPLES GAS SYSTEM

Summary of Net Operating Income,
Rate Base, Rate of Return and Revenue Deficiency

	<u>Adjusted</u>
Rate Base - 13-Month Average	\$563,599,436
Net Operating Income	\$ 33,944,697
Rate of Return	6.02%
<u>Calculation of Revenue Deficiency:</u>	
Adjusted Rate Base	\$563,599,436
Requested Rate of Return	X <u>8.88%</u>
Net Operating Income Required	\$ 50,060,255
Less: Adjusted Net Operating Income	<u>33,944,697</u>
Net Operating Income Deficiency	\$ 16,115,558
Expansion Factor	X <u>1.6436</u>
Total Revenue Deficiency	<u>\$ 26,488,091</u>

PEOPLES GAS SYSTEM

Summary of Proposed Increase

Customer Class	Annual Customer Cost (1)		Increase	
	Present Rates	Proposed Rates	Amount	Percent
Residential	\$ 132,550,431	\$ 148,459,065	\$ 15,908,634	12.0%
Residential Generator	153,109	171,840	18,731	12.2%
Small General Service	14,317,892	15,376,931	1,059,040	7.4%
Commercial Generator	262,976	332,640	69,664	26.5%
General Service - 1	93,592,943	97,222,906	3,629,962	3.9%
General Service - 2	170,351,699	173,261,580	2,909,881	1.7%
General Service - 3	98,651,834	100,630,979	1,979,145	2.0%
General Service - 4	56,176,080	55,357,783	(818,297)	-1.5%
General Service - 5	79,069,731	80,188,529	1,118,797	1.4%
Commercial Street Lightning	1,122,784	1,185,342	62,558	5.6%
Natural Gas Vehicles	545,237	567,812	22,576	4.1%
Wholesale	1,982,739	2,020,884	38,145	1.9%
Small Interruptible Service	58,003,126	58,048,127	45,002	0.1%
Interruptible Service	154,983,987	154,812,149	(171,838)	-0.1%
Large Interruptible Service	171,333,119	171,107,876	(225,244)	-0.1%
Special Contracts	341,874,636	341,814,455	(60,180)	0.0%
Sub-Total	1,374,972,323	1,400,558,899	25,586,576	1.9%
Miscellaneous Service Revenue	6,844,700	7,746,215	901,516	13.2%
Total	<u>\$ 1,381,817,023</u>	<u>\$ 1,408,305,114</u>	<u>\$ 26,488,091</u>	<u>1.9%</u>

(1) Includes Purchased Gas Adjustment for sales customers and estimated cost of gas for transportation customers.

RULES AND REGULATIONS

I

INITIATION OF SERVICE

A. REQUEST FOR GAS SERVICE

Gas Service may be requested by a prospective Customer by:

1. Verbal, telephonic or electronic request to a business office of the Company (in the case of residential Gas Service), or
2. By submission to Company of a completed Gas Service Agreement (in the case of Gas Service other than residential Gas Service).

B. ACCEPTANCE OF REQUEST FOR GAS SERVICE

A Gas Service Agreement shall be deemed to be accepted by the Company when Gas Service pursuant thereto is initiated.

C. OBLIGATION OF CUSTOMER AND COMPANY

The terms and conditions of the Customer's Gas Service Agreement, these Rules and Regulations, and the applicable Rate Schedules shall become binding upon the Customer and Company upon acceptance by the Company of the Customer's Gas Service Agreement.

D. MISCELLANEOUS SERVICE CHARGES

Whenever Gas Service is established or re-established at any location, the charges set forth below will be made:

	RESIDENTIAL	OTHER
ACCOUNT OPENING CHARGE (applies only where a change of Customer occurs and Gas Service is not shut off at the premises)	\$28.00	\$28.00
METER TURN ON / SERVICE INITIATION CHARGE (applies where service is inactive)	\$50.00 for initial unit or meter \$15.00 for each additional unit or meter	\$65.00 for initial unit or meter \$30.00 for each additional unit or meter

Issued By: William N. Cantrell, President
Issued On: August 11, 2008

Effective: October 11, 2008
DOCUMENT NUMBER DATE

07024 AUG-8 8

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RULES AND REGULATIONS (Continued)

	RESIDENTIAL	OTHER
METER RECONNECTION/ SERVICE RESTORATION CHARGE (applies where service has been turned off for cause and includes cost of turn-off)	\$70.00 for initial unit or meter \$15.00 for each additional unit or meter	\$90.00 for initial unit or meter \$20.00 for each additional unit or meter
TRIP CHARGE/COLLECTION AT CUSTOMER PREMISES (applies when Company's employee, agent, or representative makes a trip to Customer's premises for the purpose of terminating Gas Service or providing final notice of termination for nonpayment of bills)	\$20.00	\$20.00
FAILED TRIP CHARGE AT CUSTOMER PREMISES (applies when the Customer fails to keep a scheduled appointment with the Company's employee, agent or representative)	\$25.00	\$25.00
TEMPORARY METER TURN-OFF CHARGE (applies when Company's employee, agent or representative, turns off Customers' meter temporarily at Customer's request)	\$20.00 per meter	\$20.00 per meter

Where Gas Service is established outside of normal business hours, by special appointment, or same day service the charges set forth above multiplied by 1.5.

MEASUREMENT (Continued)

- e. Unless determined to be otherwise by a gravity balance the specific gravity of the flowing Gas shall be assumed to be 0.6.
 - f. When sales or transportation volumes are metered at pressures of 10 p.s.i.g. (pounds per square inch gauge) and over, and where such volumes are also corrected for flowing temperatures other than assumed 60 degrees Fahrenheit, such volumes shall be corrected for deviations from Boyles Law by use of the appropriate supercompressibility factor.
3. Sales and Transportation Unit
- a. The sales and transportation unit of the Gas shall be the Therm, being 100,000 BTUs. The number of Therms billed to a Customer shall be determined by multiplying the number of Cubic Feet of Gas delivered at the Standard Delivery Pressure and 60 degrees Fahrenheit, by the total heating value of such gas in BTUs per cubic foot and dividing the product by 100,000.
 - b. The total heating value of the Gas delivered to the Customer shall be determined as that reported monthly by the Company's Gas transporters, provided such value is applicable to the Gas delivered to the Customer, or such value shall be determined by the Company by use of a calorimeter or other instrument suitable for heating value determination. The total heating value shall be corrected to and expressed as that contained in the Unit of Sales and Transportation Volume defined above.
4. Quality
- All Gas delivered or caused to be delivered into the Company's facilities shall conform to the Gas quality specifications set forth in the FERC Tariff of the interstate pipeline company that delivers such Gas to a Delivery Point on the Company's system or in the event Gas is delivered to the Company's facilities other than by an interstate pipeline, such Gas shall be merchantable and
- a. be free of objectionable liquids and solids and be commercially free from dust, gums, gum-forming constituents, or other liquid or solid matter which might become separated from the Gas in the course of transportation through the interstate pipeline or the Company's system or which could cause inaccurate measurement;
 - b. be free from noxious and harmful fumes when burned in a properly designed and adjusted burner;
 - c. not contain more than 20 grains of total sulfur or 0.25 grains of hydrogen sulfide per 100 cubic feet of Gas;
 - d. not contain more than 3% by volume of carbon dioxide or nitrogen;

MEASUREMENT (Continued)

- e. not contain more than 1% by volume of oxygen;
- f. not contain more than 7 pounds of water per 1,000 MCF;
- g. have a temperature of not more than 120 degrees Fahrenheit, nor less than 40 degrees Fahrenheit;
- h. have a maximum Wobbe value of 1,396
- i. have a gross heating value of at least 1,000 BTU per cubic foot of dry Gas but not higher than 1,075 BTU per cubic foot of dry Gas at 60 degrees Fahrenheit and at a pressure of 14.73 pounds per square inch absolute.

To the extent within its control, the Company shall deliver Gas which is free of dangerous or objectionable quantities of impurities such as hydrogen sulfide or other impurities which may cause excessive corrosion of Mains or piping or from noxious or harmful fumes when burned in a properly designed and adjusted burner. This provision is intended to protect the health and safety of the public and in no manner does it guarantee compatibility with the operation of delicate or sensitive machinery, instruments, or other types of apparatus which may be damaged by moisture, grit, chemicals or other foreign substances which may be present in the Gas but which are nevertheless within limits recognized as allowable in good practice.

VII

FORCE MAJEURE

In the event of either Company or Customer being rendered unable wholly or in part by force majeure to carry out its obligations under an application, acceptance of which has been made, or under a Rate Schedule or Service Agreement, other than the obligation to make payment, it is agreed that on such party giving notice and full particulars of such force majeure in writing to the other party as soon as possible after the occurrence of the cause relied on, then the obligations of the party giving such notice (other than the obligation to make payments), so far as they are affected by such force majeure, shall be suspended during the continuance of any inability so caused but for no longer period, and such cause shall as far as possible be remedied with all reasonable dispatch. It is further agreed that except for the obligation to make payments neither Company nor Customer shall be liable to the other for any damage occasioned by force majeure.

The term "force majeure" as employed herein shall mean causes or events, whether of the kind hereinafter enumerated or otherwise, and whether caused or occasioned by or happening on account of the act or omission of Company or Customer or any other person or concern, not reasonably within the control of the party claiming suspension and which, in any such case, by the exercise of due diligence such party is unable to prevent or overcome, including, but not limited to acts of God, strikes, lockouts, or other industrial disturbance, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of the governments and people, civil disturbances, explosions, breakage or accidents to machinery or lines of pipe, the necessity for making repairs or alterations to machinery or lines of pipe, freezing of wells or lines to pipe, partial or entire failure of source of supply, planned or unplanned outages on the Company's system or on any pipeline system, or the inability of any such system to deliver Gas, and acts of civil or military authority (including, but not limited to, courts or administrative or regulatory agencies); such term shall likewise include (a) in those instances where either party is required to obtain servitudes, rights-of-way grants, permits or licenses to enable such party to fulfill its obligations hereunder, the inability of such party to acquire, or the delays on the part of such party in acquiring, at reasonable cost and after the exercise of reasonable diligence, such servitudes, rights-of-way grants, permits or licenses; and (b) in those instances where either party is required to furnish materials and supplies for the purpose of constructing or maintaining facilities or is required to secure grants or permissions from any governmental agency to enable such party to fulfill its obligations hereunder, the inability of such party to acquire, or the delays on the part of such party in acquiring, at reasonable cost and after the exercise of reasonable diligence, such materials and supplies, permits and permissions.

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

Customer shall not be entitled to recover from Company any consequential, indirect, incidental or special damages, such as loss of use of any property or equipment, loss of profits or income, loss of production, rental expenses for replacement property or equipment, diminution in value of real property, or expenses to restore operations.

X

TRANSPORTATION SERVICE

A. AVAILABILITY

Transportation service differs from sales service, in which the Customer purchases Gas from the Company. The Company provides transportation service when it re-delivers Customer-owned Gas delivered to the Company's distribution system by a Customer or its supplier or agent for consumption by the Customer. Transportation service is available to Customers through either the Natural Choice Transportation Service Rider (Rider NCTS) and/or the Individual Transportation Service Rider (ITS) depending on the rate schedule under which Customer receives Gas Service from Company. A Customer's service from the Company will not be affected by the Customer's election to participate in a transportation program.

B. COMPANY'S OBLIGATIONS

The Company is only obligated to re-deliver natural gas that has been delivered to its system by a Customer or its agent or supplier for use by the transportation Customer. If the Pool Manager or a Customer on a firm rate schedule and participating in the Natural Choice Transportation Service Rider (Rider NCTS), fails to deliver adequate gas supply on any given day, the Company will continue to provide service as long as provision of service is not detrimental to other Customers. When a Customer receiving transportation service under Rider ITS, or its agent, fails to deliver natural Gas to the Company's distribution system in sufficient quantity to serve the Customer's daily requirement, the Company may curtail the Customer's consumption.

However, it is the intent of the Company that failure by a Pool Manager or Customer to deliver adequate natural gas on any given day shall not cause the interruption or curtailment of other Customers who either, 1) deliver an adequate quantity of natural gas to serve the Customer's or Customer Pool's daily usage, if a transportation Customer, or 2) purchase Gas from the Company.

C. RETURN TO SALES SERVICE

A Customer who participates in transportation service and chooses to return to sales service may return to sales service, if such return is not detrimental to other Customers. Any Customer which returns to sales service must remain on sales service for the twelve (12) consecutive months following the return to sales service. This twelve (12) month requirement does not apply in the event the Customer's Pool Manager under Rider NCTS terminates service to the Customer. Even under this exception, the Customer shall not return to transportation service with the same Pool Manager or gas marketer, or any affiliated company during the following twelve (12) month period.

