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February 13, 2014

Carlotta S. Stauffer, Director  
Office of Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

**REDACTED**

RECEIVED-FPSC  
14 FEB 14 PM 12:58  
COMMISSION  
CLERK

Re: **Petition for approval of a special contract with RockTenn CP, LLC, Peoples Gas System**

Dear Ms. Stauffer:

We enclose for filing with the Commission:

1. the original and seven ~~7~~<sup>9 sas</sup> copies of the petition of Peoples Gas System referenced above (confidential treatment is being requested for portions of Exhibits A, B and C to the petition);
2. the original and seven (7) copies of Peoples Gas System's Request for Specified Confidential Classification of portions of Exhibits A, B and C to the above petition;
3. a single unredacted copy of Exhibit A to the petition in which the sensitive information for which confidential treatment is sought has been highlighted; and
4. ~~a~~ CD containing the petition (minus the exhibits) and the request for confidential treatment in Microsoft Word format.

*\* CD not included at the time of filing \* sas 2/14/14*

In the original and all seven (7) "public" copies of the petition identified above, the sensitive information in Exhibits A, B and C has been redacted.

Please acknowledge your receipt and the date of filing of the enclosures, together with the docket number assigned, on the enclosed duplicate copy of this letter, and return the same to me in the preaddressed envelope which is also enclosed.

COM  
AFD  
APA  
ECO 5  
ENG 2  
GCL 2  
IDM  
TEL  
CLK

Carlotta S. Stauffer, Director  
February 13, 2014  
Page 2

Thank you for your usual assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Ansley Watson, Jr.", written in a cursive style.

ANSLEY WATSON, JR.

AWjr/a

cc:

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Petition for approval of a special contract )  
with RockTenn CP, LLC, by Peoples Gas System. )  
\_\_\_\_\_ )

Docket No.

Submitted for Filing:  
2-14-14

**PETITION FOR APPROVAL OF SPECIAL CONTRACT**

Peoples Gas System ("Peoples" or the "Company"), by and through its undersigned attorneys, and pursuant to Section 366.06, *Florida Statutes*, and Rule 25-9.034(1), *Florida Administrative Code*, hereby petitions the Commission for approval of a special contract with RockTenn CP, LLC ("RockTenn"), and in support thereof states:

1. The name and address of the petitioner are:

Peoples Gas System  
702 N. Franklin Street  
Tampa, Florida 33602

2. The persons to whom notices, orders and pleadings in this docket should be addressed are:

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

Paula K. Brown  
Peoples Gas System  
Post Office Box 2562  
Tampa, Florida 33601-2562

Kandi M. Floyd  
Peoples Gas System  
Post Office Box 2562  
Tampa, Florida 33601-2562

3. Peoples is a natural gas distribution utility subject to the Commission's regulatory jurisdiction under Chapter 366, *Florida Statutes*. Its substantial interests will be affected by the Commission's disposition of this petition in that such disposition will determine whether Peoples will be permitted to provide gas transportation service for RockTenn on terms agreeable to Peoples and RockTenn, as well as terms favorable to Peoples' general body of ratepayers.

4. RockTenn owns and operates paper products mills in Fernandina Beach, Jacksonville, and Panama City, Florida. Peoples has provided gas transportation service to RockTenn's Florida facilities since RockTenn's acquisition of the Jacksonville and Panama City facilities in May 2011, having provided such service to the prior owners of those facilities.

5. Peoples began providing gas transportation service to RockTenn's Fernandina Beach mill in December 2012 upon completion of construction and testing of two pipeline extensions that were needed to deliver gas to that facility. The first was a new 12-inch steel pipeline extending from Peoples' 12-inch North Jacksonville pipeline near Dunn Avenue and Interstate 295 to its terminus at a point of interconnection with the second extension (the "Fernandina Beach Line") near the Duval County-Nassau County line in the vicinity of U.S. Highway 17. The Fernandina Beach Line, a 16.1-mile pipeline terminating at RockTenn's Fernandina Beach mill, was completed by Peoples and Peninsula Pipeline Company, Inc. ("PPC"), an intrastate pipeline company affiliate of Florida Public Utilities Company ("FPUC"), which own the pipeline in common. Together, those facilities extensions brought natural gas to RockTenn and other customers of FPUC<sup>1</sup> in Nassau County for the first time.

6. Prior to commencing the facilities extensions mentioned above, Peoples had entered into a gas transportation agreement with RockTenn, and has been transporting gas to RockTenn's Fernandina Beach mill since December 2012. Prior to December 2012, RockTenn had met the energy requirements of the mill by burning fuel oil, with a higher cost to RockTenn than natural gas.

7. The parties have now entered into a new gas transportation agreement pursuant to which Peoples will transport gas to all three RockTenn mills. A redacted

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<sup>1</sup> The Commission approved a special contract between Peoples and PPC by its Order No. PSC-12-0230-PAA-GU, Docket No. 110277-GU, dated May 9, 2012.

copy of the agreement is attached hereto as Exhibit A (hereinafter, the "Transport Agreement").<sup>2</sup>

8. In addition to its Florida paper products mills in Fernandina Beach, Jacksonville, and Panama City, RockTenn also operates mills in other states in the southeastern United States including Georgia, Alabama, and South Carolina. Each of these individual RockTenn mills competes for capital funds earmarked for expansions within the RockTenn organization, and generally the most productive and efficient mills are awarded the capital necessary to expand. The Transport Agreement for which Peoples seeks approval in this docket is designed to incentivize future growth and expansions at the RockTenn facilities *located in Florida*. Such expansions will help fuel the Florida economy and maintain crucial jobs in the state.

9. Attached hereto as Exhibit B is an explanation of the transportation charges for each of RockTenn's three mills and their impact on Peoples' general body of ratepayers.

10. Attached hereto as Exhibit C is a Cost of Service Study with respect to the cost to provide service to RockTenn's Fernandina Beach mill and the revenues to be derived by Peoples from the provision of transportation service to that mill under the Transport Agreement.

11. The Transport Agreement generates revenues in excess of the cost of service, thereby providing benefits to Peoples' general body of ratepayers.

12. Rule 25-9.034(1) requires Commission approval of special contracts, and Peoples requests that the Commission approve the Transport Agreement as described in this petition.

13. Peoples is not aware of any disputed issues of material fact.

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<sup>2</sup> A Request for Specified Confidential Classification of the redacted portions of the Transport Agreement and Exhibits B and C accompanies the filing of this petition.

WHEREFORE, Peoples Gas System requests that the Commission enter its order approving the Transport Agreement with RockTenn as a special contract.

Respectfully submitted,



Ansley Watson, Jr.  
Macfarlane Ferguson & McMullen  
P. O. Box 1531  
Tampa, Florida 33601-1531  
Phone: (813) 273-4321  
Fax: (813) 273-4396  
E-Mail: [aw@macfar.com](mailto:aw@macfar.com)

Attorneys for Peoples Gas System

**EXHIBIT A**

**AMENDED AND RESTATED  
GAS TRANSPORTATION AGREEMENT**

## AMENDED AND RESTATED GAS TRANSPORTATION AGREEMENT

This Amended and Restated Gas Transportation Agreement (the "Agreement") is made and entered into as of the 1<sup>st</sup> day of February, 2014, by and between **Peoples Gas System, a division of Tampa Electric Company**, a Florida corporation ("PGS"), and **RockTenn CP, LLC**, a Delaware limited liability company ("Shipper").

