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CLERK OF THE BOARD
OF COUNTY COMMISSIONERS
MIAMI-DADE COUNTY, FLORIDA

MEMORANDUM

Agenda Item No. 13(A)(2)

TO: Honorable Chairman Joe A. Martinez
and Members, Board of County Commissioners

DATE: May 1, 2012

FROM: R. A. Cuevas, Jr.
County Attorney

SUBJECT: Resolution approving Settlement and Natural Gas Transportation Service Agreement between Miami-Dade County and Florida City Gas

Resolution No. R-421-12

The accompanying resolution was placed on the agenda by the County Attorney's Office.

R. A. Cuevas, Jr.
County Attorney

RAC/jls

Memorandum

Date: May 1, 2012

To: Honorable Chairman Joe A. Martinez
and Members, Board of County Commissioners

From: Carlos A. Gimenez
Mayor

R.A. Cuevas, Jr.
County Attorney

Subject: Resolution Approving Settlement and Natural Gas Transportation Service Agreement Between Miami-Dade County and Florida City Gas

RECOMMENDATION

It is recommended that the Board of County Commissioners approve the attached Settlement and Natural Gas Transportation Service Agreement between Florida City Gas and Miami-Dade County, which provides for the Miami-Dade Water and Sewer Department (the "Department") to continue its connection to Florida City Gas' local pipeline distribution system for delivery of natural gas fuel at below tariff rates through December 31, 2013.

SCOPE OF AGENDA ITEM

The impact of this item is county-wide.

FISCAL IMPACT/FUNDING SOURCE

The fiscal impact of the Settlement is a net avoided cost to the County of approximately $3.3 million for local transportation of natural gas to the Alexander Orr and Hialeah-Preston Water Treatment Plants from 2008 through 2013. The funding source for the Service Agreement is the Department's Proprietary Funds.

BACKGROUND

As part of the County's water treatment process, natural gas is the fuel used to produce softened water. It is also used to power high service pumps that pump water through the County's water distribution system. Florida City Gas' published tariff rate for delivery of gas to the Department includes a $0.12 per therm distribution charge and a monthly customer charge and demand charge. In 1998, the County entered into a ten (10) year Natural Gas Transportation Services Agreement with Florida City Gas's predecessor company, which contained contract rates of $0.01 and $0.03 per therm for transportation to the Alexander Orr and Hialeah-Preston plants, respectively (the "1998 Agreement"). The 1998 Agreement rates were substantially below the published tariff rate, to avoid the County bypassing the local pipeline and transporting natural gas directly from the Florida Gas Transmission mainline to the water treatment plants.

In 2008, the County and Florida City Gas agreed to a successor ten (10) year contract (the "2008 Agreement"), to continue providing natural gas transportation services to the Department at the same rates and conditions as the 1998 Agreement, subject to the approval of the Florida Public Service

Commission (Commission). However, Commission staff advised Florida City Gas that it would not recommend approval because the rates did not recover the cost of service to the County. Florida City Gas began charging the Department tariff rates which the Department paid under protest for two (2) months, and the Department filed a petition for a formal administrative hearing requesting Commission approval of the 2008 Agreement.

During the course of litigation, the parties reached an agreement on the rates (the "Settlement"). The Settlement provides that the original 2008 Agreement rates shall apply for transportation service between 2008 and 2011. For service between January 1, 2012 and December 31, 2013, the rates shall be based on the total annual volume of gas delivered to the respective plants, which determines the charged cost per therm as depicted in the three (3) tiers shown on the attached Service Agreement.

The Settlement results in a cost avoidance of approximately $3.3 million for the local transportation of natural gas between 2008 and 2013, by the avoidance of paying the published tariff rates and associated charges. The settlement also eliminates the risks and costs associated with a formal administrative proceeding before the Commission, and provides a fair and reasonable resolution to the County under the facts and circumstances of this case. The Settlement was approved unanimously by the Commission on March 13, 2012, and we recommend the Settlement and Service Agreement be approved by the Board as it is in the County's best interest.

Deputy Mayor

MEMORANDUM

(Revised)

TO: Honorable Chairman Joe A. Martinez and Members, Board of County Commissioners

DATE: May 1, 2012

FROM: R. A. Cuevas, Jr. County Attorney

SUBJECT: Agenda Item No. 13(A)(2)

Please note any items checked.

_____ **"3-Day Rule" for committees applicable if raised**

_____ **6 weeks required between first reading and public hearing**

_____ **4 weeks notification to municipal officials required prior to public hearing**

_____ **Decreases revenues or increases expenditures without balancing budget**

_____ **Budget required**

_____ **Statement of fiscal impact required**

_____ **Ordinance creating a new board requires detailed County Manager's report for public hearing**

✓ **No committee review**

_____ **Applicable legislation requires more than a majority vote (i.e., 2/3's ____, 3/5's ____, unanimous_____) to approve**

_____ **Current information regarding funding source, index code and available balance, and available capacity (if debt is contemplated) required**

Approved _____ Mayor
Veto _____
Override _____

Agenda Item No. 13(A)(2)
5-1-12

RESOLUTION NO. R-421-12

RESOLUTION APPROVING SETTLEMENT AND NATURAL GAS TRANSPORTATION SERVICE AGREEMENT WITH FLORIDA CITY GAS AND AUTHORIZING COUNTY MAYOR OR MAYOR'S DESIGNEE TO EXECUTE SAID AGREEMENT AND EXERCISE PROVISIONS CONTAINED THEREIN

WHEREAS, this Board desires to accomplish the purposes outlined in the accompanying memorandum, a copy of which is incorporated herein by reference,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MIAMI-DADE COUNTY, FLORIDA, that the Board (i) approves the Settlement and Natural Gas Transportation Service Agreement between with Florida City Gas and the County, in substantially the form attached hereto and made a part hereof, and (ii) authorizes the County Mayor or Mayor's designee to execute the agreement and exercise the provisions contained therein.

The foregoing resolution was offered by Commissioner **Sally A. Heyman**, who moved its adoption. The motion was seconded by Commissioner **Rebeca Sosa** and upon being put to a vote, the vote was as follows:

Joe A. Martinez, Chairman	**aye**		
Audrey M. Edmonson, Vice Chairwoman	**aye**		
Bruno A. Barreiro	**aye**	Lynda Bell	**aye**
Esteban L. Bovo, Jr.	**aye**	Jose "Pepe" Diaz	**aye**
Sally A. Heyman	**aye**	Barbara J. Jordan	**aye**
Jean Monestime	**aye**	Dennis C. Moss	**aye**
Rebeca Sosa	**aye**	Sen. Javier D. Souto	**aye**
Xavier L. Suarez	**aye**		

The Chairperson thereupon declared the resolution duly passed and adopted this 1st day of May, 2012. This resolution shall become effective ten (10) days after the date of its adoption unless vetoed by the Mayor, and if vetoed, shall become effective only upon an override by this Board.

MIAMI-DADE COUNTY, FLORIDA
BY ITS BOARD OF
COUNTY COMMISSIONERS

HARVEY RUVIN, CLERK

By: Christopher Agrippa
Deputy Clerk

Approved by County Attorney as
to form and legal sufficiency.

Henry N. Gillman

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval of Special Gas Transportation Service agreement with Florida City Gas by Miami-Dade County through Miami-Dade Water and Sewer Department.	DOCKET NO. 090539-GU ORDER NO. PSC-12-0171-AS-GU ISSUED: April 2, 2012

The following Commissioners participated in the disposition of this matter:

RONALD A. BRISÉ, Chairman
LISA POLAK EDGAR
ART GRAHAM
EDUARDO E. BALBIS
JULIE I. BROWN

ORDER APPROVING SETTLEMENT AGREEMENT

BY THE COMMISSION:

Background

Florida City Gas (FCG), formerly City Gas Company of Florida, executed a Natural Gas Transportation Services Agreement with Miami-Dade County on behalf of the Miami-Dade Water and Sewer Department (MDWASD) in 1998 (1998 Agreement).[1] MDWASD owns and operates several water and wastewater treatment plants in Miami-Dade County, Florida. As part of its water treatment operations, MDWASD operates lime kilns at the Alexander Orr Plant in South Miami and at the Hialeah-Preston Plant in Hialeah, as well as a cogeneration facility (Blackpoint) at the South Dade Wastewater Treatment Plant (South Dade). MDWASD uses natural gas to heat the lime kilns for the water treatment process that produces and distributes water to MDWASD's customers.

Pursuant to the 1998 Agreement, FCG received natural gas for MDWASD and transported the gas on FCG's distribution system to MDWASD's facilities. MDWASD purchases its own natural gas. The 1998 Agreement had a ten-year term, expiring July 1, 2008, with no automatic renewal. It appears that FCG's predecessor never submitted the 1998 Agreement to us for approval.

Before the 1998 Agreement expired, FCG and MDWASD agreed to an amendment dated August 28, 2008 (2008 Amendment), which temporarily extended the term of the 1998 Agreement on a month-to-month basis as of July 1, 2008. Pursuant to the terms of the 2008 Amendment, either party could terminate with 30 days' notice.[2]

[1] The 1998 Agreement was signed on October 29, 1999; however, it became effective as of July 1, 1998.
[2] Paragraph 2, 2008 Amendment.

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FPSC-COMMISSION CLERK

While negotiating the 2008 Amendment, FCG and MDWASD also negotiated a successor agreement to the 1998 Agreement, dated August 28, 2008 (2008 Agreement). The 2008 Agreement contained the same rates and other provisions as the 1998 Agreement. Like its predecessor, the 2008 Agreement provided that FCG would transport natural gas to Miami-Dade's facilities at rates below the otherwise applicable tariff rate. In the 2008 Agreement, specific reference was made to the qualification of MDWASD under the Contract Demand Service (KDS) Rate Schedule, a schedule which allows negotiated rates set not lower than the incremental costs the utility incurs to serve the customer. The most significant distinction between the 1998 and 2008 Agreements was that the 2008 Agreement was expressly subject to our approval. Further, the 2008 Agreement states that if we did not approve the 2008 Agreement within 180 days, or by February 24, 2009, the 2008 Agreement would not become effective.

By petition dated November 13, 2008, FCG requested that we approve the 2008 Agreement.[3] MDWASD did not intervene in that docket. Thereafter, before we considered the 2008 Agreement, FCG concluded that the rates in the proposed 2008 Agreement did not recover its cost of service to MDWASD and voluntarily withdrew its petition on February 17, 2009. The Commission then administratively closed the docket.

On June 22, 2009, FCG advised MDWASD that it was invoking the 30-day termination notice provided in the 2008 Amendment and began charging MDWASD the applicable GS 1,250k tariff rate on August 1, 2009. MDWASD remitted payment of the full tariff rates to FCG until October 2009, at which time MDWASD began withholding the difference between the 2008 Agreement rates and the higher tariff rate. According to MDWASD, it has been placing the difference between the 2008 Agreement rates and the tariff rate in a private, separate account since that time.

