

**UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION**

**Florida Gas Transmission Company, LLC            §            Docket No. RP10-\_\_\_\_-000**

**PREPARED DIRECT TESTIMONY  
OF  
MICHAEL T. LANGSTON**

1    **Q.    Please state your name and business address.**

2    A.    My name is Michael T. Langston. My business address is 5444 Westheimer Road,  
3           Houston, Texas 77056.

4    **Q.    On whose behalf are you testifying in this proceeding?**

5    A.    I am testifying on behalf of Florida Gas Transmission Company, LLC (“FGT”).

6    **Q.    What are your responsibilities with FGT?**

7    A.    I am Senior Vice President, Government and Regulatory Affairs with primary  
8           responsibility for rate and regulatory matters for FGT.

9    **Q.    Please describe briefly your educational and professional background.**

10   A.    I received a Bachelor of Science Degree in Electrical Engineering with honors from  
11           the University of Texas in Austin in 1975. I received a Master of Business  
12           Administration from Southern Methodist University in Dallas, Texas in 1978. I  
13           was employed by Mobil Pipeline Company from 1975 to 1979 in various positions  
14           in their engineering department. From 1979 to 1986, I was employed by Texas Oil  
15           & Gas Corp. and its affiliate, Delhi Gas Pipe Line Corporation, holding various

1 positions in corporate planning, special projects, and project development. I joined  
2 Southern Union Company ("Southern Union") in September 1986 and have been  
3 employed by Southern Union and its affiliates since that time, holding various  
4 positions involving gas supply, marketing, gas control, contract administration, and  
5 federal regulatory areas. I am also a Registered Professional Engineer in the states  
6 of Texas, Louisiana, and Oklahoma.

7 **Q. Have you previously testified or presented testimony before the Federal**  
8 **Energy Regulatory Commission?**

9 A. Yes. I provided testimony in Docket No. RP88-44-000 on behalf of Southern  
10 Union Gas Company, in Docket No. RP04-249-000 on behalf of Florida Gas  
11 Transmission Company, LLC, in Docket No. RP06-614-000 on behalf of  
12 Transwestern Pipeline Company, LLC, in Docket No. RP07-513-000 on behalf of  
13 Sea Robin Pipeline Company, LLC, in Docket No. RP07-541-000 on behalf of  
14 Southwest Gas Storage Company, and most recently in Docket No. RP09-816-000  
15 on behalf of Trunkline LNG Company, LLC.

16 **Q. What is the purpose of your testimony?**

17 A. The purpose of my testimony is to provide the background for this rate case filing  
18 and to explain the policies and other considerations underlying FGT's proposals. In  
19 this regard, I will: (1) describe FGT's system and its current services; (2)  
20 summarize the cost of service, return on equity, capital structure, cost allocation,  
21 and rate design underlying the proposed rates; (3) discuss FGT's negotiated rate  
22 agreements; and (4) discuss FGT's proposed tariff revisions.

1   **Q.   What exhibits are you sponsoring in this proceeding?**

2   A.   I am sponsoring the following exhibits:

3	<u>Exhibit No.</u>	<u>Reference</u>	<u>Description</u>
4	FGT-2	STATEMENT O(1)	Map of FGT's System
5	FGT-3	Schedule J-2	Proposed Rates
6	FGT-4		Proposed Tariff Sheets
7	FGT-5		CHDP Information
8	FGT-6		FERC Allowed Certificated Returns

9                                   **Background**

10   **Q.   What is the reason for this rate case filing?**

11   A.   This rate case is being filed pursuant to the Stipulation and Agreement  
12       (“Settlement”) entered into as part of the resolution of various issues in Docket Nos.  
13       RP04-12-000 and RP00-387-000 (not consolidated). The Settlement was approved  
14       by the Commission on December 21, 2004. In accordance with Article XI, Section  
15       1, FGT is required to file a Section 4 general rate case no later than October 1,  
16       2009.

17   **Q.   How does the cost of service which was settled in the 2004 Rate Case compare**  
18       **to this filing?**

19   A.   The settled Cost of Service in the 2004 Rate Case is estimated based on rates and  
20       volumes to be \$472 million as compared to the Cost of Service filed in this case of  
21       \$579 million, or an increase of 23 percent.

22   **Q.   What is the major reason for this increase?**

1     A.    The main reason for the increase in Cost of Service is a substantial increase in gas  
2           plant since the 2004 Rate Case. At February 29, 2004, the end of the test period in  
3           the last Rate Case, the gas plant balance was \$916 million and \$1.826 billion for the  
4           non-incremental and incremental facilities, respectively. In this filing, the gas plant,  
5           as shown in Statement C, is \$1.442 billion and \$2.051 billion for the non-  
6           incremental and incremental facilities, respectively. These increases of over 27  
7           percent in total gas plant reflect expansions for new customer load on the  
8           incremental facilities, substantial capital needed to comply with Department of  
9           Transportation (“DOT”) and the Pipeline Hazardous Materials and Safety  
10          Administration (“PHMSA”) requirements of the Pipeline Safety Improvement Act  
11          of 2002 and relocation/replacement cost to accommodate expansions and  
12          improvements to the Florida Turnpike, as required by the Florida Department of  
13          Transportation.

14    **Q.    Please briefly describe the prepared testimony of FGT’s other witnesses in this**  
15       **proceeding.**

16    A.       First, Mr. Richard N. Marshall, FGT’s Senior Vice President and Chief Financial  
17           Officer, addresses the capital structure, and the cost of debt.

18           Second, Mr. Robert B. Hevert, President of Concentric Energy Advisors,  
19           provides support for FGT’s cost of equity capital.

20           Third, Mr. Rickey J. Brocato, Manager of Cost of Service for FGT, supports  
21           FGT’s overall cost of service, rate base and return, gas plant, accumulated

1 depreciation, depreciation expense, and other taxes for both the non-incremental  
2 system and the incremental system.

3 Fourth, Ms. Debra E. Thompson, Coordinator of Cost of Service for FGT,  
4 discusses the regulatory assets, accumulated deferred income taxes, operation and  
5 maintenance expenses, and income taxes for the non-incremental system and the  
6 incremental system.

7 Fifth, Mr. William W. Grygar, Vice President of Rates and Regulatory  
8 Affairs for FGT, discusses cost classification and cost allocation and the roll-in  
9 justification for FGT's Phase VII Expansion Project.

10 Finally, Mr. Lawrence J. Biediger, Senior Director of Rates for FGT,  
11 addresses Account No. 858 Transmission and Compression By Others expenses,  
12 Gas Balance, test period throughput volumes, rate design, actual and projected  
13 revenues, and credits to the Cost of Service.

14 **I. FGT'S SYSTEM AND ITS CURRENT SERVICES**

15 **Q. Please describe the FGT system and transportation services.**

16 A. FGT operates an approximate 5,000-mile pipeline system with extensive access to  
17 diverse natural gas supply sources with interconnected supply receipt point capacity  
18 of over 13 billion cubic feet per day ("Bcf/day") of supply capability. FGT can  
19 transport and deliver approximately 2.3 Bcf/day of natural gas to the Florida  
20 peninsula. The Florida customer base includes electric utilities, independent power  
21 producers, industrials, and local distribution companies. FGT provides firm and  
22 interruptible transportation services and is interconnected to many storage providers

1 capable of providing storage services to FGT customers. A map of the FGT system  
2 is attached as Exhibit No. FGT-2.

3 For rate design purposes, the FGT system is separated into 1) that portion of the  
4 system constructed prior to the Phase III expansion completed in 1995, which is  
5 referred to as the non-incremental system, and 2) the portion of the system  
6 constructed as the Phase III expansion, and subsequent expansions following Phase  
7 III, which is referred to as the incremental system. In addition, the FGT system is  
8 divided into the Market Area, consisting of all portions of the FGT system located  
9 within the state of Florida, and the Western Division, which consists of all portions  
10 of the FGT system located west of the Alabama/Florida state line.

11 The non-incremental system extends from Block Valve 2-30, located in Refugio  
12 County, in the South Texas-Gulf Coast Area, to Dade County in South Florida.  
13 FGT has historically received natural gas from suppliers in the Gulf Coast areas of  
14 Texas, Louisiana, Mississippi, Alabama, Florida, and the Offshore Federal Domain,  
15 and has transported such gas into the State of Florida. The area west of the State of  
16 Florida, FGT's Western Division, is characterized by gas supply inputs. Gas is  
17 received by FGT from various supply sources and interconnects in the Western  
18 Division and is generally re-delivered to customers in the State of Florida, FGT's  
19 Market Area, with remaining volumes re-delivered to customers in the Western  
20 Division. Firm service through the non-incremental system is provided under Rate  
21 Schedules FTS-1 and SFTS into FGT's Market Area. Firm service is provided in  
22 FGT's Western Division under Rate Schedule FTS-WD.

1 FGT has constructed several expansions beginning in 1995, and provides  
2 firm service through this incremental system, originally approved in the Phase III  
3 proceeding (Docket Nos. CP92-182-000, *et al.*). The Phase III Expansion (the first  
4 phase of the “incremental system”) was placed into service on March 1, 1995, and  
5 rates were established on an incremental basis. Subsequently, FGT further  
6 expanded the incremental system with Phases IV, V and VI. Since the last rate  
7 proceeding, in Docket No. RP04-12-000, FGT has placed the Phase VII Expansion  
8 into service, the costs and billing determinants of which are all rolled into the  
9 calculation of the FTS-2 rates for service through the incremental system. Firm  
10 transportation service through the incremental system is provided under Rate  
11 Schedule FTS-2.

12 The Phase VII Expansion was completed and placed into service in March  
13 2008. The Phase VII Expansion consists of approximately 17.3 miles of pipeline  
14 facilities and 9,800 hp of compression in the State of Florida, at a cost of \$62  
15 million and provides an additional 100,000 MMBtu per day of capacity. The  
16 Commission granted certificate authorization for this expansion in Docket No.  
17 CP06-1-000 [115 FERC ¶ 61,328 (2006), *reh’g denied*, 117 FERC ¶ 61,242  
18 (2006)].

19 FGT has no storage or peak shaving facilities; it utilizes line pack and  
20 compression facilities to provide flexibility to customers, including a no notice  
21 service under Rate Schedule NNTS.