TRANSPORTATION SERVICE (Continued)

D. COMPANY STANDARDS

In operating the Natural Choice Transportation Service Rider, the Company will:

1. Apply its transportation service tariff provisions uniformly to all similarly situated affiliated and non-affiliated marketers, brokers, agents, and Customers.
2. Make ancillary services provided by the Company available on a non-discriminatory basis to all similarly situated Pool Managers.
3. Process all similar requests for transportation service in the same manner.
4. Provide, if requested by a Customer, a list of all Pool Managers operating on Company's system.
5. Functionally separate operating employees for the Company from the operating employees of any affiliated Pool Manager.
6. Maintain its books of accounts and records separate from the books of accounts and records of any affiliated Pool Manager.

In operating the Natural Choice Transportation Service Rider, the Company will not:

7. Give any similarly situated Pool Manager or Customer preference in matters, rates, information, or charges relating to transportation service including, scheduling, balancing, metering, standby service or curtailment policy.
8. Communicate to any Customer, Pool Manager or third person that any advantage might accrue to such Customer, Pool Manager or third person in the use of the Company's Natural Choice Transportation Service Rider as a result of the Customer's, Pool Manager's or other third person's dealing with a Pool Manager affiliated with the Company.

INDEX OF RATE SCHEDULES (Continued)

	<u>SHEET NO.</u>
SPECIAL INTERRUPTIBLE RATES:	
City Gate Service (CG)	7.701
Off-System Sales Service (OSS)	7.702
RIDERS	
Transportation Aggregation Rider TA	7.802
Natural Choice Transportation Service (Rider NCTS)	7.803
Individual Transportation Service (Rider ITS)	7.805
Gas Service Reliability Rider (Rider GSR)	7.807
Carbon Reduction Rider (Rider CR)	7.809

**RESIDENTIAL SERVICE
Rate Schedule RS**

Availability:

Throughout the service areas of the Company.

Applicability:

Gas Service for residential purposes in individually metered residences and separately metered apartments. Also, for Gas used in commonly owned facilities of condominium associations, cooperative apartments, and homeowners associations, (excluding any premise at which the only Gas-consuming appliance or equipment is a standby electric generator), subject to the following criteria:

1. 100% of the Gas is used exclusively for the co-owner's benefit.
2. None of the Gas is used in any endeavor which sells or rents a commodity or provides service for a fee.
3. Each Point of Delivery will be separately metered and billed.
4. A responsible legal entity is established as the Customer to whom the Company can render its bills for said services.

Customers receiving service under this schedule will be classified for billing purposes according to annual usage as follows:

<u>Billing Class</u>	<u>Annual Consumption</u>
RS-1	0 – 100 Therms
RS-2	101 – 249 Therms
RS-3	250 – 1,999 Therms

Monthly Rate:

<u>Billing Class</u>	<u>Customer Charge</u>
RS-1	\$12.00 per month
RS-2	\$15.00 per month
RS-3	\$20.00 per month

Distribution Charge: \$0.32120 per Therm

Minimum Bill: The Customer charge.

RESIDENTIAL SERVICE (Continued)

Note 1 – Company's BudgetPay plan is available to eligible Customers receiving Gas Service pursuant to this rate schedule (See Sheet No. 5.401-3).

The bill for the Therms billed under this schedule shall be increased in accordance with the provisions of the Company's Purchased Gas Adjustment Clause set forth on Sheet No. 7.101-1.

Special Conditions:

1. The rates set forth under this schedule shall be subject to the operation of the Energy Conservation Cost Recovery Adjustment Clause set forth on Sheet No. 7.101-2.
2. Service under this schedule shall be subject to the Rules and Regulations set forth in this tariff.
3. Service under this schedule is subject to annual volume review by the Company or any time at the Customer's request. If reclassification to another billing class is appropriate such classification will be prospective.
4. The rates set forth under this schedule shall be subject to the operation of the Company's Tax and Fee Adjustment Clause set forth on Sheet No. 7.101-5.
5. The rates set forth under this schedule shall be subject to the operation of the Gas System Reliability Rider Surcharge set forth on Sheet No. 7.807 through 7.807-3.
6. The rates set forth under this schedule shall be subject to the operation of the Carbon Reduction Rider Surcharge set forth on Sheet No. 7.809 through 7.809-2.

**SMALL GENERAL SERVICE
Rate Schedule SGS**

Availability:

Throughout the service areas of the Company.

Applicability:

Gas delivered to any non-residential Customer (except a Customer whose only Gas-consuming appliance or equipment is a standby electric generator) using 0 through 1,999 Therms per year or less. A Customer eligible for service pursuant to this rate schedule is eligible for transportation service under Rider NCTS.

Monthly Rate:

Customer Charge:	\$25.00 per month
Distribution Charge:	\$0.36404 per Therm

The bill for the Therms billed at the above rates shall be increased in accordance with the provisions of the Company's Purchased Gas Adjustment Clause set forth on Sheet No. 7.101-1, unless Customer receives transportation service under the Company's Rider NCTS.

Minimum Bill: The Customer charge.

Special Conditions:

1. When the Customer receives transportation service under the Company's Natural Choice Transportation Service Rider (Rider NCTS), the rates set forth above shall be subject to the operation of the Company's Swing Service Charge set forth on Sheet No. 7.101-3.
2. The rates set forth above shall be subject to the operation of the Energy Conservation Cost Recovery Adjustment Clause set forth on Sheet No. 7.101-2.
3. A contract for an initial term of one year may be required as a condition precedent to service under this schedule, unless an extension of facilities is involved, in which case the term of the contract shall be the term required under the agreement for the facilities extension.
4. The rates set forth in this schedule shall be subject to the operation of the Company's Competitive Rate Adjustment Clause set forth of Sheet No. 7.101-5.

SMALL GENERAL SERVICE (Continued)

5. Service under this schedule shall be subject to the Rules and Regulations set forth in this tariff.
6. Service under this schedule is subject to annual volume review by the Company or any time at the Customer's request. If reclassification to another schedule is appropriate such classification will be prospective.
7. The rates set forth under this schedule shall be subject to the operation of the Company's Tax and Fee Adjustment Clause set forth on Sheet No. 7.101-5.
8. The rates set forth under this schedule shall be subject to the operation of the Gas System Reliability Rider Surcharge set forth on Sheet No. 7.807 through 7.807-3.
9. The rates set forth under this schedule shall be subject to the operation of the Carbon Reduction Rider Surcharge set forth on Sheet No. 7.809 through 7.809-2.

GENERAL SERVICE - 1
Rate Schedule GS-1

Availability:

Throughout the service areas of the Company.

Applicability:

Gas delivered to any Customer (except a Customer whose only Gas-consuming appliance or equipment is a standby electric generator) using 2,000 through 9,999 Therms per year. A Customer eligible for service pursuant to this rate schedule is eligible for transportation service under Rider NCTS.

Monthly Rate:

Customer Charge: \$35.00 per month

Distribution Charge: \$0.28119 per Therm

The bill for the Therms billed at the above rates shall be increased in accordance with the provisions of the Company's Purchased Gas Adjustment Clause set forth on Sheet No. 7.101-1, unless Customer receives transportation service under the Company's Rider NCTS.

Minimum Bill: The Customer charge.

Special Conditions:

1. When the Customer receives service under the Company's Natural Choice Transportation Service Rider (Rider NCTS), the rates set forth above shall be subject to the operation of the Company's Swing Service Charge set forth on Sheet No. 7.101-3.
2. The rates set forth above shall be subject to the operation of the Energy Conservation Cost Recovery Adjustment Clause set forth on Sheet No. 7.101-2.
3. A contract for an initial term of one year may be required as a condition precedent to service under this schedule, unless an extension of facilities is involved, in which case the term of the contract shall be the term required under the agreement for the facilities extension.
4. The rates set forth in this schedule shall be subject to the operation of the Company's Competitive Rate Adjustment Clause set forth on Sheet No. 7.101-5.

GENERAL SERVICE – 1 (Continued)

5. Service under this schedule shall be subject to the Rules and Regulations set forth in this tariff.
6. Service under this schedule is subject to annual volume review by the Company or any time at the Customer's request. If reclassification to another schedule is appropriate such classification will be prospective.
7. The rates set forth under this schedule shall be subject to the operation of the Company's Tax and Fee Adjustment Clause set forth on Sheet No. 7.101-5.
8. The rates set forth under this schedule shall be subject to the operation of the Gas System Reliability Rider Surcharge set forth on Sheet No. 7.807 through 7.807-3.
9. The rates set forth under this schedule shall be subject to the operation of the Carbon Reduction Rider Surcharge set forth on Sheet No. 7.809 through 7.809-2.

GENERAL SERVICE - 2
Rate Schedule GS-2

Availability:

Throughout the service areas of the Company.

Applicability:

Gas delivered to any Customer (except a Customer whose only Gas-consuming appliance or equipment is a standby electric generator) using 10,000 through 49,999 Therms per year. A Customer eligible for service pursuant to this rate schedule is eligible for transportation service under Rider NCTS.

Monthly Rate:

Customer Charge: \$50.00 per month

Distribution Charge: \$0.24433 per Therm

The bill for the Therms billed at the above rates shall be increased in accordance with the provisions of the Company's Purchased Gas Adjustment Clause set forth on Sheet No. 7.101-1, unless Customer receives transportation service under the Company's Rider NCTS.

Minimum Bill: The Customer charge.

Special Conditions:

1. When the Customer receives service under the Company's Natural Choice Transportation Service Rider (Rider NCTS), the rates set forth above shall be subject to the operation of the Company's Swing Service Charge set forth on Sheet No. 7.101-3.
2. The rates set forth above shall be subject to the operation of the Energy Conservation Cost Recovery Adjustment Clause set forth on Sheet No. 7.101-2.
3. A contract for an initial term of one year may be required as a condition precedent to service under this schedule, unless an extension of facilities is involved, in which case the term of the contract shall be the term required under the agreement for the facilities extension.
4. The rates set forth in this schedule shall be subject to the operation of the Company's Competitive Rate Adjustment Clause set forth on Sheet No. 7.101-5.

GENERAL SERVICE - 2 (Continued)

5. Service under this schedule shall be subject to the Rules and Regulations set forth in this tariff.
6. Service under this schedule is subject to annual volume review by the Company or anytime at the Customer's request. If reclassification to another schedule is appropriate such classification will be prospective.
7. The rates set forth under this schedule shall be subject to the operation of the Company's Tax and Fee Adjustment Clause set forth on Sheet No. 7.101-5.
8. The rates set forth under this schedule shall be subject to the operation of the Gas System Reliability Rider Surcharge set forth on Sheet No. 7.807 through 7.807-3.
9. The rates set forth under this schedule shall be subject to the operation of the Carbon Reduction Rider Surcharge set forth on Sheet No. 7.809 through 7.809-2.

GENERAL SERVICE - 3
Rate Schedule GS-3

Availability:

Throughout the service areas of the Company.

Applicability:

Gas delivered to any Customer (except a Customer whose only Gas-consuming appliance or equipment is a standby electric generator) using 50,000 through 249,999 Therms per year. A Customer eligible for service pursuant to this rate schedule is eligible for transportation service under Rider NCTS and may be eligible for transportation service under Rider ITS.

Monthly Rate:

Customer Charge:	\$150.00 per month
Distribution Charge:	\$0.21157 per Therm

The bill for the Therms billed at the above rates shall be increased in accordance with the provisions of the Company's Purchased Gas Adjustment Clause set forth on Sheet No. 7.101-1, unless Customer receives transportation service under the Company's Rider NCTS or Rider ITS.

Minimum Bill: The Customer charge.

Special Conditions:

1. When the Customer receives service under the Company's Natural Choice Transportation Service Rider (Rider NCTS), the rates set forth above shall be subject to the operation of the Company's Swing Service Charge set forth on Sheet No. 7.101-3.
2. The rates set forth above shall be subject to the operation of the Energy Conservation Cost Recovery Adjustment Clause set forth on Sheet No. 7.101-2.
3. A contract for an initial term of one year may be required as a condition precedent to service under this schedule, unless an extension of facilities is involved, in which case the term of the contract shall be the term required under the agreement for the facilities extension.
4. The rates set forth in this schedule shall be subject to the operation of the Company's Competitive Rate Adjustment Clause set forth on Sheet No. 7.101-5.

GENERAL SERVICE - 3 (Continued)

5. Service under this schedule shall be subject to the Rules and Regulations set forth in this tariff.
6. Service under this schedule is subject to annual volume review by the Company or anytime at the Customer's request. If reclassification to another schedule is appropriate such classification will be prospective.
7. The rates set forth under this schedule shall be subject to the operation of the Company's Tax and Fee Adjustment Clause set forth on Sheet No. 7.101-5.
8. The rates set forth under this schedule shall be subject to the operation of the Gas System Reliability Rider Surcharge set forth on Sheet No. 7.807 through 7.807-3.
9. The rates set forth under this schedule shall be subject to the operation of the Carbon Reduction Rider Surcharge set forth on Sheet No. 7.809 through 7.809-2.

