

July 27, 2015

BY HAND DELIVERY

Ms. Carlotta Stauffer, Clerk
Office of the Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

REDACTED

RECEIVED FPSC
15 JUL 27 PM 4:03
COMMISSION
CLERK

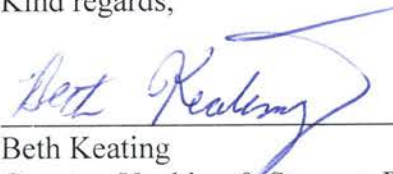
Re: Petition of the Florida Division of Chesapeake Utilities Corporation for Approval of Amendments to Special Contracts with Polk Power Partners, L.P.

Dear Ms. Stauffer:

Enclosed for filing, please find the original and 7 copies of the redacted Florida Division of Chesapeake Utilities Corporation's Petition for Approval of Amendments to Special Contracts with Polk Power Partners, L.P. Under separate cover filed today, the Company is also requesting confidential classification of certain information contained in the Petition and in the exhibits attached to the Petition.

As always, thank you for your assistance with this filing. If you have any questions whatsoever, please do not hesitate to contact me.

Kind regards,



Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706

- COM _____
- AFD _____
- APA _____
- ECO 6
- ENG _____
- GCL 1
- IDM _____
- TEL _____
- CLK _____

Cc: Office of Public Counsel

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of the Florida Division of Chesapeake Utilities Corporation for Approval of Amendments to Special Contracts with Polk Power Partners, L.P.	Docket No. Filed: July 27, 2015
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PETITION OF THE FLORIDA DIVISION OF
CHESAPEAKE UTILITIES CORPORATION FOR APPROVAL
OF AMENDMENTS TO SPECIAL CONTRACTS

Pursuant to Section 366.06, Florida Statutes, and in accordance with Rules 25-9.034, Florida Administrative Code, and 28-106.201, Florida Administrative Code, the Florida Division of Chesapeake Utilities Corporation (“CHPK” or “Company”), hereby files this Petition seeking Commission approval of Amendments to Special Contracts with Polk Power Partners, L.P. (“Polk”)(jointly, both are referred to herein as “Parties”). Specifically, CHPK seeks approval of Amendment No. 1 to the Delivery Point Lease (“DPL”) Agreement between the Parties, as well as Amendment No. 2 to the Capacity Relinquishment Agreement (“CRA”), and Amendment No. 3 to the Gas Transportation Service Special Contract (“GTA”). In support of this request, the Company states:

1. CHPK is a natural gas utility with its principal offices located at:

1750 S 14th Street, Suite 200
Fernandina Beach FL 32034

2. Please send copies of all notices, pleadings and other communications and documents in this docket to the following:

Beth Keating, Esq.
Gunster, Yoakley & Stewart, P.A.
215 South Monroe Street, Suite 601
Tallahassee, Florida 32301-1839
(850) 521-1706

Mike Cassel
Director, Regulatory and Governmental Affairs
Florida Public Utilities Company
1750 S 14th Street, Suite 200
Fernandina Beach, FL 32034
mcassel@fpuc.com

3. CHPK is a natural gas utility subject to regulation by the Commission in accordance with Chapter 366, Florida Statutes. As a party to the contract hereby offered for approval, CHPK's substantial interests will be determined in this proceeding, because the Commission's actions herein will determine whether or not CHPK will be allowed to provide transportation service to Polk pursuant to the negotiated contract.

4. For over twenty (20) years, CHPK has served Polk's 72 MW cogeneration facility. The Commission approved the original transportation agreement by Order No. PSC-92-0201-FOF-GU, and thereafter approved an agreement for increased volume by Order No. PSC-93-1178-FOF-GU, new agreements by Order No. PSC-94-0541-FOF-GU, and amendments thereto by Order No. PSC-06-0143-PAA-GU, issued February 27, 2006, in Docket No. 050835-GU.

5. In view of the fact that each of these agreements is approaching its natural expiration at the end of this year, and because Polk has indicated that it continues to have other options available for its facility, the Parties have engaged in lengthy negotiations over the past several months with the goal of amending the existing contracts such that Polk would remain on CHPK's system. Ultimately, CHPK's goal has been to retain one of its largest customers while ensuring that the rates charged are competitive with the customer's other gas delivery options. In Polk's case, it is fully capable of entirely bypassing CHPK in favor of obtaining all of its gas requirements through its direct connect with Florida Gas Transmission's ("FGT") interstate pipeline, which was an option that Polk appeared inclined to utilize over the course of the negotiations.