On December 14, 2009, MDWASD filed its own petition for approval of the 2008 Agreement, which initiated the instant docket. In its petition, MDWASD requested that we either recognize that the 2008 Agreement is not subject to our regulatory jurisdiction or, in the alternative, approve the terms of the 2008 Agreement. In addition, MDWASD requested that we order FCG to refund the difference between the 2008 Agreement rates and the tariff rates FCG has been charging MDWASD if we approved the 2008 Agreement. On March 5, 2010, FCG filed a petition for leave to intervene in the docket, which was granted by Order No. PSC-10-0261-PCO-GU, issued on April 26, 2010. FCG objected to the relief sought by MDWASD.

By Order No. PSC-10-0671-PCO-GU,[4] we determined that we did have jurisdiction to consider the 2008 Agreement. The matter was scheduled for a formal administrative hearing on June 1-3, 2011.

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[3] See Docket No. 080672-GU, In re: Petition for approval of Special Gas Transportation Service agreement with MDWASD by Florida City Gas.

[4] Issued on November 5, 2010, in Docket No. 090539-GU, In re: Petition for approval of Special Gas Transportation Service agreement with Florida City Gas by Miami-Dade County through Miami-Dade Water and Sewer Department.

At the beginning of the June 1, 2011, hearing, FCG and MDWASD announced that they had reached a settlement regarding the issues in the case. They requested that the hearing be suspended to afford them the opportunity to prepare the necessary documents to submit to us for approval. On August 19, 2011, FCG provided our staff with draft settlement documents. The Parties and staff met to discuss the documents on September 13 and September 21, 2011.

On November 8, 2011, FCG filed a Joint Petition to accept Settlement between FCG and MDWASD, new Load Enhancement Service Rate Schedule, amendment to Competitive Rate Adjustment Rider "C," and New Natural Gas Transportation Service Agreement (Settlement). The proposed New Natural Gas Transportation Service Agreement would be effective August 1, 2009 until December 31, 2013. In the joint petition (Settlement Petition), the Parties state the entire package contained in the Settlement needs to be approved in order for the case to be fully resolved.

Consistent with our longstanding policy supporting negotiated settlement of disputes, we approve herein the proposed Settlement and associated Load Enhancement Service Rate Schedule, amendment to Competitive Rate Adjustment Rider "C," and New Natural Gas Transportation Service Agreement. The Settlement resolves complex, highly controversial, and expensive litigation, avoids further controversy, litigation, and expense, provides certainty going forward, and is in the public interest overall. We have jurisdiction pursuant to Sections 366.04, 366.05, and 366.06, Florida Statutes.

The Settlement Proposal

The proposed settlement includes three documents for our consideration: (1) the new 2011 Natural Gas Transportation Service Agreement (2011 Agreement or TSA); (2) the new Load Enhancement Service (LES) Rate Schedule; and (3) an amendment to Competitive Rate Adjustment (CRA) Rider "C". The settlement petition and the associated documents are attached to this Order as Attachment A.

New 2011 Natural Gas Transportation Service Agreement

The proposed 2011 Agreement would be deemed effective on August 1, 2009, and terminate on December 31, 2013. For the period August 1, 2009 through December 31, 2011, the rates, terms, and conditions of service provided under the 2008 Amendment would apply. The applicable gas transportation rates for that period are $0.01 per therm for the Orr plant, and $0.03 per therm for the Hialeah plant. MSWASD would continue to be considered a Contract Demand Service (KDS) customer, thus providing stability to MDWASD, a utility which passes its energy cost along to its customers, during the time this dispute has been litigated before this Commission.

For the period January 1, 2012, through December 31, 2013, the parties negotiated new gas transportation rates.

Table 1

Contract Rates Proposed by Parties for 2012 and 2013

Plant	Orr		Hialeah	
	Volume (in million therms)	Rate	Volume (in million therms)	Rate
Tier 1	Less than 3.2	$0.0284	Less than 1.8	$0.0350
Tier 2	3.2 to less than 3.7	$0.0227	1.8 to less than 2.3	$0.0281
Tier 3	3.7 and higher	$0.0185	2.3 and higher	$0.0245

FCG and MDWASD state that the new rates are based on FCG's calculated incremental cost to serve the Orr and Hialeah plants, plus an additional amount to recover FCG's common costs. Exhibit D to the Settlement Petition provides FCG's incremental cost analysis and calculation of the new rates.

New Load Enhancement Service Rate Schedule

The parties agree that going forward, service to MDWASD would be facilitated by the new LES tariff that specifically addresses the retention of large commercial customers such as MDWASD. The proposed tariff provides FCG the flexibility to negotiate service agreements with existing or new commercial customers, taking into account competitive and economic market conditions and overall system benefits.

Specifically, the proposed LES tariff is available at FCG's sole discretion to customers who meet three applicability standards. First, the customer must provide FCG verifiable documentation of either a viable alternative fuel or of the opportunity to economically bypass FCG's system. Second, FCG must demonstrate that a customer served under the LES tariff will not cause any additional cost to FCG's other rate classes, including, at a minimum, that the rate shall not be set lower than the incremental cost plus some additional amount as a reasonable return on the investment FCG incurs to serve the customer. Third, the customer and FCG must enter into a service agreement under the LES rate schedule.

The LES tariff further provides that any service agreement under the tariff shall be subject to Commission approval before any contract rate is implemented and before the agreement can be executed by the parties. Finally, the LES tariff includes a provision that the difference between the otherwise applicable tariff rate and the approved contract rate may be subject to recovery through the CRA tariff.

Amendment to Competitive Rate Adjustment tariff

The Settlement includes a proposed amendment to the CRA tariff to specifically include the proposed new LES rate schedule as one of the rate schedules for which FCG may receive CRA recovery. The CRA tariff allows FCG to recover from its customers any revenue shortfall or credit any revenue surplus it incurs by offering a discount to large volume customers that have alternative fuel capabilities, but the CRA does not allow specifically for shortfalls arising from other types of load retention contracts. The CRA became effective in July 1991 and FCG's current version of the CRA was approved in FCG's 2003 rate case. FCG calculates the shortfall or surplus by comparing actual revenues received from customers receiving a discount to revenues FCG would have received in the absence of a discount. FCG collects the shortfall from its customers through the CRA charge, on a cents per therm basis.

The current CRA tariff is applicable to all customers except those taking service under certain rate schedules, such as Flexible Gas Service, KDS, or receiving a discount under the Alternate Fuel Discount Rider.

Decision

As we recently affirmed in our review of the Progress Energy Florida, Inc. comprehensive settlement agreement in Docket No. 120022-EI,[5] the Commission has a longstanding commitment to the support and encouragement of negotiated settlements.[6] That commitment is supported in the law. See, for example: Utilities Commission of New Smyrna Beach v. Florida Public Service Commission, 469 So. 2d 731, 732 (Fla. 1985); and J. Allen, Inc. v. Castle Floor Covering, Inc., 543 So. 2d 249, 251 (Fla. 2d DCA 1989). The Settlement that the parties have submitted to us for approval in this case resolves nearly 4 years of controversy and litigation. It ensures that FCG will retain MDWASD, its largest gas transportation customer, on its system. It provides certainty to the parties in the near term. It prevents further costly litigation expense harmful to both parties and their ratepayers, and it limits further costly administrative expense for the Commission that ultimately translates into increased expense for regulatory assessment fees for all gas utilities and ratepayers. Furthermore, the TSA expires in December 2013, and the impact on the general body of ratepayers is minimal. For these reasons, the Settlement is in the public interest and we approve it in its entirety. The parties should be aware, however, that our decision to approve their proposed settlement does not establish any precedent going forward, and any subsequent TSA will be subject to our de novo review.

Based on the foregoing, it is

[5] In re: Petition for limited proceeding to approve stipulation and settlement agreement by Progress Energy Florida, Inc.

[6] As one Commissioner remarked during the Commission's deliberations; "I note that the Public Service Commission has a long-standing history precedent of favoring settlements, and also that any settlement does not establish precedent." Transcript of February 22, 2012 Limited Proceeding Hearing, page 9.

ORDERED by the Florida Public Service Commission that the Joint Petition to accept Settlement between FCG and MDWASD is approved.

By ORDER of the Florida Public Service Commission this 2nd day of April, 2012.

ANN COLE
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399
(850) 413-6770
www.floridapsc.com

Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

MCB

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water and/or wastewater utility by filing a notice of appeal with the Office of Commission Clerk, and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for Approval of Special Gas Transportation Service Agreement with Florida City Gas by Miami-Dade County Through the Miami-Dade Water and Sewer Department	)	Docket No.: 090539-GU Filed: November 8, 2011

JOINT PETITION TO ACCEPT SETTLEMENT BETWEEN FLORIDA CITY GAS AND MIAMI-DADE COUNTY, NEW LOAD ENHANCEMENT SERVICE RATE SCHEDULE, AMENDMENT TO COMPETITIVE RATE ADJUSTMENT RIDER "C", AND NEW NATURAL GAS TRANSPORTATION SERVICE AGREEMENT

Florida City Gas ("FCG" or "Company") and Miami-Dade County, Florida (the "County") through its Miami-Dade County Water and Sewer Department ('MDWASD") (collectively, FCG and MDWASD shall be referred to as the "Parties"), pursuant to Section 366.06, Florida Statutes, and Rules 25-9.034 and 25-22.036, Florida Administrative Code, hereby file with the Florida Public Service Commission ("PSC" or "Commission") this Joint Petition to Accept Settlement between FCG and MDWASD, the new Load Enhancement Service Rate Schedule amendment to FCG's tariff, an amendment to FCG's Competitive Rate Adjustment Rider "C" tariff, and the new 2011 Natural Gas Transportation Service Agreement between FCG and County, all in order to resolve, settle, and conclude all of the issues in this docket. In support of these matters, the Parties state as follows:

I. INTRODUCTION AND BACKGROUND

1. This docket was formally opened December 14, 2009, when Miami-Dade County, Florida, through its Water and Sewer Department, filed a petition seeking the approval of a special natural gas transportation service agreement dated August 28, 2008 between the Parties

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FPSC-COMMISSION CLERK

("2008 TSA"), for natural gas transportation service to MDWASD's Alexander Orr ("Orr"), Hialeah-Preston ("Hialeah"), and South District Blackpoint ("Blackpoint") treatment plants. FCG answered the petition on December 29, 2009, and its petition for intervention was granted by Order No. Order PSC-10-0261-PCO-GU, issued April 26, 2010.

