

CITY OF LAKE WORTH

AND

FLORIDA GAS UTILITY

GAS SERVICES AGREEMENT

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This Agreement ("Agreement") is entered into this 26th day of July, 1995, by and between Florida Gas Utility ("FGU"), a public body corporate and politic and joint action agency formed under the Florida Interlocal Cooperation Act and the City of Lake Worth ("Member"), a municipal corporation of the State of Florida.

WHEREAS, Florida Gas Transmission Company ("FGT") has received Federal Energy Regulatory Commission ("FERC") approval to effect a restructuring of its services, such that it now provides a number of service options, including transportation service, to its customers and prospective customers; and

WHEREAS, in order to take advantage of perceived opportunities created by this restructuring of service by FGT, FGU was established between and among several Florida municipal entities for the purpose of achieving savings through joint services for, or which benefit, its members; and

WHEREAS, services provided by FGU include, but are not limited to, the following:

1. The coordination and management of firm and/or interruptible transportation entitlements.
2. The purchase of gas for its members and customers.
3. The performance of gas flow balancing between FGU members' and customers' receipt and delivery point(s).
4. The performance of tariff interpretation, accounting services, gas nominations, dispatching, balancing, adjustments to gas and transportation invoices, invoice reconciliation, invoice payments, billing of charges for fuel, transportation, and other related services.

WHEREAS, FGU will, from time to time, have both interruptible contracts and firm contracts in place with gas producers, pipelines, marketers, and others to sell interruptible or firm gas to FGU's members and customers for one month or longer or shorter on notice from any FGU member or customer; and

WHEREAS, FGU has entered into Firm Transportation Service Agreements with FGT (which presently includes FTS-1 and FTS-2) which permit gas to be delivered to specified delivery point(s) serving the municipal systems of its members; and

WHEREAS, FGT's tariff provides its firm transportation customers the right to aggregate with other shippers; and

WHEREAS, FGU has signed an Interruptible Transportation Service (ITS-1) Agreement with FGT and is able to deliver natural gas to Member's delivery point(s); and

WHEREAS, Member desires to receive, and FGU is willing and able to provide, the sales and agency services described herein.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and promises contained herein, the Parties agree as follows:

I. Definitions.

In addition to definitions incorporated herein, the following terms when used herein shall have the meanings set forth below:

- 1.1 The term "FTS-1" shall mean Florida Gas Transmission Company's Rate Schedule FTS-1 for Firm Transportation Service as filed with the FERC as changed and adjusted from time to time by Florida Gas Transmission Company.
- 1.2 The term "FTS-2" shall mean Florida Gas Transmission Company's Rate Schedule FTS-2 for Firm Transportation Service as filed with the FERC, as changed and adjusted from time to time by Florida Gas Transmission Company.
- 1.3 The term "PTS" shall mean Florida Gas Transmission Company's Rate Schedule PTS for Preferred Transportation Service as filed with the FERC as changed and adjusted from time to time by Florida Gas Transmission Company.
- 1.4 The term "ITS" shall mean Florida Gas Transmission Company's Rate Schedule ITS for Interruptible Transportation Service as filed with the FERC as changed and adjusted from time to time by Florida Gas Transmission Company.
- 1.5 The term "SFTS" shall mean Florida Gas Transmission Company's Rate Schedule SFTS for Small Firm Transportation Service as filed with the FERC as changed and adjusted from time to time by Florida Gas Transmission Company.
- 1.6 The term "FERC" shall mean the Federal Energy Regulatory Commission or any successor regulatory agency or body, including the Congress, which has authority to regulate the rates and services of Florida Gas Transmission Company.
- 1.7 The term "Gas" shall mean pipeline quality natural gas which complies with the quality provisions set forth in the General Terms and Conditions of Florida Gas Transmission Company's effective FERC Gas Tariff, Volume No. 1.

- 1.8 The term "Division" shall mean a member of FGU, and the associated delivery point(s) of that member, whose transportation entitlements have been aggregated under one transportation contract held by FGU to which Florida Gas Transmission Company's Tariff Section 11 applies.
- 1.9 The term "Designee" shall mean FGU as the contractually authorized agent of a Member as defined in the general terms and conditions of the FGT Tariff.
- 2.0 The term "FGT Tariff" shall mean the effective tariff of Florida Gas Transmission Company on file at the FERC, as such tariff may be changed from time to time.

II. FGU Transportation Service for Member.

A. Aggregated Transportation Contract(s).

(1) In accordance with the provisions of the FGT Tariff, Member may aggregate all or a portion of its firm transportation entitlements with the firm transportation entitlements of other FGU Members, which shall, for purposes of this Agreement, be referred to as the "Aggregated Transportation Contract(s)."

(2) The administration of the Aggregated Transportation Contract(s) shall be governed solely in accordance with the policies set by the FGU Board of Directors using procedures approved by the FGU Executive Committee.

(3) It is understood that the Aggregated Transportation Contract(s) will be operated in a manner which will preserve to each Division, with Member being a Division, a priority right to the use of the firm transportation entitlements which would have been assigned to it in the absence of the Aggregated Transportation Contract(s). Only when Member's capacity rights are not required to meet the requirements of Member, will they be made available to other Divisions upon approval of Member in accordance with the policies of the Board of Directors. Aggregated Transportation Contract(s) capacity not required by any Division may be temporarily relinquished or otherwise utilized by FGU under the terms of the FGT Tariff in accordance with the policies established by the Board of Directors.

(4) Member shall assume full responsibility for reimbursement of actual transportation charges, including demand charges, incurred by the Aggregated Transportation Contract(s) for the benefit of Member. To the extent another Division or customer of FGU may make actual use of Member's transportation rights, a reassignment of demand costs shall be made by FGU in

accordance with the policies established by the Board of Directors.

(5) It is further understood that Member (or other members or customers) shall be permitted to withdraw all or part of its aggregated firm entitlements from the Aggregated Transportation Contract(s) at any time, without otherwise affecting this Agreement, provided appropriate FGT consent and FERC authorizations have been obtained.

(6) Because Member requirements change from time to time, FGU will assist in acquiring and/or disposing of transportation entitlements for Member. To the extent Member and FGU agree, FGU will request an allocation of such capacity in its own name; provided, however, that a sub-allocation of such incremental transportation entitlement will also be made to the requesting Member's Division, which shall be binding in the event of later withdrawals of membership or entitlements or dissolution.

(7) All contracts involving a substantial change in the burdens or benefits of Member entered into with FGT in the name of the Aggregated Transportation Contract(s) for the benefit of Member shall have been approved in advance by both FGU and Member.

B. Retained Entitlement.

Member may retain its transportation contracts with FGT or other pipeline supplier rather than aggregate some or all of its transportation entitlements as provided above. In this case, the relationship between Member and FGU shall be that of principal and agent and FGU shall in all such cases serve as Designee. FGU shall administer the retained transportation contracts in accordance with its terms as Designee for Member and shall serve in such capacity for the purpose of the administration of such contracts and shall perform the services as provided in Article IV hereof with respect to such transportation contracts, in accordance with instructions received from Member.

III. Gas Supply Service.

A. FGU and Member hereby agree that FGU shall furnish gas supplies for Member's gas requirements acquired pursuant to this Agreement, to the extent such supplies can be transported to Member's delivery point(s) under Member's or FGU's transportation agreements with FGT, including those transportation agreements described in Article II B hereof.