1 FGT serves basically three types of customers in the State of Florida –  
2 electric generation, gas distribution, and industrial customers. The electric  
3 generation customers, which account for over 80% of the annual throughput on  
4 FGT's system, have a seasonal load pattern characterized by higher summer  
5 demands, due to their air-conditioning load requirements. The gas distribution  
6 customers have a seasonal load pattern characterized by higher demands during the  
7 winter, due to heating requirements of their residential and small commercial  
8 customers. FGT also serves industrial customers in the State of Florida that take  
9 gas at a fairly constant rate during the year, as well as industrials that take gas on a  
10 seasonal basis.

11 A portion of the volumes delivered into FGT's Market Area is delivered to  
12 customers who have the ability to utilize alternate fuels to satisfy their energy  
13 requirements.

14 **Q. Briefly describe FGT's current services.**

15 A. FGT offers the following services:

16 Rate Schedule FTS-1 provides for firm transportation service into FGT's  
17 Market Area on the non-incremental system. The charges under this rate schedule  
18 consist of a reservation charge for maximum daily transportation quantities  
19 ("MDTQ"), a usage charge for volumes scheduled by the shipper, fuel, and certain  
20 surcharges.

21 Rate Schedule FTS-2 provides for firm transportation service into FGT's  
22 Market Area on the incremental system. Rates for service under Rate Schedule

1 FTS-2 are established on an incremental basis. The charges under this rate schedule  
2 consist of a reservation charge for MDTQ, a usage charge for volumes scheduled by  
3 the shipper, fuel, and certain surcharges.

4 Rate Schedule FTS-WD provides for firm transportation service for  
5 deliveries in FGT's Western Division. The charges under this rate schedule consist  
6 of a facility (or reservation) charge for MDTQ, a service (or usage) charge for  
7 volumes scheduled by the shipper, fuel, and certain surcharges.

8 Rate Schedule SFTS also provides for firm transportation service into  
9 FGT's Market Area. Rate Schedule SFTS is available to shippers that had annual  
10 firm sales entitlements of 1,100,000 MMBtu or less under previously effective Rate  
11 Schedule SGS, or under a direct firm sales agreement as set forth on FGT's Index  
12 of Entitlements in effect on November 2, 1992. The charges under this rate  
13 schedule consist of a one-part rate for volumes scheduled by the shipper, which rate  
14 is derived from the FTS-1 rate, fuel, and certain surcharges.

15 Rate Schedule NNTS is a service that FGT provides within a shipper's  
16 MDTQ under Rate Schedules FTS-1 or SFTS. This service allows shippers the  
17 flexibility to deviate from scheduled quantities. The charge under this rate schedule  
18 consists of a reservation charge applicable to contracted daily No-Notice quantities  
19 ("NNQ").

20 Rate Schedule ITS-1 is an interruptible transportation service for deliveries  
21 in FGT's Market Area. The charges under this rate schedule consist of a usage  
22 charge for quantities of gas scheduled by the shipper, fuel, and certain surcharges.

1           Rate Schedule ITS-WD is an interruptible transportation service for  
2 deliveries in FGT's Western Division. The charges under this rate schedule consist  
3 of a usage charge for quantities of gas scheduled by the shipper, fuel, and certain  
4 surcharges.

5           Rate Schedule PNR is an interruptible park and ride, or balancing service.  
6 The charges under this rate schedule consist of a usage charge for quantities of gas  
7 parked or borrowed for the account of the shipper, and a surcharge.

8           Rate Schedule IPS is an in-line pooling service. This service is a scheduling  
9 mechanism that provides a means to aggregate or pool volumes in the supply area.  
10 Rate Schedule IPS is available only to move gas to an In-Line Transfer Point. A  
11 shipper nominating under Rate Schedule IPS must deliver gas into a downstream  
12 transportation agreement for re-delivery in FGT's Market Area. There are no  
13 separate charges for transportation under this rate schedule; however, the IPS  
14 shipper is responsible for the resolution of imbalances.

15           Rate Schedule TSS is a sales service. Rate Schedule TSS is applicable to  
16 the purchase of gas by shippers at receipt points into FGT from FGT's sales  
17 division under FGT's blanket certificate issued pursuant to 18 CFR §284.284(a), at  
18 a rate negotiated between FGT and the customer. FGT has never made any sales  
19 under this rate schedule.

20                   **II.     COST OF SERVICE AND RATE DESIGN**  
21                   **FOR TRANSMISSION SERVICES**

22   **Q.   Please explain the selection of the Base Period and Test Period included in this**  
23   **filing.**

1 A. The Base Period in this filing is the twelve months which ended May 31, 2009. The  
2 Base Period data has been adjusted to reflect known and measurable changes in  
3 revenues and costs for the nine-month period ending February 28, 2010  
4 (“Adjustment Period”). The Base Period, as adjusted in this manner, is referred to  
5 in FGT’s filing and testimony as the “Test Period”.

6 **Q. In general, please explain the derivation of FGT’s Test Period volumes?**

7 A. The instant filing reflects representative volumes for FGT’s transportation services  
8 for both the non-incremental system and the incremental system. These volumes  
9 were derived from the Base Period volumes under Rate Schedules FTS-1, FTS-2,  
10 FTS-WD, SFTS, ITS-1, ITS-WD, and PNR, adjusted for known and measurable  
11 changes for the nine-month Adjustment Period ending February 28, 2010. Volumes  
12 under Rate Schedule NNTS are based on recent customer requests for this service.  
13 FGT’s Base Period volumes and the calculations of its Test Period volumes are  
14 described in detail in the testimony of FGT Witness Biediger.

15 **Q. Please explain the approach used in determining the Test Period Rate Base.**

16 A. The approach followed conforms to Section 154.303 of the Commission’s  
17 Regulations, which permits pipeline companies the use of a Base Period rate base,  
18 adjusted to reflect the conditions that are expected to exist at the end of the Test  
19 Period. Separate rate bases are calculated for the non-incremental system and for  
20 the incremental system.

21 Thus, in determining the individual Test Period rate base for each system,  
22 the gross gas plant in service for each system as of May 31, 2009 was adjusted to

1 reflect estimated plant additions and other adjustments expected to occur for each  
2 system by February 28, 2010, to arrive at the total Test Period gross plant for each  
3 system. Also, the accumulated provisions for depreciation and amortization for  
4 each system as of May 31, 2009 were adjusted to reflect the additional depreciation  
5 and other adjustments for each system expected to occur by February 28, 2010, to  
6 arrive at the total Test Period accumulated provisions for depreciation and  
7 amortization for each system. Finally, the provision for accumulated deferred  
8 income taxes was adjusted consistent with the adjustments to gross plant and  
9 accumulated depreciation. As provided for in the regulations, a thirteen-month  
10 average balance for "Materials and Supplies" and "Prepayments" has been included  
11 as a working capital allowance. FGT Witness Brocato explains the computation of  
12 the Rate Base in more detail.

13 **Q. Would you please explain the matching of annualized costs with annualized**  
14 **revenues?**

15 A. The Test Period contract quantities, transportation volumes, and associated  
16 revenues reflect adjustments for changes that occurred during the Base Period and  
17 are anticipated to occur during the Adjustment Period. In order to provide an  
18 accurate matching of costs and revenues, the filing reflects known and measurable  
19 changes in Operation and Maintenance expenses, Depreciation, and Taxes (Other  
20 than Income) that have occurred during the Base Period or are expected to occur in  
21 the Adjustment Period. The adjustments to the Base Period operating and  
22 maintenance expenses are explained by FGT Witness Thompson.

1   **Q.   Please describe the overall Cost of Service reflected in FGT's rate case filing**  
2       **for the non-incremental system and for the incremental system.**

3   A.   The proposed rates for the non-incremental system are based on the overall Cost of  
4       Service of approximately \$231 million. The rates for service through the  
5       incremental system are based on a Cost of Service of approximately \$347 million.  
6       The costs of service for the non-incremental and incremental facilities are discussed  
7       in detail in the testimony of FGT Witness Brocato and FGT Witness Thompson.

8               The overall Cost of Service for both the non-incremental and incremental  
9       systems, upon which the proposed rates are based, reflects an 8.02 percent cost of  
10      debt, a return on common equity of 13.88 percent, and a capital structure of 39.26  
11      percent debt and 60.74 percent equity. FGT's Witness Marshall supports the capital  
12      structure and debt cost for this case. FGT's 13.88 percent return on equity is  
13      supported by FGT Witness Hevert. FGT has also proposed to continue the  
14      currently effective depreciation rates for the non-incremental and incremental  
15      systems as reflected in FGT Witness Brocato's testimony and exhibits.

16   **Q.   Please describe the major cost allocation and rate design principles that**  
17       **underlie the proposed rates.**

18   A.   First, FGT has continued to allocate operation and maintenance costs (including  
19       administrative and general costs) between the non-incremental and incremental  
20       systems based on the methodology agreed to in the Stipulation and Agreement  
21       ("Phase III Settlement"), approved by the Commission in Docket No. CP92-182-000,  
22       *et al.*; *Florida Gas Transmission Company ("FGT")*, 64 FERC ¶ 61,288 (1993); *reh'g*

1       *granted in part and clarification granted*, 66 FERC ¶ 61,160 (1994), even though  
2       such agreement has expired, with the exception of Administrative and General  
3       (“A&G”) expenses which have been allocated in conformance with the Kansas –  
4       Nebraska (“KN”) allocation methodology agreed to in the Settlement in Docket No.  
5       RP04-12-000, as approved by Commission order dated December 21, 2004. These  
6       methodologies are reasonable, and are still appropriate for the allocation of these  
7       expenses.

8               Second, FGT has continued the straight fixed variable (“SFV”)  
9       methodology of designing rates, consistent with the Commission’s directive in  
10      Order No. 636.

11             Third, FGT has continued to design its rates for services on both the non-  
12      incremental system and incremental system on a traditional cost-of-service basis.