2. FCG (under previous ownership) first began to provide natural gas transportation service to MDWASD's Orr plant in the mid-1980s, and the Hialeah plant in the early 1990s. Later, FCG's predecessor negotiated a transportation service arrangement with MDWASD that was dated October 29, 1999, and which provided an effective date of July 1, 1998 ("1999 TSA"). This 1999 TSA provided for a ten year effective period and was based upon the Company's then-existing tariff, the Contract Interruptible Large Volume Transportation Service ("CI-LVT") Rate Schedule and documentation supplied at that time regarding a viable bypass option for MDWASD. The difference between the CI-LVT rate and the contract rate in the 1999 TSA was collected by the Company pursuant to the Competitive Rate Adjustment ("CRA") Clause in the Company's tariff.

3. When the Company's rates were adjusted and its tariff updated in 2004 under Order No. 04-0128-PAA (February 9, 2004, and consummated by Order No. 04-0240-CO-GU on March 3, 2004, hereinafter collectively, the "2004 Order"), in Docket No. 030569-GU, the Company then classified its continued service to MDWASD thereafter under its new Contract Demand Service ("KDS") tariff, which the Company believed was the appropriate successor tariff to the CI-LVT tariff. Also in this 2004 Order, the Commission specifically authorized the application of the CRA to the Company's new successor rate schedules, including the KDS, and the Company thereafter continued to collect the CRA associated with the 1999 TSA. *See* Order No. 04-0240-CO-GU, at 59-61.

4. Prior to the expiration of the initial term of the 1999 TSA, the Parties negotiated and executed a successor contract, identified in paragraph 1 above as the 2008 TSA. The 2008 TSA continued in place the same rates as the 1999 TSA but the 2008 TSA provided for several other changes to reflect other matters necessary to update the relationship between the Parties including an updated tariff reference to the KDS tariff, inclusion of a requirement that the contract be approved by the PSC within 180 days of execution by the Parties, and an agreement to also provide service to MDWASD's Blackpoint plant. Because of the need to have the 2008 TSA filed and approved by the PSC, the Parties also executed the First Amendment to the 1999 TSA (the "First Amendment") – the purpose of this document was to extend the rates, terms, and conditions of FCG's service to MDWASD until such time as the 2008 TSA could be approved by the Commission. In addition, on the basis of the First Amendment, FCG continued to file and recover the CRA on the basis of the 1999 TSA rates.

5. FCG filed the 2008 TSA with the Commission on November 24, 2008, in Docket No. 080672-GU. FCG subsequently prepared and responded to various data requests of the Commission Staff regarding the 2008 TSA. On the basis of its work on these Staff data request responses, FCG determined that the rates in the 2008 TSA, the same rates as the 1999 TSA, did not recover their costs. After meeting with MDWASD to discuss FCG's analysis of the rate problems, FCG withdrew the 2008 TSA from consideration by the Commission on February 17, 2009.

6. Until August 2009, FCG continued to provide service to MDWASD on the basis of the First Amendment to the 1999 TSA. However, when the Parties were unsuccessful in negotiating a successor contract to replace the 2008 TSA, FCG notified MDWASD that it would begin to charge MDWASD the otherwise applicable tariff rates (the GS-1250k Rate Schedule)

effective August 1, 2009. MDWASD initially paid the GS-1250k tariff rate for approximately the first month-and-a-half under protest, but thereafter MDWASD paid FCG the 2008 TSA/First Amendment rates thereafter, segregating the unpaid tariff rate difference into a separate Miami-Dade County account. When FCG terminated the First Amendment and began to charge MDWASD the GS-1250k Rate Schedule, FCG stopped seeking the recovery of the CRA.

7. MDWASD initiated the present docket in December 2009 by asking the Commission to approve the 2008 TSA. FCG timely intervened and objected to the relief sought by MDWASD.

8. This case has been extensively litigated by the Parties up to the evidentiary hearing that was scheduled for June 1, 2011. At the beginning of the June 1, 2011, hearing before the full Commission, the Parties announced that they had reached a settlement regarding the issues in the case. FCG and MDWASD jointly requested that the hearing be suspended to afford the Parties the opportunity to prepare the necessary documents that could be submitted to the Commission in order to resolve, settle, and close the docket.

9. The Parties have now prepared and agreed to the necessary documents associated with their resolution and settlement of this matter. Drafts of the various documents were provided to the Commission Staff on or about August 19, 2011 for their informal, unofficial review. On the critical issue of rates, the Parties had agreed to separate rates for the MDWASD Orr and Hialeah plants utilizing a three tier rate structure for each plant based upon the cumulative combined gas consumption for the two plants. The Parties subsequently met with the Commission Staff and conducted several follow up calls and emails to discuss the substance of the settlement documents. In the course of those discussions and follow up, one critical issue was the Commission Staff's concern that the proposed rate structure violated the conjunctive billing

rule (Rule 25-7.086, Florida Administrative Code) and under the Commission Staff's rate analysis that one of the six rates did not recover its cost.

10. In view of the discussion with the Commission Staff, the Parties worked in good faith to address the rate issues. Those discussions have led to a revised rate agreement and structure which treats the gas volumes at the Orr and Hialeah plants as independent from each other, thus resolving the conjunctive rate issue. In addition, the new rates that have been developed recover both their costs as well as provide a contribution to FCG's common costs. While the Parties make no representation as to the acceptability of these new rates to the Commission or Commission Staff, the Parties believe that the rates fully comply with and meet the standards set forth in the Commission's rules and FCG's tariff.

11. Accordingly, the Parties hereby submit this Joint Petition and the following additional documents for the Commission's consideration and approval to resolve, settle, and close this docket:

a. The new **Load Enhancement Service ("LES") Rate Schedule** amendment to FCG's tariff. This new tariff service would authorize FCG to negotiate transportation service agreements and special rates with certain large volume customers in order to retain such customers and load on FCG's system. This LES Rate Schedule is attached to this Petition as Exhibit A.

b. An amended **Competitive Rate Adjustment Rider "C" ("CRA")** to FCG's tariff. An amendment would add the new LES service as one of the specifically enumerated rate classes that is subject to CRA recovery. The amended CRA page is red-lined and attached to this Petition as Exhibit B.

c. The new **2011 Natural Gas Transportation Service Agreement ("2011 TSA")**

between FCG and the County. This 2011 TSA is based upon the Commission's approval of the new LES Rate Schedule and includes customer-specific rates and terms based upon the customer characteristics of service to MDWASD and the relevant back up and support documentation developed pursuant to the LES Rate Schedule. This TSA is attached to this Petition as Exhibit C. The backup documentation to the 2011 TSA is attached to this Petition as Exhibit D. This version of the 2011 TSA reflects the new updated rates that the Parties believe recover their costs and provide some contribution to common costs for each rate.

d. The tariff would permit FCG to combine the accounting for gas load delivered to multiple meters serving the same customer premise, such as MDWASD's Alexander Orr Plant.

12. Each aspect of this settlement is discussed in the following sections.

II. FCG'S TARIFF REVISIONS

13. A key issue identified in this docket has been whether there is adequate tariff support for FCG to offer MDWASD a non-tariff rate. While the Parties had different positions on this issue, the Parties agree that going forward service to MDWASD would be facilitated by a new tariff that would specifically address the retention of large commercial customers who would not be adding new incremental load to FCG's system. Furthermore, as a part of the settlement of this case, the Parties agree that the rates, terms, and conditions of service provided to MDWASD under the First Amendment should apply to the period of August 2009 through December 31, 2011, to cover the period of this dispute before the Commission and the requested approval of the 2011 TSA. This is a key element of the settlement for two important points: 1) MDWASD

would continue to be considered a KDS customer under the 1999 TSA and the 2004 update to the Company's tariff, and 2) this approach provides stability to MDWASD, a utility which passes its energy costs along to its water customers, while not altering the financial impact of the CRA recovery from the general body of ratepayers, during the time this dispute has been litigated before the Commission. The Parties believe that under the unique facts and circumstances of this case, that service to MDWASD for this period of time is justified and appropriate as a settlement of a disputed matter. Moreover, MDWASD's consumption in 2010 demonstrates that under the KDS tariff that MDWASD did add more than 250,000 therms of new incremental load each at the Orr and Hialeah plants over 2009. To the extent that the Commission believes that it is not appropriate to approve these rates on the basis of the First Amendment to the 1999 TSA and the KDS tariff, then in the alternative FCG would request that the LES tariff be approved retroactively to August 1, 2009 and the rates for August 1, 2009 to December 31, 2011 be approved thereunder but with the caveat that any CRA recovery be limited to the difference between incremental cost and the GS-1250k tariff rate.

14. To address this tariff support issue, FCG has developed a new Load Enhancement Service Rate Schedule. The provisions of this new service can be summarized as follows:

a. The purpose of the LES is to enable FCG to retain or obtain large commercial customers by specifically authorizing FCG to negotiate individual service agreements.

b. The tariff proposes the following preconditions to service:

(1) The customer must be a commercial customer that currently receives or otherwise would take service pursuant to the Flexible Gas Service ("FGS"), Contract Demand Service ("KDS"), Transportation Supply

Service ("TSS"), Off-System Sales Service ("OSS"), or GS-1250k tariffs.

(2) The customer must have an alternative energy source or an economic natural gas bypass alternative, the availability of which shall be documented by the customer and verifiable by the Company.

(3) FCG must demonstrate to the Commission that service under the contract will not impose any additional costs on FCG's other rate classes, including, at a minimum, that the rate shall not be set lower than the incremental cost of service plus some additional amount as a reasonable return on investment.

(4) Service under this rate schedule shall be under mutually agreeable terms and conditions and FCG shall not be compelled to offer this service under this rate schedule.

(5) The resulting contract must be approved by this Commission.

c. In developing the rate for the contract, FCG is required to evaluate competitive and overall economic market conditions and may also evaluate the opportunity for the Company to expand its system into areas not served with natural gas.

d. The tariff would permit FCG to combine the accounting for gas load delivered to multiple meters serving a single customer premise, such as MDWASD's Orr Plant (the Orr Plant is served by two FCG meters on the premises).

e. The tariff would permit interruption and curtailment consistent with other similar services and practices of FCG.

f. The tariff specifically references the potential for recovery under the Competitive Rate Adjustment Rider "C" provisions of FCG's tariff.

15. In addition to the new LES Rate Schedule, FCG has prepared an amendment to its Competitive Rate Adjustment Rider "C" tariff section to specifically include the new LES rate schedule as one of the services for which FCG may receive CRA recovery. There is a corresponding statement in the new LES tariff to the same effect. Amending the CRA to include the LES for CRA recovery is consistent with the other classes of service subject to CRA recovery.