6. Polk established a direct connection with FGT in 1993, and currently obtains a majority of the gas needed to operate its Mulberry cogeneration facility through that direct connection.

Polk likely could obtain sufficient quantities of FGT FTS-2 capacity to enable it to entirely bypass CHPK at a rate that made that option attractive to Polk. Thus, in spite of the lengthy business relationship between the Parties, the economic incentive for Polk to remain with CHPK was marginal. In contrast, the impact to CHPK if Polk were to leave CHPK's system would be significant. As the Commission has recognized:

Having industrial customers on the system greatly benefits all users, particularly the residential customers. Customers benefit because large load users are able to absorb a greater portion of the fixed cost necessary to provide the service; as a result, rates are lower, especially for small load users. Conversely, losing industrial customers who have alternative fuel sources or viable bypass options would pose a greater burden on all ratepayers, and could result in higher rates.

Order No. PSC-10-0029-PAA-GU, issued January 14, 2010, in Docket No. 090125-GU.

7. The changes for which CHPK seeks approval are straight-forward. Specifically, the changes to the DPL are minimal in that the Amendment simply extends the term of the DPL to August 31, 2024. Likewise, the Amendment to the CRA extends the expiration date for that agreement, while also modifying the release commitments to reflect a range, rather than a specific amount, modifying the language to be more consistent with Federal Energy Regulatory Commission ("FERC") requirements for noticing capacity releases. These changes are not inconsistent with CHPK's current tariff. The GTA is likewise modified to extend the effective date of the agreement between the Parties, and also includes a modest reduction in charges, which properly recognizes the value of Polk as a customer on CHPK's system, as well as the risk of harm to CHPK and its remaining customer base if Polk were to bypass CHPK. The new rate, which is set forth in Exhibit A to the GTA, will now be set at [REDACTED] per month, which better reflects the current use of capacity for Polk.

8. CHPK's tariff allows for Special Contracts of this nature consistent with Original Sheet No. 19, which provides, in pertinent part:

c. Special Contract Service (SCS)

Transportation Service provided to a Consumer, at the sole option of the Company pursuant to Commission Rule 25-9.034, F.A.C., where the rates, terms and/or conditions of service may be different than those set forth in the Company's approved tariff. All SCS Consumers shall enter into a Special Contract Agreement with the Company, subject to the approval of the Commission.

9. Approval of the amendments to the DPL, CRA, and GTA Contracts will allow CHPK to continue to be the transportation service provider for Polk, which benefits not just the parties to the Special Contract, but also CHPK's general body of ratepayers. Moreover, the rate set forth in the Special Contract will continue to allow CHPK to appropriately recover its ongoing costs to serve Polk.

10. The Parties further respectfully request that these amendments be approved prior to January 1, 2016. In view of the fact that the underlying agreements expire on December 31, 2015, the Parties have entered into these agreements on a provisional basis, recognizing that the agreements are not fully effective unless and until the Commission approves them. In the event that the Commission rejects the amendments, the relationship between the Parties will continue under the prior version of these agreements until the Parties can renegotiate amendments that would meet with Commission approval, or the agreements are otherwise terminated.

11. CHPK is aware of no disputed issues of fact pertaining to these amendments and suggests that approval of the amendments to the DPL, the CRA, and the GTA are appropriate and consistent with Chapter 366, Florida Statutes.

Petition for Approval of Contract Amendments

WHEREFORE, the Florida Division of Chesapeake Utilities Corporation hereby respectfully requests that the Commission approve the following amendments to its agreements with Polk Power Partners, L.P.: (1) Amendment No. 1 to the Delivery Point Lease Agreement; (2) Amendment No. 2 to the Capacity Relinquishment Agreement; and (3) Amendment No. 3 to the Gas Transportation Special Contract. In the event that the Commission's vote is protested, CHPK further requests that the parties be allowed to operate under the terms of the amended agreements, subject to refund, pending resolution of the protest.

Respectfully submitted this 27th day of July, 2015.



Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 S. Monroe Street, Suite 601
Tallahassee, FL 32301-1804
(850) 521-1706
bkeating@gunster.com

*Attorneys for Florida Division of Chesapeake
Utilities Corporation*

ATTACHMENT 1

AMENDMENTS TO SPECIAL CONTRACTS BETWEEN THE
FLORIDA DIVISION OF CHESAPEAKE UTILITIES
CORPORATION
AND
POLK POWER PARTNERS, L.P.