13             Fourth, FGT has continued to design rates for deliveries into the State of  
14      Florida on a postage-stamp basis. The postage-stamp rate design is supported by a  
15      number of unique factors on the FGT system, such as load distribution, the location  
16      and use of lateral lines, the provisions for use of alternate receipt and delivery  
17      points without a separate charge, and the ability of shippers to release capacity, with  
18      deliveries being made to parties located anywhere within the Market Area on an  
19      alternate firm basis.

20             Fifth, the non-incremental and incremental costs attributable to the Western  
21      Division facilities are allocated to both the Western Division and Market Area  
22      services based on reservation and usage quantities, miles of haul and revenue.

1 Sixth, FGT is continuing to allocate some compressor-related costs to Rate  
2 Schedule NNTS service because compression is utilized to provide No Notice  
3 service, in order to minimize the line pack fluctuations caused by overage or  
4 underage flows.

5 Finally, the rates under Rate Schedule ITS-1 continue to be derived from a  
6 “blended” rate derived from the costs and volumes used to calculate the Rate  
7 Schedules FTS-1 and FTS-2 rates on a 100% load factor basis.

8 The cost classification and cost allocation underlying the proposed rates are  
9 described in detail in the testimony of FGT Witness Grygar, while the rate design  
10 underlying the proposed rates is described in detail in the testimony of FGT Witness  
11 Biediger.

12 **Q. Do you have an exhibit that shows the tariff sheets which state the proposed**  
13 **rates?**

14 A. Yes. Exhibit No. FGT-3 sets forth the proposed rates for FGT transportation  
15 services. The rate sheet presentation has been modified to more clearly comply  
16 with Section 154.107 of the Commission’s Regulations.

17 **III. RECOVERY OF COSTS RELATED TO GATHERING FACILITIES**

18 **Q. Does FGT have any gathering facilities?**

19 A. Historically, all of FGT’s facilities have been functionalized as transmission.  
20 However, Northern Natural Gas Company requested that the Matagorda Offshore  
21 Pipeline System (“MOPS”) be refunctionalized as gathering, and, in 2001, the  
22 Commission approved the refunctionalization of a portion of the MOPS facilities as

1 gathering. The Commission required that other joint owners in the MOPS gathering  
2 facilities “refunctionalize their facilities as gathering for rate and accounting  
3 purposes in their next section 4 rate proceeding.” *Enron Gulf Coast Gathering*  
4 *Limited Partnership, et al.*, 95 FERC ¶ 61,318 at 62,098, n.23 (2001).

5 **Q. What is the status of transportation service on FGT’s capacity in the MOPS**  
6 **system?**

7 A. Currently, FGT has no shippers with firm transportation capacity on the MOPS  
8 pipeline facilities. FGT has not transported any gas utilizing its MOPS capacity  
9 since April 2007. FGT is seeking Commission authorization in Docket No. CP09-  
10 461-000 to abandon transportation services. FGT is removing the operation and  
11 maintenance expenses from the cost of service in this proceeding. This adjustment  
12 is detailed in the testimony and exhibits of FGT Witness Thompson. FGT Witness  
13 Brocato supports the Asset Retirement Obligation (ARO) related to FGT’s  
14 ownership interest in the MOPS system.

15 **IV. NEGOTIATED RATE SERVICES**

16 **Q. Does FGT have any negotiated rate agreements?**

17 A. Yes, FGT has two negotiated rate service agreements: (a) Contract No. 6011, with  
18 Power South Energy Cooperative, formerly Alabama Electric Cooperative  
19 (“AEC”), dated September 22, 1999, for FTS-WD service, and (b) Contract No.  
20 5997, with Southern Company Services, Inc. (“Southern”), dated June 4, 1999, for  
21 FTS-2 service.

1    **Q.   What are the rates, as compared with FGT's maximum rates for such**  
2       **services?**

3    A.   For the FTS-WD service, FGT's rate to AEC, at the time of contracting, was equal  
4       to the maximum tariff rate, and is below the maximum rates proposed herein. For  
5       the FTS-2 service, FGT's rate to Southern was equal to the initial Phase IV  
6       Settlement rate caps, which are below the maximum tariff rates proposed herein.

7    **Q.   Is FGT proposing a discount adjustment related to these two negotiated rate**  
8       **agreements?**

9    A.   No.

10                                   **V.     TARIFF CHANGES**

11   **Q.   Is FGT proposing any changes to the various rate schedules in its tariff?**

12   A.   Yes, FGT is proposing a number of tariff changes. These involve: (1) removal of the  
13       Capital Surcharge tracker provision, (2) modification of the fuel tracker provision for  
14       electric compression, (3) modification of the Right of First Refusal (ROFR)  
15       provision, (4) a new provision to permit extension of contracts, (5) a change to the  
16       contracting practice to require electronic execution of service agreements and  
17       amendments, (6) a new provision governing waste heat recovery facilities, (7)  
18       modification of gas quality provisions, (8) a revision to Rate Schedule ITS-1 to  
19       permit delivery in the Western Division, and (9) expanding Rate Schedule IPS to  
20       permit Western Division deliveries and modify the transportation rate schedules to  
21       clarify rate application for these transactions.

22   **Q.   Please explain the removal of the Capital Surcharge tracker provision.**

1 A. The Capital Surcharge in Section 26 of the General Terms and Conditions  
2 (“GT&C”) was established as a result of the settlement of FGT’s rate case  
3 proceedings in Docket No. RP04-12-000, et al (109 FERC ¶ 61,320). The  
4 settlement provides that collection of the Capital Surcharge shall cease on the  
5 effective date of revised rates filed by FGT in the subsequent NGA Section 4 general  
6 rate case. Therefore, the Capital Surcharge will be discontinued upon the effective  
7 date of the rates in the instant proceeding. A corresponding revision is proposed for  
8 the order of discounting in GT&C Section 15.h.

9 **Q. What modifications are proposed to the fuel tracker provision for electric**  
10 **compression?**

11 A. FGT proposes to modify GT&C Section 27, Fuel Reimbursement Charges, to  
12 provide one mechanism to account for cash payments to electric providers incurred  
13 in the operation of current and future electric compression on FGT’s system,  
14 excluding payments to electric providers for monthly demand charges and  
15 surcharges and taxes based on such demand charges at Station 13A. Section 27.1  
16 has been removed accordingly. The current provision in Section 27, approved by the  
17 Commission’s Letter Order dated December 18, 2007 in Docket No. CP06-1-009  
18 (FGT’s Phase VII Expansion Project), was established to account for costs involved  
19 in operating the electric compressor horsepower at Station 26. Prior to Phase VII,  
20 two electric compressor units were installed at Station 13A as a part of FGT’s Phase  
21 V Expansion project. In the Phase V proceeding, under Docket No. CP00-40-000,  
22 the monetary payments for the demand charges and surcharges and taxes based on

1 such demand charges for the electricity are included in FGT's FTS-2 base tariff  
2 rates. The usage charges on the electricity are paid by FGT with gas on an in-kind  
3 basis. The current provision in Section 27.1, Purchased Power Surcharge, was  
4 established in the event the electric provider at Station 13A defaulted on this  
5 arrangement because FGT had no mechanism at that time to recover monetary  
6 payments for the usage portion of the electricity required to operate the electric  
7 compressor units at Station 13A. As the electric provider at Station 13A has  
8 maintained its creditworthiness, the surcharge contemplated in Section 27.1 has  
9 never been invoked. In the instant proceeding, FGT proposes to remove the separate  
10 mechanism to handle potential monetary payments for electric usage at Station 13A  
11 by removing GT&C Section 27.1 and provide one mechanism to handle any current  
12 and future payments for fuel utilized by electric compressors on FGT's system,  
13 excluding payments for the demand charges at Station 13A which are included in the  
14 FTS-2 base tariff rates.

15 **Q. What modification of the Right of First Refusal is proposed?**

16 A. FGT proposes that it may agree, on a non-discriminatory basis, to a contractual right  
17 of first refusal in the event a shipper does not qualify for a regulatory right of first  
18 refusal. FGT proposes to add the contractual right of first refusal provision in  
19 GT&C Section 20.B. In Order No. 637, the Commission held that a pipeline could  
20 offer a contractual right of first refusal to a shipper that does not otherwise qualify  
21 for a regulatory right of first refusal. The proposed tariff language has been  
22 approved by the Commission for other pipelines. See, Trunkline Gas Company

1 unpublished Letter Order dated March 10, 2004; ANR Pipeline Company, 103  
2 FERC ¶ 61,084 (2003); see also unpublished Letter Order dated June 26, 2003, in  
3 Docket No. RP03-319-001.

4 **Q. Does FGT propose other provisions affecting contract termination?**

5 A. Yes, FGT proposes additional contract flexibility for extending long-term firm  
6 service agreements. FGT proposes to add a contract extension provision in new  
7 GT&C Section 20.A.3 whereby prior to the expiration of any current term of a  
8 contract, FGT and shipper may mutually agree, on a non-discriminatory basis, to  
9 extend at least a part of the contracted capacity. If the shipper has a right of first  
10 refusal, the extension must be agreed to prior to posting the capacity for bidding  
11 under the ROFR process. FGT's proposal is consistent with Commission policy and  
12 precedent where the Commission has previously approved other pipeline's tariff  
13 provisions that reflect a flexible approach to re-contracting. Specifically, FGT is  
14 proposing the same language that the Commission approved and extensively  
15 discussed in a November 15, 2007 order in the Tennessee Gas Pipeline Company  
16 proceeding (121 FERC ¶ 61,149). In conjunction with the new provision, FGT  
17 proposes to rename Section 20 to be called Pre-Granted Abandonment, Contract  
18 Rollover, Contract Extension and Right of First Refusal to better describe the  
19 contents of this section of the GT&C. Corresponding changes have been made  
20 where Section 20 is referenced elsewhere in the tariff.

21 **Q. Are there more changes to contracting practices?**

1 A. Yes, FGT proposes to provide that service agreements and amendments to service  
2 agreements shall be executed electronically. Modifications have been made  
3 throughout the tariff to reflect this new contracting practice. This practice reflects  
4 the state of technology today wherein more business practices are becoming  
5 paperless, including regulatory filings at the Commission. See Order No. 714.