### WITNESSETH:

WHEREAS, Shipper receives gas transportation service from PGS (i) at Shipper's Fernandina Beach, Florida, Facility pursuant to a Gas Transportation Agreement between PGS and Shipper dated as of October 12, 2011 (as heretofore amended, the "Fernandina Beach Transport Agreement"), (ii) at Shipper's Panama City, Florida, Facility pursuant to a Gas Transportation Agreement between PGS and Shipper (as successor in interest to Smurfit-Stone Container Corporation) dated as of November 1, 2010, and (iii) at Shipper's Jacksonville, Florida, Facility pursuant to the terms of an expired agreement for gas transportation service between PGS and Shipper (as successor in interest to Stone Container Corporation), the agreements referenced in (i) through (iii) being hereinafter referred to as the "Prior Agreements";

WHEREAS, PGS and Shipper desire to amend and restate, and to consolidate in a single document, the Prior Agreements;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

### ARTICLE I - DEFINITIONS

As used herein, the following terms shall have the meanings set forth below. Capitalized terms used herein, but not defined below, have the meanings given for such terms in PGS's FPSC Tariff.

"Adverse Order" means an order, ruling or decision issued by any governmental authority having jurisdiction if such order prohibits or restricts, or has the same effect as restricting or prohibiting, PGS from providing the transportation service contemplated by this Agreement, or is otherwise materially adverse to PGS in its sole judgment.

"Business Day" means the Days Monday through Friday (excluding any federal banking holiday falling on any such Day).

"Capacity Release Agreement" means the Amended and Restated Pipeline Capacity Release Agreement dated as of even date herewith between PGS and Shipper, as the same may be amended from time to time.

"Contract Year" means the period of twelve (12) consecutive months commencing on the In-Service Date, and each successive consecutive 12-month period thereafter, each commencing on an anniversary of the In-Service Date.

(a) with respect to the Fernandina Beach Facility, all quantities delivered to such facility during a Contract Year in excess of the sum of (i) [REDACTED] and (ii) the incremental annual quantity (in MMBtu) associated with the Incremental Monthly Charge (if any) in effect for such Contract Year;

(b) with respect to the Jacksonville Facility, all quantities delivered to such facility during a Contract Year in excess of [REDACTED], and

(c) with respect to the Panama City Facility, all quantities delivered to such facility during a Contract Year in excess of [REDACTED].

“Facility” means the Fernandina Beach Facility, the Jacksonville Facility, or the Panama City Facility, as the context requires.

“Fernandina Beach Facility” means Shipper’s paper products mill located in Fernandina Beach, Florida.

“Fernandina Beach Line” means the 12-inch steel pipeline extending approximately 16.1 miles from the PGS-Fernandina Beach Interconnect to the inlet of the meter(s) connected to the PGS service line(s) at the Fernandina Beach Facility, together with necessary regulation, measurement facilities, and telemetry, designed, engineered, constructed and operated by PGS, and owned in common by PGS and Peninsula Pipeline Company, Inc., a Delaware corporation, and capable of delivering [REDACTED] per hour at a pressure of [REDACTED] to the Facility.

“FGT” means Florida Gas Transmission Company, LLC, a Delaware limited liability company, its successors and assigns.

“Force Majeure” means causes or events, whether of the kind hereinafter enumerated or otherwise, not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome, 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, sinkholes, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of governments and people, civil disturbances, and explosions; such term shall likewise include the inability of either party to acquire, or delays on the part of such party in acquiring at reasonable cost and by the exercise of reasonable diligence, servitudes, rights of way, grants, permits, permissions, licenses, labor, materials or supplies, or required governmental orders, necessary to enable such party to fulfill its obligations hereunder.

“FB Fixed Monthly Charge” has the meaning given for such term in Section 4.6(b)(i).

“FPSC” means the Florida Public Service Commission or any successor agency.

“Incremental Monthly Charge” has the meaning given for such term in Section 4.6(b)(ii).

“In-Service Date” means December 1, 2012.

“Jacksonville Facility” means Shipper’s paper products mill located in Jacksonville, Florida.

“Jax Fixed Monthly Charge” has the meaning given for such term in Section 4.6(b)(iii).

“Maximum Delivery Quantity” or “MDQ” means the maximum amount of Gas that PGS is

obligated to cause to be delivered to Shipper pursuant to this Agreement on any Day at the PGS Delivery Point(s), and is stated in Appendix B.

“Maximum Transportation Quantity” or “MTQ” means the maximum amount of Gas that PGS shall be obligated to receive pursuant to this Agreement on any Day at the PGS Receipt Point(s), and is stated in Appendix A.

“New Pipeline” means, collectively, the PGS Duval-Nassau Line and the Fernandina Beach Line.

“Nomination” means a notice delivered by Shipper to PGS in the form specified in PGS’s FPSC Tariff, specifying (in MMBtu) the quantity of Gas Shipper desires PGS to receive, transport and redeliver at the PGS Delivery Point(s).

“Nominate” means to deliver a completed Nomination.

“Panama City Facility” means Shipper’s paper products mill located in Panama City, Florida.

“PC Fixed Monthly Charge” has the meaning given for such term in Section 4.6(b)(iv).

“PGS Delivery Point(s)” means the point(s) listed in Appendix B.

“PGS Duval-Nassau Line” means the 12-inch steel pipeline extending from PGS’s 12-inch North Jacksonville pipeline in the vicinity of the west side of Dunn Avenue and Interstate 295 to its terminus at a point of interconnection with the Fernandina Beach Line (the “PGS-Fernandina Beach Interconnect”), constructed, owned and operated by PGS.

“PGS Receipt Point(s)” means the point(s) of physical interconnection between Transporter and PGS listed in Appendix A.

“Security” has the meaning given for such term in Section 4.6(c).

“SNG” means Southern Natural Gas Company, a Delaware general partnership, its successors and assigns.

“Supplier(s)” means person(s) (other than PGS) from which Shipper purchases Gas transported hereunder.

“Transporter” means FGT or SNG, as the context requires.

“Usage Charge” has the meaning given for such term in Section 5.2.

## ARTICLE II - TERM

**Section 2.1 Term.** This Agreement is effective on the date first written above. The Term of this Agreement shall commence at the beginning of the Day commencing on the In-Service Date and continue until:

(a) in the case of the Fernandina Beach Facility, the end of the Day commencing on November 30, 2032;

(b) in the case of the Jacksonville Facility, the end of the Day commencing

on November 30, 2022; and

(c) in the case of the Panama City Facility, the end of the Day commencing on November 30, 2022 (in the case of each Facility, as applicable, the "Term").

The Term of this Agreement with respect to any Facility shall not be extended absent mutual agreement of the parties; provided, however, that if requested by Shipper, PGS shall enter into good faith negotiations with Shipper for an extension of the Term of this Agreement as to any Facility.

**Section 2.2 Early Termination.** This Agreement may be terminated as to any Facility prior to the expiration of the Term for that Facility in accordance with the provisions of this Agreement.