GENERAL SERVICE - 4
Rate Schedule GS-4

Availability:

Throughout the service areas of the Company.

Applicability:

Gas delivered to any Customer (except a Customer whose only Gas-consuming appliance or equipment is a standby electric generator) using 250,000 through 499,999 Therms per year. A Customer eligible for service pursuant to this rate schedule is eligible for transportation service under Rider NCTS or Rider ITS.

Monthly Rate:

Customer Charge:	\$250.00 per month
Distribution Charge:	\$0.15374 per Therm

The bill for the Therms billed at the above rates shall be increased in accordance with the provisions of the Company's Purchased Gas Adjustment Clause set forth on Sheet No. 7.101-1, unless Customer receives transportation service under the Company's Rider NCTS or Rider ITS.

Minimum Bill: The Customer charge.

Special Conditions:

1. When the Customer receives service under the Company's Natural Choice Transportation Service Rider (Rider NCTS), the rates set forth above shall be subject to the operation of the Company's Swing Service Charge set forth on Sheet No. 7.101-3.
2. The rates set forth above shall be subject to the operation of the Energy Conservation Cost Recovery Adjustment Clause set forth on Sheet No. 7.101-2.
3. A contract for an initial term of one year may be required as a condition precedent to service under this schedule, unless an extension of facilities is involved, in which case the term of the contract shall be the term required under the agreement for the facilities extension.
4. The rates set forth in this schedule shall be subject to the operation of the Company's Competitive Rate Adjustment Clause set forth on Sheet No. 7.101-5.

GENERAL SERVICE - 4 (Continued)

5. Service under this schedule shall be subject to the Rules and Regulations set forth in this tariff.
6. Service under this schedule is subject to annual volume review by the Company or anytime at the Customer's request. If reclassification to another schedule is appropriate such classification will be prospective.
7. The rates set forth under this schedule shall be subject to the operation of the Company's Tax and Fee Adjustment Clause set forth on Sheet No. 7.101-5.
8. The rates set forth under this schedule shall be subject to the operation of the Gas System Reliability Rider Surcharge set forth on Sheet No. 7.807 through 7.807-3.
9. The rates set forth under this schedule shall be subject to the operation of the Carbon Reduction Rider Surcharge set forth on Sheet No. 7.809 through 7.809-2.

GENERAL SERVICE - 5
Rate Schedule GS-5

Availability:

Throughout the service areas of the Company.

Applicability:

Gas delivered to any Customer (except a Customer whose only Gas-consuming appliance or equipment is a standby electric generator) using a minimum of 500,000 Therms per year or more at one billing location.

A Customer eligible for service under this rate schedule is eligible for transportation service under either Rider NCTS or Rider ITS.

Monthly Rate:

Customer Charge: \$300.00 per month

Distribution Charge: \$0.11480 per Therm

The bill for the Therms billed at the above rates shall be increased in accordance with the provisions of the Company's Purchased Gas Adjustment Clause set forth on Sheet No. 7.101-1, unless Customer receives transportation service under either the Company's Rider NCTS or Rider ITS.

Minimum Bill: The Customer charge.

Special Conditions:

1. When the Customer receives service under the Company's Natural Choice Transportation Service Rider (Rider NCTS), the rates set forth above shall be subject to the operation of the Company's Swing Service Charge set forth on Sheet No. 7.101-3.
2. The rates set forth above shall be subject to the operation of the Energy Conservation Cost Recovery Adjustment Clause set forth on Sheet No. 7.101-2.
3. A contract for an initial term of one year may be required as a condition precedent to service under this schedule, unless an extension of facilities is involved, in which case the term of the contract shall be the term required under the agreement for the facilities extension.
4. The rates set forth in this schedule shall be subject to the operation of the Company's Competitive Rate Adjustment Clause set forth on Sheet No. 7.101-5.

GENERAL SERVICE - 5 (Continued)

5. Service under this schedule (unless otherwise indicated herein) shall be subject to the Rules and Regulations set forth in this tariff.
6. Service under this schedule is subject to annual volume review by the Company or anytime at the Customer's request. If reclassification to another schedule is appropriate such classification will be prospective.
7. The rates set forth under this schedule shall be subject to the operation of the Company's Tax and Fee Adjustment Clause set forth on Sheet No. 7.101-5.
8. The rates set forth under this schedule shall be subject to the operation of the Gas System Reliability Rider Surcharge set forth on Sheet No. 7.807 through 7.807-3.
9. The rates set forth under this schedule shall be subject to the operation of the Carbon Reduction Rider Surcharge set forth on Sheet No. 7.809 through 7.809-2.

**COMMERCIAL STREET LIGHTING SERVICE
Rate Schedule CSLS**

Availability:

Throughout the service areas of the Company.

Applicability:

Gas delivered for use in commercial street lighting devices for public or private use in common areas around subdivisions, complexes, streets, highways or roadway lighting. To qualify for this rate, Customer must have at least ten (10) Gas street lights or a total of forty (40) individual mantles installed and separately metered from other gas-using equipment. A Customer eligible for service under this rate schedule is eligible for transportation service under the Company's Rider NCTS.

Monthly Rate:

Distribution Charge: \$0.19768 per Therm

The bill for the Therms billed at the above rates shall be increased in accordance with the provisions of the Company's Purchased Gas Adjustment Clause set forth on Sheet No. 7.101-1, unless Customer receives transportation service under Rider NCTS.

Special Conditions:

1. When the Customer receives service under the Company's Natural Choice Transportation Rider (Rider NCTS), the rates set forth above shall be subject to the operation of the Company's Swing Service Charge set forth on Sheet No. 7.101-3.
2. The rates set forth above shall be subject to the operation of the Energy Conservation Cost Recovery Adjustment Clause set forth on Sheet No. 7.101-2.
3. A contract for an initial term of one year may be required as a condition precedent to service under this schedule, unless an extension of facilities is involved, in which case the term of the contract shall be the term required under the agreement for the facilities extension.
4. The rates set forth above shall be subject to the operation of the Company's Competitive Rate Adjustment Clause set forth on Sheet No. 7.101-5.
5. Service under this schedule shall be subject to the Rules and Regulations set forth in this tariff.
6. Service under this schedule will require one street light to be metered per account. The metered volume multiplied by the number of lights will equal total Therm usage per month.

COMMERCIAL STREET LIGHTING SERVICE (Continued)

7. The rates set forth under this schedule shall be subject to the operation of the Company's Tax and Fee Adjustment Clause set forth on Sheet No. 7.101-5.
8. The rates set forth under this schedule shall be subject to the operation of the Gas System Reliability Rider Surcharge set forth on Sheet No. 7.807 through 7.807-3.
9. The rates set forth under this schedule shall be subject to the operation of the Carbon Reduction Rider Surcharge set forth on Sheet No. 7.809 through 7.809-2.

**NATURAL GAS VEHICLE SERVICE
Rate Schedule NGVS**

Availability:

Throughout the service areas of the Company.

Applicability:

Gas delivered to any Customer through a separate Meter for compression and delivery (through the use of equipment furnished by Customer) into motor vehicle fuel tanks or other transportation containers. A Customer eligible for service pursuant to this rate schedule is eligible for transportation service under either Rider NCTS or ITS Rider.

Monthly Rate:

Customer Charge: \$45.00 per month

Distribution Charge: 0.18860 per Therm

The bill for the Therms billed at the above rates shall be increased in accordance with the provisions of the Company's Purchased Gas Adjustment Clause set forth on Sheet No. 7.101-1, unless Customer receives transportation service under Rider NCTS and ITS Rider.

Minimum Bill: The Customer charge.

Special Conditions:

1. When the Customer receives service under the Company's Natural Choice Transportation Service Rider (Rider NCTS), the rates set forth above shall be subject to the operation of the Company's Swing Service Charge set forth on Sheet No. 7.101-3.
2. The rates set forth above shall be subject to the operation of the Energy Conservation Cost Recovery Adjustment Clause set forth of Sheet No. 7.101-2.
3. A contract for an initial term of one year may be required as a condition precedent to service under this rate schedule, unless an extension of facilities is involved, in which case the term of the contract shall be the term required under the agreement for the facilities extension.
4. The rates set forth above schedule shall be subject to the operation of the Company's Competitive Rate Adjustment Clause set forth on Sheet No 7.101-5.
5. Service under this schedule shall be subject to the Rules and Regulations set forth in this tariff.

NATURAL GAS VEHICLE SERVICE (Continued)

6. The rates set forth under this schedule shall be subject to the operation of the Company's Tax and Fee Adjustment Clause set forth on Sheet No. 7.101-5.
7. The rates set forth under this schedule shall be subject to the operation of the Gas System Reliability Rider Surcharge set forth on Sheet No. 7.807 through 7.807-3.
8. The rates set forth under this schedule shall be subject to the operation of the Carbon Reduction Rider Surcharge set forth on Sheet No. 7.809 through 7.809-2.

**RESIDENTIAL STANDBY GENERATOR SERVICE
Rate Schedule RS-SG**

Availability:

Throughout the service areas of the Company.

Applicability:

Gas delivered to any Customer otherwise eligible to receive Gas Service under Rate Schedule RS whose only Gas-consuming appliance or equipment is a standby electric generator.

Monthly Rate:

Customer Charge:	\$20.00	
Distribution Charge:	0 – 20.0 therms	\$.00000 per Therm
	In excess of 20.0 therms	\$.32120 per Therm
Minimum Monthly Bill:	\$20.00	

The bill for the Therms billed at the above rates shall be increased in accordance with the provisions of the Company's Purchased Gas Adjustment Clause set for the on Sheet No. 7.101-1.

Special Conditions:

1. The rates set forth above shall be subject to the operation of the Energy Conservation Cost Recovery Adjustment Clause set forth on Sheet No. 7.101-2 and will apply to each Therm delivered to Customer during a Billing Period.
2. The rates set forth in this schedule shall be subject to the operation of the Company's Competitive Rate Adjustment Clause set forth on Sheet No. 7.101-5 and will apply to each Therm delivered to Customer during a Billing Period.
3. The rates set forth in this tariff shall be subject to the operation of the Company's Tax and Fee Adjustment Clause set forth on Sheet No. 7.101-5 and will apply to each Therm delivered to Customer during a Billing Period.
4. Subject to Special Condition 5 below, a Customer receiving Gas Service under this schedule shall remain obligated to remain on this schedule for 12 months. This 12-month requirement shall be renewed at the end of each 12-month period unless customer terminates Gas Service at the end of any 12-month period.
5. If Customer installs an additional Gas appliance at the premise at which service is provided hereunder, then Customer will be transferred to the otherwise applicable rate schedule.

RESIDENTIAL STANDBY GENERATOR SERVICE (Continued)

6. Service under this schedule shall be subject to the Rules and Regulations set forth in this tariff.
7. The rates set forth under this schedule shall be subject to the operation of the Gas System Reliability Rider Surcharge set forth on Sheet No. 7.807 through 7.807-3.
8. The rates set forth under this schedule shall be subject to the operation of the Carbon Reduction Rider Surcharge set forth on Sheet No. 7.809 through 7.809-2.

COMMERCIAL STANDBY GENERATOR SERVICE
Rate Schedule CS-SG

Availability:

Throughout the service areas of the Company.

Applicability:

Gas delivered to any Customer eligible to receive Gas Service under Rate Schedule SGS, GS-1, GS-2, GS-3, GS-4 or GS-5 whose only Gas-consuming appliance or equipment is a standby electric generator.

Monthly Rate:

Customer Charge:	\$35.00	
Distribution Charge:	0 – 40.0 Therms	\$0.00000 per Therm
	In excess of 40.0 Therms	\$0.28119 per Therm
Minimum Monthly Bill:	\$35.00	

1. The bill for the Therms billed at the above rates shall be increased in accordance with the provisions of the Company's Purchased Gas Adjustment Clause set forth on Sheet No. 7.101-1, unless Customer receives transportation service under the Company's Rider NCTS.

Minimum Bill: The Minimum Monthly Bill.

Special Conditions:

1. When the Customer receives transportation service under the Company's Natural Choice Transportation Service Rider (Rider NCTS), the rates set forth above shall be subject to the operation of the Company's Swing Service Charge set forth on Sheet No. 7.101-3
2. The rates set forth above shall be subject to the operation of the Energy Conservation Cost Recovery Adjustment Clause set forth on Sheet No. 7.101-2 and will apply to each Therm delivered to Customer during a Billing Period.
3. The rates set forth in this schedule shall be subject to the operation of the Company's Competitive Rate Adjustment Clause set forth on Sheet No. 7.101-5.4 and will apply to each Therm delivered to Customer during a Billing Period.
4. The rates set forth in this tariff shall be subject to the operation of the Company's Tax and Fee Adjustment Clause set forth on Sheet No. 7.101-5 and will apply to each Therm delivered to Customer during a Billing Period.