6 **Q. What change is FGT proposing for gas quality provisions?**

7 A. FGT is proposing two gas quality changes. In the market area, FGT proposes to  
8 change from an existing standard in the specifications of C5+ to a Cricondenthem  
9 Hydrocarbon Dew Point standard ("CHDP"). Many pipelines are setting standards  
10 based on CHDP, and this change allows easier comparison of FGT's gas quality  
11 standards to interconnected pipeline systems. FGT proposes to establish a CHDP  
12 standard set at 25 degrees. For the Western Division, the FERC order in RP04-249-  
13 000 required FGT to ensure that gas flowing in the pipeline system from the  
14 Western Division into the Market Area meet the gas quality specifications of the  
15 Market Area. Historically, FGT has not had as extensive specifications in the  
16 Western Division, and the Market Area specifications were originally designed for  
17 LNG received from interconnects in the Market Area that may not have the ability  
18 to blend with system gas prior to delivery to a customer delivery meter. FGT is  
19 proposing to add language that would allow FGT to post standards, only when  
20 necessary, for gas received in the Western Division, if such standards are needed to  
21 ensure that the gas flowing from the Western Division into the Market area meets  
22 applicable specifications.

1    **Q.   Is a CHDP standard consistent with Commission policy?**

2    A.   This provision is consistent with the recommendations in the NGC+ White Paper on  
3       Liquid Hydrocarbon Drop Out in Natural Gas Infrastructure, dated February 28,  
4       2005. These recommendations were reflected in the Commission's Policy  
5       Statement on Provisions Governing Natural Gas Quality and Interchangeability in  
6       Interstate Natural Gas Pipeline Company Tariffs issued in Docket No. PL04-3-000  
7       on June 15, 2006 ("Policy Statement").

8       In the Policy Statement on Gas Quality the Commission outlined several guidelines  
9       for such standards, including:

10      (1) Gas standards should be based upon sound technical, engineering and scientific  
11          considerations.

12      (2) Tariffs should contain provisions that govern the quality of gas received for  
13          transportation when necessary to manage hydrocarbon dropout within  
14          acceptable levels.

15      (3) Pipelines filing to revise their gas quality standards are to include a comparison,  
16          in equivalent terms, of their proposed gas quality specifications to those of  
17          interconnecting pipelines.

18      (4) The pipeline tariff should state the natural gas quality specifications for gas that  
19          the pipeline will deliver to customers.

20      (5) The policy statement encourages the use of blending, pairing, or other strategies  
21          to combine rich gas supplies with lean gas supplies in order to accommodate

1 more production, when such actions can be taken on a nondiscriminatory basis  
2 and consistent with safe and reliable operations.

3 **Q. Has FGT verified that the CHDP specifications in the Market area are**  
4 **adequate to protect customer deliveries?**

5 A. Yes. Attached as Exhibit FGT-5 are gas chromatograph calculations showing the  
6 CHDP graphs as well as the applicable customer delivery temperature and pressure.  
7 These graphs, from several locations around the state of Florida are typical of the  
8 gas quality normally flowing in FGT's system, and show that customer deliveries  
9 are well within the range to ensure no liquid hydrocarbon fallout in the gas stream.  
10 Also included is a comparison of the proposed CHDP standard of 25 degrees to  
11 other interconnecting pipelines into the FGT system.

12 **Q. Please discuss the provision being added affecting the Western Division gas**  
13 **quality specifications.**

14 A. As noted, the Commission's order in Docket No. RP04-249-000 required FGT to  
15 insure that the comingled flowing gas stream within the FGT system at the point at  
16 which the gas flows from the Western Division into the Market Area should meet the  
17 Market Area gas quality specifications. As this requirement is not specific to a  
18 receipt or delivery point, the proposed tariff language is designed to give FGT the  
19 ability to post, on a limited basis, quality specifications for areas of the Western  
20 Division system as necessary to insure that the gas flowing from the Western  
21 Division into the Market Area meets the applicable Market Area Standards. This  
22 method allows the maximum use of the blending capabilities on the FGT system,

1 which receives gas throughout the Western Division, to allow more flexible gas  
2 quality at receipt points, while providing a mechanism that will allow FGT to take  
3 limited action if necessary to manage gas quality into the Market Area.

4 **Q. Are there limitations on these Western Division postings?**

5 A. Yes. The postings will be made only for those receipt points or line segments in the  
6 Western Division where limitations are needed, with FGT providing as much notice  
7 as possible prior to the effectiveness of such postings, but at least 24 hours in  
8 advance. In addition, such limitations will be posted only for as long as necessary to  
9 bring the blended gas stream into compliance with the Market Area standards. FGT  
10 will only post limitations for those standards that are out of specification. All such  
11 postings will be applied on a not unduly discriminatory basis. These provisions are  
12 reflected on Sheets 206 and 206A.

13 **Q. Please discuss the provision being added to the tariff related to Waste Heat**  
14 **Recovery.**

15 A. The FERC has been encouraging all pipelines to review the ability to increase  
16 efficient energy utilization at compressor stations. As such, waste heat generated  
17 by compressor operations has the potential to be utilized in direct heat transfer  
18 activities, or utilized for the co-generation of electricity, with the installation of  
19 additional equipment. FGT has identified two compressor stations that meet the  
20 Interstate Natural Gas Association of America ("INGAA") standards for potential  
21 economic efficiency opportunities, and after the completion of the planned Phase  
22 VIII expansion, the number of stations that meet the INGAA guidelines may

1       increase. This provision seeks to clarify the ownership and ability to use such waste  
2       heat for energy efficiency purposes.

3       **Q. What modifications are proposed to Rate Schedule ITS-1?**

4       A. FGT proposes to add transportation flexibility for interruptible shippers under Rate  
5       Schedule ITS-1. Rate Schedule ITS-1 rates are derived from a blend of the 100  
6       percent load factor rates for the firm Rate Schedules FTS-1 and FTS-2. Therefore,  
7       FGT proposes to modify Rate Schedule ITS-1 to mirror the transportation  
8       capabilities of Rate Schedules FTS-1 and FTS-2 by removing the restriction that  
9       Rate Schedule ITS-1 shippers deliver gas to the Market Area. In addition, the fuel  
10      reimbursement provisions in Section 5 of Rate Schedule ITS-1 are modified to  
11      mirror the corresponding provisions in Rate Schedule FTS-1. Rate Schedules FTS-  
12      1, SFTS, ITS-1, and FTS-2 currently have access to Western Division delivery  
13      points on a secondary basis which requires a clarification in Section 4 of the  
14      respective rate schedules to provide that usage and usage surcharges may be  
15      calculated on Western Division deliveries as well as Market Area deliveries.

16      **Q. Are there other flexibilities proposed in the tariff?**

17      A. Yes. FGT proposes to provide shippers more flexibility to utilize the In-Line  
18      Pooling Service by allowing shippers under Rate Schedules FTS-1, FTS-2, SFTS,  
19      FTS-WD, ITS-1 and ITS-WD to transport gas received at an In-Line Transfer Point  
20      to a delivery point in the Western Division. Rate Schedule IPS currently allows an  
21      IPS shipper to transport gas to an In-Line Transfer Point located in FGT's Western  
22      Division, which gas is then available for further delivery by another shipper under

1 Rate Schedule FTS-1, FTS-2, SFTS or ITS-1 to a delivery point in the Market Area.

2 There is no transportation or fuel charge associated with Rate Schedule IPS. Rate  
3 Schedules FTS-1, FTS-2, SFTS and ITS-1 have a postage stamp rate for fuel and  
4 usage applicable to a forwardhaul from the Western Division to the Market Area so  
5 the cost for utilizing an In-Line Transfer Point is captured in the transportation from  
6 the In-Line Transfer Point to a delivery point in the Market Area.

7 FGT proposes herein tariff revisions to clarify the calculation of usage and fuel  
8 when using In-Line Transfer Points and to clarify the use of In-Line Transfer Points  
9 for receipt or delivery under various rate schedules. In order to properly apply the  
10 fuel and usage charge to the take-away transaction from in In-Line Transfer Point to  
11 a Western Division delivery point, further clarification is needed to Rate Schedules  
12 FTS-1, FTS-2, SFTS, FTS-WD, ITS-1 and ITS-WD. Western Division usage rates  
13 are mileage-based and fuel in the Western Division is calculated on a per compressor  
14 unit basis. The proposed language in Section 5 of Rate Schedule IPS shows that gas  
15 delivered to an In-Line Transfer Point under an IPS agreement is sourced within the  
16 same zone as the In-Line Transfer Point. Therefore, FGT proposes to capture the  
17 usage and fuel cost of transportation to the In-Line Transfer point from a take away  
18 shipper under Rate Schedule FTS-WD or ITS-WD by providing that such shipper  
19 shall additionally pay the usage and fuel charges, not to exceed the Effective Fuel  
20 Reimbursement Charge Percentage for the entire transaction, for the longest path  
21 within the same zone as the In-Line Transfer Point. Rate Schedule FTS-1, FTS-2,  
22 SFTS and ITS-1 shippers will continue to pay a postage stamp usage rate for

1 transportation from an In-Line Transfer Point to a delivery point in the Western  
2 Division, however, the fuel rate is based on compressor stations traversed and shall  
3 additionally include fuel charges, not to exceed the Effective Fuel Reimbursement  
4 Charge Percentage for the entire transaction, for the longest path within the same  
5 zone as the In-Line Transfer Point.

6 In-Line Transfer Points are currently described as being located at Compressor  
7 Stations 7, 8 and 11 as well as any processing plant located on an FGT lateral. As  
8 there are no processing plants on FGT's laterals, FGT proposes to correct the  
9 definition and description of In-Line Transfer Points by removing that phrase.

10 **Q. How is the presentation on the rate sheets modified?**

11 A. FGT proposes to rearrange the information on the rate sheets to comply with Section  
12 154.107 of the Commission's Regulations. The proposed rate sheets reflect columns  
13 beginning with the base rates, then a column for each adjustment and ending with a  
14 total rate for each part of a rate (reservation, usage) in the last column. The proposed  
15 rate sheets reflect removal of surcharges under GT&C Sections 26, Capital  
16 Surcharge and 27.1, Purchased Power Surcharge as discussed above. References to  
17 the rate sheet layout in Section 4 of the rate schedules are modified accordingly. The  
18 nomenclature of the rate components under Rate Schedules FTS-WD and ITS-WD  
19 are revised consistent with the nomenclature of the other rate schedules.  
20 Specifically, the terms Facility Charge and Service Charge are replaced with  
21 Reservation Charge and Usage Charge on the rate sheets with corresponding  
22 changes in Rate Schedules FTS-WD and ITS-WD.