**Section 2.3 Adverse Orders.**

(a) Issuance of an Adverse Order. Upon the issuance of an Adverse Order, each party shall use commercially reasonable efforts and shall cooperate with the other to pursue all necessary approvals and authorizations, if any, or to amend the terms and conditions of this Agreement as may reasonably be required, in order to eliminate the cause for the issuance of the Adverse Order; provided that neither party shall be required to take any action which is likely to have a material adverse effect on such party's rights and benefits under this Agreement. Except as specifically provided herein, neither party shall seek to terminate this Agreement or request or support administrative or judicial modification of any term hereof without the other party's prior written consent and, in the event such termination or modification is requested by any other person, each of the parties shall exercise reasonable commercial and legal efforts in opposition thereto.

(b) Response to Adverse Order. Upon the receipt by either party of an Adverse Order, the party receiving such order shall promptly transmit to the other party a copy thereof, and each party shall, within thirty (30) Days after the receiving party's delivery of such order, give notice to the other party whether such Adverse Order is likely to have a material adverse effect on such party or its rights and obligations under this Agreement, setting forth the reasons therefor. If the parties are unable, after the exercise of the efforts and cooperation required pursuant to paragraph (a) and this paragraph (b), to obtain any necessary approvals or authorizations and/or agree to amendments to this Agreement which will eliminate the cause for the issuance of the Adverse Order and/or the material adverse effect of such Adverse Order (collectively, the "Failure"), then this Agreement shall terminate, such termination (subject to the provisions of this Section 2.3) to be effective as of the end of the last Day of the Month in which such Failure occurs; provided, however, that no such termination shall affect the obligation of either party to pay amounts due and owing hereunder or to take delivery of nominated Gas as of the date of such termination, and neither party shall be required to continue any performance hereunder that is prohibited by an Adverse Order.

(c) In the event this Agreement is terminated as the result of an Adverse Order, Shipper shall have no obligation to make payment of the Fixed Monthly Charges and to provide the Security required by Section 4.6. Except as provided above, neither party shall have any further obligation hereunder to the other party following any termination of this Agreement pursuant to this Section 2.3.

**Section 2.4 FPSC Approval.** Notwithstanding any other provision of this Agreement, the same shall be of no force or effect until approved by a final non-appealable order of the FPSC. In the event the FPSC denies approval of this Agreement, the same shall be of no force or effect, and the Prior Agreements shall remain in full force and effect according to their terms.

### ARTICLE III - TRANSPORTATION SERVICE

**Section 3.1 Services.** Shipper engages PGS, and PGS accepts such engagement, to receive Gas for Shipper's account, up to the MTQ, at the PGS Receipt Point(s), and to cause an equivalent quantity to be redelivered to Shipper. Such transportation shall be governed by PGS's FPSC Tariff and this Agreement. If there is a conflict between the tariff and this Agreement, the tariff shall control. Transportation hereunder is interruptible in accordance with PGS's FPSC Tariff and curtailment plan on file with the FPSC. If Shipper's service is interruptible, Shipper may select one or more of the options described in Appendix C, which may enable Shipper to continue receiving delivery of Gas during periods of curtailment or interruption. PGS shall have no obligation to make sales of Gas to Shipper in lieu of the transportation of Gas contemplated by this Agreement.

### ARTICLE IV – NOMINATIONS AND OTHER MATTERS

**Section 4.1 General.** For each Day Shipper desires service hereunder, Shipper shall provide a Nomination to PGS pursuant to Section 4.2 for each meter at a Facility. The total quantity for the Facility may be Nominated to a single meter, with "zero" Nominations being made for any additional meters located at the Facility. All Nominations shall be made to PGS at its web site ([www.pgsunom.com](http://www.pgsunom.com)) provided that, in an emergency, a Nomination may be delivered via facsimile using the form set forth in PGS's FPSC Tariff. Quantities confirmed by PGS for delivery shall be Scheduled Quantities. If requested by Shipper, PGS will allow increases or decreases in Scheduled Quantities after the Nomination deadlines set forth in this article, if the same can be confirmed by PGS, Transporters and Suppliers, and can be accomplished without detriment to services then scheduled on such Day for PGS and other shippers. The maximum quantity PGS shall be obligated to make available for delivery to Shipper on any Day (which shall not exceed the MDQ) is the Transportation Quantity established pursuant to this article.

**Section 4.2 Nomination for Transportation.** Unless otherwise agreed, Shipper shall, for each Month, and each Day during such Month that Shipper seeks to change any aspect of any prior Nomination, notify PGS by providing a completed Nomination for each PGS Delivery Point. Shipper's Nomination for Gas to be made available for delivery on the first Day of any Month shall be given by 10 a.m. on the second Business Day prior to the Day on which a nomination must be delivered to Transporter for receipt of deliveries at the PGS Receipt Point(s) on such Day. Daily Nominations for Gas to be made available for delivery other than on the first Day of a Month shall be given to PGS by 10 a.m. on the Business Day prior to the Day on which a nomination must be delivered to Transporter for the receipt of deliveries at the PGS Receipt Point(s) on such Day. PGS shall confirm to Shipper the quantity PGS will make available for redelivery on such Day (the "Transportation Quantity," which shall also be a "Scheduled Quantity") no later than 5:00 p.m. Eastern Time on the Business Day immediately preceding such Day. PGS has no obligation to confirm a quantity Nominated by Shipper pursuant to this section greater than the quantity which, in PGS's reasonable judgment, after consultation with Shipper, equals a Facility's likely consumption for a Day. If properly nominated by Shipper, PGS will redeliver quantities received for Shipper's account at the SNG Baldwin PGS Receipt Point or the FGT Jacksonville Receipt Point to the PGS RockTenn Jacksonville Delivery Point(s) and / or the PGS RockTenn Fernandina Beach PGS Delivery Point. At PGS's sole discretion, PGS will redeliver quantities received for Shipper's account at the SNG Baldwin or FGT Jacksonville PGS Receipt Points to the PGS RockTenn Panama City PGS Delivery Point if doing so will not adversely impact PGS operations in the Jacksonville area. Unless otherwise agreed, PGS shall not be required to redeliver quantities received for Shipper's account at the FGT Panama City PGS Receipt Point to the PGS RockTenn Jacksonville Delivery Point(s) or the PGS RockTenn Fernandina Beach PGS Delivery Point(s).

**Section 4.3 Other Responsibilities.** Shipper shall promptly notify PGS in writing of any change in the Transportation Quantity for a Facility for any Day, and PGS will use commercially reasonable efforts to accept any such requested change as soon as practicable.

**Section 4.4 Confirmation.** If Transporter asks PGS to verify a nomination for Shipper's account, PGS shall confirm the lesser of such nomination, the Transportation Quantity or, in the case of non- or partial operation of a Facility, that quantity which in PGS's reasonable judgment (after consultation with Shipper) is likely to be consumed at the Facility. PGS has no obligation with respect to verification or rejection of quantities not requested by Shipper.