(AMENDMENT No. 1 to Delivery Point Operator Agreement, AMENDMENT No. 2 to
Capacity Relinquishment Agreement, and AMENDMENT No. 3 to Gas Transportation Service
Special Contract with CFTS Affidavit)

AMENDMENT No. 1

to

DELIVERY POINT LEASE AGREEMENT

BETWEEN

CHESAPEAKE UTILITIES CORPORATION

AND

POLK POWER PARTNERS, L.P.

AMENDMENT NO. 1

TO

DELIVERY POINT LEASE AGREEMENT

THIS AMENDMENT NO. 1 TO DELIVERY POINT LEASE AGREEMENT (this "Amendment") is made and entered into this 30th day of June, 2015, by and between Chesapeake Utilities Corporation, a Delaware corporation, doing business in Florida as Central Florida Gas Company, and hereinafter referred to as "Chesapeake" and Polk Power Partners, L.P., a Delaware limited partnership, hereinafter referred to as "Polk Power" (together, jointly referred to herein as "Parties").

WITNESSETH:

WHEREAS, the Parties entered into a Delivery Point Lease Agreement ("the DPL") dated January 1, 2005, and approved by Florida Public Service Commission Order No. PSC-06-0143-PAA-GU, pursuant to which Polk Power agreed to lease to Chesapeake certain gas receiving property and equipment directly interconnected to the Florida Gas Transmission ("FGT") pipeline at a pipeline interconnect location designated by FGT as Delivery Point DRN 153710 (hereinafter, the "Facilities"); and

WHEREAS, the Parties are also parties to the: (1) the Gas Transportation Agreement entered into on February 18, 1994, as amended, including by Amendment No. 2 to Gas Transportation Agreement, effective as of January 1, 2005, as approved by the Florida Public Service Commission in Dockets Nos. 940320-GU and 050835-GU, respectively, ("GTA"); (2) Capacity Relinquishment Agreement, effective January 1, 2005; and, (3) Transportation Aggregation Service ("TAS") Pool Manager Agreement, effective as of January 1, 2005, as modified by Letter Agreement dated August 24, 2005 and effective as of January 1, 2005 (such above referenced agreements collectively referred to from time to time herein as "Agreements"); and

WHEREAS, contemporaneously with this Amendment, the GTA is also being amended by the Parties ("Amendment No. 3") to be effective as of the date therein set forth, and consequently, certain terms of the CRA and the DPL must be amended to coincide with the amended GTA (the Parties mutually agree that the term of the TAS shall be automatically extended to coincide with the GTA, without the need for an amendment); and

WHEREAS, subject to and consistent with the terms and conditions of this Amendment, the Parties desire to amend the term of the DPL, as expressly set forth herein, but to otherwise continue to operate under the existing terms of the DPL.

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

1. Section 2 of the DPL is amended to change the end date of the Initial Term, as defined therein, to end on August 31, 2024, instead of December 2015. The Parties hereby agree that the Initial Term of the DPL shall now end on August 31, 2024, which may be extended or terminated consistent with Section 2.

AY 4.2
DM The Parties agree that the rates, terms and conditions of this Amendment may be placed into effect upon execution of Amendment No. 3 to the GTA. The Parties further agree that, in the event that: (a) the FPSC declines to approve Amendment No. 3 to the GTA; or (b) the FPSC fails to address Amendment No. 3 to the GTA within twelve (12) months of execution; or (c) any person whose substantial interests are affected files a timely protest of the FPSC's order approving Amendment No. 3 to the GTA, the rates, terms and conditions shall revert to the original DPL, as originally approved by the Florida Public Service Commission.

AY 5.3
DM This Amendment may be executed in counterparts, all of which taken together shall constitute one and the same instrument and each of which shall be deemed an original instrument as against any party who has signed it.

AY 6.4
DM In all other respects, the DPL shall remain unchanged and in full force and effect, except as expressly amended by this Amendment No. 1.

IN WITNESS WHEREOF, the parties have executed this Amendment on the dates stated below.

POLK POWER PARTNERS, L.P.