COMMERCIAL STANDBY GENERATOR SERVICE
Rate Schedule CS-SG

5. A Customer eligible for service pursuant to this rate schedule is eligible for transportation service under Rider NCTS.
6. Subject to Special Condition 7 below, a Customer receiving Gas Service under this schedule shall remain obligated to remain on this schedule for 12 months. This 12-month requirement shall be renewed at the end of each 12-month period unless customer terminates Gas Service at the end of any 12-month period.
7. If Customer installs an additional Gas appliance at the premise at which service is provided hereunder, then Customer will be transferred to the otherwise applicable rate schedule.
8. Service under this schedule shall be subject to the Rules and Regulations set forth in this tariff.
9. The rates set forth under this schedule shall be subject to the operation of the Gas System Reliability Rider Surcharge set forth on Sheet No. 7.807 through 7.807-3.
10. The rates set forth under this schedule shall be subject to the operation of the Carbon Reduction Rider Surcharge set forth on Sheet No. 7.809 through 7.809-2.

**WHOLESALE SERVICE - FIRM
Rate Schedule WHS**

Availability:

For other Gas distribution or electric utility companies throughout service areas of the Company.

Applicability:

Service under this schedule will only be rendered when the Company has sufficient Gas and interstate pipeline capacity to meet all its other needs during the term of the sale under this schedule. Firm Gas Service for other Gas utility's residential or commercial resale or for use by an electric utility for its own consumption. A Customer eligible for service pursuant to this rate schedule is eligible for transportation service under Rider ITS.

Monthly Rate:

Customer Charge: \$150.00 per month

Distribution Charge: \$0.15616 per Therm

The bill for the Therms billed at the above rates shall be increased in accordance with the provisions of the Company's Purchased Gas Adjustment Clause set forth on Sheet No. 7.101-1, unless Customer receives transportation service under the Company's Rider ITS.

Special Conditions:

1. An executed contract for a period of at least one year is required as a condition precedent to service hereunder.
2. The rates set forth above shall be subject to the operation of the Company's Competitive Rate Adjustment Clause set forth on Sheet No. 7.101-5.
3. If any facilities other than metering and regulating equipment are required to render service under this schedule, the Customer shall pay for these facilities prior to the commencement of service.
4. Service under this schedule shall be subject to the Rules and Regulations set forth in this tariff.
5. The rates set forth above shall be subject to the operation of the Company's Tax and Fee Adjustment Clause set forth on Sheet No. 7.101-5.
6. The rates set forth above shall be subject to the operation of the Gas System Reliability Rider Surcharge set forth on Sheet No. 7.807 through 7.807-3.

**SMALL INTERRUPTIBLE SERVICE
Rate Schedule SIS**

Availability:

Throughout the service areas of the Company, subject to the provisions of Special Condition 8.

Applicability:

Interruptible Service for non-residential commercial or industrial service under this schedule is subject to interruption or curtailment at the sole discretion of the Company at any time and is available to Customers using 1,000,000 through 3,999,999 Therms per year. A Customer eligible for service pursuant to this rate schedule is eligible for transportation service under Rider ITS.

Service will be provided by the Company based on available pipeline capacity and the Customer delivering suitable Gas into the Company's distribution system.

Monthly Rate:

Customer Charge: \$300.00 per month

Distribution Charge: \$0.07223 per Therm

The bill for the Therms billed at the above rates shall be increased in accordance with the provisions of the Company's Purchased Gas Adjustment Clause set forth on Sheet No. 7.101-1, unless Customer receives transportation service under the Company's Rider ITS.

Minimum Bill: The Customer charge.

Special Conditions:

1. A service agreement accepted by the Company is a condition precedent for service under this schedule. The term of the agreement shall be set forth therein but shall not be less than one year.
2. If the Customer's requirements for Gas change, the Customer shall notify the Company so that the daily and annual quantities in the service agreement may be changed. If the Customer's usage indicates that the amounts set forth in the then existing agreement are not applicable, the Company may require that the daily and annual estimates be changed to reflect the existing conditions.
3. The rates set forth above shall be subject to the operation of the Company's Competitive Rate Adjustment Clause set forth on Sheet No. 7.101-5.

SMALL INTERRUPTIBLE SERVICE (Continued)

4. Interruption and curtailment:
The Company may notify the Customer at any time to reduce or cease using Gas. The Company will endeavor to give as much notice as possible to the Customer.

Any gas taken in excess of the volume allocated to the Customer in an interruption or curtailment order shall be considered to be unauthorized overrun gas. Company may bill and Customer shall pay for such unauthorized overrun gas at the greater of (i) five (5) times the highest Gas Daily mid-point price for gas delivered to a Gulf Coast pipeline plus FGT's FTS-2 reservation, usage, fuel and applicable surcharges or (ii) five (5) times the Gas Daily FGT Florida City gate price for gas for the calendar day on which such unauthorized overrun gas was taken.
5. Service under this schedule shall be subject to the Rules and Regulations set forth in this tariff.
6. As a condition for receiving service pursuant to this rate schedule, Customer agrees that it will give notice to Company at least 120 days prior to the effective date of any termination of service under this rate schedule which is to be followed by the Company's establishment of service to Customer under a rate schedule providing for firm service.
7. The rates set forth under this schedule shall be subject to the operation of the Company's Tax and Fee Adjustment Clause set forth on Sheet No. 7.101-5.
8. The rates set forth under this schedule shall be subject to the operation of the Gas System Reliability Rider Surcharge set forth on Sheet No. 7.807 through 7.807-3.

**INTERRUPTIBLE SERVICE
Rate Schedule IS**

Availability:

Throughout the service areas of the Company.

Applicability:

Interruptible Gas for non-residential commercial or industrial use. Service under this schedule is subject to interruption or curtailment at the sole discretion of the Company at any time and is available to Customers using 4,000,000 through 49,999,999 Therms per year (see Special Condition 7). A Customer eligible for service pursuant to this rate schedule is also eligible for transportation service under Rider ITS.

Service will be provided by the Company based on available pipeline capacity and the Customer delivering suitable Gas into the Company's distribution system.

Monthly Rate:

Customer Charge: \$475.00 per month

Distribution Charge: \$0.03363 per Therm

The bill for the Therms billed at the above rates shall be increased in accordance with the provisions of the Company's Purchased Gas Adjustment Clause set forth on Sheet No. 7.101-1, unless Customer receives transportation service under the Company's Rider ITS.

Minimum Bill: The Customer charge.

Special Conditions:

1. A service agreement accepted by the Company is a condition precedent for service under this schedule. The term of the agreement shall be set forth therein but shall not be less than one year.
2. If the Customer's requirements for Gas change, the Customer shall notify the Company so that the daily and annual quantities in the service agreement may be changed. If the Customer's usage indicates that the amounts set forth in the then existing agreement are not applicable, the Company may require that the daily and annual estimates be changed to reflect the existing conditions.

INTERRUPTIBLE SERVICE (Continued)

3. Interruption and curtailment:
The Company may notify the Customer at any time to reduce or cease using Gas. The Company will endeavor to give as much notice as possible to the Customer.

Any Gas taken in excess of the volume allocated to the Customer in an interruption or curtailment order shall be considered to be unauthorized overrun Gas. Company may bill and Customer shall pay for such unauthorized overrun Gas at the greater of (i) five (5) times the highest Gas Daily mid-point price for gas delivered to a Gulf Coast pipeline plus FGT's FTS-2 reservation, usage, fuel and applicable surcharges or (ii) five (5) times the Gas Daily FGT Florida City gate price for gas for the calendar day on which such unauthorized overrun gas was taken.
4. The rates set forth under this schedule shall be subject to the operation of the Company's Competitive Rate Adjustment Clause set forth on Sheet No. 7.101-5.
5. Service under this schedule shall be subject to the Rules and Regulations set forth in this tariff.
6. A Customer which qualifies for service under this rate schedule shall continue to qualify for service hereunder if its usage is decreased below 4,000,000 Therms per year due solely to the Customer's taking thermal energy from a cogeneration facility to which the Company sells Gas or provides transportation service.
7. The rates set forth under this schedule shall be subject to the operation of the Company's Tax and Fee Adjustment Clause set forth on Sheet No. 7.101-5.
8. The rates set forth under this schedule shall be subject to the operation of the Gas System Reliability Rider Surcharge set forth on Sheet No. 7.807 through 7.807-3.

**INTERRUPTIBLE SERVICE - LARGE VOLUME
Rate Schedule ISLV**

Availability:

Throughout the service areas of the Company.

Applicability:

Interruptible Gas for non-residential commercial or industrial use. Service under this schedule is subject to interruption or curtailment at the sole discretion of the Company at any time and is available to Customers using 50,000,000 Therms per year or more. A Customer eligible for service pursuant to this rate schedule is eligible for transportation service under Rider ITS.

Service will be provided by the Company based on available pipeline capacity and the Customer delivering suitable Gas into the Company's distribution system.

Monthly Rate:

Customer Charge: \$475.00 per month

Distribution Charge: \$0.00848 per Therm

The bill for the Therms billed at the above rates shall be increased in accordance with the provisions of the Company's Purchased Gas Adjustment Clause set forth on Sheet No. 7.101-1, unless Customer receives transportation service under Company's Rider ITS.

Minimum Bill: The Customer charge.

Special Conditions:

1. A service agreement accepted by the Company is a condition precedent for service under this schedule. The term of the agreement shall be set forth therein but not less than one year.
2. If the Customer's requirement for Gas change, the Customer shall notify the Company so that the daily and annual quantities in the service agreement may be changed. If the Customer's usage indicates that the amounts set forth in the then existing agreement are not applicable, the Company may require that the daily and annual estimates be changed to reflect the existing conditions.

INTERRUPTIBLE SERVICE - LARGE VOLUME (Continued)

3. Interruption and Curtailment:
The Company may notify the Customer at any time to reduce or cease using Gas. The Company will endeavor to give as much notice as possible to the Customer. Any Gas taken in excess of the volume allocated to the Customer in an interruption or curtailment order shall be considered to be unauthorized overrun Gas. Company may bill and Customer shall pay for such unauthorized overrun Gas at the greater of (i) five (5) times the highest Gas Daily mid-point price for gas delivered to a Gulf Coast pipeline plus FGT's FTS-2 reservation, usage, fuel and applicable surcharges or (ii) five (5) times the Gas Daily FGT Florida City gate price for gas for the calendar day on which such unauthorized overrun gas was taken.
4. Service under this schedule shall be subject to the Rules and Regulations set forth in this tariff.
5. Service under this schedule is subject to annual volume review by the Company or any time at the Customer's request. If reclassification to another schedule is appropriate, such classification will be prospective.
6. The rates set forth under this schedule shall be subject to the operation of the Company's Tax and Fee Adjustment Clause set forth on Sheet No. 7.101-5.
7. The rates set forth under this schedule shall be subject to the operation of the Gas System Reliability Rider Surcharge set forth on Sheet No. 7.807 through 7.807-3.

NATURAL CHOICE TRANSPORTATION SERVICE Rider NCTS

Availability:

Available to all Customers receiving service from Company (except Customers receiving service under Rate Schedule RS) and (a) for which service hereunder is requested as a part of an NCTS Customer Pool (as herein defined), (b) for which the Customer's total consumption of Gas is purchased from or through a Pool Manager (as herein defined), (c) which would otherwise qualify for service under Rate Schedule SGS, GS-1, GS-2, GS-3, GS-4, GS-5, CSLS or NGVS and (d) for which the Company has received a request for service hereunder in compliance with Special Condition 3. Service pursuant to this Rider is available when such service can be made available without detriment to the Company's other Customers.

Applicability:

To firm transportation of Gas delivered to Company by a Pool Manager for a Customer account pursuant to this Rider.

Monthly Rate:

The Monthly Rate for transportation service applicable to each individually billed Customer account shall be the Monthly Rate applicable to such individually billed account under Rate Schedule SGS, GS-1, GS-2, GS-3, GS-4, GS-5, CSLS or NGVS based upon the annual therm usage of such separately metered account.

The Company's Purchased Gas Adjustment Clause set forth on Sheet No. 7.101-1 shall not apply to transportation service provided by Company to a Customer pursuant to this Rider.

Special Conditions:

1. For purposes of this Rider, "NCTS Customer Pool" means a group of Customer accounts for which Gas is delivered to Company by a Pool Manager for transportation service of the aggregated needs of the Customer accounts. The Company shall not be required to provide transportation service to more than forty (40) independent NCTS Customer Pools.

INDIVIDUAL TRANSPORTATION SERVICE Rider ITS (Continued)

"Gulfstream" means Gulfstream Natural Gas System, LLC, and its successors and assigns.