**Section 4.5 Mutually Beneficial Transactions.** Shipper recognizes that PGS maintains the operation and system integrity of the PGS distribution system on a daily basis, and that PGS, as the delivery point operator for its points of interconnection with interstate pipelines, is subject to the rules and regulations of such pipelines with regard to operational flow rates, pressures and penalties. As such, PGS may from time to time need Shipper to vary its Nominated quantities of Gas to be delivered at the PGS Receipt Point(s). On such occasions, PGS may in its sole discretion request, and Shipper may agree to, a change in the quantity of Gas to be delivered for the account of Shipper at the PGS Receipt Point(s). No such change in the quantity of Gas to be delivered shall be made pursuant to this section without the consent of Shipper. Terms and conditions of any such transaction will be agreed upon between the parties at the time of the transaction and will be recorded and confirmed in writing within two Business Days of the transaction.

**Section 4.6 Full Requirements; Fixed Monthly Charges; Security.**

(a) During the term of this Agreement, unless otherwise agreed from time to time, all Gas used in a Facility, up to the MTQ, will (subject to the provisions of this Agreement) be transported by PGS on PGS's distribution system, except to the extent Shipper's requirements for the Facility are not delivered by PGS in accordance with this Agreement.

(b) Shipper shall pay to PGS each Month the following amounts:

(i) For service to the Fernandina Beach Facility, for annual quantities up to [REDACTED] the sum of [REDACTED] (the "FB Fixed Monthly Charge").

(ii) Shipper shall have the option, exercisable once in each Contract Year on or before July 1 of such Contract Year, to increase or decrease for the next ensuing Contract Year, its consumption of Gas at the Fernandina Beach Facility, and the incremental monthly charge associated with such increased or decreased consumption (which incremental monthly charges are set forth in Appendix D) to be paid each Month to PGS in addition to the FB Fixed Monthly Charge. If Shipper elects an incremental monthly charge associated with annual quantities exceeding [REDACTED] (each an "Incremental Monthly Charge"), Shipper shall pay to PGS each Month for service to the Fernandina Beach Facility, in addition to the FB Fixed Monthly Charge, such Incremental Monthly Charge as Shipper has elected from Appendix D (if any).

(iii) For service to the Jacksonville Facility, the sum of [REDACTED] (the "Jax Fixed Monthly Charge").

(iv) For service to the Panama City Facility, the sum of [REDACTED] (the "PC Fixed Monthly Charge").

(c) Shipper has furnished to PGS a guaranty by Rock-Tenn Company, a Georgia corporation and Shipper's ultimate parent company, which guaranty is attached hereto as Appendix E (the "Security") to secure the payment to PGS of all costs incurred by PGS for the design, engineering, permitting, construction, completion, testing, and placing in service of the New Pipeline which have not been recovered by PGS through the FB Fixed Monthly Payments in the event Shipper elects, for any reason other than the issuance of an Adverse Order, not to use the transportation service contemplated by this Agreement for the Fernandina Beach Facility. In the event of any such election by Shipper, PGS shall have the right, without notice to Shipper, to make claim on the Security for the amount of all costs incurred by PGS for the design, engineering, permitting, construction, completion, testing, and placing in service of the New Pipeline which have not, as of the time of such claim, been recovered by PGS through the FB Fixed Monthly Payments. The Security shall be provided for the following periods in the following amounts:

	<u>Amount of Parent Guaranty</u>
Upon execution of this Agreement and through the end of the third Contract Year	\$15,000,000
From the first Day of the fourth Contract Year through the end of the fifth Contract Year	\$10,000,000
From the first Day of the sixth Contract Year through the end of the seventh Contract Year	\$5,000,000

Provided Shipper is not in default of its obligations under this Agreement, Shipper's obligation to provide the Security as hereinabove provided shall terminate at the end of the seventh Contract Year.

**Section 4.7 Future Negotiations.** If Shipper in the future expands the production capacity of a Facility in a manner that results in requirements for Gas in excess of the requirements contemplated by this Agreement, the parties agree to negotiate in good faith with respect to (i) the expansion of the New Pipeline, (ii) the connection of PGS's distribution facilities to the SNG Cypress Lateral or (iii) other PGS facilities desired by Shipper.

## ARTICLE V - DISTRIBUTION AND OTHER CHARGES

**Section 5.1 Distribution Charges.** Shipper shall pay PGS each Month for transportation service rendered by PGS:

- (a) to the Fernandina Beach Facility, for annual quantities up to [REDACTED] the FB Fixed Monthly Charge, in accordance with PGS's Rate Schedule CIS filed with and approved by the FPSC;
- (b) to the Fernandina Beach Facility, for annual quantities exceeding [REDACTED] the Incremental Monthly Charge, in accordance with PGS's Rate Schedule CIS filed with and approved by the FPSC;
- (c) to the Jacksonville Facility, the Jax Fixed Monthly Charge, in accordance with PGS's Rate Schedule CIS filed with and approved by the FPSC; and
- (d) to the Panama City Facility, the PC Fixed Monthly Charge, in accordance with PGS's Rate Schedule CIS filed with and approved by the FPSC.

Following the expiration of the Term for a Facility, Shipper shall pay PGS each Month for transportation service rendered by PGS in accordance with the lesser of (i) the rate(s) contained in a FPSC-approved negotiated transportation agreement and (ii) the rate(s) contained in the otherwise applicable rate schedule of PGS's FPSC Tariff.

**Section 5.2 Usage Charges.** In addition to the distribution charges provided by Section 5.1 and the charges provided by Section 4.6, Shipper shall pay to PGS for each Contract Year, the Usage Charge for each Facility to which deliveries during such Contract Year resulted in Excess Quantities. The Usage Charge for a Facility (if any) shall be an amount determined pursuant to the following formula ("Usage Charge"):

[REDACTED]

where:

"A" is the quantities delivered to the Facility during the Contract Year in excess of [REDACTED], and

"B" is the Excess Quantities for the Facility for the Contract Year.

Usage Charges (if any) for a Facility shall be paid within twenty (20) Days after the receipt by Shipper of PGS's invoice for such charges. Such invoices will be sent by PGS commencing with the month following the first month in a Contract Year in which Excess Quantities are delivered to a Facility.

As an example, and for the avoidance of doubt, the Usage Charge for the Fernandina Beach Facility for a Contract Year for which Shipper had timely elected to pay an FB Incremental Monthly Charge of [REDACTED], and in which deliveries to the Facility were [REDACTED], would be calculated as follows:

Excess Quantities = [REDACTED]  
[REDACTED]

Usage Charge = [REDACTED]

As a further example, and for the avoidance of doubt, the Usage Charge for the Jacksonville Facility and/or the Panama City Facility for a Contract Year in which deliveries to the Facility were [REDACTED] would be calculated as follows:

Excess Quantities = [REDACTED]

Usage Charge = [REDACTED]

**Section 5.3 Changes in Tariff.** If the applicable rates or rate schedules change or are amended or superseded, the newly applicable rates or rate schedules shall be applicable to service hereunder. Nothing contained herein shall prevent PGS from filing with the FPSC (or Shipper from opposing) changes to the rates and other provisions in PGS's FPSC Tariff.