VI. CAPITALIZATION AND RETURN

**Q. What capitalization is included in this filing?**

A. FGT utilized its actual debt/equity levels of 39.26 percent debt and 60.74 percent equity, discussed in the Prepared Direct Testimony of FGT Witness Marshall.

**Q. What Return on Equity is FGT requesting in this filing?**

A. FGT has proposed a Return on Equity of 13.88 percent. This level is consistent with the analysis in the testimony of FGT Witness Hevert. The level is also consistent with recent FERC authorized rates for pipeline expansion projects as well as the range authorized by the Commission over a long history in pipeline rate filings.

**Q. Does FGT consider this Return on Equity to be reasonable?**

A. Yes. FGT operates in a competitive environment, and is subject to risk that it would be unable to earn its allowed return. Much of FGT's rate base reflects recent capital investment. The Gas Plant at the end of the test period in FGT's 2004 Rate Case was \$2.743 billion. The Gas Plant reflected in this filing is \$3.493 billion. This \$750 million increase in Gas Plant reflects FGT's substantial investment in infrastructure supporting transportation services since the last rate case.

**Q. Does FGT anticipate a need to continue to make such infrastructure investments?**

A. Yes. FGT has two major expansions of its facilities that are currently pending before the Commission.

1 First, on October 31, 2008, FGT filed a certificate application, Docket No.  
2 CP09-17-000 for authorization to construct to own and operate approximately 483.2  
3 miles of multi-diameter pipeline and related facilities, including mainline  
4 compression horsepower totaling 213,600 and acquisition of 22.7 miles of gas  
5 pipeline facilities from Florida Power and Light Company ("FPL"). This major  
6 expansion is referred to as the "Phase VIII Expansion Project". This project, which  
7 is estimated to cost \$2.455 billion, will provide 820,000 MMBtu/d of new  
8 transportation capacity into the Florida market. Six shippers, FPL, Progress Energy  
9 Florida Inc., Seminole Electric Cooperative, Inc., Tampa Electric Company,  
10 Orlando Utilities Commission and the City of Tallahassee have executed precedent  
11 agreements totaling 606,000 MMBtu/d for service pursuant to the newly proposed  
12 Rate Schedule FTS-3. With some 214,000 MMBtu/d of expansion capacity  
13 unsubscribed, FGT will be at risk to recover its substantial investment. The Phase  
14 VIII Expansion Project is proposed to be placed into service on April 1, 2011.

15 Second, on August 14, 2009, FGT filed a certificate application, Docket No.  
16 CP09-455-000, to expand its system to receive a new liquefied natural gas ("LNG")  
17 supply source from the Gulf LNG Energy, LLC project in Mobile County,  
18 Alabama. FGT has also filed a joint application with Transcontinental Gas Pipe  
19 Line Company, LLC, Docket No. CP09-456-000, to extend the jointly-owned  
20 Mobile Bay Pipeline to interconnect with Gulf LNG Pipeline, LLC facilities. This  
21 project is referred to as the "Mobile Bay Expansion Project". This project will  
22 provide an annual average of 342,610 MMBtu/d of additional firm transportation

1 capacity in the Western Division. FGT estimates the cost of the project will be \$59  
2 million. These facilities are projected to be in service by September 30, 2011.

3 In addition, FGT anticipates that significant capital will be needed for  
4 ongoing compliance with PHMSA and FDOT requirements.

5 **Q. Is FGT's requested Return on Equity consistent with its long-term need for**  
6 **investment capital?**

7 A. Yes. FGT's proposed Return on Equity is in line with the Commission's approval  
8 of expansion projects on other pipelines, which generally have been approved at  
9 Return on Equity levels of 13.00 percent to 14.00 percent. Attached as Exhibit No.  
10 FGT-6 is a listing of certificate filings for pipeline expansions and the associated  
11 returns approved for those projects.

12 **Q. Why is this significant for FGT?**

13 A. When any pipeline undertakes a major capital expansion, whether priced on a  
14 rolled-in or incremental basis, such project is generally financed in part with equity  
15 infused by the pipeline's owners. Owners will only make such an investment if  
16 they are assured of a chance to earn a reasonable return. The Commission actively  
17 encourages the development of infrastructure, and the returns authorized have been  
18 in furtherance of that policy. If in a later rate case, the Commission reduces these  
19 previously authorized return levels upon which investment decisions were based,  
20 the underlying premise and justification are undercut. The industry would be left in  
21 doubt as to the Commission's real long-term policy with regard to capital  
22 investments. FGT believes strongly that the Commission's policy of encouraging

1 infrastructure development is the right one for the national energy market and for  
2 consumers. The Commission knows the age of the pipeline industry's existing  
3 infrastructure. Where companies have shown that they are reinvesting, or  
4 expanding their investments in infrastructure, such companies should be granted  
5 appropriate levels of return. On this basis, FGT's proposed return, given its risk  
6 profile, infrastructure investments, proposed additional capital commitments, and  
7 expense levels, is more than reasonable.

8 **Q. What risks does FGT face that support FGT's requested return on common**  
9 **equity?**

10 A. FGT faces higher risk over other investments that are available in the equity  
11 markets in general. There are four key elements of this increased risk. First, FGT  
12 faces regulatory uncertainty. After more than a decade of unprecedented  
13 regulatory change and the recent market instability, there is continued uncertainty  
14 as to what regulatory changes will be implemented, and investors have no reason  
15 to believe that the industry will remain unchanged for any significant period of  
16 time. The Commission continues to make changes in the basic rules governing  
17 pipeline transportation and the rights of customers and the pipelines under  
18 transportation service agreements.

19 Pipelines face a continuing risk due to the lag involved in recovering costs that  
20 result from new legislation enacted by Congress and new or changed regulations  
21 and/or policies of the Commission and other governmental agencies, such as the  
22 U. S. Department of Transportation ("DOT"), which regulate pipelines. For

1 example, FGT expends significant amounts annually to relocate or replace  
2 pipelines as a result of DOT class location changes, which require thicker-walled  
3 pipe, and to relocate pipelines as a result of encroachment, highway expansions,  
4 or other projects, including development and other utilities' requirements.  
5 Population growth in the State of Florida is directly or indirectly responsible for  
6 many of these projects. According to the U.S. Census Bureau, in eight years,  
7 from April 1, 2000 to July 1, 2008, Florida's population grew by 14.7%, as  
8 compared with a national growth rate of just 8.0%. The projected annual growth  
9 rates, for the period of 2009 to 2015, are an annual rate of 1.3% for Florida, as  
10 compared with the national growth rate of an annual 0.6%. The lag to recover  
11 these expenditures is a risk to pipelines. In addition, the Environmental  
12 Protection Agency ("EPA") has recently implemented rules for CO2 monitoring,  
13 with the ultimate goal of setting greenhouse gas emission standards, absent further  
14 action by the U. S. Congress. The ultimate cost of these actions, and impact on  
15 FGT's business is unknown.

16 Second, FGT's system is a long-term inflexible investment. FGT's  
17 existing system cannot be moved to meet the needs of an ever-changing market  
18 place. Potential new customers and/or potential replacement customers will build  
19 their facilities in the future at locations convenient to them, rather than at points  
20 where FGT's existing customers are located. Therefore, FGT will need to build  
21 additional facilities in the future in order to maintain the utilization of its existing  
22 capacity. In fact, FGT has pending before the Commission in Docket No. CP09-

1 17-000, its Phase VIII Expansion certificate application which, if approved, will  
2 add an additional 820 MMBtu/day capacity in 2011 to the Florida market, the  
3 majority of which has already been contracted for through precedent agreements  
4 with several of FGT's shippers.

5 Third, the Florida market is intensely competitive. Currently, natural gas  
6 supplies are delivered into the state of Florida by four major interstate pipeline  
7 systems. These pipelines include FGT, Gulfstream Natural Gas System L.L.C.  
8 ("Gulfstream"), Southern Natural Gas Company's Cypress Pipeline system  
9 ("Cypress") and Gulf South Pipeline Company, L. P. ("Gulf South"). Cypress  
10 provides direct deliveries to markets in the Jacksonville area, and is also the  
11 primary supply point for service provided as part of FGT's Phase VII expansion.  
12 Gulf South provides direct deliveries to markets in the Pensacola area. Gulfstream  
13 operates a system across mid-Florida, and has expanded several times, with the  
14 most recent expansion being completed in mid-2009. As such, several pipelines  
15 have been competitive with FGT in serving markets within Florida.  
16 In addition, FGT's largest customer, Florida Power and Light Company ("FPL")  
17 has recently filed a request with the Florida Public Service Commission, in FPSC  
18 Docket No. 090172-EI for a determination of need to allow construction of  
19 approximately 300 miles of large diameter pipeline extending from Bradford  
20 County, Florida to Martin County Florida, which effectively parallels FGT's  
21 existing system on the east coast of Florida.

1           In addition to this competition, FGT will continue to compete with alternate  
2           fuels. For years, FGT has served a market heavily comprised of customers that  
3           can use alternate fuels -- the electric generators. The volume of natural gas  
4           delivered to the State of Florida is dependent upon the needs of these customers.  
5           In Florida, the primary alternative to gas has been and continues to be residual  
6           fuel oil. The throughput of FGT's pipeline is, therefore, dependent upon the price  
7           relationships between natural gas and other fuels.