By: Polk Power GP, Inc.
its General Partner

BY: 

NAME: David M. Sims

TITLE: Vice President, Asset Management

DATE: June ~~30~~, 2015

CHESAPEAKE UTILITIES CORPORATION

BY: 

NAME: Aleida Socarras

TITLE: AVP Marketing & Energy Logistics

DATE: June ~~30~~, 2015

AMENDMENT No. 2

to

CAPACITY RELINQUISHMENT AGREEMENT

BETWEEN

CHESAPEAKE UTILITIES CORPORATION

AND

POLK POWER PARTNERS, L.P.

AMENDMENT NO. 2

TO

CAPACITY RELINQUISHMENT AGREEMENT

THIS AMENDMENT NO. 2 TO CAPACITY RELINQUISHMENT AGREEMENT (this "Amendment") is made and entered into this 30th day of June, 2015, by and between Chesapeake Utilities Corporation, a Delaware corporation, doing business in Florida as Central Florida Gas Company, and hereinafter referred to as "Chesapeake" and Polk Power Partners, L.P., a Delaware limited partnership, hereinafter referred to as "Polk Power" (together, jointly referred to herein as "Parties").

WITNESSETH:

WHEREAS, the Parties entered into a Capacity Relinquishment Agreement ("the CRA") dated February 18, 1994, in which Chesapeake agreed to relinquish to Polk Power certain firm capacity rights under Chesapeake's Firm Transportation Service Agreement with Florida Gas Transmission Company ("FGT"), Contract No. 5057, dated October 1, 1993, under FGT's Rate Schedule FTS-1 (the "FTS-1 Service Agreement"), which was thereafter amended by Amendment No. 1 to Capacity Relinquishment Agreement, effective August 24, 2005; and

WHEREAS, the Parties are also parties to the: (1) the Gas Transportation Agreement entered into on February 18, 1994, as amended, including by Amendment No. 2 to Gas Transportation Agreement, effective as of January 1, 2005 ("Amendment No. 2"), as approved by the Florida Public Service Commission in Dockets Nos. 940320-GU and 050835-GU, respectively, (as amended, the "GTA"); (2) Delivery Point Lease Agreement, effective January 1, 2005; and, (3) Transportation Aggregation Service (TAS) Pool Manager Agreement, effective as of January 1, 2005, as modified by Letter Agreement dated August 24, 2005 and effective as of January 1, 2005 (such above referenced agreements collectively referred to from time to time herein as "Agreements"); and

WHEREAS, contemporaneously with this Amendment, the GTA is also being amended by the Parties ("Amendment No. 3") to be effective as of the date therein set forth, and consequently, certain terms of the CRA need to be amended, as provided herein, to coincide with the amended GTA; and

WHEREAS, subject to and consistent with the terms and conditions of this Amendment, the Parties desire to amend, replace, delete, and extend certain provisions of the CRA, as expressly set forth herein.

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

1. Exhibit B, as amended by Amendment No. 1, is deleted in its entirety to reflect the Parties' intent to revise the firm capacity rights relinquished pursuant to the CRA. The Parties therefore agree that the following shall replace and supersede Exhibit B:

During each month of the term preceding the month of service, Chesapeake shall offer to relinquish to Polk Power no less than 100 dt per Day and no more than 3,000 dt Dth per Day of Chesapeake's FTS-1 capacity rights on FGT (the "Offer"). The Offer shall be at the maximum tariff rate allowed by FERC for a release for more than one year. Chesapeake shall communicate such Offer to Polk Power by the fifth (5th) day of the Month preceding the Month of service and shall post the Offer on FGT's website in accordance with FGT's Tariff.

The Maximum Daily Transportation Quantity ("MDTQ") shall be set upon Notice by Polk Power to Chesapeake of the capacity required for natural gas transportation quantities during the following month. Such Notice shall be in response to the Offer, and shall be provided by Polk Power to Chesapeake by the tenth (10th) day of Month immediately prior to the Month in which such MDTQ amount will be required. The MDTQ shall be variable from month to month upon proper Notice as described herein. For any Month that timely Notice is not provided of the MDTQ amount, the MDTQ for that Month shall be equal to the amount set for the immediately preceding Month. In no event, however, shall the MDTQ amount set for any Month be less than 100 dt per Day or exceed 3,000 dt per Day. The applicable Receipt Points and Delivery Points shall remain as follows:

Florida Gas Transmission Firm Receipt Points FTS-1 (Contract 5057)	<u>DRN #</u>	<u>Receipt Point Percentage</u>
NGPL-Jefferson FGT	23703	15%
Crosstex FGT	337605	21%
Sabine Kaplan FGT	10881	29%
Columbia Gulf – Lafayette FGT	179851	14%
Transco-Citronelle	157553	21%
Florida Gas Transmission Firm Delivery Points	<u>DRN #</u>	<u>Delivery Point Percentage</u>
CUC Bartow B/FGT	126997	100%

2. The Parties agree that Exhibit A shall be deleted in its entirety.
3. Section 4.1 of the CRA is amended to replace and change the date of December 31, 2015 to August 8, 2024. The Parties hereby agree that the term of the CRA shall now end on August 8, 2024, which may be extended or terminated consistent with Section 4.1.
4. The Parties agree that the rates, terms and conditions of this Amendment will be placed into effect upon execution of Amendment No. 3 to the GTA. The Parties further agree that, in

the event of (a) any Florida Public Service Commission (FPSC) failure or refusal to approve Amendment No. 3 to the GTA, and (b) the reversion of the GTA to its prior amended condition (as amended by Amendment No. 2) as specified in Amendment No. 3 to the GTA, the rates, terms and conditions of the CRA shall revert to the CRA as amended by Amendment No. 1 to the CRA.

5. This Amendment may be executed in counterparts, all of which taken together shall constitute one and the same instrument and each of which shall be deemed an original instrument as against any party who has signed it.

6. In all other respects, the CRA, as amended by Amendment No. 1, shall remain unchanged and in full force and effect, except as expressly amended by this Amendment No. 2.

IN WITNESS WHEREOF, the parties have executed this Amendment on the dates stated below.

POLK POWER PARTNERS, L.P.

By: Polk Power GP, Inc.
its General Partner


BY: 

NAME: David M. Sims

TITLE: Vice President, Asset Management

DATE: June ~~30~~ 2015

CHESAPEAKE UTILITIES CORPORATION

BY: 

NAME: Aleida Socarras

TITLE: AVP, marketing + Energy LOGISTICS

DATE: June 30, 2015

AMENDMENT No. 3

to

GAS TRANSPORTATION SERVICE
SPECIAL CONTRACT

BETWEEN

CHESAPEAKE UTILITIES CORPORATION

AND

POLK POWER PARTNERS, L.P.

AMENDMENT NO. 3
TO
GAS TRANSPORTATION SERVICE
SPECIAL CONTRACT

THIS AMENDMENT NO. 3 TO GAS TRANSPORTATION AGREEMENT (this "Amendment") is made and entered into this 30th day of June, 2015, by and between Chesapeake Utilities Corporation, a Delaware corporation, doing business in Florida as Central Florida Gas Company, and hereinafter referred to as "Transporter" and Polk Power Partners, L.P., a Delaware limited partnership, hereinafter referred to as "Shipper" (together, jointly referred to herein as "Parties").

WITNESSETH:

WHEREAS, the Transporter operates facilities for the distribution of natural gas in the State of Florida and currently provides natural gas transportation service to Shipper pursuant to the following agreements: (1) the Gas Transportation Agreement entered into on February 18, 1994, as amended, including by Amendment No. 2 to Gas Transportation Agreement, effective as of January 1, 2005 ("Amendment No. 2"), as approved by the Florida Public Service Commission in Dockets Nos. 940320-GU and 050835-GU, respectively (as amended, the "Gas Transportation Agreement"); (2) Capacity Relinquishment Agreement dated February 18, 1994, as amended, including Amendment No. 1 to Capacity Relinquishment Agreement, effective August 24, 2005; (3) Delivery Point Lease Agreement, effective January 1, 2005; and, (4) Transportation Aggregation Service (TAS) Pool Manager Agreement, effective as of January 1, 2005, as modified by Letter Agreement dated August 24, 2005 and effective as of January 1, 2005 (such above referenced agreements collectively referred to from time to time herein as "Agreements"); and

WHEREAS, as set forth in Article 7.1 of the Gas Transportation Agreement, upon written notice the base term of the Gas Transportation Agreement may expire on December 31, 2015; and

WHEREAS, subject to and consistent with the terms and conditions of this Amendment, the Parties desire to amend, replace, and extend certain provisions of the Agreement, as provided herein, which shall amend and supersede certain provisions of the Gas Transportation Agreement, as amended by Amendment No. 2, as expressly set forth herein; and