## ARTICLE VI - BILLING AND PAYMENT

**Section 6.1 Billing.** PGS will bill Shipper each Month for the FB Fixed Monthly Charge required by Section 4.6 (which includes, without duplication, the Customer Charge and Distribution Charge for the Fernandina Beach Facility payable by Shipper pursuant to Section

5.1(a)), the Jax Fixed Monthly Charge, the PC Fixed Monthly Charge, and any other amounts due hereunder. If, during the preceding Month, PGS has purchased Gas from Shipper pursuant to an interruption or curtailment order, such bill shall show a credit for the estimated amount due Shipper for such purchase(s). If the estimated amount owed by PGS to Shipper exceeds the amount Shipper owes PGS, PGS shall pay Shipper the net amount estimated to be due Shipper at the time PGS bills Shipper.

**Section 6.2 Payment.** Shipper shall pay such bills, minus any disputed amounts, at the address specified in the invoice by the 20th Day following the date of PGS's mailing (as signified by the postmark) or other delivery of the bill. All sums not so paid by Shipper (or credited or paid by PGS) shall be considered delinquent.

**Section 6.3 Billing Disputes.** In the event of a bona fide billing dispute, Shipper or PGS, as the case may be, shall pay (or credit) to the other party all amounts not in dispute, and the parties shall negotiate in good faith to resolve the amount in dispute as soon as reasonably practicable. If a party has withheld payment (or credit) of a disputed amount, and the dispute is resolved, the non-prevailing party shall pay to the other party the amount determined to be due such other party, plus interest thereon at an annual rate equal to the prime interest rate of Citibank, N.A., New York, New York, plus one percent (1%), calculated on a daily basis from the date due until paid (or credited).

**Section 6.4 Errors or Estimates.** If an estimate is used to determine the amount due Shipper for purchases by PGS pursuant to an interruption or curtailment order, PGS shall make any adjustment necessary to reflect the actual amount due Shipper on account of such purchases in the next bill rendered to Shipper after determination of the actual amount due. An error in any bill, credit or payment shall be corrected in the next bill rendered after the error is confirmed by PGS.

## ARTICLE VII - FAILURE TO MAKE PAYMENT

**Section 7.1 Late Payment Charge.** Charges for services due and rendered which are unpaid as of the past due date are subject to a Late Payment Charge of 1.5%.

**Section 7.2 Other Remedies.** If Shipper fails to remedy a delinquency in any payment within five (5) Days after written notice thereof by PGS, PGS, in addition to any other remedy may, without incurring any liability to Shipper and without terminating this Agreement, suspend further deliveries to Shipper until the delinquent amount is paid, but PGS shall not do so if the failure to pay is the result of a bona fide billing dispute, and all undisputed amounts have been paid. If PGS fails to remedy a delinquency in providing a credit (or making payment) to Shipper for PGS purchases pursuant to an interruption or curtailment order within five (5) Days after Shipper's written notice thereof, Shipper, in addition to any other remedy, may, without incurring liability to PGS and without terminating this Agreement, suspend PGS's right to retain and purchase Shipper's Gas pursuant to an interruption or curtailment order, but Shipper shall not do so if PGS's failure to provide a credit (or make payment) is the result of a bona fide billing dispute, and all undisputed amounts have been credited or paid by PGS.

## ARTICLE VIII - MISCELLANEOUS

**Section 8.1 Assignment and Transfer.** Neither party may assign this Agreement without the prior written consent of the other party (which shall not be unreasonably withheld) and the assignee's written assumption of the assigning party's obligations hereunder.

**Section 8.2 Governing Law.** This Agreement and any dispute arising hereunder shall be

governed by and interpreted in accordance with the laws of Florida and shall be subject to all applicable laws, rules and orders of any Federal, state or local governmental authority having jurisdiction over the parties, their facilities or the transactions contemplated. Venue for any action, at law or in equity, commenced by either party against the other and arising out of or in connection with this Agreement shall be in a court, located within the State of Florida, having jurisdiction.

**Section 8.3 Severability.** If any provision hereof becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement shall continue in full force and effect without said provision.

**Section 8.4 Entire Agreement; Appendices.** This Agreement sets forth the complete understanding of the parties as of the date first written above, and supersedes any and all prior negotiations, agreements and understandings with respect to the subject matter hereof. The appendices attached hereto are an integral part hereof. All capitalized terms used and not otherwise defined in the appendices shall have the meanings given to such terms herein.

**Section 8.5 Waiver.** No waiver of any of the provisions hereof shall be deemed to be a waiver of any other provision whether similar or not. No waiver shall constitute a continuing waiver. No waiver shall be binding on a party unless executed in writing by that party.

**Section 8.6 Notices.** (a) All notices and other communications hereunder shall be in writing and be deemed duly given on the date of delivery if delivered personally or by a recognized overnight delivery service or on the fifth day after mailing if mailed by first class United States mail, registered or certified, return receipt requested, postage prepaid, and properly addressed to the party as set forth below or on the date of facsimile transmission by telephone line or by electronic mail.

**PGS:**

**Administrative Matters:**

Peoples Gas System  
702 N. Franklin Street  
Tampa, Florida 33602  
Attention: Vice President - Fuels Management  
Telephone: (813) 228-4526  
Facsimile: (813) 228-4643  
Email: [bnarzissenfeld@tecoenergy.com](mailto:bnarzissenfeld@tecoenergy.com)

**With a copy to:**

Peoples Gas System  
702 N. Franklin Street  
Tampa, Florida 33602  
Attention: Associate General Counsel  
Telephone: (813) 228-4111  
Facsimile: (813) 228-1328  
Email: [dmnicholson@tecoenergy.com](mailto:dmnicholson@tecoenergy.com)

**Invoices and Payment:**

Peoples Gas System  
702 N. Franklin Street  
Tampa, Florida 33602  
Attention: Director, Accounting  
Telephone: (813) 228-4191  
Facsimile: (813) 228-4643  
Email: [rbarbour@tecoenergy.com](mailto:rbarbour@tecoenergy.com)

**Shipper:**

**Administrative Matters:**

RockTenn CP, LLC  
504 Thrasher Street  
Norcross, Georgia 30071  
Attention: Cam Beaty  
Telephone: 678-291-7728  
Facsimile: 678-291-7814  
Email: [cbeaty@Rocktenn.com](mailto:cbeaty@Rocktenn.com)

**With a copy to:**

RockTenn CP, LLC  
504 Thrasher Street  
Norcross, Georgia 30071  
Attention: General Counsel  
Telephone: 678-291-7372  
Facsimile: 678-291-7814  
Email: [ngordon@rocktenn.com](mailto:ngordon@rocktenn.com)

**Invoices and Payment – Fernandina Beach:**

RockTenn CP, LLC  
Fernandina Beach – MS #5  
P. O. Box 182943  
Columbus, Ohio 43218-2943  
Email: [Mailroom@cassinio.com](mailto:Mailroom@cassinio.com)

**Invoices and Payment – Jacksonville:**

RockTenn CP, LLC  
Seminole Mill - MS #5  
P. O. Box 182943  
Columbus, Ohio 43218-2943  
Email: [Mailroom@cassinfo.com](mailto:Mailroom@cassinfo.com)

**Invoices and Payment – Panama City:**

RockTenn CP, LLC  
Panama City Mill - MS #5  
P. O. Box 182943  
Columbus, Ohio 43218-2943  
Email: [Mailroom@cassinfo.com](mailto:Mailroom@cassinfo.com)

**Section 8.7 Amendments.** This Agreement may not be amended except by an instrument in writing signed by the party against which enforcement of the amendment is sought. A change in (a) the place to which notices hereunder must be sent or (b) the individual designated as Contact Person shall not be deemed nor require an amendment hereof provided such change is communicated pursuant to Section 8.6.