"ITS Agent" means a person or entity which has, not less than five (5) Business Days prior to the beginning of the Month in which the ITS Agent Agreement (in the form set forth on Sheet 8.123 of this Tariff) will be effective, delivered to Company a complete and fully executed ITS Agent Agreement obligating such person or entity to perform for a Customer receiving transportation service under this Rider and to be responsible for (i) invoicing and payment and/or (ii) nominations, monthly imbalance resolution, Alert Day volume aggregation, Alert Day penalty responsibility, and capacity release responsibilities on behalf of the Customer designating such person or entity as its agent. Customer may designate only one ITS Agent at any time; however, such ITS Agent may perform one or more of several functions listed on Sheet No. 8.123.

"ITS Customer Pool" means a group of individual Customer accounts, each of which receives transportation service from Company under this Rider, each of which has designated the same ITS Agent (as herein defined), and each of whose Scheduled Quantities and Actual Takes are aggregated with those of the other Customer accounts comprising the group for purposes of determining penalties applicable to the group for any Alert Day applicable to the group under Special Condition 12. Subject to compliance with the requirements set forth in the definition of "ITS Agent," additional Customer accounts may be added to an ITS Customer Pool administered by an ITS Agent at any time.

"Month" means a period beginning at 9:00 a.m. Central Clock Time on the first day of any calendar month and ending at 9:00 a.m. Central Clock Time on the first day of the next succeeding calendar month.

"PGS Delivery Point(s)" has the meaning given for such term in the Customer's Gas Transportation Agreement.

"PGS Receipt Point(s)" has the meaning given for such term in the Customer's Gas Transportation Agreement.

"Retainage" means 0.35% of Gas received by Company for the account of Customer at the PGS Receipt Point(s), which Company shall retain at no cost to Company to cover lost and unaccounted-for Gas between the PGS Receipt Point(s) and the PGS Delivery Point(s).

"Scheduled Quantities" means, for a specified period of time, the amounts of Gas confirmed by Company for transportation and/or purchase under the Customer's Gas Transportation Agreement (less any Retainage applicable thereto).

"Transporter" means any gas pipeline company delivering Gas to the PGS Receipt Point(s) for Customer's account for transportation to the PGS Delivery Point(s) hereunder.

INDIVIDUAL TRANSPORTATION SERVICE Rider ITS (Continued)

"Transporter's FERC Tariff" means the tariff of Transporter on file with the Federal Energy Regulatory Commission which is applicable to deliveries for the account of Customer at the PGS Receipt Point(s).

"Weighted Average Cost of Capacity" means, for each Month, the weighted average cost (expressed in dollars per MMBtu) per Day of firm transportation capacity rights held by PGS for such Month pursuant to contracts with Transporters which PGS has not (i) temporarily released to persons other than a Pool Manager or (ii) committed to the use of any person through a Buy-Sell arrangement.

2. Each prospective Customer desiring to receive individual transportation service provided by Company shall submit a written application, in form acceptable to Company, prior to the initiation of such service. Upon receipt of such written application, Company will, if it determines it is able to provide the service requested, tender to the prospective Customer a Gas Transportation Agreement. Customer shall execute, or be deemed to have executed, such Gas Transportation Agreement prior to the initiation of individual transportation service by Company. Any Customer already receiving individual transportation service from Company as of the initial effective date of this Rider shall be deemed eligible for service hereunder and subject to the terms and conditions herein set forth without being required to execute a new Gas Transportation Agreement.
3. Interruption. If Customer receives individual transportation service pursuant to an interruptible rate schedule, Company makes no guarantee against, and assumes no liability for, interruptions of service.
 - (a) Company shall be deemed in control and possession of all Gas from the time of its receipt at the PGS Receipt Point(s) (as defined in the Gas Transportation Agreement) until such Gas is delivered to Customer at the PGS Delivery Point(s) (as defined in the Gas Transportation Agreement), after which Customer shall be deemed in control and possession of such Gas. Customer shall have no responsibility with respect to any Gas after it has been delivered to Company at the PGS Receipt Point(s) on account of anything which may be done, happen or arise with respect to such Gas, until said Gas is delivered to Customer at the PGS Delivery Point(s). Company shall have no responsibility with respect to any Gas prior to its delivery to Company at the PGS Receipt Point(s) or after its delivery to Customer at the PGS Delivery Point(s) on account of anything which may be done, happen or arise with respect to such Gas prior to such receipt at the PGS Receipt Point(s) or after such delivery at the PGS Delivery Point(s). Company may commingle Gas delivered to it for Customer's account with Gas delivered for the accounts of Company and/or other Customers.
 - (b) Right to Use Customer's Gas Supply. If deliveries to Customer hereunder are curtailed or interrupted, Customer shall sell to Company, and Company shall purchase from Customer, that portion of Scheduled Quantities of Customer's Gas that is curtailed or interrupted; but Customer shall have no obligation to sell if Customer has no Gas flowing at the time interruption or curtailment is noticed, or

INDIVIDUAL TRANSPORTATION SERVICE Rider ITS (Continued)

is otherwise unable to deliver Gas to Company; and provided further that, after receiving a Company curtailment or interruption notice, unless Company otherwise directs, Customer shall not cause or permit any of its Scheduled Quantities to be curtailed or redirected so as to reduce the quantities delivered at the PGS Receipt Point(s). For all Gas sold by Customer pursuant to this Special Condition 3(b), Company shall pay Customer an amount per MMBtu equal to, at Customer's election:

- (1) the sum of (a) either (i) if the Gas was purchased by Customer pursuant to a contract with an initial term of five (5) or more years providing for firm purchases and sales of Gas, the price at which Customer purchased such Gas, or (ii) the price for spot Gas delivered to Transporter at FGT Zone 2, as reported in the "Daily Price Survey" in *Gas Daily* for the Day in which Company purchased the Gas, and (b) Company's Weighted Average Cost of Capacity for the Month in which Company purchased the Gas plus the FGT FTS-1 usage rate (including any applicable usage surcharges), or
 - (2) Customer's documented delivered cost of such Gas at the PGS Receipt Point(s).
- (c) Excess Gas Taken by Customer During Interruption. Any Gas taken by Customer in excess of the volume of Gas allocated to it by Company during a period of curtailment or interruption under this Special Condition 3 shall be considered to be unauthorized overrun Gas. Company has the right to bill Customer for such unauthorized overrun Gas, in addition to all other charges payable by Customer under its Gas Transportation Agreement or this tariff, at a price equal to the greater of (i) five (5) times the highest Gas Daily mid-point price for gas delivered to a Gulf Coast pipeline plus FGT's FTS-2 reservation, usage, fuel and applicable surcharges or (ii) five (5) times the Gas Daily FGT Florida City gate price for gas for the calendar day on which such unauthorized overrun gas was taken. Payment of an overrun penalty shall not give Customer the right to take unauthorized overrun Gas, nor shall it preclude or limit any other remedies available to Company for Customer's failure to comply with interruption or curtailment orders issued by Company.
- (d) Company agrees to give Customer as much advance notice of a curtailment or interruption of service as is reasonably practicable, which notice shall, in non-emergency circumstances, be at least four (4) hours.
4. Customer's Responsibilities. Company has no responsibility in connection with Customer's arrangements with its supplier(s). Customer shall timely provide to Company (i) good faith estimates of the daily quantities it is likely to nominate for purchase or transportation as far in advance as reasonably practicable and (ii) all information requested by Company in order to comply with Transporter's FERC Tariff and determine Scheduled Quantities. Customer shall designate in writing an individual,

INDIVIDUAL TRANSPORTATION SERVICE Rider ITS (Continued)

who is duly authorized to act for Customer with respect to all operational matters arising under the Gas Transportation Agreement and accessible to Company at all times each Day during the term of the Gas Transportation Agreement, to act as Customer's "Contact Person". In performing under the Gas Transportation Agreement, Company shall be entitled to rely upon any instruction or consent given by such Contact Person with respect to operational matters arising under the Gas Transportation Agreement or under the Transporter Agreement (as defined in the Gas Transportation Agreement).

5. Warranty of Title. As between Customer and Company, Customer warrants that it will have good title to all Gas delivered to Company for the account of Customer for transportation on Company's system, that such Gas will be free and clear of all liens, encumbrances and claims whatsoever, and that it will indemnify and save Company harmless from any suit, action, debt, account, damage, cost, loss and expense arising from or out of adverse claims of any person to said Gas.
6. Deliveries of Gas. All Gas delivered under the Gas Transportation Agreement shall be delivered at rates of flow as constant as operationally feasible throughout each Day. Company has no obligation on any Day to deliver on other than a uniform hourly basis in relation to the Scheduled Quantities. The point of delivery for all Gas confirmed by Company for delivery under the Gas Transportation Agreement shall be at the outlet side of such billing meter(s) as shall be installed at the PGS Delivery Point(s). Measurement of the Gas delivered shall be in accordance with Section V of Company's Rules and Regulations.
7. Correction of Imbalances. Company intends that gas delivered to a Customer receiving service pursuant to this Rider on a daily basis will equal such Customer's consumption for that day. All Daily Imbalance Amounts arising under a Gas Transportation Agreement shall be resolved as of the end of each Month. The sum of all Daily Imbalance Amounts incurred during a Month (the "Monthly Imbalance Amount") shall be resolved in accordance with this Special Condition 7 each Month. Company will post a list of Monthly Imbalance Amounts on its Internet web site by noon on the 10th calendar day of each Month. If the 10th calendar day of the Month falls on a federal banking holiday or a weekend, then the Company will post a list of Monthly Imbalance Amounts on the next succeeding business day. Customer shall have a "Book-Out Period" (the period from the date of such posting until 5 p.m. Eastern Clock Time on the 4th business day of the Month following the Company's posting of the Monthly Imbalance Amount) within which to utilize the Book-Out provisions in paragraph (a) below; provided, however, that paragraph (a) below may not be utilized for any month by a Customer whose imbalance level under paragraph (b) or (c) below is greater than 40% for such month. Customer and Company shall utilize the provisions in paragraphs (b) and (c) below to resolve in cash all Monthly Imbalance Amounts (or any portions thereof) remaining after the close of the Book-Out Period. Company will use commercially reasonable efforts to post the list of Monthly Imbalance Amounts in accordance with the foregoing provision but, in the event of unavoidable circumstances, such posting will be made as soon as reasonably practicable.

INDIVIDUAL TRANSPORTATION SERVICE Rider ITS (Continued)

- (a) Customer may, during the Book-Out Period, net Positive Monthly Imbalance Amounts (as hereinafter defined), or portions thereof, with Negative Monthly Imbalance Amounts (as hereinafter defined), or portions thereof, of other Customers, and may net Negative Monthly Imbalance Amounts, or portions thereof, with Positive Monthly Imbalance Amounts of other Customers.

Customers availing themselves of the provisions of this paragraph (a) shall submit a completed Book-Out Agreement via facsimile to Company before the end of the Book-Out Period. Company shall have no responsibility for failure to receive any facsimile transmission. Such agreement shall not be deemed effective unless it bears the signature of an authorized representative of each Customer which is a party thereto. Company will mail Customer an invoice or purchase statement for Customer's Monthly Imbalance Amount remaining (if any) after Customer's execution of a Book-Out Agreement pursuant to this paragraph (a) (the "Remaining Imbalance" by the end of the 4th business day following the end of the Book-Out Period, such statement to be calculated in accordance with paragraph (b) or (c) below, as applicable.

- (b) If a Remaining Imbalance is Positive (*i.e.*, Scheduled Quantities exceed Actual Takes), Company shall purchase the same from Customer (and Customer shall sell the same to Company) at a price per Therm (the "Unit Price") equal to the lowest of the average of weekly prices for spot Gas delivered to FGT at Mustang Island (Tivoli), Texas, Vermillion Parish, Louisiana, or St. Helena Parish Louisiana, as reported in *Natural Gas Week*, for the Month in which the Monthly Imbalance Amount was incurred, multiplied by the applicable factor set forth below:

<u>Imbalance Level</u>	<u>Factor</u>
0% to 5%	1.00
Greater than 5% to 20%	0.90
Greater than 20% to 40%	0.80
Greater than 40%	0.50

The total amount due Customer pursuant to this paragraph (b) shall be the product of the Unit Price (calculated as set forth herein) and Remaining Imbalance. The Imbalance Level shall be calculated by dividing the Remaining Imbalance by the Scheduled Quantities for the Month in which the Monthly Imbalance Amount accumulated.