16. It is important to note that by seeking this amendment to the CRA that FCG is not making the specific CRA recovery request that would be associated with rates and service to MDWASD under the proposed 2011 TSA as a part of this settlement package, nor the CRA recovery under the continuation of the First Amendment to the 1999 TSA. The Company's ultimate CRA filing covering the periods of August 2009 through September 2011 will be separately made by FCG after the filing of this Petition or at such other time as the Commission may direct, with subsequent CRA filings made annually thereafter in October or such other time as the Commission may direct for future filings. By approving the First Amendment to the 1999 TSA for service from August 2009 through December 2011, FCG's separate CRA filing for recovery for that period of time would be consistent with the Commission's authorization for FCG's prior CRA recoveries under the 1999 TSA and the First Amendment. While a two year CRA recovery would be unusual, under the unique circumstances of this case such a recovery would be appropriate because but for this litigation FCG would have continued to make its annual CRA recoveries on the basis of the rates in the 1999 TSA or the First Amendment until such time as some other service arrangement was approved by this Commission. Moreover, because of the combination of unique and special circumstances, FCG's ratepayers have continued to benefit from FCG retaining MDWASD as a large volume gas transportation customer on its system throughout this litigation since as proposed herein, the rate basis for the CRA recovery for 2009-

2011 is based upon incremental costs plus a contribution to common costs. Moreover, the individual customer impact from this two year CRA recovery is minimal. FCG anticipates that the 2011 CRA filing to be made after the filing of this Petition would add less than 1.4 cents per therm to a customer's monthly bill. This modest impact will be more than offset by the scheduled reduction in the Purchased Gas Adjustment ("PGA") rate for 2012.

17. The Parties agree that these two tariff changes are in the public interest, a necessary precondition to the 2011 TSA, and that the Commission should approve them pursuant to Section 366.06, Florida Statutes. Also, as necessary, if the Commission would prefer that service to MDWASD for the period August 1, 2009 through December 31, 2011 not be provided pursuant to the First Amendment to the 1999 TSA, then the Parties respectfully request that the LES tariff and the amendment to the CRA tariff be made retroactive back to August 1, 2009.

III. THE 2011 TSA

18. The fundamental issue in this docket has been the rates by which FCG would provide transportation services to MDWASD. The Parties have extensively disputed whether the rates, terms, and conditions contained in the "2008 TSA are appropriate. Without conceding their respective positions, the Parties believe that the 2011 TSA provides a reasonable and appropriate set of rates, terms, and conditions for service to MDWASD and should be approved in lieu of the 2008 TSA.

19. Specifically, the 2011 TSA is based upon the new proposed LES Rate Schedule, which provides clear and specific tariff authority for a contract rate such as has been negotiated in the 2011 TSA. The Parties believe that service to MDWASD at its Orr and Hialeah plants fully complies with the new LES Rate Schedule for the following reasons:

- MDWASD is a large commercial customer;
- the level of service at each premise qualifies for the GS-1250k tariff;
- there is a verifiable and documented bypass alternative for the Orr and Hialeah plants;
- continuing to serve MDWASD at the Orr and Hialeah plants will not adversely impact FCG's other customers; and
- the rates in the 2011 TSA recover their incremental costs plus recover some additional amount to recover FCG's common costs.

20. FCG has evaluated the competitive conditions and the other terms of the tariff regarding interruption and curtailment, which are consistent with FCG's service terms. Additional supporting materials are contained in Exhibit D to this Petition.

21. The 2011 TSA also includes on a going forward basis beginning January 1, 2012 through December 31, 2013, a volumetric rate schedule that provides for cost-based rates that recover the incremental costs of service plus some additional amount to recover some of FCG's common costs. This rate schedule affords MDWASD with the opportunity to increase the volume of FCG's transportation services and receive a lower rate based upon the total volume delivered and the incremental cost applicable to MDWASD at each premise. The specific analysis and support for these rates is included in Exhibit D to this Petition.

22. While conservation policies generally encourage higher rates as volumes increase, the situation with MDWASD is unique and the volumetric rates agreed to are appropriate and should be approved under these circumstances. As a water and sewer utility, MDWASD provides safe drinking water to over 2 million people on a daily basis. MDWASD also treats an average of

320 million gallons of raw water every day at the Orr and Hialeah plants. Lime is necessary to soften the water as part of the water treatment process. MDWASD has kilns at the Orr and Hialeah treatment plants that utilize the natural gas transported by FCG which is used to recycle calcium carbonate to provide approximately 50 percent of the lime needed. The other 50 percent of lime required is purchased off the market and it must be transported from out of state at a significantly higher cost than MDWASD's costs to itself producing lime. It is MDWASD's intent to burn more gas to fuel its lime kilns in order to produce more of the lime it needs, thus reducing its costs to buy and transport lime. Such lower volumetric rates reduce MDWASD's overall cost of treatment to the ultimate benefit of MDWASD's customers. As for FCG, the lower natural gas transportation rate associated with the increased volumes of gas transported reflects FCG's lower cost to provide its transportation service as the volumes increase while still recovering its costs plus some contribution to its common costs.

23. With respect to the rates included in the 2011 TSA for service from August 1, 2009 (when FCG began to charge MDWASD the GS-1250k rate) and December 31, 2011, the Parties have now agreed to utilize the rates in the First Amendment to the 1999 TSA for the Orr and Hialeah plants. The Parties have agreed to these rates in order to provide MDWASD with rate stability during the period in which FCG has been charging its GS-1250k rates to MDWASD under protest by MDWASD. Within 30 days of the approval of this settlement by the Commission, FCG shall refund to MDWASD the difference between the rates under the First Amendment to the 1999 TSA and the GS-1250k rates that were billed to and paid by MDWASD in protest for approximately two months.

24. The 2011 TSA does not include service to the Blackpoint plant, which had been included in the prior transportation service agreements between the Parties. The Parties agree that

natural gas is only a backup fuel for Blackpoint and the low total volume levels transported to Blackpoint do not qualify going forward for a contract rate under FCG's tariff. For service prior to August 1, 2011, the rate applicable for transportation services provided to the Blackpoint plant shall be the $0.03 per therm rate in the First Amendment to the 1999 TSA. For transportation services from August 1, 2011 through December 31, 2013, the rate applicable for transportation services provided to the Blackpoint plant shall be at the otherwise applicable tariff schedule and rate based upon the volumes of gas transported for Blackpoint. On August 1, 2011, FCG began to charge the GS-1 tariff rate to MDWASD for service to the Blackpoint plant. Within 30 days of the approval of this settlement by the Commission, FCG shall refund to MDWASD the difference between the First Amendment to the 1999 TSA rate of $0.03 per therm and the GS-1250k rates that were billed to and paid by MDWASD in protest for approximately two months.

25. FCG intends to seek CRA recovery for the difference between the incremental cost of service to the Orr and Hialeah plants and the tariff rate that would otherwise be applicable to that service at each facility since August 2009. However, FCG will not seek recovery of the difference between the incremental cost of service calculated as part of this proceeding for service to MDWASD at the Orr and Hialeah plants and the actual rates paid by MDWASD from 2009-2011 which have been determined to be below incremental costs. This voluntary action by FCG will reduce the amount of CRA recovery to be sought in the Company's 2011 CRA. FCG also will not seek any CRA recovery for the Blackpoint plant for any service August 1, 2009 forward.

26. The Parties have incorporated other provisions in the 2011 TSA that are different from those in the 2008 TSA in order to address various other issues that the Parties agree need to be updated or revised to reflect the going forward nature of the business relationship of the Parties.

27. The Parties request that the Commission approve the 2011 TSA as a special contract pursuant to Rule 25-9.034(1), Florida Administrative Code.

III. THE SETTLEMENT

28. By its nature, a settlement recognizes that the respective Parties have made various compromises in order to remove the uncertainty of litigation results. In view of the extensive litigation that has occurred in this docket, the Parties believe that the tariff revisions, the extension of the rates, terms, and conditions of the First Amendment to the 1999 TSA, moving Blackpoint to the otherwise applicable tariff rate, and the new 2011 TSA to address service at the Orr and Hialeah plants, represent a reasonable resolution of this matter that is in the best interests of each party and which should be approved in the public interest.

29. Because this settlement includes several different specific documents that must be approved, the entire package represented by this Petition needs to be approved by the Commission as it has been submitted in order for this settlement to be fully and completely resolved, settled, and concluded. If the Commission does not approve this entire package as presented, then this docket shall not be settled and FCG and MDWASD fully reserve each and all of their respective rights, positions, and arguments. If this Settlement Petition and its supporting attachments are not accepted in its entirety, the Parties and Commission Staff will need to meet to immediately reschedule this docket for the evidentiary hearing that was abated on June 1, 2011.

30. If this proposal is accepted by the Commission in its entirety as proposed, then FCG and MDWASD shall not request reconsideration or appeal of the orders of the Commission approving this proposal in accordance with its terms.

31. When the order approving this settlement, the tariff changes, and the 2011 TSA

becomes final agency action, the Company shall file an executed copy of the 2011 TSA with the Commission within 10 days of the final approval and execution process applicable to each party.

32. Upon the filing of a fully executed copy of the 2011 TSA, this docket should be closed by the Commission without any further action.

33. In presenting these two tariff changes and the 2011 TSA to the Commission for approval, the approval of these two changes does not limit FCG's future ability to propose or make tariff amendments, rate changes, rate case filings, other special service arrangements, or any other such rate, tariff, or contract filings as FCG otherwise may make in the normal course of business. However, FCG shall not undertake any such action that would deprive MDWASD of the tariff authority or the 2011 TSA during the effectiveness of the 2011 TSA.

34. FCG and the County shall bear its own attorneys' fees and costs associated with this matter.

V. CONCLUSION

35. The Parties appreciate the Commission's consideration of this settlement and for the opportunity the Commission has provided to meet and further work with the Commission Staff in an attempt to reach a reasonable resolution of this matter. The Parties believe that this settlement is in the best interests of FCG and the County and their respective utility customers and that this settlement, the tariffs, and the 2011 TSA should be approved by the Commission in the public interest and incorporated into a final order in accordance with its terms. Accordingly, the Parties respectfully request that the Commission approve this Joint Petition, the new Load Enhancement Service Rate Schedule amendment to FCG's tariff, the amendment to FCG's Competitive Rate Adjustment Rider "C" tariff, and the new 2011 Natural Gas Transportation Service Agreement between FCG and MDWASD.