**Section 8.8 Force Majeure.**

(a) The obligations of each party under this Agreement, and the performance thereof, other than a failure or delay in the payment of money due hereunder, shall be excused during such times and to the extent such performance is prevented by reason of Force Majeure.

(b) The party whose performance is excused by an event of Force Majeure shall promptly notify the other party of such occurrence and its estimated duration, and shall promptly remedy such Force Majeure if and to the extent reasonably possible and resume such performance when possible; provided, however, that neither party shall be required to settle any labor dispute against its will.

**Section 8.9 Legal Fees.** In the event of litigation between the parties hereto arising out of or in connection with this Agreement, then the reasonable attorneys' fees and costs of the party prevailing in such litigation shall be paid by the other party.

**Section 8.10 Prior Agreements.** Subject to the provisions of Section 2.4, this Agreement shall supersede and replace, as of the date on which an order of the FPSC approving this Agreement becomes final and non-appealable, the Prior Agreements.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective duly authorized officers as of the date first above written.

PEOPLES GAS SYSTEM, A DIVISION  
OF TAMPA ELECTRIC COMPANY

ROCKTENN CP, LLC

By:   
Gordon L. Gillette  
President

By:   
Name: John Stakel  
Title: SVP & Treasurer

*227*

**APPENDIX A –  
AMENDED AND RESTATED  
GAS TRANSPORTATION AGREEMENT**

**PGS RECEIPT POINT(S)**

Maximum Transportation Quantity: [REDACTED] per Day

PGS will accept Gas from Shipper, or for its account, for transportation pursuant to this Agreement at the following point(s):

SNG Baldwin – DRN 960530  
FGT Jacksonville – DRN 3018  
FGT Panama City – DRN 2953

The above point(s) may be changed by PGS from time to time with prior Shipper approval, such approval not to be unreasonably withheld.

**APPENDIX B –  
AMENDED AND RESTATED  
GAS TRANSPORTATION AGREEMENT**

**PGS DELIVERY POINT(S)**

Gas transported or sold pursuant to this Agreement shall be delivered by PGS to Shipper at the following point(s):

<u>NAME</u>	<u>PGS METER#</u>	<u>MAXIMUM DELIVERY QUANTITY</u>
Fernandina Beach	XVB09727	██████████ per Day
Jacksonville	OZC26581	██████████ per Day
Panama City	YVE00001	██████████ per Day

**APPENDIX C –  
AMENDED AND RESTATED  
GAS TRANSPORTATION AGREEMENT**

**ALTERNATIVES DURING PERIODS OF INTERRUPTION OR CURTAILMENT**

Shipper may select one or more of the "Options" hereinafter described prior to or during a period of curtailment or interruption. The Options set forth below describe means through which PGS will attempt to continue deliveries to Shipper during such a period if PGS can do so in a manner that is consistent with the order of priorities of service set forth in its curtailment plan on file with the FPSC and that will not prevent service to customers in higher priorities of service than Shipper.

If PGS is entitled under this Agreement or PGS's FPSC Tariff to interrupt deliveries to Shipper for reasons other than Force Majeure, PGS will notify Shipper to that effect, such notice to include the estimated duration of the interruption and the estimated cost of gas required for PGS to continue deliveries to Shipper during the period of interruption. Shipper shall notify PGS within two (2) hours after receipt of PGS's notice of interruption of the option (from Options A through C below) Shipper elects during the period of interruption. If Shipper fails to respond to PGS's notice within the aforesaid two-hour period, it shall be conclusively presumed that Shipper has elected the Option(s) (if any) previously selected by Shipper in writing. If Shipper has failed to make *any* election, either prior to PGS's notice or during the two-hour period, it shall be conclusively presumed that Shipper has elected Option D. The Options are as follows:

Option A: Shipper desires PGS to continue deliveries during the period of interruption and Shipper agrees to make available for its account (*i.e.*, to make all arrangements necessary to cause the delivery of) at the PGS Receipt Point(s) additional quantities of Gas equal to those quantities which PGS is entitled to interrupt.

Option B: Shipper desires PGS to continue deliveries during the period of interruption and agrees to make available for its account (*i.e.*, to make all arrangements necessary to cause the delivery of) at the applicable point(s) of receipt into Transporter's pipeline system additional quantities of Gas equal to those quantities which PGS is entitled to interrupt, and desires PGS to release to Shipper (or to a Supplier designated by Shipper), for the duration of the period of interruption and at the maximum rate applicable to the capacity released, primary firm capacity on SNG sufficient to transport such additional quantities of Gas to the PGS Receipt Point(s). By election of this Option B, Shipper agrees to be responsible for the payment of all charges imposed by SNG with respect to the capacity so released by PGS to Shipper (or Shipper's Supplier), or the use of such capacity, for the period during which such release is effective. If Shipper elects to continue deliveries during the period of interruption pursuant to this Option B, PGS agrees to release the capacity requested by Shipper if PGS determines in its sole discretion that (i) such capacity is available for release to Shipper during the period of interruption, (ii) such release can be accomplished readily and without detriment to PGS's system operations, and (iii) such release is practicable within the time constraints and requirements of Transporter's FERC Tariff and the ready availability of PGS staff and resources.

Option C: Shipper desires PGS to continue deliveries during the period of interruption, appoints PGS as its agent to acquire (at the PGS Receipt Point(s)) additional quantities of Gas at market-based price, equal to those quantities which PGS is entitled to interrupt, to be used by Shipper during the period of curtailment, and agrees to reimburse PGS, in addition to all amounts otherwise payable for Gas pursuant to this Agreement, for the incremental additional per-Therm costs incurred by PGS (as Shipper's agent) to acquire for the account of Shipper, at the PGS Receipt Point(s), Gas to be used by Shipper during the period of

interruption. As used in this Option C, "incremental additional costs" shall mean the weighted average per-Therm costs incurred by PGS to acquire, for the accounts of Shipper and other interruptible customers of PGS who have elected this Option C during a particular period of interruption, the additional quantities of Gas mentioned above to be used by Shipper and such other interruptible customers of PGS during such period of interruption, including but not limited to commodity, transportation, storage and other charges incurred by PGS.

Option D: Shipper agrees to cease taking Gas pursuant to PGS's notice during the period of interruption.