WHEREAS, Shipper wishes Transporter to continue to receive from Florida Gas Transmission (FGT) certain quantities of Gas for Shipper's account, to transport such quantities on Transporter's distribution system, and deliver same to Shipper's Mulberry Cogeneration facility located at Noralyn Commerce Industrial Park, near the City of Bartow, in Polk County, Florida, in accordance with the amended terms and conditions set forth herein, and Transporter

agrees to provide such service in accordance with the updated and amended terms and conditions herein; and

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

1. Section 6.1 of the Agreement, as amended by Amendment No. 2, is deleted in its entirety, and the following shall be inserted in lieu thereof:

The rate to be charged each month for transportation service provided by Transporter shall be as set forth in Exhibit A to Amendment No. 3, which is incorporated herein by reference and made a part hereof. The rate, as set forth in Exhibit A, has been negotiated between the parties and includes only Transporter's delivery charge per month for Gas transported and redelivered under this Agreement and does not include any charges for transportation service by or any other interstate pipeline transporting Shipper's Gas prior to delivery to Transporter at FGT's Delivery Point. The rate provided in Exhibit A is subject to the continuing jurisdiction of the FPSC and may be adjusted during the term of this Agreement, as provided herein.

2. The Parties agree that, as provided in Section 6.1 of the Agreement, as amended herein, the negotiated rates included in this Amendment are subject to the continuing jurisdiction of the Florida Public Service Commission (FPSC) and must be submitted for approval. Transporter agrees to petition the FPSC for approval of the amended rates within thirty (30) days of the date of execution of this Amendment.

3. Section 7.1 of the Agreement, as amended by Amendment No. 2, is amended to replace and change the date of December 31, 2015 to August 8, 2024. The Parties hereby agree that the term of the Agreement shall now end on August 8, 2024, which may be extended or terminated consistent with Section 7.1.

4. The Parties agree that the rates, terms and conditions of this Amendment will be provisionally placed into effect (as between the Parties) on the date of the execution of this Amendment by the Parties, however, such rates, terms and conditions shall not be effective as to third parties, unless and until the date upon which the FPSC votes to approve the rates, terms and conditions set forth in this Amendment. Transporter agrees to seek approval of this Amendment No. 3 in a timely manner and to request that the Commission approve this Amendment No. 3 prior to January 1, 2016. Unless the Parties shall mutually agree in writing to an extension of the January 1, 2016 date on or before December 31, 2015, the Parties further agree that, in the event that: (a) the FPSC declines to approve this Amendment prior to January 1, 2016; or (b) the FPSC fails to address this Amendment prior to January 1, 2016; or (c) any person whose substantial interests are affected files a timely protest of the FPSC's order approving this Amendment, and further provided that as a consequence of any such timely protest the FPSC approval is not obtained within twelve (12) months of execution, then in any such instance the rates, terms and conditions shall revert to the Gas Transportation Agreement as amended by Amendment No. 2; including (without limitation by reason of such inclusion) the base term expiration date of

December 31, 2015, provided that such base term shall be (and as of the execution date will have been) automatically extended, on a year to year basis, subject to the subsequent termination rights of the Parties, upon written notice, as provided in Section 7.1 of the Gas Transportation Agreement. In the event of a provisional effectiveness of the rates, terms and conditions of this Amendment that is later made ineffective by a reversion as herein provided, Transporter shall then calculate the cumulative revenue difference between the actual billed charges and the rates as amended by Amendment No. 2 for gas quantities delivered during the period, if any, that the rates set forth herein were in effect, and shall collect or refund such amount from or to Shipper. The Parties agree that should such FPSC approval not be obtained and a reversion to the Gas Transportation Agreement as amended by Amendment No. 2 result, the Parties shall negotiate in good faith either (i) the mutual termination of all agreements entered into by the Parties and related to this Amendment No. 3, as of the termination date of the Gas Transportation Agreement in accordance with Section 7.1 thereof, or (ii) the terms of a new Amendment No. 3 which the Parties believe will be approved by the FPSC, and which otherwise substantially incorporates the commercial terms of this Amendment No. 3.

5. This Amendment may be executed in counterparts, all of which taken together shall constitute one and the same instrument and each of which shall be deemed an original instrument as against any party who has signed it.