INDIVIDUAL TRANSPORTATION SERVICE Rider ITS (Continued)

- (c) If a Remaining Imbalance is Negative (*i.e.*, Actual Takes exceed Scheduled Quantities), Company shall sell the same to Customer (and Customer shall purchase the same from Company) at a price per Therm (the "Unit Price") equal to the sum of (i) the highest average of weekly prices for spot Gas delivered to FGT at Mustang Island (Tivoli), Texas, Vermillion Parish, Louisiana, or St. Helena Parish, Louisiana, as reported in *Natural Gas Week*, for the Month in which the Monthly Imbalance Amount accumulated, multiplied by the applicable factor set forth below:

<u>Imbalance Level</u>	<u>Factor</u>
0% to 5%	1.00
Greater than 5% to 20%	1.10
Greater than 20% to 40%	1.20
Greater than 40%	1.50

and (ii) Company's Weighted Average Cost of Capacity plus the FGT FTS-1 usage rate (including any applicable surcharges). The total amount due Company pursuant to this paragraph (c) shall be the product of the Unit Price (calculated as set forth herein) and the Remaining Imbalance. The Imbalance Level shall be calculated by dividing the Remaining Imbalance by the Scheduled Quantities for the Month in which the Monthly Imbalance Amount accumulated.

- (d) Company's statement for a Remaining Imbalance calculated pursuant to paragraph (b) above shall show a credit for the amount payable by Company to Customer pursuant to paragraph (b), such credit to be applied on Company's bill rendered to Customer pursuant to the Gas Transportation Agreement for the Month following the Month in which the amount payable by Company to Customer pursuant to paragraph (b) was incurred. All amounts not so credited by Company shall be considered delinquent.
- (e) Company's statement for a Remaining Imbalance calculated pursuant to paragraph (c) above shall be paid by Customer in accordance with the Gas Transportation Agreement. All amounts not so paid by Customer shall be considered delinquent.

- 7A. Correction of Imbalances at PGS Receipt Points that Are Gulfstream Delivery Points. If Company is the delivery point operator at a PGS Receipt Point that is a Gulfstream delivery point, Customer shall resolve with Company any Monthly Imbalance Amount attributable to Customer in accordance with the provisions of Special Condition 7 above. In addition, Customer shall bear sole responsibility for, and all costs associated with, the resolution with Gulfstream of imbalances (except imbalances caused by the acts or omissions of Company) resulting from Customer's nominations for deliveries of Gas at any such PGS Receipt Point. If Company is not the delivery point operator at a PGS Receipt Point that is a Gulfstream delivery point, the provisions of Special Condition 7 above shall not apply to the resolution of Monthly Imbalance Amounts at such PGS Receipt Point, and Customer shall bear sole responsibility for, and all costs associated with, the resolution with Gulfstream of imbalances (except imbalances caused by the acts or omissions of Company) resulting from Customer's nominations for deliveries of Gas at any such PGS Receipt Point.

INDIVIDUAL TRANSPORTATION SERVICE Rider ITS (Continued)

8. Allocation Statements. Gas will be measured at the PGS Receipt Point(s) by the measuring devices of Transporter. Customer shall provide any measurement information it receives to Company within two (2) Business Days of Customer's receipt thereof. Company shall determine the quantity of Gas delivered to Company for Customer's account at the PGS Receipt Point(s), and will provide to Customer a copy of, or applicable excerpt from, each allocation statement received by Company from Transporter within two (2) Business Days of Company's receipt thereof. Final allocation statements provided by Customer's supplier(s) and Transporter shall be conclusive for all purposes under the Gas Transportation Agreement, including without limitation, determining daily quantities actually delivered at the PGS Receipt Point(s) for Customer's account; provided, however, that in the case of any discrepancy between allocation statements, Customer and Company will cooperate to determine which statement is correct; and provided further, however, that unless such discrepancy is resolved to the satisfaction of Company and Transporter, as between Company and Customer, Transporter's allocation statement shall control and shall provide the quantity to be used for all calculations and adjustments under the Gas Transportation Agreement.
9. Inspection. Both Customer and Company shall have the right during the term of the Gas Transportation Agreement and for a period of three (3) years thereafter, upon reasonable prior notice and during normal business hours, to examine the records and documents of the other party to such agreement to the extent necessary to verify the accuracy of any statement or charge made thereunder. Each party to such agreement shall keep each such record and document for a period of three (3) years from the date the same is created or any entry or adjustment thereto is made.
10. Nominations required by the Gas Transportation Agreement shall be submitted electronically in accordance with instructions furnished by the Company, or in the form set forth on Sheet No. 8.115.
11. If a Customer takes service under (a) an interruptible rate schedule or (b) this Rider, then the Company will install and maintain equipment for the monitoring of the Customer's hourly Gas flow. Customer shall reimburse the Company for the expense incurred for the investment in and installation of such equipment.
12. Allocations and Penalties. Company may, in its sole discretion and with at least 12 hours notice within a Day, post a notice on its Internet web site or give notice by e-mail to any ITS Agent or Customer receiving service pursuant to this Rider that the Alert Day provisions of this Special Condition 12 are in effect, whether the Alert Day is an Overage Alert Day or an Underage Alert Day, whether the notice applies system-wide, to an affected area, or to one or more individual ITS Agents or Customers, and the tolerance percentage applicable to the Alert Day; provided, however, that such tolerance percentage shall not be less than 6%. The following provisions of this Special Condition shall apply on any such Day.

INDIVIDUAL TRANSPORTATION SERVICE Rider ITS (Continued)

- (a) On an Overage Alert Day, to the extent a Customer's Actual Takes or an ITS Customer Pool's aggregated Actual Takes exceed the Customer's Scheduled Quantities or the ITS Customer Pool's aggregated Scheduled Quantities, respectively, such overages shall be recorded in an Alert Day Account specific to the particular Alert Day and shall be subject to the Alert Day Charges set forth in paragraph (c) below.
- (b) On an Underage Alert Day, to the extent a Customer's Actual Takes or an ITS Customer Pool's aggregated Actual Takes are less than the Customer's Scheduled Quantities or the ITS Customer Pool's aggregated Actual Takes, respectively, such underages shall be recorded in an Alert Day Account specific to the particular Alert Day and shall be subject to the Alert Day Charges set forth in paragraph (c) below.
- (c) Alert Day Charges. For each Alert Day Account established during the preceding Month, Company shall bill to Customer or ITS Agent, and Customer or ITS Agent shall pay to Company, in addition to any other amounts payable pursuant to Customer's Gas Transportation Agreement or this tariff, an Alert Day Charge per MMBtu equal to the higher of (i) the highest Daily Midpoint price for Gas in any FGT Zone as published in *Gas Daily* for the Day on which the Alert Day Account was established, plus FGT's FTS-2 100% load factor rate, or (ii) FGT's City Gate Delivered price for Gas as published in *Gas Daily* for the Day on which the Alert Day Account was established.

The Overage/Underage Level for each Customer's or ITS Customer Pool's Alert Day Account shall be calculated by dividing the Customer's overage or underage (as the case may be) or the ITS Customer Pool's aggregated overage or underage (as the case may be) for such Day by the Customer's Scheduled Quantities or ITS Customer Pool's aggregated Scheduled Quantities for the Day on which the Alert Day Account was established. A Customer's or ITS Agent's failure to receive notice pursuant to this Special Condition 12 shall not excuse Customer or ITS Agent from any Alert Day Charges assessed hereunder.

If an ITS Agent fails to pay any undisputed Alert Day charges imposed by the Company on the ITS Customer Pool within sixty (60) Days after the date on which they are imposed, Company will bill each individual Customer in the ITS Customer Pool and each such Customer will be responsible for, and pay to Company, such undisputed Alert Day charges (if any) as would have been payable by such Customer for such Alert Day in the absence of the ITS Agent Agreement.

- (d) Revenues derived from Alert Day Charges imposed by Company pursuant to this Special Condition 12 on any Day shall be netted against any FGT penalty charges incurred by Company for the same Day. Any remaining revenue (less Regulatory Assessment Fees attributable thereto) shall be credited to the Purchased Gas Adjustment Clause.

INDIVIDUAL TRANSPORTATION SERVICE Rider ITS (Continued)

- (e) No penalty debits will be assessed if they are less than \$5.00 in value.
- (f) If, on a Day on which a Customer or an ITS Agent for an ITS Customer Pool is subject to an Alert Day Notice issued pursuant to this Special Condition 12, Company orders such Customer or the Customers comprising such ITS Customer Pool to curtail or interrupt pursuant to Special Condition 3, such Customer or the ITS Agent for such ITS Customer Pool shall be subject to the greater of (i) any Alert Day Charges incurred by such Customer or by the ITS Agent for such ITS Customer Pool pursuant to this Special Condition 12 or (ii) any penalty payable by such Customer or by the Customers comprising such ITS Customer Pool for unauthorized overrun Gas pursuant to Special Condition 3.
- 12A. Correction of Imbalances at PGS Receipt Points that Are Gulfstream Delivery Points. If Company is the delivery point operator at a PGS Receipt Point that is a Gulfstream delivery point, Customer shall be subject to the provisions of Special Condition 12 above. In addition, Customer shall bear sole responsibility for, and all costs associated with, any penalties imposed by Gulfstream (except penalties imposed as the result of the acts or omissions of Company) resulting from Customer's nominations for deliveries of Gas at any such PGS Receipt Point. If Company is not the delivery point operator at a PGS Receipt Point that is a Gulfstream delivery point, the provisions of Special Condition 12 above shall not apply, and Customer shall bear sole responsibility for, and all costs associated with, any penalties imposed by Gulfstream (except penalties imposed as the result of the acts or omissions of Company) resulting from Customer's nominations for deliveries of Gas at any such PGS Receipt Point.
13. A Customer which provides a written request to discontinue service hereunder to return to sales service (if such service is then available from Company) will be required to remain on sales service for a period of not less than twelve (12) Months.
14. It is the Customer's obligation to make payments to the Company (or to an Authorized Payment Agent of the Company) of all bills rendered. Payment by a Customer to a third party (including a Third Party Gas Supplier) which has not been designated by Company as an Authorized Payment Agent will not satisfy the Customer's obligation to make payment of Company's bill for Gas Service.

**GAS SYSTEM RELIABILITY RIDER
RIDER GSR**

The monthly bill for Gas Service in any Billing Period shall be increased by the GSRR Surcharge determined in accordance with this Rider. GSRR Surcharges approved by the Commission for bills rendered for meter readings taken on or after January 1, 2009, are as follows with respect to Customers receiving Gas Service under the following rate schedules:

<u>Rate Schedule</u>	<u>GSRR Surcharge</u>
Residential/Residential Standby Generator	\$0.0000 per therm
Small General Service/Commercial Standby Generator	\$0.0000 per therm
General Service – 1	\$0.0000 per therm
General Service – 2	\$0.0000 per therm
General Service – 3	\$0.0000 per therm
General Service – 4	\$0.0000 per therm
General Service – 5	\$0.0000 per therm
Commercial Street Lighting	\$0.0000 per therm
Natural Gas Vehicle Service	\$0.0000 per therm
Wholesale	\$0.0000 per therm
Small Interruptible Service	\$0.0000 per therm
Interruptible Service	\$0.0000 per therm
Interruptible Service – Large Volume	\$0.0000 per therm

The GSRR Surcharges set forth above shall remain in effect until changed pursuant to an order of the Commission.

GSRR Surcharges shall be determined in accordance with the provisions of this Rider set forth below.

Definitions

For purposes of this Rider:

"Eligible Replacements" means the following Company plant investments that (i) do not increase revenues by directly connecting new customers to the plant asset, (ii) are in service and used and useful in providing utility service and (iii) were not included in the Company's rate base for purposes of determining the Company's base rates in its most recent general base rate proceeding:

- (a) Mains, service lines, regulator stations, and other pipeline system components installed to comply with state or federal safety requirements as replacements for existing facilities;
- (b) main relining projects, service line insertion projects, joint encapsulation projects and other similar projects extending the useful life or enhancing the integrity of existing pipeline system components undertaken to comply with state or federal safety requirements; or

**GAS SYSTEM RELIABILITY RIDER
RIDER GSR
(continued)**

- (c) facility relocations required due to construction or improvements of a highway, road, street, public way or other public work by or on behalf of the United States, the State of Florida, a political subdivision of the State of Florida or another entity having the power of eminent domain, provided that the costs related to such relocations have not been reimbursed to the Company.

"GSRR Revenues" means the revenues produced through GSRR Surcharges, exclusive of revenues from all other rates and charges.

"GSRR Revenue Requirements" means the pretax revenues equal to the following:

- (a) The Company's weighted average cost of capital allowed in the most recent rate proceeding multiplied by the average net book value of Eligible Replacements, including recognition of accumulated depreciation associated with Eligible Replacements;
- (b) Florida, federal and local income taxes applicable to such income calculated in paragraph (a) of this section;
- (c) ad valorem taxes;
- (d) depreciation expense on Eligible Replacements; and
- (e) operating and maintenance ("O&M") expenses associated with Eligible Replacements, or incurred to comply with Florida or federal safety mandates, that were not included in O&M expense for purposes of determining the Company's base rates in its most recent base rate proceeding.

"GSRR Surcharge" means the surcharges determined pursuant to the procedures and subject to the qualifications set forth in this Rider.