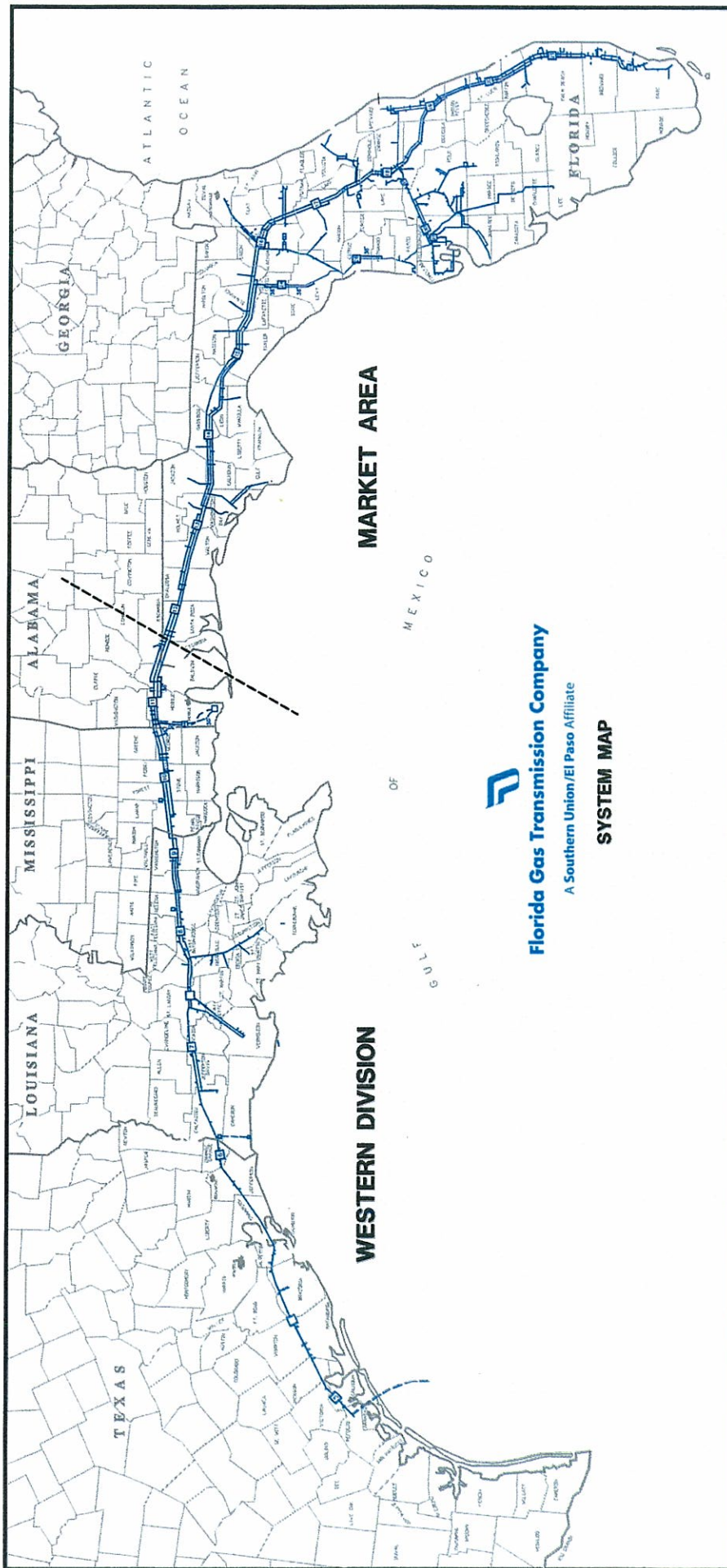
8           In addition to the inter-fuel competition, the flexibility of the capacity  
9           release market requires FGT's interruptible service to compete with its customers'  
10          unused firm capacity. As firm customers compete with each other to sell their  
11          excess capacity, they also compete with FGT for the sale of interruptible capacity.

12   **Q. In light of these risk factors, has FGT made any adjustment to the equity**  
13   **return it is seeking in this case?**

14   A. No. As shown in the testimony of FGT Witness Hevert, FGT is requesting a return  
15   on equity equal to the median return of the proxy group. This indicates that FGT is  
16   seeking a reasonable level of return, notwithstanding the long term competition that  
17   it faces within its primary market.

18   **Q. Does this conclude your Prepared Direct Testimony?**

19   A. Yes.



FLORIDA GAS TRANSMISSION COMPANY, LLC

Schedule of Rates

Line No.	Rate Schedule	Reservation (a)	Usage (b)
1	FTS-1	\$ 0.6327	\$ 0.0269
2	SFTS		1.2923
3	NNTS	0.0445	
4	FTS-2	0.7693	0.0080
5	ITS-1		0.7186
6	PNR		0.7186
7	FTS-WD	0.0954	
8	Usage /100 mile minimum		0.0092
9	Usage Each Add'l 25 mile		0.0023
10	ITS-WD		0.1046
11	Usage Each Add'l 25 mile		0.0023

FLORIDA GAS TRANSMISSION COMPANY, LLC  
 FERC Gas Tariff  
 Fourth Revised Volume No. 1

Second Revised Sheet No. 2  
 Superseding  
 First Revised Sheet No. 2

TABLE OF CONTENTS	
Fourth Revised Volume No. 1 (continued)	
DESCRIPTION	SHEET NO.
General Terms and Conditions: (continued)	
17) Curtailments and Other Operational Controls	265
18) Capacity Relinquishment	296
18.1) Capacity Segmentation	313
19.1) Accounting for and Disposition of Costs and Revenues Associated with Cash-Out Mechanism and Operational Controls	314
20) Pre-Granted Abandonment, Contract Rollover, Contract Extension and Right of First Refusal	318
21) Procedure for Requesting New or Additional Firm Service and Interruptible Service on Existing Mainline Facilities	323
22) Annual Charge Adjustment (ACA) Clause	327
23) Gas Research Institute Voluntary Contribution Mechanism	328
24) Miscellaneous	329
25) Reserved	
26) Reserved	
27) Fuel Reimbursement Charge Adjustment	333
28) Standards of Conduct Compliance	340
29) Off-System Services	342
30) Non-Conforming Agreements	342
31) Points Located in Reticulated Areas	343
Form of Service Agreements - Transportation:	
Firm Transportation Service - FTS-1 Including NNTS Addendum	450
Firm Transportation Service - FTS-WD	467
Small Firm Transportation Service - SFTS Including NNTS Addendum	479
Park 'N Ride Service - PNR	494
In-Line Pooling Service	500
Interruptible Transportation Service - ITS-1	510
Interruptible Transportation Service - ITS-WD	519
Firm Transportation Service - FTS-2	526
Index of Requirements by Curtailment Priority	650

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FLORIDA GAS TRANSMISSION COMPANY, LLC  
FERC Gas Tariff  
Fourth Revised Volume No. 1

Nineteenth Revised Sheet No. 7  
Superseding  
Eighteenth Revised Sheet No. 7

Currently Effective Rates FIRM MARKET AREA TRANSPORTATION - BASE Cents per MMBtu							
Rate Schedule	Description	Rate Per MMBtu	GT&C Sect. 22 ACA	GT&C Sect. 27 Unit Fuel	Maximum Rate	Minimum Rate	Fuel Reimbursement Charge Percentage
FTS-1	FIRM TRANSPORTATION						
	Forwardhaul						
	Reservation	63.27 ¢	-	-	63.27 ¢	0.00 ¢	-
	Usage	2.69	0.19 ¢	(2.11) ¢ 1/	0.77	0.77	2.78 % 2/
	Backhaul/Exchange						
	Reservation	63.27 ¢	-	-	63.27 ¢	0.00 ¢	-
	Usage	2.69	0.19 ¢	-	2.88	2.88	0.25 % 3/
SFTS	SMALL FIRM TRANSPORTATION						
	Usage	129.23 ¢	0.19 ¢	(2.11) ¢ 1/	127.31 ¢	0.77 ¢	2.78 % 2/
NNTS	NO NOTICE TRANSPORTATION						
	Reservation	4.45 ¢	-	-	4.45 ¢	-	
1/	Base Unit Fuel Surcharge	(2.11) ¢					
	Interim Adjustment	0.00 ¢					
	Effective Unit Fuel Surcharge	(2.11) ¢					
The Unit Fuel Surcharge is not applicable to quantities received and delivered in the Market Area.							
2/	Base Fuel Reimbursement Charge Percentage		2.78 %				
	Flex Adjustment		0.00 %				
	Effective Fuel Reimbursement Charge Percentage		2.78 %				
The Effective Fuel Reimbursement Charge Percentage is applicable to forwardhauls where quantities are received in the Western Division and delivered in the Market Area. The fuel reimbursement charge percentage applicable to forwardhauls, where quantities are received and delivered in the Market Area is 0.25% per compressor station, subject to a minimum of 0.25%, up to a maximum of 2.78%. The fuel reimbursement percentage applicable to forwardhauls received and delivered in the Western Division is the fuel reimbursement charge percentage on Sheet No. 12.							
3/	Fuel Reimbursement Charge Percentage applicable to Backhauls where quantities are received in the Market Area is 0.25%.						

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FLORIDA GAS TRANSMISSION COMPANY, LLC  
FERC Gas Tariff  
Fourth Revised Volume No. 1

Seventeenth Revised Sheet No. 8  
Superseding  
Sixteenth Revised Sheet No. 8

Currently Effective Rates							
FIRM MARKET AREA TRANSPORTATION - INCREMENTAL							
Cents per MMBtu							
Rate Schedule	Description	Rate Per MMBtu	GT&C Sect. 22 ACA	GT&C Sect. 27 Unit Fuel	Maximum Rate	Minimum Rate	Fuel Reimbursement Charge Percentage
FTS-2	FIRM TRANSPORTATION						
	Forwardhaul						
	Reservation	76.93 ¢	-	-	76.93 ¢	0.00 ¢	-
	Usage	0.80	0.19 ¢	(2.11) ¢ 1/	(1.12)	(1.12)	2.78 % 2/
	Backhaul/Exchange						
	Reservation	76.93 ¢	-	-	76.93 ¢	0.00 ¢	-
	Usage	0.80	0.19 ¢	-	0.99	0.99	0.25 % 3/
1/	Base Unit Fuel Surcharge	(2.11) ¢					
	Interim Adjustment	0.00 ¢					
	Effective Unit Fuel Surcharge	(2.11) ¢					
	The Unit Fuel Surcharge is not applicable to quantities received and delivered in the Market Area.						
2/	Base Fuel Reimbursement Charge Percentage	2.78 %					
	Flex Adjustment	0.00 %					
	Effective Fuel Reimbursement Charge Percentage	2.78 %					
	The Effective Fuel Reimbursement Charge Percentage is applicable to forwardhauls where quantities are received in the Western Division and delivered in the Market Area. The fuel reimbursement charge percentage applicable to forwardhauls, where quantities are received and delivered in the Market Area is 0.25% per compressor station, subject to a minimum of 0.25%, up to a maximum of 2.78%. The fuel reimbursement percentage applicable to forwardhauls received and delivered in the Western Division is the fuel reimbursement charge percentage on Sheet No. 12.						
3/	Fuel Reimbursement Charge Percentage applicable to Backhauls where quantities are received in the Market Area is 0.25%.						