If Shipper has elected to continue deliveries pursuant to Option A, Option B or Option C, PGS will, in implementing its interruption notice, take and pay for Shipper's Gas as provided in PGS's FPSC Tariff, but will not discontinue deliveries to Shipper unless (i) if Shipper has elected Option A, Shipper fails to make additional Gas available at the PGS Receipt Point(s), or (ii) if Shipper has elected Option B, either (a) PGS has no primary firm capacity on SNG available for release to Shipper (or Shipper's Supplier) during the period of interruption without detriment to service required by PGS's customers in a curtailment category having a higher priority than Shipper's curtailment category under PGS's curtailment plan, or (b) PGS determines either that the release of capacity contemplated by Option B would not result in Shipper's (or Shipper's Supplier's) being able to make the additional quantities of Gas available at the PGS Receipt Point(s) for delivery to Shipper during the period of interruption or that the release of capacity cannot be made pursuant to Option B, or (iii) if Shipper has elected Option C, PGS, having exercised commercially reasonable efforts, is unable to acquire for Shipper's account, at the PGS Receipt Point(s), additional Gas for delivery to Shipper during the period of interruption. In the event of the occurrence of any of the circumstances described in items (i) through (iii), PGS will provide Shipper with not less than two (2) hours' notice to cease taking Gas during the period of interruption, and Shipper shall not have the benefit of Options A through C above.

APPENDIX D –  
AMENDED AND RESTATED  
GAS TRANSPORTATION AGREEMENT

DETERMINATION OF INCREMENTAL MONTHLY CHARGE

Incremental Quantities (in excess of [REDACTED] annually) and Incremental  
Charges:

Incremental Daily MMBtu	Incremental Annual MMBtu	Incremental Monthly Charge
[REDACTED]	[REDACTED]	[REDACTED]

**APPENDIX E -  
GAS TRANSPORTATION AGREEMENT  
PARENT GUARANTY**

**PARENT GUARANTY**

Guaranty

This Guaranty Agreement (the "Guaranty") dated and effective as of October 12, 2011, is made and entered into by Rock-Tenn Company, a Georgia corporation ("Guarantor") in favor of Peoples Gas System, a division of Tampa Electric Company, a Florida corporation ("Beneficiary")

WHEREAS, RockTenn CP, LLC, a Delaware limited liability company ("Company"), an affiliate of Guarantor, and Beneficiary are parties to that certain Gas Transportation Agreement dated as of even date herewith (the "Agreement")

WHEREAS, Guarantor has benefited and in the future will directly or indirectly benefit from the Agreement entered into between Company and Beneficiary;

NOW THEREFORE, in consideration of Beneficiary entering into the Agreement, Guarantor hereby covenants and agrees as follows:

1. GUARANTY. Subject to the provisions hereof and any applicable cure period provided in the Agreement, Guarantor hereby absolutely, irrevocably and unconditionally guarantees the full, prompt and punctual payment, whether on demand, at stated maturity, by acceleration or otherwise, and performance of all debts, liabilities and obligations owed by the Company to the Beneficiary whenever, however or whenever incurred under or pursuant to the Agreement (the "Obligations"). This is an absolute and continuing guaranty of payment rather than a guaranty of collection. If for any reason Company shall fail to duly and punctually pay the Obligations owed by it under the Agreement, then Guarantor shall promptly pay such Obligations upon Guarantor's receipt of Beneficiary's demand.

Notwithstanding anything to the contrary contained herein, Guarantor's liability hereunder in connection with the Obligations shall be limited to the following amounts (all such amounts being expressed in U.S. Dollars) for the following periods:

From the date of this Guaranty through the end of the third Contract Year	\$15,000,000
From the first Day of the fourth Contract Year through the end of the fifth Contract Year	\$10,000,000
From the first Day of the sixth Contract Year through the end of the seventh Contract Year	\$5,000,000

plus any applicable expenses as described in Section 9 of this Guaranty.

2. NATURE OF GUARANTY. Guarantor's liability under this Guaranty is absolute and will not be affected by the existence, validity, enforceability, perfection or extent of any collateral or security for the Obligations. The Beneficiary shall not be obligated to file any claim relating to the Obligations if the Company becomes subject to a bankruptcy, reorganization or similar proceeding and the failure of the Beneficiary to do so shall not affect the Guarantor's obligations under this Guaranty.

3. SETOFFS AND COUNTERCLAIMS. Without limiting Guarantor's own defenses and rights hereunder, Guarantor reserves to itself all rights, setoffs, counterclaims and other defenses to which Company is entitled arising from or out of the Agreement, except for defenses arising out of the bankruptcy, insolvency, dissolution or liquidation of Company or any other defense expressly waived hereunder.

4. REPRESENTATIONS AND WARRANTIES. Guarantor represents and warrants that:

- (a) it is a corporation duly organized and validly existing under the laws of

the jurisdiction of its formation and has the corporate power and authority to execute, deliver and carry out the terms and provisions of this Guaranty;

- (b) no authorization, approval, consent or order of, or registration or filing with, any court or other governmental body having jurisdiction over Guarantor is required on the part of the Guarantor for the execution and delivery of this Guaranty;
- (c) this Guaranty, when executed and delivered, constitutes a valid and legally binding agreement of the Guarantor, except as the enforceability of this Guaranty may be limited by the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity;
- (d) the individual signing below is authorized to bind the Guarantor to its obligations under this Guaranty; and
- (e) there are no actions, suits or proceedings pending or, to the knowledge of the Guarantor, threatened against or affecting the Guarantor before any court, governmental agency or arbitrator, which may, in any one case or in the aggregate, materially adversely affect the financial condition, operations, properties or business of the Guarantor or of the ability of the Guarantor to perform its obligations under the Guaranty.

5. SUBROGATION. Guarantor hereby agrees not to assert or enforce any right of contribution, reimbursement, indemnity, subrogation or any other right to payment from the Company as a result of Guarantor's performance of its obligations pursuant to this Guaranty until all Obligations are paid in full. Any amount paid to the Guarantor in violation of the preceding sentence shall be held by the Guarantor for the benefit of the Beneficiary and shall forthwith be paid to the Beneficiary to be credited and applied to the Obligations.

6. NOTICES. Any demand, notice, request, instruction, correspondence or other document to be given hereunder by any party to another (herein collectively called "Notice") shall be in writing and delivered personally or mailed by certified mail, postage prepaid and return receipt requested or by overnight courier service, as follows:

To Beneficiary:	To Guarantor:
Tampa Electric Company 702 North Franklin St. P-7 Tampa, Florida 33602 Attn.: David Bly Phone No.: (813) 226-1030 with a copy to: General Counsel	Rock-Tenn Company 504 Thrasher Street Norcross, Georgia 30071 Attn: General Counsel

Notice given by personal delivery, mail or by overnight courier service shall be effective upon actual receipt. Any party may change any address to which Notice is to be given to it by giving notice as provided above of such change of address.

7. WAIVERS. Guarantor hereby unconditionally waives any circumstance which might constitute a legal or equitable discharge of Guarantor, and waives any defense related thereto, including but not limited to (a) notice of acceptance of this Guaranty; (b) diligence, presentment, demand, notice of dishonor, protest, notice of any sale of collateral security and all other notices whatsoever concerning the liabilities of Guarantor, except as provided in Section 5 herein; (c) any right to require that any action or proceeding be brought against Company or any other person; and (d) any requirement that Beneficiary seek enforcement of any performance against Company or any other person prior to taking any action against Guarantor under the terms hereof.