6. In all other respects, the Agreement, as amended by Amendment No. 2, shall remain unchanged and in full force and effect, except as expressly amended by this Amendment No. 3.

[Signatures on next page]

IN WITNESS WHEREOF, the parties have executed this Agreement on the dates stated below.

POLK POWER PARTNERS, L.P.
By: Polk Power GP, Inc.
its General Partner

BY: *David M. Sims*

NAME: David M. Sims

TITLE: Vice President, Asset Management

DATE: June ~~30~~, 2015

CHESAPEAKE UTILITIES CORPORATION

BY: *Aleida Socarras*

NAME: *Aleida Socarras*

TITLE: *AVP, Marketing + Energy Logistics*

DATE: June ~~30~~, 2015

EXHIBIT A

TO

AMENDMENT NO. 3

TO

GAS TRANSPORTATION AGREEMENT

BETWEEN

CHESAPEAKE UTILITIES CORPORATION

AND

POLK POWER PARTNERS, L.P.

FGT's Delivery Points: Interconnection between pipeline and Transporter at the Bartow B delivery point on CFG's system.

MDTQ: 4,512 dekatherms/day*

Transporter's Delivery Point: The outlet side of the measuring equipment of the distribution facilities at Shipper's cogeneration facility located at Noralyn Industrial Park, Polk County, Florida.

Transportation Rate: ██████████ per Month*

Term: Through and including August 8, 2024.†

Delivery Pressure: Within a range of 350 to 375 p.s.i.g.

* Shipper shall pay Transporter an additional transportation charge of \$0.20 per dekatherm for all quantities in excess of 4,512 dekatherms per day up to 5,640 dekatherms per day. In the event actual gas quantities received by Shipper as recorded on Transporter's measurement equipment located at Shipper's facility, which equipment shall not include measurement equipment associated with the ARC Delivery Point, exceeds 5,460 dekatherms per day on any given day, Shipper shall pay Transporter an additional transportation charge of \$0.025 per dekatherm for all quantities in excess of 5,460.

† Consistent with any extension or renewal under Section 7.1 of the Gas Transportation Agreement, as amended.

CFTS AFFIDAVIT

To: Chesapeake Utilities Corporation Florida Division
780 Amelia Island Parkway
Fernandina Beach, FL 32034 Attention: Director of Regulatory Affairs

From: Company Name: Polk Power Partners L.P.
Address: 3600 Highway 55
Bartow, Florida 33830
Contact: Eric Edstrom
Telephone/Fax: (713)580-6334/(713)580-6320
Location of Facility
Receiving Offer: Cogeneration Facility near Bartow

Alternate Fuel Offer

- Fuel Supplier N/A
- Fuel Type _____
- Quantity _____
- Term _____
- Price per Unit _____
- Taxes _____
- Fuel Delivery Cost _____
- Offer Expires _____

Third Party Natural Gas Costs

- Gas Supplier N/A
- Gas Supply Cost (Total) _____

Bypass Alternative

- Distance from Interstate Pipeline (Feet) Approx 0 feet
- Construction Cost \$0 – Already constructed
- Payback (Years) 0 – Already constructed
- Quantity (Annual Therms) Approx 30,000,000 therms/year
- Bypass Avoidance Rate (per Therm) \$420,000 per year, beginning June 30, 2015 through August 8, 2024.

CFTS AFFIDAVIT (Continued)

As an Authorized Representative of Polk Power Partners L.P., I hereby certify that the foregoing information is true, complete and correct, and that the Company has the capability to either utilize the designated alternate fuel in the quantities specified or bypass the Florida Division at the above referenced facility. A copy of the Alternate Fuel Offer and the Third Party Natural Gas Costs or the detailed Construction Costs is attached as evidence of the bona fide offer from the Alternate Fuel provider and the natural gas costs from the third party provider or a copy of the detailed Construction Costs is attached as evidence of the bona fide opportunity to bypass.

I further certify that Polk Power Partners L.P. will terminate Firm Transportation Service from the Florida Division unless the total price for natural gas service is adjusted, as provided in the Florida Division's Rate Schedule Rider CFTS, to compete with the alternate fuel price or bypass price indicated above.

Executed on the date of the acknowledgement set forth below, to be effective, however, for all purposes, as of June 30, 2015.