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FLORIDA GAS TRANSMISSION COMPANY, LLC  
FERC Gas Tariff  
Fourth Revised Volume No. 1

Sixteenth Revised Sheet No. 9  
Superseding  
Fifteenth Revised Sheet No. 9

Currently Effective Rates INTERRUPTIBLE MARKET AREA TRANSPORTATION Cents per MMBtu							
Rate Schedule	Description	Rate Per MMBtu	GT&C Sect. 22 ACA	GT&C Sect. 27 Unit Fuel	Maximum Rate	Minimum Rate	Fuel Reimbursement Charge Percentage
ITS-1	INTERRUPTIBLE TRANSPORTATION						
	Forwardhaul						
	Usage	71.86 ¢	0.19 ¢	(2.11) ¢ 1/	69.94 ¢	(0.17) ¢	2.78 % 2/
	Backhaul/Exchange						
	Usage	71.86 ¢	0.19 ¢	-	72.05 ¢	1.94 ¢	0.25 % 3/
1/	Base Unit Fuel Surcharge	(2.11) ¢					
	Interim Adjustment	0.00 ¢					
	Effective Unit Fuel Surcharge	(2.11) ¢					
The Unit Fuel Surcharge is not applicable to quantities received and delivered in the Market Area.							
2/	Base Fuel Reimbursement Charge Percentage		2.78 %				
	Flex Adjustment		0.00 %				
	Effective Fuel Reimbursement Charge Percentage		2.78 %				
The Effective Fuel Reimbursement Charge Percentage is applicable to forwardhauls where quantities are received in the Western Division and delivered in the Market Area. The fuel reimbursement charge percentage applicable to forwardhauls, where quantities are received and delivered in the Market Area is 0.25% per compressor station, subject to a minimum of 0.25%, up to a maximum of 2.78%. The fuel reimbursement percentage applicable to forwardhauls received and delivered in the Western Division is the fuel reimbursement charge percentage on Sheet No. 12.							
3/	Fuel Reimbursement Charge Percentage applicable to Backhauls where quantities are received in the Market Area is 0.25%.						

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Fifth Revised Sheet No. 10  
Superseding  
Fourth Revised Sheet No. 10

Currently Effective Rates  
INTERRUPTIBLE PARK 'N RIDE SERVICE  
Cents per MMBtu

<u>Rate</u> <u>Schedule</u>	<u>Description</u>	<u>Maximum</u> <u>Rate</u> <u>Per MMBtu</u>	<u>Minimum</u> <u>Rate</u> <u>Per MMBtu</u>
PNR	INTERRUPTIBLE PARK 'N RIDE SERVICE	71.86 ¢	1.75 ¢

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Sixteenth Revised Sheet No. 12

Superseding

Fifteenth Revised Sheet No. 12

Currently Effective Rates  
 FIRM WESTERN DIVISION TRANSPORTATION  
 Cents per MMBtu

Rate Schedule	Description	Rate Per MMBtu	GT&C Sect. 22 ACA	Maximum Rate	Minimum Rate	Fuel Reimbursement Charge Percentage 4/
FTS-WD	FIRM TRANSPORTATION 3/					
	Forwardhaul					
	Reservation	9.54 ¢	-	9.54 ¢	0.00 ¢	-
	Usage	1/	0.19 ¢	1/ + 0.19¢	1/ + 0.19¢	2/
	Backhaul/Exchange					
	Reservation	9.54 ¢	-	9.54 ¢	0.00 ¢	-
	Usage	1/	0.19 ¢	1/ + 0.19¢	1/ + 0.19¢	-

- 1/ Usage rate shall be 0.92¢/MMBtu plus 0.23¢/MMBtu per 25 miles or any portion thereof in excess of 100 miles; provided, however, transportation where the quantity is received at an In-Line Transfer Point from an IPS shipper shall include the longest path mileage within the zone of the In-Line Transfer Point.
- 2/ The fuel reimbursement charge shall include any fuel charges by Transporting Pipelines and the fuel reimbursement charge percentage pursuant to Section 27 of the General Terms and Conditions is 0.50% per compressor station up to a maximum of 2.78%.
- 3/ 100% Load Factor Rate shall equal the sum of the Reservation and Usage Charge.
- 4/ In addition to the fuel reimbursement charges in footnote 2 above, for any Forwardhaul or Backhaul transportation where the quantity is received at an In-Line Transfer Point from an IPS shipper, Transporter shall retain a fuel reimbursement charge percentage of 0.50% per compressor station for all compressor stations within the same zone as the In-Line Transfer Point up to a maximum of 2.78% for the entire transaction.

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Fifteenth Revised Sheet No. 13

Currently Effective Rates INTERRUPTIBLE WESTERN DIVISION TRANSPORTATION Cents per MMBtu						
Rate Schedule	Description	Rate Per MMBtu	GT&C Sect. 22 ACA	Maximum Rate	Minimum Rate	Fuel Reimbursement Charge Percentage 4/
ITS-WD	INTERRUPTIBLE TRANSPORTATION					
	Forwardhaul					
	Usage	1/	0.19 ¢	1/ + 0.19¢	2/ + 0.19¢	3/
	Backhaul/Exchange					
	Usage	2/	0.19 ¢	2/ + 0.19¢	2/ + 0.19¢	-
<p>1/ Usage rate shall be 10.46¢/MMBtu plus 0.23¢/MMBtu per 25 miles or any portion thereof in excess of 100 miles; provided, however, transportation where the quantity is received at an In-Line Transfer Point from an IPS shipper shall include the longest path mileage within the zone of the In-Line Transfer Point.</p> <p>2/ Usage rate shall be 0.92¢/MMBtu plus 0.23¢/MMBtu per 25 miles or any portion thereof in excess of 100 miles; provided, however, transportation where the quantity is received at an In-Line Transfer Point from an IPS shipper shall include the longest path mileage within the zone of the In-Line Transfer Point.</p> <p>3/ Fuel reimbursement charge shall include any fuel charges by Transporting Pipelines and the fuel reimbursement charge percentage pursuant to Section 27 of the General Terms and Conditions is 0.50% per compressor station up to a maximum of 2.78%.</p> <p>4/ In addition to the fuel reimbursement charges in footnote 3 above, for any Forwardhaul or Backhaul transportation where the quantity is received at an In-Line Transfer Point from an IPS shipper, Transporter shall retain a fuel reimbursement charge percentage of 0.50% per compressor station for all compressor stations within the same zone as the In-Line Transfer Point up to a maximum of 2.78% for the entire transaction.</p>						

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Superseding  
Original Sheet No. 32

RATE SCHEDULE FTS-1  
Firm Transportation Service (continued)

A standardized service request form is available on Transporter's Web site.

Requests for service, other than service provided under 1(d), which do not include all of the above-referenced information shall be deemed null and void; provided, however, that requests for changes provided under Section 8.A. or 9.A. need only contain the information relevant to the changes requested.

B. Execution of Service Agreement

Shipper shall execute the FTS-1 Service Agreement electronically, pursuant to the procedures in Section 9.B of the General Terms and Conditions, within fifteen (15) days after receipt or its availability on Transporter's Web site. In the event Shipper does not execute the Service Agreement within fifteen (15) days, Shipper's request for transportation under this Rate Schedule shall be null and void.

C. Additional Information Required:

In addition, Shipper must provide the following information:

1. At the time of Shipper's execution of the Service Agreement, the curtailment classification for the requested transportation in accordance with Section 17A of the General Terms and Conditions.

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Superseding  
Original Sheet No. 34

RATE SCHEDULE FTS-1  
Firm Transportation Service (continued)

D. Extension of Term

Requests for extension of the term of a Service Agreement are subject to the provisions of Section 20 (Pre-Granted Abandonment, Contract Rollover, Contract Extension and Right of First Refusal).

4. RATES AND CHARGES

Unless otherwise mutually agreed to by Transporter and Shipper, the applicable rates for service under this Rate Schedule are set forth on the currently effective Sheet No. 7 of this Tariff and are hereby incorporated herein.

For all natural gas service rendered hereunder, Shipper shall pay Transporter each month the sum of the charges listed below if applicable:

Reservation Charge - The Reservation Charge multiplied by the sum of the MDTQ for the billing month. For purposes of computation of the Reservation Charge, service shall commence as of the date specified in Section 2 above. If, on any day, Transporter fails to make available for delivery the lesser of the applicable MDTQ or such quantity as Shipper has nominated and Transporter has scheduled, the Reservation Charge otherwise payable shall be reduced for the month by an amount equal to the quantity not made available for delivery times the number of days that Transporter failed to make such quantity available for delivery times the daily Reservation Charge; provided however, that in the case of failure to make available for delivery by reason of Transporter's force majeure, only the return on equity and related income tax components of the daily Reservation Charge will be included in the above referenced calculation; provided further, however, that no Reservation Charge reduction shall be provided for force majeure events that do not occur on Transporter's system (e.g., an event on a Shipper's facilities or a Transporting Pipeline's facilities). In the case of failure to make available for delivery due to Transporter's negligence or willful misconduct, nothing herein shall be construed to limit Shipper's remedies to the Reservation Charge credit provided in this Section.

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FERC Gas Tariff  
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Superseding  
Original Sheet No. 35

RATE SCHEDULE FTS-1  
Firm Transportation Service (continued)

Usage Charge - The Usage Charge multiplied by the quantity of gas, delivered to or for the account of Shipper by Transporter during the billing month, as determined in Section 13 or 13.1 of the General Terms and Conditions of this tariff.

Fuel Reimbursement Charge - The Fuel Reimbursement Charge, as defined in Section 5 of this Rate Schedule.