Procedure for Establishing GSRR Surcharges

The GSRR Revenue Requirements and any changes thereto shall be calculated and implemented in accordance with the provisions contained in this Rider. GSRR Revenues shall be subject to refund based upon a finding and order of the Commission to the extent provided in this Rider.

The Company shall calculate its GSRR Revenue Requirements annually in the manner prescribed by this Rider and shall file the appropriate petitions with the Commission seeking to establish or change the GSRR Revenue Requirements and Surcharges. The annual filings shall include the following:

GAS SYSTEM RELIABILITY RIDER
RIDER GSR
(continued)

- (a) An annual final true-up filing showing the actual Eligible Replacement costs and actual GSRR Revenues for the most recent 12-month historical period from January 1 through December 31 that ends prior to the annual petition filing. As part of this filing, the Company shall include a summary comparison of the actual Eligible Replacement costs and GSRR Revenues to the estimated total Eligible Replacement costs and GSRR Revenues previously reported for the same period covered by the filing in paragraph (b) of this section. The filing shall also include the final over- or under-recovery of total GSRR Revenue Requirements for the final true-up period.
- (b) An annual estimated/actual true-up filing showing eight months actual and four months projected Eligible Replacement costs and any GSRR Revenues collected or projected to be collected during the estimated/actual true-up period. The filing shall also include the estimated/actual over- or under-recovery of total Eligible Replacement costs for the estimated/actual true-up period.
- (c) An annual projection filing showing 12 months projected GSRR Revenue Requirements for the period beginning January 1 following the annual filing hearing.
- (d) An annual petition setting forth proposed GSRR Revenue Requirements and Surcharges to be effective for the 12-month period beginning January 1 following the annual hearing. Such proposed GSRR Revenue Requirements and Surcharges shall take into account the data filed pursuant to paragraphs (a), (b), and (c) of this section.

The Company shall establish separate accounts or subaccounts for each Eligible Replacement for purposes of recording the costs incurred for each project. The Company shall also establish a separate account or subaccount for any revenues derived from GSRR Surcharges.

When a petition is filed by Company pursuant to this Rider, the Commission shall conduct a limited proceeding and determine the GSRR Revenue Requirements and the GSRR Surcharges to be charged by Company pursuant to this Rider.

Calculation of the GSRR Revenue Requirements and GSRR Surcharges

In determining the GSRR Revenue Requirements, the Commission shall consider only (a) the net original cost of Eligible Replacements (i.e., the original cost less associated retirements of existing infrastructure); (b) the applicable depreciation rates as determined and approved by the Commission based on the Company's most recent depreciation study; (c) the applicable O&M expenses; (d) the accumulated depreciation associated with the Eligible Replacements; (e) the current state, federal, and local income and ad valorem taxes; and (f) the Company's weighted average cost of capital as determined during the Company's most recent base rate proceeding.

GAS SYSTEM RELIABILITY RIDER
RIDER GSR
(continued)

The GSRR Revenue Requirements and GSRR Surcharges for each rate class shall be calculated as follows:

Line	Description	Value	Source
1	Revenue Expansion Factor	1.6436	As calculated in most recent base rate proceeding, using current tax rates
2	Ad Valorem Tax Rate	1.35%	Property tax rate
3	Mains	\$	Eligible Replacements - Mains
4	Services	\$	Eligible Replacements - Services
5	Regulator Stations	\$	Eligible Replacements - Regulator Stations
6	Gross Plant	\$	Line 3 + Line 4 + Line 5
7	Accumulated Depreciation	\$	Line 12 + Previous balance
8	Net Book Value	\$	Line 6 - Line 7
9	Net Operating Income	\$	Line 8 x weighted average cost of capital allowed in most recent rate proceeding
10	Taxes Other than Income	\$	Line 8 x Line 2
11	O&M Expense	\$	Eligible O&M expense
12	Depreciation Expense	\$	(Line 3 x mains rate) + (Line 4 x services rate) + (Line 5 x regulators rate)
13	GSRR Revenue Requirements	\$	(Line 9 x Line 1) + (Line 10 + Line 11 + Line 12)

The GSRR Revenue Requirements determined by the Commission shall be allocated to customer classes based on the allocation of mains to customer classes in the cost of service study used in the Company's most recent base rate proceeding. The percentage share of the GSRR Revenue Requirements of each customer class shall be determined by dividing the portion of mains allocated to the class in the cost of service study by the total mains cost developed in such cost of service study.

The GSRR Surcharge for each customer class will be a per therm rate per month that is calculated by multiplying the GSRR Revenue Requirements by the percentage representing a class's share of such requirements, and dividing the result by the projected annual therms for such class during the 12-month period following the effective date for the billing of such surcharge.

**CARBON REDUCTION RIDER
RIDER CR**

The monthly bill for Gas Service in any Billing Period shall be increased by the CRR Surcharge determined in accordance with this Rider. CRR Surcharges approved by the Commission for bills rendered for meter readings taken on or after January 1, 2009, are as follows with respect to Customers receiving Gas Service under the following rate schedules:

<u>Rate Schedule</u>	<u>CRR Surcharge</u>
Residential/ Residential Standby Generator	\$0.0000 per therm
Small General Service/Commercial Standby Generator	\$0.0000 per therm
General Service – 1	\$0.0000 per therm
General Service – 2	\$0.0000 per therm
General Service – 3	\$0.0000 per therm
General Service – 4	\$0.0000 per therm
General Service – 5	\$0.0000 per therm
Commercial Street Lighting	\$0.0000 per therm
Natural Gas Vehicle Service	\$0.0000 per therm

The CRR Surcharges set forth above shall remain in effect until changed pursuant to an order of the Commission.

CRR Surcharges shall be determined in accordance with the provisions of this Rider set forth below.

Definitions

For purposes of this Rider:

“Eligible Installations” means Company plant investments that (i) connect supply sources of Gas to a Company distribution system that serves primarily residential Customers, (ii) are in service and used and useful in providing utility service, and (iii) were not included in the Company’s rate base for purposes of determining the Company’s base rates in its most recent general base rate proceeding, consisting of:

Mains greater than 4 inches in diameter or that are certified to operate at a maximum allowable operating pressure greater than 60 pounds per square inch gauge, together with associated valves, regulator stations, vaults, transmission line taps and other pipeline system components.

An Eligible Installation shall be included for purposes of calculating CCR Revenue Requirements for no more than five years.

“CRR Revenues” means the revenues produced through CRR Surcharges, exclusive of revenues from all other rates and charges.

CARBON REDUCTION RIDER
RIDER CR
(continued)

"CRR Revenue Requirements" means the pretax revenues equal to the following:

- (a) The Company's weighted average cost of capital allowed in the most recent rate proceeding multiplied by the 13-month average net book value of Eligible Installations, including recognition of accumulated depreciation associated with Eligible Installations;
- (b) Florida, federal and local income taxes applicable to such income calculated in paragraph (a) of this section;
- (c) ad valorem taxes; and
- (d) depreciation expense on Eligible Installations.

"CRR Surcharge" means the surcharges determined pursuant to the procedures and subject to the qualifications set forth in this Rider.

Procedure for Establishing CRR Surcharges

The CRR Revenue Requirements and any changes thereto shall be calculated and implemented in accordance with the provisions contained in this Rider. CRR Revenues shall be subject to refund based upon a finding and order of the Commission to the extent provided in this Rider.

The Company shall calculate its CRR Revenue Requirements annually in the manner prescribed by this Rider and shall file the appropriate petitions with the Commission seeking to establish or change the GSR Revenue Requirements and Surcharges. The annual filings shall include the following:

- (a) An annual final true-up filing showing the actual Eligible Installation costs and actual CRR Revenues for the most recent 12-month historical period from January 1 through December 31 that ends prior to the annual petition filing. As part of this filing, the Company shall include a summary comparison of the actual Eligible Installation costs and CRR Revenues to the estimated total Eligible Installation costs and CRR Revenues previously reported for the same period covered by the filing in paragraph (b) of this section. The filing shall also include the final over- or under-recovery of total CRR Revenue Requirements for the final true-up period.
- (b) An annual estimated/actual true-up filing showing eight months actual and four months projected Eligible Installation costs and any CRR Revenues collected or projected to be collected during the estimated/actual true-up period. The filing shall also include the estimated/actual over- or under-recovery of total Eligible Installation costs for the estimated/actual true-up period.
- (c) An annual projection filing showing 12 months projected CRR Revenue Requirements for the period beginning January 1 following the annual filing hearing.

**CARBON REDUCTION RIDER
RIDER CR
(continued)**

- (d) An annual petition setting forth proposed CRR Revenue Requirements and Surcharges to be effective for the 12-month period beginning January 1 following the annual hearing. Such proposed CRR Revenue Requirements and Surcharges shall take into account the data filed pursuant to paragraphs (a), (b), and (c) of this section.

The Company shall establish separate accounts or subaccounts for each Eligible Installation for purposes of recording the costs incurred for each project. The Company shall also establish a separate account or subaccount for any revenues derived from specific CRR Surcharges.

When a petition is filed by Company pursuant to this Rider, the Commission shall conduct a limited proceeding and determine the CRR Revenue Requirements and the CRR Surcharges to be charged by Company pursuant to this Rider.

Calculation of the CRR Revenue Requirements and CRR Surcharges

In determining the CRR Revenue Requirements, the Commission shall consider only (a) the net original cost of Eligible Installations (i.e., the original cost less associated retirements of existing infrastructure); (b) the applicable depreciation rates as determined and approved by the Commission based on the Company's most recent depreciation study; (c) the accumulated depreciation associated with the Eligible Installations; (d) the current state, federal, and local income and ad valorem taxes; and (e) the Company's weighted average cost of capital as determined during the Company's most recent base rate proceeding.

The CRR Revenue Requirements and CRR Surcharges for each rate class shall be calculated as follows:

Line	Description	Value	Source
1	Revenue Expansion Factor	1.6436	As calculated in most recent base rate proceeding, using current tax rates
2	Ad Valorem Tax Rate	1.35%	Property tax rate
3	Mains	\$	Eligible Replacements - Mains
4	Regulator Stations	\$	Eligible Replacements - Regulator Stations
5	Gross Plant	\$	Line 3 + Line 4
6	Accumulated Depreciation	\$	Line 10 + Previous balance
7	Net Book Value	\$	Line 5 - Line 6
8	Net Operating Income	\$	Line 7 x weighted average cost of capital allowed in most recent rate proceeding
9	Taxes Other than Income	\$	Line 7 x Line 2
10	Depreciation Expense	\$	(Line 3 x mains rate) + (Line 4 x regulators rate)
11	CRR Revenue Requirements	\$	(Line 8 x Line 1) + (Line 9 + Line 10)

The CRR Revenue Requirements determined by the Commission shall be allocated to customer classes pursuant to the same allocation methodology used by the Company for recovery of costs recoverable pursuant to the Energy Conservation Cost Recovery Rule 25-17.015, *Florida Administrative Code*.

ARTICLE XII - FORCE MAJEURE

In the event of either party hereto being rendered unable, wholly or in part, by reason of force majeure, to carry out its obligations under this Agreement including, but not limited to, the inability of Buyer to use the gas as herein contemplated, other than to make payment then due hereunder, it is agreed that on such party giving written or telegraphic notice with full particulars of such force majeure event to the other party as soon as reasonably possible after the occurrence of the cause relied on, then the obligations of the party giving such notice, so far as they are affected by such force majeure event, shall be suspended during the continuance of any inability so caused but for no longer period, and such cause shall, as far as possible, be remedied with all reasonable dispatch.

The term "force majeure" as employed herein shall mean causes or events, whether of the kind hereinafter enumerated, and whether occasioned by or happening on account of the act or omission of Seller or Buyer or any other person or concern, not reasonable within the control of the party claiming suspension and which, in any case, by the exercise of due diligence such party is unable to prevent or overcome, including, but not limited to, acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accidents to machinery or lines of pipe, the necessity for making repairs or alterations to machinery or lines of pipe, freezing of wells or lines of pipe, temporary or permanent failure of source of supply, planned or unplanned outages on the Seller's system or on any pipeline system, or the inability of any such system to deliver Gas, and acts of civil or military authority (including, but not limited to, courts or administrative or regulatory agencies); such term shall likewise include (a) in those instances where either party hereto is required to obtain servitudes, rights-of-way, grants, permits or licenses to enable such party to fulfill its obligations hereunder, the inability of such party to acquire, or delays on the part of such party in acquiring, at reasonable cost and after the exercise of reasonable diligence, such servitudes, rights-of-way, grants, permits or licenses; and (b) in those instances where either party hereto is required to furnish materials and supplies for the purpose of constructing or maintaining facilities or is required to secure grants or permissions from any governmental agency to enable such party to fulfill its obligations hereunder, the inability of such party to acquire, or delays on the part of such party in acquiring, after the exercise of reasonable diligence, such materials and supplies, permits and permissions. It is understood and agreed that the settlement of strikes, lockouts or other labor difficulties shall be entirely within the discretion of the party having the difficulty, and the above requirement that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes, lockouts or other labor difficulties by acceding to the demands of an opposing party when such course is inadvisable in the discretion of the party having the difficulty.