Respectfully submitted,

Floyd R. Self, Esq., B.C.S.
Robert J. Telfer III, Esq.
Messer, Caparello & Self, P.A.
2618 Centennial Place
Tallahassee, Florida 32308
Tel. 850-222-0720
Fax. 850-558-0656

Shannon O. Pierce, Esq.
AGL Resources Inc.
Ten Peachtree Place, 15th Floor
Atlanta, GA 30309
Tel. 404-584-3394

Counsel for Florida City Gas

R. A. Cuevas, Jr.
Miami-Dade County Attorney

By: _____
Henry N. Gillman
David Stephen Hope
Assistant County Attorneys

Miami-Dade County
Stephen P. Clark Center
111 Northwest 1st Street, Suite 2810
Miami, Florida 33128-1993
Telephone: 305-375-5151

Counsel for Miami-Dade County and Miami-Dade Water and Sewer Department

INDEX TO RATE SCHEDULES AND RIDERS

RATE SCHEDULES:

General Service ("GS") Rates:

	Therms per Year	
GS-1	0 - 99	23
GS-100	100 - 219	25
GS-220	220 - 599	27
GS-600	600 - 1,199	29
GS-1.2k	1,200 - 5,999	31
GS-6k	6,000 - 24,999	33
GS-25k	25,000 - 59,999	35
GS-60k	60,000 - 119,999	37
GS-120k	120,000 - 249,999	39
GS-250k	250,000 - 1,249,999	41
GS-1,250k	1,250,000+	43

Others:

GL	Gas Lighting Service	45
NGV	Natural Gas Vehicle Service	46
FGS	Flexible Gas Service	47
KDS	Contract Demand Service	49
LES	Load Enhancement Service	51A
TPS	Third Party Supplier	52
TSS	Transportation Supply Service	60
OSS	Off-System Sales Service	62

RIDERS:

A	Purchased Gas Adjustment ("PGA")	64
B	Energy Conservation Cost Recovery Adjustment ("ECCR")	65
C	Competitive Rate Adjustment ("CRA")	66
D	Load Enhancement Discount ("LED")	67
E	Alternate Fuel Discount ("AFD")	68

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EXHIBIT "A"

INDEX TO RATE SCHEDULES AND RIDERS

RATE SCHEDULES:

General Service ("GS") Rates:

	Therms per Year	
GS-1	0 - 99	23
GS-100	100 - 219	25
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LOAD ENHANCEMENT SERVICE (LES)

OBJECTIVE

The objective of this Rate Schedule is to enable the Company to retain or obtain significant load on its system by providing the Company with the flexibility to negotiate individual service agreements with non-Residential Customers taking into account competitive and economic market conditions and overall system benefits.

APPLICABILITY

This sales or transportation service is available at the Company's sole discretion to Customer's which meet the applicability standards, including (1) an existing commercial customer receiving service under contract or any new or existing customer that would otherwise qualify for service under Rate Schedules FGS, KDS, TSS, OSS, and GS-1250 K; (2) the Customer must provide the Company verifiable documentation of either a viable alternative fuel or of a Customer's opportunity to economically bypass the Company's system; (3) the Company must demonstrate that the Customer served under this Rate Schedule will not cause any additional cost to the Company's other rate classes, including, at a minimum, that the rate shall not be set lower than the incremental cost plus some additional amount as reasonable return on investment and; (4) the Customer and the Company must enter into a service agreement under this Rate Schedule.

SERVICE AGREEMENT OBLIGATIONS

Terms of service including operating conditions and, if applicable, a capital repayment mechanism acceptable to Company, which may include, but shall not be limited to, a minimum monthly or annual bill, will be set forth in individual service agreements between the Company and the Customer. Absent a service agreement with Company under this Rate Schedule, Company has no obligation to provide, and the Customer shall have no right to receive, service under this Rate Schedule, and Customer may request service under other applicable Rate Schedules.

Any service agreement under LES shall be subject to approval by the Florida Public Service Commission (FPSC) before any contract rate is implemented and the agreement can be executed by the parties.

GAS SUPPLY OBLIGATION

The Company shall have no obligation to provide natural gas supplies to Transportation Customers under this Rate Schedule.

LOAD ENHANCEMENT SERVICE (LES)
(Continued)

MONTHLY RATE

1. The Distribution Charge shall be an amount negotiated between Company and Customer, but the rate shall not be set lower than the incremental cost plus some additional amount as a reasonable return on investment the Company incurs to serve the Customer. The distribution charge also shall include any capital recovery mechanism. The distribution charge shall be determined by the Company based on Company's evaluation of competitive and overall economic market conditions and the opportunity for the Company to expand its system into areas not served with natural gas as applicable. Such evaluation may include, but is not necessarily limited to: the cost of gas which is available to serve Customer; the delivered price and availability of Customer's alternate fuel or energy source; the nature of the Customer's operations (such as load factor, fuel efficiency, alternate fuel capacity, etc.); and the opportunity to extend gas service to areas not supplied with natural gas.

2. The Commodity Charge shall be the rate per therm for gas used computed to be the incremental cost of purchasing or producing gas, if taking supply from the Company.

3. The Company may permit the customer to combine the accounting for the gas load delivered to multiple meters serving the same premise for this service.

INTERRUPTION AND CURTAILMENT

In addition to the interruption and curtailment terms in the Rules and Regulations or the Company's Curtailment Plan, the Company shall have the right to curtail deliveries to Customer pursuant to this Rate Schedule:

1. If in the Company's opinion, Customer will overrun the volume of gas to which it is entitled from its supplier (or overrun the volume of gas being delivered to Company for Customer's account); or

2. in the event Company is notified by its supplier or pipeline transporter to interrupt or curtail deliveries to Customer, or deliveries of gas for uses of the same type or category as Customer's use of gas hereunder; or

3. when necessary to maintain the operational reliability of Company's system.

CONFIDENTIALITY

The Company and Customer each regard the terms and conditions of the negotiated service agreement as confidential, proprietary business information.

The Company and Customer will utilize all reasonable and available measures to guard the confidentiality of said information, subject to the requirements of courts and agencies having jurisdiction hereof.

LOAD ENHANCEMENT SERVICE (LES)
(Continued)

SPECIAL CONDITIONS

1. Service under this Rate Schedule shall be subject to the Rules and Regulations set forth in the tariff, except to the extent modified under this Rate Schedule and / or in a service agreement but such modification or exemption shall not apply to the minimum perquisite requirements set forth in the Applicability section of this Rate Schedule.

2. Term of Agreement: If the provision of service hereunder requires the installation of natural gas equipment at Customer's facility, Company and Customer may enter into an agreement as to the terms and conditions regarding the reimbursement of costs relating to such equipment. The initial term of the service agreement shall, at a minimum, be equal to the period of cost reimbursement. The rates established in the Monthly Rates section may be adjusted to provide for such cost reimbursement to the Company including carrying costs.

3. No later than 180 days prior to the expiration of this special contract, a Customer served under an LES contract may request a new contract under the terms and conditions of this tariff provision. If an agreement is not reached by the end of the term, the agreement will convert to the applicable General Services tariff (based on volume) until a new contract has been approved by the FPSC and executed by the parties.

4. Automatic Meter Reading (AMR) equipment is required for Customers served under this Rate Schedule. See the Rules and Regulations for Metering for terms and conditions related to AMR's.

5.. When entering into a service agreement with a Customer under this Rate Schedule, Company will take reasonable steps to mitigate the potential of any revenue shortfalls between the revenues received under a service agreement and the total cost and expenses relating to the associated capital investment made by the Company, including minimum annual requirement

6.. The difference between the otherwise applicable tariff rate and the approved contract rate under this Rate Schedule may be subject to recovery through Rider "C", Competitive Rate Adjustment ("CRA").

RIDER "C"

Competitive Rate Adjustment ("CRA")

Applicable to all Customers except those taking service under Rate Schedules FGS, KDS, TSS, OSS, LES or receiving a discount under the AFD Rider.

The Distribution Charge for gas sold or transported after June 30, 1991, to Customers to whom this charge applies, is subject to adjustment in accordance with the following provisions, for prior shortfalls or surpluses.

A. For the purposes of this clause, the following definitions shall apply:

(1) "Actual revenue" means Company's actual Margin Revenue derived from service provided under its AFD Rider during a determination period.

(2) "Base revenue" means the Margin Revenue which Company would have derived had all gas sold under the AFD Rider, during a determination period, been sold under Rate Schedules GS-120k, GS-250k and GS-1,250k.

(3) "Surplus" means the amount, if any, by which Company's actual revenue exceeds its base revenue for a determination period.

(4) "Shortfall" means the amount, if any by which Company's base revenue exceeds its actual revenue for a determination period.

B. The existence of a shortfall or surplus shall be determined by comparing Company's actual revenue with its base revenue. This determination shall be made each year for the actual twelve months ending September 30th ("determination period").

C. A surplus refund or shortfall recovery shall be implemented during an "adjustment period" beginning January 1st by reducing or increasing the Distribution Charge per therm charge prescribed in each applicable Rate Schedule of this tariff by an adjustment factor computed as follows and multiplied by the tax factor of 1.00503 and rounded to the nearest $0.00001 per therm.

In the event of a surplus, subtract the amount derived from dividing the Surplus Refund due to Customers by the projected therm sales for these Customers.

In the event of a shortfall, add the amount derived from dividing the Shortfall Recovery by the projected therm sales for these Customers.

Any variation between the actual surplus refund to Customers and the amount calculated pursuant to the preceding paragraph, or between the actual shortfall recovery and the amount which Company elected to recover in an adjustment period, shall be "trued-up" during the succeeding adjustment period pursuant to methodology approved by the Commission.

D. Company may defer all or any portion of a shortfall recovery to a subsequent adjustment period or portion thereof.

RIDER "C"

Competitive Rate Adjustment ("CRA")

Applicable to all Customers except those taking service under Rate Schedules FGS, KDS, TSS, OSS, LES or receiving a discount under the AFD Rider.

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In the event of a shortfall, add the amount derived from dividing the Shortfall Recovery by the projected therm sales for these Customers.

Any variation between the actual surplus refund to Customers and the amount calculated pursuant to the preceding paragraph, or between the actual shortfall recovery and the amount which Company elected to recover in an adjustment period, shall be "trued-up" during the succeeding adjustment period pursuant to methodology approved by the Commission.

D. Company may defer all or any portion of a shortfall recovery to a subsequent adjustment period or portion thereof.

Exhibit "D"
Docket No. 090539-GU
Settlement Incremental Cost Analysis
Page 1 of 2

The proposed 2011 TSA rates are based on the Company's incremental cost of service to serve the MDWASD Orr and Hialeah plants plus an additional amount to recover FCG's common costs. The incremental cost of service includes recovery of capital costs, return and expenses.

The rate base for the Orr and Hialeah plants is based on the net plant used to serve them as determined from the Company's records. These costs are based on the extensive review of the Company's plant records during the discovery phase of this proceeding. The return allowance was calculated using the approved rate of return from the Company's last rate case. The income tax allowance was calculated using the statutory state and federal income tax rates.

The expense items included in the cost of service include O&M expenses, depreciation expense and taxes other than income taxes. The incremental O&M expenses were determined by a review of the Company's activities for customers such as MDWASD. These expenses include, one call costs; cathodic protection; corrosion inspection; leak survey; inspection, maintenance and repair of meters, regulators, services and mains; repair and maintenance of meter stations, and; customer billing and accounting.

Depreciation expense was calculated using an average rate based on review of actual depreciation expense for the facilities used to serve the Orr and Hialeah plants. The property tax allowance was calculated using the Company's effective property tax rate.