Customer Name: Polk Power Partners, L.P.,
By: Polk Power GP, Inc., its General Partner

By: *Jack Browder*

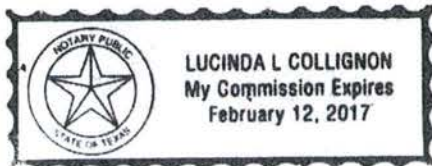
Name: Jack Browder

Title: President and CEO

STATE OF TEXAS §
COUNTY OF HARRIS §

The foregoing instrument was acknowledged before me this 29th day of June, 2015, by Jack Browder, President and CEO of Polk Power GP, Inc. a Delaware corporation and General Partner of Polk Power Partners, L.P., a Delaware limited partnership, who is personally know to me, on behalf of said corporation and limited partnership.

(NOTARY SEAL)



Lucinda L. Collignon

Notary Public Signature

Lucinda L. Collignon

Typed/Printed Notary Name

Commission No.: 12444853-4
My Commission Expires: February 12, 2017

INCREMENTAL COST OF SERVICE STUDY

Incremental Cost of Service Study
Polk Power Partners
Cost of Service

Operation & Maintenance	\$	67,512
Depreciation	\$	34,343
Taxes - other than income	\$	24,599
Income Taxes	\$	15,114
Return @	10.85%	<u>\$ 34,542</u>
 Total Operating Cost	 \$	 <u><u>176,110</u></u>

**Incremental Cost of Service Study
Polk Power Partners
Estimated Rate Base and Return**

Cost of Plant	\$	1,243,036
Accumulated Depreciation	\$	<u>(924,678)</u>
Net Plant	\$	318,358
Working Capital	\$	-
Accum. Def. Inc. Tax	\$	-
Deferred Invest. Credit	\$	<u>-</u>
Rate Base	\$	<u><u>318,358</u></u>
Long Term Debt	\$	-
Common Equity	\$	-
Total Return	10.85%	<u><u>\$ 34,542</u></u>

Incremental Cost of Service Study
Polk Power Partners
Estimated Income Taxes

Rate Base	\$	<u>318,358</u>
Return on Rate Base	\$	34,542
Interest on Debt	\$	<u>(9,805)</u>
Net Income after Tax	\$	24,736
Divide by Tax Rate		62.37%
Taxable Income	\$	<u>40,165</u>
Income Taxes	38% \$	<u>15,114</u>

Incremental Cost of Service Study
Polk Power Partners
Capitalization as Filed in 2014 Surveillance Report

Debt	42.37%		
Equity	<u>57.63%</u>		
	100.00%		
Weighted Avg Cost of Service	3.08%		
Rate Base		\$	318,358
Interest Expense		\$	9,805

Incremental Cost of Service Study
Polk Power Partners
Estimated O&M Expenses

Cathodic Protection Testing	\$ 288
Leak Testing	\$ 185
Pipeline Marker Replacement	\$ 279
Repaint Station every 3 yrs	\$ 905
Maintenance & Calibration of EFM equip	\$ 2,868
Maintenance & Calibration of Flow Control Valve	\$ 5,932
Meter Test every 5 years	\$ 1,065
Meter parts	\$ 492
Annual Regulator Testing	\$ 819
Telemetry Monitoring and T/E functions	\$ 2,438
Annual Odorant expense	\$ 1,881
Paint and Maintain City Gate	\$ 246
Cathodic Protection Expense - replace anodes	\$ 1,229
Railroad Crossing Expense	\$ 1,639
Emergency Valve Maint	\$ 72
Line Locating Expense	\$ 108
Overheads & Services (corp/bu)	\$ 36,416
Misc	\$ 10,651
	<hr/>
Total Estimated O&M Expense	<u>\$ 67,512</u>

Incremental Cost of Service Study - redacted
Polk Power Partners
Calculation of Other Taxes

2004 Property Tax	\$	541,704
2003 Plant	\$	29,900,183
Average Tax Rate	\$	0
x Gross Plant	\$	1,243,036
Property Taxes	\$	<u>22,499</u>

Estimated Sales Revenue [REDACTED]

Revenue Related Taxes \$ 2,100

Total Other Taxes \$ 24,599

CERTIFICATE OF SERVICE

I HEREBY ATTEST that a true and correct copy of the foregoing Petition has been served upon the following by U.S. Mail this 27th Day of July, 2015, along with redacted copies of the referenced documents:

Office of the Public Counsel c/o The Florida Legislature 111 West Madison St., Rm. 812 Tallahassee, FL 32399-1400	
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