Except as to applicable statutes of limitation, no delay of Beneficiary in the exercise of, or failure to exercise, any rights hereunder shall operate as a waiver of such rights, a waiver of any other rights or a release of Guarantor from any obligations hereunder, nor shall any single or partial exercise by Beneficiary of any right, remedy or power hereunder preclude any other or future exercise of any right, remedy or power. Each and every right, remedy and power hereby granted to Beneficiary or allowed it by law or other agreement shall be cumulative and not exclusive of any other, and may be exercised by Beneficiary from time to time.

Subject to the provisions hereof, Guarantor consents to the renewal, compromise, extension, acceleration or other changes in the time of payment of or other changes in the terms of the Obligations, or any part thereof or any changes or modifications to the terms of the Agreement, and Guarantor further agrees that Beneficiary, at any time and from time to time without notice to or consent of Guarantor and without impairing or releasing the obligations of Guarantor hereunder, may take or fail to take any action of any kind in respect of any security for any Obligation or liability of Company to Beneficiary.

8. TERM AND TERMINATION. This Guaranty shall expire on the Termination Effective Date (as defined below). Guarantor may terminate this Guaranty by providing written notice of such termination to Beneficiary and upon the effectiveness of such termination, Guarantor shall have no further liability hereunder, except as provided in the last sentence of this paragraph. No such termination shall be effective until ten (10) days after receipt by Beneficiary of such termination notice (the "Termination Effective Date"). Any such termination shall not affect Guarantor's continuing liability with respect to any Obligations existing or arising prior to the time of such expiration or the effective date of termination. While this Guaranty is in effect, in the event any payment to Beneficiary in respect of the Obligations is rescinded or must otherwise be returned for any reason whatsoever, Guarantor shall remain liable hereunder in respect of such Obligations as if such payment had not been made.

9. EXPENSES. Guarantor agrees to pay to Beneficiary on demand all reasonable and actual costs and expenses (including, without limitation, reasonable and actual attorneys' fees) in any way relating to the enforcement or protection of the rights of the Beneficiary hereunder should Guarantor be required to pay under this Guaranty.

10. AMENDMENT OF GUARANTY. No term or provision of this Guaranty shall be amended, modified, altered, waived or supplemented except in a writing signed by Guarantor and Beneficiary.

11. ASSIGNMENT AND MODIFICATION. This Guaranty shall be binding upon the Guarantor, its successors and assigns, and shall inure to the benefit of and be enforceable by the Beneficiary, its successors, assigns and creditors. This Guaranty can be modified only by a written instrument signed by Beneficiary and the Guarantor. The Beneficiary may, upon notice to the Guarantor, assign its rights hereunder without the consent of Guarantor. The Guarantor may not assign its rights, interest or obligations hereunder to any other person without the prior written consent of the Beneficiary, which consent may be withheld in its sole discretion and any purported assignment absent such consent is void.

12. MISCELLANEOUS.

- (a) THIS GUARANTY SHALL IN ALL RESPECTS BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK EXCLUDING ITS CONFLICT OF LAWS PROVISIONS EXCEPT FOR SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW. The Guarantor irrevocably submits to the non-exclusive jurisdiction of the courts of New York in any action or proceeding arising out of or relating to this Guaranty. The Guarantor waives any objection to such jurisdiction on the grounds that it is an inconvenient forum or any similar grounds. The Guarantor consents to the service of process in any action or proceeding relating to this Guaranty by notice to the Guarantor in accordance with the notice provisions of this Guaranty. Nothing shall prevent the Beneficiary from enforcing any related judgment against the Guarantor in any other jurisdiction.

- (b) Waiver of Right to Trial by Jury. Each party hereby irrevocably waives any and all rights to trial by jury with respect to any legal proceeding arising out of or relating to this Guaranty.
- (c) The Guaranty embodies the entire agreement and understanding between Guarantor and Beneficiary and supersedes all prior agreements and understandings relating to the subject matter hereof.
- (d) If any provision of this Guaranty or any application thereof shall be invalid or unenforceable, the remainder of this Guaranty and any other application of such provision shall not be affected thereby.
- (e) Nothing in this Guaranty or any other document referred to herein is intended to waive any rights not specifically waived in said documents nor is intended to enlarge or modify the obligations or duties of Beneficiary.
- (f) The headings of this Guaranty are for purposes of reference only, and shall not affect the meaning hereof.

IN WITNESS WHEREOF, Guarantor has executed this Guaranty on the 12th day of October, 2011, but it is effective as of the date first above written.

GUARANTOR

ROCK-TENN COMPANY

By: John Stakel  
Name: John Stakel  
Title: VP + Treasurer

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**EXHIBIT B**

**COMPARISON OF ANNUAL COST OF SERVICE  
AND  
REVENUES FOR THE FERNANDINA BEACH MILL**

Under the Transport Agreement, the distribution charges for the Jacksonville and Panama City mills have been established pursuant to Peoples' Rate Schedule CIS because both locations have the ability to bypass Peoples' system and receive transportation service directly from Southern Natural Gas Pipeline, LLC. Pursuant to the Transport Agreement, with respect to the Fernandina Beach mill, RockTenn will pay to Peoples a monthly rate of [REDACTED] for deliveries of annual quantities of up to [REDACTED]. RockTenn has the option, exercisable once in each year the agreement is in effect, to increase its gas consumption at the Fernandina Beach mill, and to pay an additional incremental monthly charge. In addition to the fixed and incremental monthly charges, Section 5.2 of the agreement provides for RockTenn's payment of usage charges per MMBtu for annual gas deliveries to the Fernandina Beach mill in excess of certain quantities based on a formula. (The formula in Section 5.2 would also be used to calculate the usage charges (if any) for RockTenn's mills at Jacksonville and Panama City.)

The Transport Agreement has an initial term ending November 30, 2032 (approximately 20 years). As demonstrated by the Cost of Service Study attached to this petition as Exhibit C, the annual transportation revenues derived from the Transport Agreement will enable Peoples to more than recover the fully allocated cost of serving RockTenn's Fernandina Beach mill. As shown by the study, the projected [REDACTED] annual operating costs will be fully recovered and provide Peoples with a return on its net investment through the annual revenues of [REDACTED].

The Transport Agreement generates revenues in excess of the cost of service, thereby providing benefits to Peoples' general body of ratepayers.

**EXHIBIT C**  
**COST OF SERVICE STUDY**

Line	Description	Amount
1	Operation and Maintenance	\$ [REDACTED]
2	Depreciation	4.20% \$ [REDACTED]
3	Taxes other than Income	\$ [REDACTED]
4	Income Taxes	\$ [REDACTED]
5	Return Requirements	\$ [REDACTED]
6	<b>Total Cost of Service</b>	<b>\$ [REDACTED]</b>

NOTES:

Taxes other than Income - Property Taxes and Revenue Related

2012 Property tax expense	\$ [REDACTED]
13 month average rate base - 12/31/2012 ESR	(1) \$ <u>635,491,000</u>
Average tax rate	[REDACTED]
Rate Base	\$ [REDACTED]
<b>Property Tax Expense</b>	<b>\$ [REDACTED]</b>
RAF Percentage	0.50%
Projected Annual Revenue	\$ [REDACTED]
<b>Revenue Related Taxes</b>	<b>\$ [REDACTED]</b>
<b>Total Taxes Other than Income</b>	<b>\$ [REDACTED]</b>