As shown in Table 1 below, the incremental cost of service for the Orr and Hialeah plants was determined to be $67,868 and $56,222 respectively. Incremental rates were calculated for each of the proposed tier levels using the incremental costs and representative volumes for each tier level. These incremental rates are then compared to the proposed 2011 TSA tier rates. As shown on lines 24 – 25 in Table 1, the proposed 2011 TSA rates are in excess of the incremental rates at all tier levels. This demonstrates that the proposed 2011 TSA rates comply with both rate requirements of the LES Rate Schedule; (1) the rates recover the incremental costs, (2) plus recovery of some additional amount to cover FCG's common costs.

Line No.	Description	Alexander Orr	Hialeah	Source	
	(a)	(b)	(c)	(d)	
1	Plant in Service	$ 1,118,074	$ 38,354	Revised Staff 83 NSV	
2	Accumulated Prov.	(1,378,271)	$ (27,074)	Revised Staff 83 NSV	
3	Net Plant	$ (260,197)	$ 11,280	Line 1 + Line 2	
4	Appr. Rate of Return	7.36%	7.36%	Approved Rate PSC-04-0128-PPA-GU	
5	Return	-	830	Line 3 x Line 4	
6	Interest Exp.	-	(326)	Weighted debt cost of 2.89% from PSC-04-0128-PPA-GU	
7	Taxable Income	$ -	$ 504		
8	Effective Tax Rate	0.3763	0.3763	5.5% State and 34% Federal	
9	Income Taxes	$ -	$ 304		
10	O&M	$ 67,868	$ 53,709	Incremental O&M for each plant	
11	Depreciation	-	1,151	Effective rate of 3%	
12	Taxes Other	-	228	2.019% effective property tax rate	
13	Total Expenses	$ 67,868	$ 55,392	Sum of Lines 9 through 12	
14	Total Cost of Service	$ 67,868	$ 56,222	Line 5 + 13	
					Total Volumes
15	Volumes (therms) Low	3,200,000	1,800,000		5,000,000
16	Volumes (therms) Mid	3,450,000	2,050,000		5,500,000
17	Volumes (therms) High	3,700,000	2,300,000		6,000,000
	Incremental Rates				
18	Rate - Tier 1	$ 0.0212	$ 0.0312	Line 14 / Line 15	
19	Rate - Tier 2	$ 0.0197	$ 0.0274	Line 14 / Line 16	
20	Rate - Tier 3	$ 0.0183	$ 0.0244	Line 14 / Line 17	
	2011 TSA Rates				
21	Rate - Tier 1	$ 0.0284	$ 0.0350		
22	Rate - Tier 2	$ 0.0227	$ 0.0281		
23	Rate - Tier 3	$ 0.0185	$ 0.0245		
	Difference				
24	Rate - Tier 1	$ 0.0072	$ 0.0038	Line 21 - Line 18	
25	Rate - Tier 2	$ 0.0030	$ 0.0007	Line 22 - Line 19	
26	Rate - Tier 3	$ 0.0002	$ 0.0001	Line 23 - Line 20	

	A	B	C	D	E	F	G	H	I	J
1		FGT Construction Estimates			TNT Estimates			Standalone Bypass Estimates		
2		Alexander Orr	Hialeah		Alexander Orr	Hialeah		Alexander Orr	Hialeah	
3	Construction Cost	$ 914,252.00	$ 3,680,042.00		$ 610,000.00	$ 1,145,000.00				
4	Tap Cost				$ 32,000.00	$ 32,000.00				
5	Oper.,Safety,Regulatory one time estimated costs									
6	**Total Const Cost**	**$ 914,252.00**	**$ 3,680,042.00**		**$ 642,000.00**	**$ 1,177,000.00**				
7										
8	All In Debt Rate	4%	4%		4%	4%		4%	4%	
9	**Total Debt**	**$ 1,462,803.20**	**$ 5,888,067.20**		**$ 1,027,200.00**	**$ 1,883,200.00**				
10										
11	Maintenance Cost				$ 500,000.00	$ 500,000.00		$ 3,036,326.60	$ 1,518,163.30	
12										
13	**Total Costs:**	**$ 1,462,803.20**	**$ 5,888,067.20**		**$ 1,527,200.00**	**$ 2,383,200.00**				
14										
15	Consumption	120,368,720	81,283,160		120,368,720	81,283,160		120,368,720	81,283,160	
16										
17	**By-Pass COS**	0.01215	0.07244		0.01269	0.02932				
18										
19	**Calculated COS**	**0.02260**	**0.02760**		**0.02260**	**0.02760**		**0.02260**	**0.02760**	
20										
21	Difference	(0.01045)	0.04484		(0.00991)	0.00172				

	A	B	C	D
1	Miami Dade Plants - Estimated Operations & Maintenance Expenses			
2	Estimated Avg. Inflation:	1.60%		
3				
4	Estimated Operations & Maintenance total Costs:			130,809
5	Less: One time estimated costs:			(18,500)
6	**Estimated annual costs:**			**112,309**
7				
8	Years	Estimated Annual Amt	Estimated Total Expenses	
9	3	112,309.48	336,928.44	
10	6	114,106.43	342,319.30	
11	9	115,932.13	347,796.40	
12	12	117,787.05	353,361.15	
13	15	119,671.64	359,014.92	
14	18	121,586.39	364,759.16	
15	21	123,531.77	370,595.31	
16	24	125,508.28	376,524.83	
17	27	127,516.41	382,549.23	
18	30	129,556.67	388,670.02	
19	36	131,629.58	394,888.74	
20	39	133,735.65	401,206.96	
21	40	135,875.42	135,875.42	
22	Total Oper&Maint:		4,554,489.89	

Oh

Oper&Maint Including Inflation

	A	B	C	D	E	F	G	H
1	Task	Responsible Dept.	Bid Pricing Request	# Professional FTE	Total WorkHours	Total hours	# Skilled FTE	Total Workhours
2	Prepare OPM (One manual to cover all work)	Operations Support	One Time	0	0	0	0	0
3	Prepare Emergency Manual (Plant specific)	Operations Support	One Time	0	0	0	0	0
4	Prepare DIMP Plan	Operations Support	One Time	0	0	0	0	0
5	OQ documented program	Safety & Crisis Management	One Time	0	0	0	0	0
6	Initial Training and Setup of OQ	Safety & Crisis Management	One Time	0	0	0	0	0
7	Establish Public Awareness Program	Regulatory	One Time	0	0	0	0	0
8	Participate in marking out locate requests/ One call	Operations Support - Damage Pevention	Annual	0	0	0	0	0
9	Cathodic protection testing and documentation	Corrosion-Southern	Annual	0	0	0	0	0
10	Atmospheric corrosion inspection and documentation	Corrosion-Southern	Annual	0	0	0	0	0
11	Updates to both OPM and EM	Operations Support	Annual	1	0	16	0	0
12	Leak survey of ROW	Operations Support	Annual	0	0	0	0	0
13	Maintain all records according to code of above inspections	Miami Service Center	Annual	1	0	160	0	0
14	Internal inspection & rebuild of pressure regulators and relief valves	Gas Measurement	Annual	0	0	0	1	32
15	Inspect and lubricate manual valves	Gas Measurement	Annual	0	0	0	1	32
16	Administration of OQ Program	Safety & Crisis Management	Annual	0	0	0	0	0
17	OQ process to maintain records	Safety & Crisis Management	Annual	0	0	0	0	0
18	Evaluator Authorization	Safety & Crisis Management	Annual	0	0	0	0	0
19	Administration of Drug and Alcohol Program	Safety & Crisis Management	Annual	0	0	0	0	0
20	Replace of one set of filters (filters will be supplied)	Gas Measurement	Annual	0	0	0	1	16
21	Maintain Odorant Tank	Gas Measurement	Annual	0	0	0	1	16
22	Visual inspection of above ground facilities	Gas Measurement	Annual	0	0	0	1	16
23	Maintain check measurement equipment/ perfrom witness testing of CTMeters	Gas Measurement	Annual	0	0	0	1	16
24	Perform general tap heater maintenance	Gas Measurement	Annual	0	0	0	1	16
25	Document Public Awareness Program	Regulatory	Annual	0	0	0	0	0
26	Investigate Leaks	Operations	Continuous					
27	Repair and Maintain Services	Operations	Continuous					
28	Repair and Maintain Mains	Operations	Continuous					
29	Repair and Maintain Meter and Reg Stations	Operations	Continuous					
30								

	I	J	K	L	M	N	O
1	Drive Time	# Vehicles	Mileage	Overnight Total	OC Amount $	Total Cost	Comments
2	0	0	0	0	$ 4,000	$ 4,000	$4000 Per Ben Ward
3	0	0	0	0	$ 4,000	$ 4,000	$4000 Per Ben Ward
4	0	0	0	0	$ 2,500	$ 2,500	Per Rick Lonn - SHRIMP
5	0	0	0	0	$ 1,000	$ 1,000	Estimate per Veriforce (Ron Foster assisted)
6	0	0	0	0	$ 3,000	$ 3,000	Estimate per Veriforce (Ron Foster assisted)
7	0	0	0	0	$ 4,000	$ 4,000	Estimate per Ben Ward
8	0	0	0	0	$ 4,107	$ 3,675	Estimate per Kyle (input from Rick Lonn). Total Miami Tickets/Total Miles (30/mile)*Miles of
9	0	0	0	0	$ 4,000	$ 4,000	Per Keith McDonald
10	0	0	0	0	$ -	$ -	Covered in the Corrosion Inspection and Leak Survey
11	0	0	0	0	$ -	$ 1,194	Estimate per Kyle w/conversations with Ben
12	0	0	0	0	$ 2,500	$ 2,500	Quote from Larry Smallwood - Southern Cross
13	0	0	0	0	$ -	$ 11,941	Estimate per Kyle
14	8	1	480	0	$ -	$ 2,348	Estimate per Ben Ward
15	8	1	480	0	$ -	$ 2,348	Estimate per Kyle
16	0	0	0	0	$ 9,125	$ 9,125	Took 1/2 of Veriforce Estimate
17	0	0	0	0	$ 550	$ 550	Estimate per Veriforce (Ron Foster assisted)
18	0	0	0	0	$ 375	$ 375	Estimate per Veriforce (Ron Foster assisted)
19	0	0	0	0	$ 8,250	$ 8,250	Estimate per Veriforce (Ron Foster assisted)
20	4	1	240	0		$ 1,174	Estimate per Kyle
21	4	1	240	0			Four trips / 4- (1/2) days
22	4	1	240	0		$ 1,174	Estimate per Kyle
23	2	1	240	0		$ 1,078	Estimate per Kyle
24	2	1	240	0		$ 1,078	Estimate per Kyle
25	0	0	0	0	$ 15,000	$ 15,000	Estimate Per Rick Lonn
26						$ 6,000	Per Tommy Sipsy
27						$ 10,000	Per Tommy Sipsy
28						$ 16,000	Per Tommy Sipsy
29						$ 14,500	Per Tommy Sipsy
30						**$ 130,809**	