GAS BILL

PLEASE REMIT PAYMENT TO:



PEOPLES GAS
 P.O. Box 31017
 TAMPA, FL 33631-3017

CUSTOMER INVOICE

ACCOUNT NUMBER

AMOUNT NOW DUE

THIS MONTH'S CHARGE
 DUE BEFORE

PAYABLE UPON RECEIPT

WRITE IN AMOUNT
 PAID ON THIS ACCOUNT

PLEASE WRITE YOUR ACCOUNT NUMBER ON THE FRONT OF YOUR CHECK OR MONEY ORDER AND RETURN THE UPPER PORTION OF THIS INVOICE WITH YOUR PAYMENT. MESSAGES WRITTEN ON THE UPPER PORTION MAY BE OVERLOOKED. FOR INFORMATION PLEASE CONTACT US AT ONE OF THE CONVENIENT NUMBERS LISTED ON THE BACK. THANK YOU!

FRONT SIDE (NUMBER 1 OF 2)

PLEASE RETAIN THIS LOWER PORTION FOR YOUR RECORDS.



SERVICE
 ADDRESS

AMOUNT NOW DUE

THIS MONTH'S CHARGE
 DUE BEFORE

ACCOUNT NUMBER

AVERAGE DAILY
 THERM USAGE

NEXT SCHEDULED
 READ DATE

CMS
 TAMPA, FL

PGS-2010-0205

TO PAY BY PHONE, DIAL 1-877-729-2747 OR, VISIT OUR WEBSITE AT www.peoplesgas.com
 (PAY2PGS)
 WHEN PAYING BY CREDIT CARD OR E-CHECK, A CONVENIENCE FEE WILL APPLY.

(Front Side)

GAS BILL (Continued)



BILLING STATEMENT INFORMATION

CCF HUNDRED CUBIC FEET - THE STANDARD UNIT OF GAS MEASUREMENT

BTU BRITISH THERMAL UNIT - A UNIT OF HEAT MEASUREMENT

CONVERSION FACTOR THIS FACTOR IS USED TO ADJUST FOR VARIATIONS FROM STANDARD DELIVERY PRESSURE AND STANDARD DELIVERY TEMPERATURE WHERE APPLICABLE

THERM A UNIT OF HEAT EQUAL TO ONE HUNDRED THOUSAND (100,000) BTUS

RATE SCHEDULE THE AMOUNT (RATE) YOU PAY FOR GAS DEPENDS ON YOUR CUSTOMER CATEGORY. THESE CATEGORIES INCLUDE:

RESIDENTIAL SERVICE	- RS
SMALL GENERAL SERVICE	- SGS
GENERAL SERVICE	- GS1
GENERAL SERVICE	- GS2
GENERAL SERVICE	- GS3
GENERAL SERVICE	- GS4
GENERAL SERVICE	- GS5
SMALL INDUSTRIAL SERVICE	- SIS
INTERMITTIBLE SERVICE LG VOL	- ILI

CUSTOMER CHARGE A FIXED MONTHLY AMOUNT TO COVER THE COST OF PROVIDING GAS SERVICE. THIS CHARGE IS BILLED MONTHLY, REGARDLESS IF ANY GAS IS USED.

DISTRIBUTION CHARGE COVERS THE COSTS OF MOVING GAS FROM ITS SOURCE TO YOUR PREMISE, OTHER THAN THE COST OF GAS ITSELF.

PGA PURCHASED GAS ADJUSTMENT - THE COST OF GAS PURCHASED FOR YOU BY PEOPLES GAS AND DELIVERED TO YOUR PREMISE.

SWING CHARGE COVERS THE COSTS THAT ARE INCURRED BY PEOPLES GAS TO BALANCE THE DIFFERENCE BETWEEN A CUSTOMER'S ACTUAL DAILY USAGE AND THE GAS DELIVERED DAILY BY THEIR GAS SUPPLIER (POOL MANAGER).

FRANCHISE FEE A FEE LEVIED BY A MUNICIPALITY FOR THE RIGHT TO UTILIZE PUBLIC PROPERTY FOR THE PURPOSE OF PROVIDING GAS SERVICE. LIKE TAXES, THE FEE IS COLLECTED BY PEOPLES GAS AND IS PAID TO THE MUNICIPALITY.

LOCAL TAX

GROSS RECEIPTS TAX

ESTIMATED

THIS MONTH'S CHARGE DUE

BURIED PIPING NOTIFICATION

IN ADDITION TO THE FRANCHISE FEE, MANY MUNICIPALITIES LEVY A TAX ON THE GAS YOU USE. IT IS COLLECTED BY PEOPLES GAS AND PAID TO THE MUNICIPALITY.

A TAX LEVIED BY THE STATE OF FLORIDA ON YOUR PURCHASE OF NATURAL GAS, IT IS COLLECTED BY PEOPLES GAS AND REMITTED TO THE STATE IN ACCORDANCE WITH APPLICABLE LAWS.

IF WE WERE UNABLE TO READ YOUR GAS METER "EST" WILL APPEAR. YOUR GAS USE HAS BEEN ESTIMATED BASED ON PREVIOUS USAGE. THE METER IS SCHEDULED TO BE READ NEXT MONTH AND ANY DIFFERENCE BETWEEN THE ESTIMATE AND ACTUAL USE WILL BE ADJUSTED ACCORDINGLY.

THIS MONTH'S CHARGES WILL BE PAID DUE AFTER THE DATE SHOWN. **THIS DATE DOES NOT EXTEND THE DATE ON ANY PREVIOUS BALANCE.** IT IS IMPORTANT THAT YOU PAY YOUR BILL BEFORE THIS DATE IN ORDER TO AVOID INTERRUPTION OF SERVICE.

FEDERAL REGULATIONS REQUIRE THAT WE NOTIFY OUR CUSTOMERS WHO OWN BURIED PIPING OF THE FOLLOWING:

- 1) WHEN EXCAVATING NEAR BURIED GAS PIPING, THE PIPING SHOULD BE LOCATED IN ADVANCE;
- 2) THE GAS SUPPLIER DOES NOT OWN OR MAINTAIN THE CUSTOMER'S BURIED PIPING;
- 3) BURIED PIPING THAT IS NOT MAINTAINED MAY BE SUBJECT TO CORROSION AND/OR LEAKAGE. BURIED PIPING SHOULD BE INSPECTED PERIODICALLY AND ANY UNSAFE CONDITIONS REPAIRED. LICENSED PLUMBERS, HEATING AND AIR CONDITIONING CONTRACTORS, OR PEOPLES GAS CAN CONDUCT INSPECTIONS.

FOR INFORMATION CONCERNING YOUR STATEMENT CALL:

BROWARD: 954-453-0777	ORLANDO: 407-425-4662
JACKSONVILLE: 904-739-1211	ST. PETERSBURG: 737-826-3333
DADE: 305-940-0139	TAMPA: 813-275-3700
OCALA: 352-822-0111	ALL OTHERS: 1-877-832-6747

To Pay By Phone, Dial 1-877-729-2747
(PAY 2PGS)

(Back Side)

FINAL NOTICE

PLEASE REMIT PAYMENT TO



CUSTOMER INVOICE

ACCOUNT NUMBER	AMOUNT PAST DUE	SERVICE TERMINATION DATE

FINAL NOTICE

WRITE IN AMOUNT PAID ON THIS AMOUNT

FOR PAYMENT LOCATIONS, PLEASE CALL 1-877-729-2747 OR VISIT OUR WEBSITE @ www.peoplesgas.com



PLEASE RETAIN THIS LOWER PORTION FOR YOUR RECORDS

SERVICE ADDRESS

AMOUNT PAST DUE

SERVICE TERMINATION DATE

ACCOUNT NUMBER

CMS

POS-8092

IF THIS AMOUNT HAS BEEN PAID, PLEASE DISREGARD THIS NOTICE

WE SINCERELY WANT TO CONTINUE SERVICE WITHOUT INTERRUPTION OR INCONVENIENCE TO YOU. WE MUST RECEIVE PAYMENT BY THE SERVICE TERMINATION DATE LISTED ABOVE. YOUR PROMPT PAYMENT WILL AVOID INTERRUPTION IN SERVICE AND CHARGE TO HAVE YOUR SERVICE RESTORED. IF SERVICE IS INTERRUPTED, THERE IS A RECONNECTION FEE:

RESIDENTIAL: \$70 (1 METER)
NON-RESIDENTIAL: \$90 (1 METER)

THERE WILL BE A \$20 TRIP CHARGE IF A 48-HOUR NOTICE IS LEFT AT THE PREMISE IN LIEU OF INTERRUPTION OF SERVICE. WHEN PAYING BY CREDIT CARD OR E-CHECK, A CONVENIENCE FEE WILL APPLY. TO PAY BY PHONE, DIAL 1-877-729-2747 OR VISIT OUR WEBSITE @ www.peoplesgas.com (PAY2PGS)

(Front Side)

FINAL NOTICE (Continued)



**TO PAY BY PHONE, DIAL 1-877-729-2747.
(PAY 2PGS)**

**FOR A LIST OF OUR PAYMENT LOCATIONS, VISIT OUR WEBSITE AT www.peoplesgas.com OR CALL
1-877-832-6747.**

WHEN PAYING BY CREDIT CARD OR E-CHECK, A CONVENIENCE FEE WILL APPLY.

FOR ALL OTHER INFORMATION, PLEASE CALL:

BROWARD: 954-453-0777	ORLANDO: 407-425-4662
JACKSONVILLE: 904-739-1211	ST. PETERSBURG: 727-826-3333
DADE: 305-940-0139	TAMPA: 813-275-3700
OCALA: 352-622-0111	

ALL OTHERS: 1-877-832-6747

If you have a question about your bill or a problem with your service please call your Peoples Gas Customer Service Representative at the above number. If our Customer Service Representative was unable to resolve your problem, please contact our **Customer Resolution Team** at **1-800-622-2017**. Should your concern still be unresolved you may wish to contact the Florida Public Service Commission at 1-800-642-3552.

(Back Side)

REMINDER BILL



ACCOUNT NUMBER

AMOUNT PAST DUE

REMINDER

WRITE IN AMOUNT PAID

PLEASE WRITE YOUR ACCOUNT NUMBER ON THE FRONT OF YOUR CHECK OR MONEY ORDER AND RETURN THE UPPER PORTION OF THIS INVOICE WITH YOUR PAYMENT. MESSAGES WRITTEN ON THE UPPER PORTION MAY BE OVERLOOKED. FOR INFORMATION PLEASE CONTACT US AT ONE OF THE CONVENIENT NUMBERS LISTED ON THE BACK. THANK YOU!

PLEASE RETAIN THIS LOWER PORTION FOR YOUR RECORDS.



SERVICE
ADDRESS

Dear Customer:

Your excellent credit history with Peoples Gas System is appreciated. It therefore seems unusual that you now have a past due balance on your gas account in the amount shown above.

Perhaps the bill was lost or this balance due is merely an oversight on your part. If this is the case, please accept this as a reminder, and mail your check in the enclosed envelope with the upper portion of this note. Prompt payment will preserve the excellent credit rating you have achieved.

If you have already paid your bill, we thank you and take this opportunity to let you know how much we appreciate your business.



WHEN PAYING BY CREDIT CARD OR E-CHECK, A CONVENIENCE FEE WILL APPLY.
TO PAY BY PHONE, DIAL 1-877-729-2747 OR, VISIT OUR WEBSITE AT www.peoplesgas.com
(PAY2PGS)

CMS

PGS-2051

(Front Side)

REMINDER BILL (Continued)

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**TO PAY BY PHONE, DIAL 1-877-729-2747.
(PAY 2PGS)**

**FOR A LIST OF OUR PAYMENT LOCATIONS, VISIT OUR WEBSITE AT www.peoplesgas.com OR CALL
1-877-832-6747.**

WHEN PAYING BY CREDIT CARD OR E-CHECK, A CONVENIENCE FEE WILL APPLY.

FOR ALL OTHER INFORMATION, PLEASE CALL:

BROWARD: 954-453-0777	ORLANDO: 407-425-4662
JACKSONVILLE: 904-739-1211	ST. PETERSBURG: 727-826-3333
DADE: 305-940-0139	TAMPA: 813-275-3700
OCALA: 352-622-0111	

ALL OTHERS: 1-877-832-6747

If you have a question about your bill or a problem with your service, please call your Peoples Gas Customer Service Representative at the above number. If our Customer Service Representative was unable to resolve your problem, please contact our **Customer Resolution Team** at **1-800-622-2017**. Should your concern still be unresolved you may wish to contact the Florida Public Service Commission at 1-800-342-3552.

(Back Side)