24

	A	B	C	D	E	F	G	H
1	Hialeah Water Treatment Plant Bypass Estimate							
2	Item	Element	Quantity	Unit	Rate	Total	FGT Total	TNT Total
3	1	Consultants						
4	1.1	NDE Contractor						
5	1.11	X-Rays	5	EA				
6	1.2	Environmental						
7	1.21	Environmental Consultant and Contamination Disposal	1	EA				
8	1.3	Engineering Design						
9	1.31	Engineering	1	EA				
10	2	Materials, including freight and tax						
11	2.1	Pipe						
12	2.11	4" STL FBE	3,000	LF				
13	2.12	4" STL TC	9,000	LF				
14	2.2	Valves & Actuators						
15	2.21	4" STL Valves	5	EA				
16	2.3	Fittings						
17	2.31	Misc Fittings Allowance	1	EA				
18	2.4	Miscellaneous Materials						
19	2.41	Pipe markers allowance	50	EA				
20	2.42	Insulators	1	EA				
21	3	Construction						$ 1,145,000
22	3.1	Permitting						
23	3.11	Environmental - Canal Crossings	2.00	EA				
24	3.2	Construction						
25	3.21	MAIN-4 STEEL >3000 FT APPROACH OR NEW BUSINESS	3,000	LF				
26	3.22	MAIN-4 STEEL >3000 FT UNDER PAVEMENT	8,000	LF				
27	3.23	Canal Bore	1,000	LF				
28	3.24	Tap of FGT Line	1	EA				$ 32,000
29	3.25	New Tap Station (Per South Miami AFE)	1	EA				
30	3.26	Required SCADA Equipment	1	EA				
31	3.27	Corrosion	1	EA				
32	3.28	Silt Fence	1,000	LF				
33	3.29	End User Regulator Station	1	EA				
34	3.30	Odorizer + Tank+ Odorant	1	EA				
35	3.31	Asphalt Patching	5,000	SQ Ft				
36	3.32	Sod	1,000	SQ Ft				
37	3.33	Sand	20	Ton				
38	3.34	Sidewalk Replacement	3,000	SQ Ft				
40	4	Labor Cost	$ 138,978					
41	4.1	OHAG 7.56%						
42	4.2	Direct Internal Labor						
43	5	Finance Cost	$ 26,230					
44	5.1	AFUDC 8.53%						
45		Life of Project	4	months				
46								
47		Total Based on +/- 30%					$ 3,680,042	$ 1,177,000
48								

43

	A	B	C	D	E	F	G	H
1	Alexander Orr Water Treatment Plant Bypass Estimate							
2	Item	Element	Quantity	Unit	Rate	Total	FGT Total	TNT Total
3	1	**Consultants**						
4	1.1	**NDE Contractor**						
5	1.11	X-Rays	$ 5	DAYS				
6	1.2	**Environmental**						
7	1.21	Environmental Consultant and Contamination Disposal	1	EA			$ 16,800	
8	1.3	**Engineering Design**						
9	1.31	Engineering - Direct Salaries		EA			$ 3,000	
10	1.32	Engineering		EA			$ 14,000	
11	1.33	Engineering As Built Drawings		EA			$ 3,018	
12	1.34	Engineering	1	EA				
13	2	**Materials**					$ 177,450	
14	2.1	**Pipe**						
15	2.11	4" STL FBE	1,300	LF				
16	2.12	4" STL TC	2,300	LF				
17	2.2	Valves & Actuators						
18	2.21	4" STL Valves	3	EA				
19	2.3	**Fittings**						
20	2.31	Misc Fittings Allowance	1	EA				
21	2.4	**Miscellaneous Materials**						
22	2.41	Pipe markers allowance	5	EA				
23	3	**Construction**						
24	3.1	**Construction**					$ 106,600	$ 610,000
25	3.11	MAIN-4 STEEL >3000 FT APPROACH OR NEW BUSINESS	1,000	LF				
26	3.12	MAIN-4 STEEL >3000 FT UNDER PAVEMENT	2,600	LF				
27	3.13	Tap of FGT Line	1	EA				$ 32,000
28	3.14	New Tap Station (Per South Miami AFE)	1	EA				
29	3.15	Required SCADA Equipment	1	EA				
30	3.16	Corrosion	1	EA				
31	3.17	Silt Fence	500	LF				
32	3.18	Odorizer + Tank+Odorant	1	EA				
33	3.19	Asphalt Patching	2,000	LF				
34	3.20	Sod	1,000	SQ ft				
35	3.21	Sand	20	SQ ft				
37	4	**Labor Cost**	$ 73,823				$ 279,000	
38	4.1	OHAG 7.56%						
39	4.2	Direct Internal Labor						
40	5	**Finance Cost**	$ 6,526					
41	5.1	AFUDC 8.53%	0.71%					
42		Life of Project	2	months				
43	6	**FGT Taxes, FGT Overhead, Gross-up**						
44	6.1	Tax-Material					$ 13,144	
45	6.2	Overhead - FGT					$ 26,325	
46	6.3	Tax Gross-up					$ 210,981	
47	6.4	Contingency					$ 63,934	
48								
49		Total Based on +/- 30%					$ 914,252	642,000
50								

NATURAL GAS TRANSPORTATION SERVICE AGREEMENT
BETWEEN
FLORIDA CITY GAS
AND
MIAMI-DADE COUNTY

Account Nos. 211-0756225-011, 211-0756239-011,
211-0754412-011

THIS AGREEMENT made and entered into as of this ___ day of April, 2012, by and between Pivotal Utility Holdings, Inc. d/b/a Florida City Gas, a New Jersey corporation, hereinafter referred to as "Company", and MIAMI-DADE COUNTY, a political subdivision of the State of Florida, hereinafter referred to as "Customer" (collectively, with Company, the "Parties").

WITNESSETH:

WHEREAS, Company's Natural Gas Tariff ("Tariff") establishes transportation service to be provided pursuant to the Load Enhancement Service Rate Schedule having certain specific terms of applicability;

WHEREAS, Customer has requested that Company continue to render natural gas transportation service to Customer in accordance with the terms and conditions of this Agreement and Company has agreed to transport Customer's gas;

WHEREAS, Customer has a verifiable and documented bypass alternative;

WHEREAS, this Agreement and the Load Enhancement Service Rate Schedule are subject to the approval of the Florida Public Service Commission ("Commission") before the parties may execute this Agreement; and

NOW, THEREFORE, in resolution of the matters set forth in Commission Docket No. 090539-GU and in consideration of the premises and mutual covenants and agreements set forth herein, the Parties agree as follows:

ARTICLE 1

TERM OF AGREEMENT

1. Subject to all other provisions, conditions, and limitations hereof, this Agreement shall become effective as of billings rendered on or after August 1, 2009, upon the Commission's issuance of a final order making this Agreement effective (the "Effective Date"). This Agreement shall continue in full force and effect through December 31, 2013, at which time the Agreement shall terminate (hereinafter, the "Term"). Upon written authorization by Customer, Company shall promptly file this Agreement and any related documentation with the Commission within ten (10) business days of such authorization in order to obtain the necessary Commission approvals. Company shall include Customer in any Commission filings or communications associated with the Commission's approval of this Agreement.

2. Company agrees, upon written request from Customer received by Company not less than one hundred eighty days (180) days prior to the termination date of this Agreement, to review the terms and conditions of the Agreement for the purpose of negotiating a successor agreement. Any successor agreement is contingent upon the Company and Customer mutually agreeing in writing to the terms and conditions for a successor term and the Commission approving such successor agreement. If this Agreement is not approved and made effective by the Commission subject to terms and conditions satisfactory to the Parties, this Agreement shall not become effective, and the parties will continue to negotiate a new agreement.

ARTICLE II

APPLICABILITY OF TARIFF

1. Based upon governing applicability provisions, the Parties hereby confirm that Customer qualifies for the Load Enhancement Service Rate Schedule.

2. Except to the extent expressly modified by the terms of this Agreement, all

service rendered by Company under this Agreement shall be provided pursuant to the terms and conditions of Company's Tariff, which is incorporated fully herein by reference, as filed with and approved by the Florida Public Service Commission from time to time.

3. The rates for transportation of natural gas to Customer's listed facilities shall be as set forth in Article VII of this Agreement.

ARTICLE III

POINTS OF RECEIPT AND DELIVERY

1. Customer shall arrange for the delivery of all gas to be transported by Company hereunder to take place at those interconnections between Company and Florida Gas Transmission Company ("FGT") heretofore determined Point(s) of Receipt in Miami, Florida and Hialeah, Florida. All such gas received by Company shall be redelivered to Customer at those interconnections between the distribution system of Company and the facilities of Customer heretofore determined Point(s) of Delivery.

ARTICLE IV

OBLIGATIONS AND REPRESENTATIONS OF CUSTOMER

1. Customer represents that it meets all qualifications for Load Enhancement Service.

2. Customer agrees to comply with all terms and conditions of this Agreement and the Company's Tariff, as approved by the Florida Public Service Commission, which terms and conditions are incorporated fully herein by reference and the applicable Rate Schedule as the same may be amended or modified from time to time.

3. Customer warrants that it will, at the time of delivery of gas to Company for transportation hereunder, have good and merchantable title to the gas free and clear of all liens, encumbrances, and adverse claims. Customer agrees to provide Company with any

documentation which may be requested in writing by Company to evidence Customer's title to the gas transported. Company reserves the right, without penalty or liability, to refuse transportation of any gas in the event Customer fails to provide such documentation upon Company's written request.

4. Customer warrants that all gas delivered to Company for transportation hereunder shall be of a merchantable quality and shall conform to the quality requirements set forth in the tariff of FGT as filed with and approved by the Federal Energy Regulatory Commission.

ARTICLE V

QUANTITY

1. Customer and Company agree that as of the Effective Date of this Agreement, the maximum annual contract quantity of gas ("MACQ") that Company is obligated to deliver to Customer under this Agreement in any contract year is:

Alexander Orr Water Treatment Plant (or "Orr" Plant)
6800 S.W. 87th Avenue
Miami, FL 33173
Account # 211-0756225-011
Account # 211-0756239-011
4,200,000 therms

Hialeah Lime Recalcination Facility (or "Hialeah" Plant)
700 W. 2nd Avenue
Hialeah, FL 33010
Account # 211-0754412-011
3,300,000 therms

2. Company may, from time to time, make deliveries to Customer in excess of the above stated MACQs. However, if Customer desires to increase the MACQ for any facility, Customer will provide Company with a written request. Within ninety (90) days of the date of such request, Company shall provide Customer with proposed terms and conditions under which Company will be willing to increase MACQ. Such terms shall include, but not be limited to,

Customer's willingness to pay, if necessary, an appropriate contribution to the cost of construction of additional facilities.

3. Customer hereby agrees to tender for transportation on Company's systems, during each annual period, a volume of gas equal to or greater than the minimum annual volume of 1,250,000 therms per year.

4. The maximum daily contract quantity of gas ("MDCQ") Customer may have delivered to Company at the Points of Receipt, in the aggregate, for transportation by Company hereunder shall be 24,500 therms. During the Term of this Agreement, Customer may increase the MDCQ and/or the maximum deliveries designated herein for each Point of Receipt only with the prior consent of Company, and only upon such prior notice as Company may require under the circumstances.

ARTICLE VI

PARAMETERS OF SERVICE

1. Company does not warrant that transportation service will be available hereunder at all times and under all conditions.

ARTICLE VII

RATES AND CHARGES FOR SERVICE

1. For the Term of this Agreement, Customer shall pay Company each month the following transportation charges for services rendered under this Agreement. The rates set forth below are subject to the tax and other adjustment terms of Company's Tariff, as applicable to the Customer.

2 The applicable natural gas transportation rates for service to Customer by Company for the period August 1, 2009 through December 31, 2011 shall be as follows:

Orr (service to the two meters/accounts shall be combined and treated as one)	$0.01 per therm
Hialeah	$0.03 per therm

3 Beginning January 1, 2012 and continuing through December 31, 2013, the rate for natural gas transported to the Customer's Orr and Hialeah plants by Company shall be as follows:

Plant	Orr*		Hialeah	
Volume/Rate	Volume	Rate	Volume	Rate
Tier 1	Less than 3.2 million therms	$0.0284	Less than 1.8 million therms	$0.0350
Tier 2	3.2 million therms to less than 3.7 million therms	$0.0227	1.8 million therms to less than 2.3 million therms	$0.0281
Tier 3	3.7 million therms and higher	$ 0.0185	2.3 million therms and higher	$ 0.0245

*Note: Volumes delivered through the two meters at Orr shall be combined cumulatively for the purpose of determining the applicable monthly rate and total annual therms.

4 For service beginning January 1, 2012, Customer will notify Company of its estimated transport volumes for Orr and Hialeah no later than ten (10) days prior to the beginning of each quarter. Company will bill Customer monthly based on the applicable rate for the estimated volumes at Orr and Hialeah provided by Customer.

5 Company will perform an annual true-up of Customer's monthly billings for Orr and Hialeah within forty-five (45) days following the conclusion of the calendar year so that Customer's final rate per therm matches the corresponding rate per therm at each plant respectively, based upon the total annual volumes at each plant, and which may require a refund to or a supplemental payment from Customer based upon actual volumes.

6. There shall be no additional charge over the rates specified in this Article for each therm transported to each facility in excess of MACQ as set forth in Article V in any contract year, provided that any transportation service in excess of the MACQ figures set forth above in any contract year do not require Company to construct additional facilities to provide such service to Customer. The terms and conditions with respect to any increase in the MACQ and construction of associated additional facilities are subject to the terms of Paragraph 2 of Article V of this Agreement.

ARTICLE VIII

MEASUREMENT

1. Company agrees to install and maintain facilities necessary to deliver and accurately measure the gas to Customer at the Points of Delivery.

2. Quantities of gas delivered to Company's distribution system at the Points of Receipt for the account of Customer shall be measured by FGT. All charges billed to Customer hereunder shall be based on the measurements made at the Points of Delivery. Measurement shall include temperature-correcting devices installed and maintained by Company to ensure proper billing of gas, corrected to 60 degrees Fahrenheit, at no cost to Customer.

3. Customer may, with the prior written consent of Company, which shall not be unreasonably withheld, and at no cost to Company, install check-measuring devices at the Points of Delivery.

ARTICLE IX

FULL REQUIREMENTS

1. It is understood and agreed that Company's rendering of gas transportation service under the terms and conditions of this Agreement is in consideration of Customer's agreement to utilize exclusively such services for all pipeline-transported natural gas consumed at Customer's facilities as listed in Article V herein, from the Effective Date hereof and during the Term of this Agreement and any renewals thereof. Accordingly, Customer agrees that Customer will not, for the Term of this Agreement, and any renewals thereof, displace any service provided under this Agreement with service from any third party. However, nothing herein shall prohibit Customer from extracting and consuming landfill gas at Customer's facilities.

ARTICLE X

FACILITIES

1. All facilities required to provide service under this Agreement shall be designed, constructed, installed, operated, maintained, and owned by Company.

ARTICLE XI

NOMINATIONS AND NOTICE

1. Customer, or its agent supplier, shall make all nominations of service (advice regarding the next month's anticipated consumption) on Company's system hereunder on the appropriate form provided by Company. Customer, or its agent, shall submit any new nomination for service a minimum of ten (10) working days prior to the commencement of the transportation service and shall submit a request for a change to an existing nomination a minimum of three (3) working days prior to the date the change is to become effective.

2. Customer or its agent, not Company, shall be responsible for making all transportation agreements and nominations to all third parties upstream of Company's Points of

Receipt. Customer may use a broker for this purpose. If Customer utilizes a broker to make such transportation arrangements and nominations on the interstate system upstream of Company's system, Customer shall identify the broker initially and upon a change.

3. All nominations and adjustments to nominations shall be directed to:

Mr. Ernie Brake
Director, Transportation Services
AGL Resources Inc.
10 Peachtree Place NE, Suite 800
Atlanta, GA 30309
Office: 404-584-4161
Cell: 404-379-3929

Any service inquiries or correspondence regarding the administration of nominations shall be directed to:

Ms. Carolyn Bermudez
Director, Regional Operations
Florida City Gas
955 E. 25th Street
Hialeah, FL 33013
Office: 305-835-3606
Cell: 786-218-0861
Fax: 305-691-7335

OR

Marc Seagrave
Manager, Market Development
Florida City Gas
955 E. 25th Street
Hialeah, FL 33013
Office: 305-835-3651
Cell: 786-447-8680

4. All payments shall be directed to:

Florida City Gas
Location 1190
P.O. Box 5720
Atlanta, GA 31107-0720

5. To the extent any form of notice, other than notice related to nominations or administration of nominations, must be provided to either Party, notice should be sent to the following persons:

For Miami-Dade Water and Sewer Department:

Mr. Tom Segars, Superintendent
Water Production Division
P. O. Box 110006
Hialeah, FL 33011
Phone: 305-520-4721
Fax: 305-889-0156

With a copy to:

Office of the County Attorney
Stephen P. Clark Center
111 Northwest First Street, Suite 2800
Miami, Florida 33128-1993

For Florida City Gas:

Ms. Carolyn Bermudez
Florida City Gas
Director, Regional Operations
955 E. 25th Street
Hialeah, FL 33013
Office: 305-835-3606
Cell: 786-218-0861
Fax: 305-691-7335

With a copy to:

General Counsel
AGL Resources Inc.
Ten Peachtree Place
Atlanta, GA 30309

ARTICLE XII

FORCE MAJEURE

1. Neither Company, nor Customer or its agents, shall be liable for damages to the other for any act, omission, or circumstance occasioned by or in consequence of any acts of God; strikes; lockouts; acts of the public enemy; wars; blockades; insurrections; riots; epidemics; landslides; lightning; earthquakes; fires; storms; floods; washouts; arrests and restraints of rules and people; civil disturbances; explosions; temporary failure of gas supply; temporary failure of firm transportation arrangements; the binding order of any court or governmental authority, which has been resisted in good faith by all reasonable legal means; acts of third parties; or any other cause, whether of the kind herein enumerated or otherwise, not within the control of the Party, and which by the exercise of due diligence such Party is unable to prevent or overcome.

2. Such cause or contingencies affecting the performance by Company, Third Party Supplier, or Customer, however, shall not relieve Company or Customer of liability in the event of its concurrent negligence, or in the event of its failure to use due diligence to remedy the situation and remove the cause in an adequate manner and with all reasonable dispatch, nor shall such causes or contingencies affecting performance relieve either party from its obligations to make payments of amounts then due hereunder in respect of gas theretofore delivered. In any event, the liability of Customer for damages shall be limited as provided in Section 768.28, Florida Statutes.

ARTICLE XIII

MISCELLANEOUS

1. The captions in this Agreement are for the convenience of the Parties in identification of the provisions hereof and shall not constitute a part of the Agreement, nor be considered interpretive thereof.

2. This Agreement shall be binding upon and inure to the benefit of the respective

successors and assigns of the Parties; provided, however, neither Party may make an assignment hereunder without having first obtained the prior written consent of the other Party. Such consent shall not be unreasonably withheld. If either Party does not provide such consent within sixty (60) days after receipt of the other Party's notification of assignment, failure to reply shall be deemed as consent. Any notification of assignment or consent to assignment shall be made by registered mail and provided to the individuals identified in Paragraph 5 of Article XI of this Agreement.

3. The interpretation and performance of this Agreement shall be governed by the laws of the State of Florida. Venue for any civil action arising out of this Agreement shall be Miami-Dade County, Florida.

4. This Agreement shall be subject to all of the rules and regulations of any duly constituted federal or state regulatory authorities having jurisdiction hereof. Company and Customer shall comply at all times with applicable federal, state, municipal, and other laws, ordinances, and regulations.

5. This Agreement contains the entire understanding of the Parties with respect to the matters contained herein and may be modified only in writing duly executed by authorized representatives of the Parties.

6. UNLESS EXPRESSLY SET FORTH HEREIN OR IN THE TARIFF, EXCEPT FOR EITHER PARTY'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT, UNDER NO CIRCUMANCES SHALL EITHER PARTY HERETO BE LIABLE TO THE OTHER PARTY FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL OR PUNITIVE DAMAGES FOR LOST PROFITS OR COSTS OF PROCUREMENT OF SUBSTITUTE GOODS (INCLUDING, WITHOUT LIMITATION, COVER), REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT, WARRANTY, STRICT LIABILITY OR TORT, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE

POSSIBILITY OF SUCH DAMAGES. THE TERMS OF THIS PARAGRAPH SHALL SURVIVE TERMINATION OF THIS AGREEMENT.

7. After Commission approval, this Agreement may be executed in one or more counterparts, each of which will be deemed an original but all of which taken together will constitute one and the same instrument.

In witness whereof, MIAMI-DADE COUNTY and PIVOTAL UTILITY HOLDINGS, INC. D/B/A FLORIDA CITY GAS, by and through their duly authorized officers, have executed this Agreement as of the date first written above.

(SEAL)

PIVOTAL UTILITY HOLDINGS, INC.
D/B/A FLORIDA CITY GAS

By: Jesse N Killip

By: _____
Deputy Clerk

ATTEST:

Harvey Ruvin

Clerk of the Board:

MIAMI-DADE COUNTY, a political subdivision of the State of Florida

By its Board of County Commissioners

By: _____
Deputy Clerk

By: _____
COUNTY MAYOR

Approved as to form and
Legal sufficiency.

By: _____
Assistant County Attorney