Usage Surcharges - The usage surcharges as set forth on the currently effective Sheet No. 7 of this Tariff multiplied by the quantity of gas delivered to or for the account of Shipper by Transporter during the billing month, as determined in Section 13 or 13.1 of the General Terms and Conditions of this tariff.

Reservation Surcharges - The reservation surcharges as set forth on the currently effective Sheet No. 7 of this Tariff multiplied by the sum of the MDTQ for the billing month. If on any day, Transporter fails to make available for delivery by reason other than force majeure, the lesser of the applicable MDTQ or such quantity as Shipper has nominated and Transporter has scheduled, the Reservation Surcharge otherwise payable by Shipper shall be reduced for the month by an amount equal to the quantity not made available for delivery times the number of days that Transporter failed to make such quantity available for delivery times the daily applicable Reservation Surcharge.

Incidental Charges - Shipper shall reimburse Transporter for any incidental charges incurred by Transporter in providing this service. Such charges may include only (i) reporting or filing fees relating to this service, (ii) costs of construction or acquisition of new facilities necessary to render this service, to the extent agreed to by Shipper and Transporter, and (iii) such other applicable charges as may be authorized by the Commission.

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FERC Gas Tariff  
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First Revised Sheet No. 37  
Superseding  
Original Sheet No. 37

RATE SCHEDULE FTS-1  
Firm Transportation Service (continued)

5. FUEL REIMBURSEMENT CHARGES

Transporter shall retain a Fuel Reimbursement Charge Percentage, and Shipper shall pay an Effective Unit Fuel Surcharge, pursuant to Section 27 of the General Terms and Conditions. The Fuel Reimbursement Charges shall be set forth on the currently effective Sheet No. 7 of this Tariff. For Forwardhaul service at Alternate Delivery Points in Transporter's Western Division, the Fuel Reimbursement Charge shall be the sum of fuel charges by Transporting Pipelines, if applicable, plus the Fuel Reimbursement Charge Percentage listed on Sheet No. 12 applied on a per compressor station basis; provided, however, that the maximum fuel charge shall be the Effective Fuel Reimbursement Charge Percentage.

Where Shipper nominates and Transporter confirms and schedules quantities of gas delivered by Shipper at Receipt Point(s) in the Western Division, which Receipt Point(s) in the Western Division are located downstream of Shipper's scheduled deliveries at Primary or Alternate Delivery Point(s) in the Western Division, the quantity of gas delivered at such Receipt Point(s) shall not be assessed a Fuel Reimbursement Charge Percentage or an Effective Unit Fuel Surcharge, and such quantities shall be recorded as a Western Division Backhaul quantity; provided, however, for Western Division Backhaul quantities received at an In-Line Transfer Point from an IPS Shipper, Transporter shall retain the Fuel Reimbursement Charge Percentage listed on Sheet No. 12, applied on a per compressor station basis, for all compressor stations within the same zone as the In-Line Transfer Point not to exceed the Effective Fuel Reimbursement Charge Percentage for the entire transaction.

A Shipper who nominates a Forwardhaul or a Backhaul in the Western Division must nominate the specific Receipt Point and the specific Delivery Point (i.e., path) for each nomination, so that the applicable fuel rate, if any, can be determined.

A Shipper who nominates a gas quantity for delivery to a Market Area Delivery Point and who sources the gas from a Market Area Receipt Point must nominate the specific Receipt Point and the specific Delivery Point (i.e., path) for each nomination, and pay the applicable Fuel Reimbursement Charge Percentage set forth on the currently effective Sheet No. 7 of this Tariff.

FLORIDA GAS TRANSMISSION COMPANY, LLC  
FERC Gas Tariff  
Fourth Revised Volume No. 1

First Revised Sheet No. 41  
Superseding  
Original Sheet No. 41

RATE SCHEDULE FTS-1  
Firm Transportation Service (continued)

B. Alternate Delivery Point(s)

The term Alternate Delivery Point(s) shall mean Point(s) of Delivery other than those listed on Exhibit B of Shipper's FTS-1 Service Agreement, including In-Line Transfer Points, which are not Primary Delivery Point(s) and nominations in excess of the MDQ at a Primary Delivery Point.

Shipper may nominate gas for delivery at an Alternate Delivery Point(s) subject to the provisions of Section 10 of the General Terms and Conditions, provided that, on any given day, the sum of quantities nominated for delivery at all Primary and Alternate Delivery Points does not exceed the MDTQ under the FTS-1 Service Agreement, except for Segmented Transactions. For nominations under Segmented Transactions, Shipper shall comply with Section 18.1 of the General Terms and Conditions. However, a Shipper that has acquired a segment of capacity under this Rate Schedule, pursuant to the Capacity Relinquishment provisions of Sections 18 and/or 18.1 of the General Terms and Conditions of this Tariff, which is located entirely within Transporter's Western Division may nominate gas for delivery only at an Alternate Delivery Point(s) which is (are) located in Transporter's Western Division.

All quantities scheduled up to the MDTQ under the FTS-1 Service Agreement, including those delivered at an Alternate Delivery Point(s), and any quantities scheduled as segmented nominations or scheduled under a Segmented Transaction, shall be billed at the rates for service under this rate schedule; except, however, where quantities are delivered on an alternate basis to a Primary Delivery Point under an SFTS Service Agreement. In such case, the alternate deliveries up to the SFTS Shipper's MDTQ shall be billed at the Rate Schedule SFTS usage rate.

A Shipper whose Primary Delivery Point(s) are in Transporter's Market Area, but who nominates gas for delivery at Alternate Delivery Point(s) in Transporter's Western Division, must designate the specific Receipt Point(s) for the source of such deliveries. The Fuel Reimbursement Charge for such deliveries at Alternate Delivery Point(s) in Transporter's Western Division shall be the sum of fuel charges by Transporting Pipelines, if applicable, plus the Fuel Reimbursement Charge Percentage listed on the currently effective Sheet No. 12 applied on a per compressor station basis; provided, however, that the maximum fuel charge shall be the Effective Fuel Reimbursement Charge Percentage. In the event Shipper fails to designate the specific Receipt Point(s) as the source for deliveries at Alternate Delivery Point(s) in Transporter's Western Division, such deliveries shall be subject to the Effective Fuel Reimbursement Charge Percentage set forth on the currently effective Sheet No. 7.

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Original Sheet No. 48

RATE SCHEDULE FTS-WD  
Firm Transportation Service (continued)

Requests for service which do not include all of the above-referenced information shall be deemed null and void; provided, however, that requests for changes provided under Section 8.A. or 9.A. need only contain the information relevant to the changes requested.

B. Execution of Service Agreement

Shipper shall execute the FTS-WD Service Agreement electronically, pursuant to the procedures in Section 9.B of the General Terms and Conditions, within fifteen (15) days after receipt or its availability on Transporter's Web site. In the event Shipper does not execute the Service Agreement within fifteen (15) days, Shipper's request for transportation under this Rate Schedule shall be null and void.

C. Additional Information Required:

In addition, Shipper must provide the following information:

1. At the time of Shipper's execution of the Service Agreement, the curtailment classification for the requested transportation in accordance with Section 17A of the General Terms and Conditions.
2. By execution of the Service Agreement, Shipper certifies that Shipper has, or will have, title to the gas in accordance with the provisions of Section 7 of the General Terms and Conditions, and certifies that Shipper or Shipper's designee, if applicable, has secured or will have secured, prior to commencement of service, all necessary arrangements for upstream and downstream transportation, if applicable.
3. To the extent that the transportation is performed pursuant to Section 311 of NGPA, then prior to commencement of service, if transportation is on behalf of an intrastate pipeline or local distribution company, Transporter must have certification from the intrastate pipeline or local distribution company that:
  - (a) the intrastate pipeline or local distribution company has physical custody of and transports the natural gas at some point, or

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Superseding  
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RATE SCHEDULE FTS-WD  
Firm Transportation Service (continued)

- (b) the intrastate pipeline or local distribution company holds title to the natural gas at some point, which may occur prior to, during, or after the time the gas is being transported by Transporter, for a purpose related to its status and functions as an intrastate pipeline or its status and functions as a local distribution company, or
- (c) the gas is delivered at some point to a customer that either is located in a local distribution company's service area or is physically able to receive direct deliveries of gas from an intrastate pipeline, and that local distribution company or intrastate pipeline certifies that it is on its behalf that Transporter is providing transportation service.

- 4. Prior to execution and during the term of the Service Agreement, Shipper shall comply with the creditworthiness provisions of Section 16 of the General Terms and Conditions.

D. Extension of Term

Requests for extension of the term of a Service Agreement are subject to the provisions of Section 20 (Pre-Granted Abandonment, Contract Rollover, Contract Extension and Right of First Refusal).

FLORIDA GAS TRANSMISSION COMPANY, LLC  
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Superseding  
Original Sheet No. 50

RATE SCHEDULE FTS-WD  
Firm Transportation Service (continued)

4. RATES AND CHARGES

Unless otherwise mutually agreed to by Transporter and Shipper, the applicable rates for service under this Rate Schedule are set forth on the currently effective Sheet No. 12 of this Tariff and are hereby incorporated herein.

For all natural gas service rendered hereunder, Shipper shall pay Transporter each month the sum of the charges listed below if applicable:

Reservation Charge - The Reservation Charge multiplied by the sum of the MDTQ for the billing month. For purposes of computation of the Reservation Charge, service shall commence as of the date specified in Section 2 above. If, on any day, Transporter fails to make available for delivery the lesser of the applicable MDTQ or such quantity as Shipper has nominated and Transporter has scheduled, the Reservation Charge otherwise payable shall be reduced for the month by an amount equal to the quantity not made available for delivery times the number of days that Transporter failed to make such quantity available for delivery times the daily Reservation Charge; provided however, that in the case of a failure to make available for delivery by reason of Transporter's force majeure, only the return on equity and related income tax components of the daily Reservation Charge will be included in the above referenced calculation; provided further, however, that no Reservation Charge reduction shall be provided for force majeure events that do not occur on Transporter's system (e.g., an event on a Shipper's facilities or a Transporting Pipeline's facilities). In the case of failure to make available for delivery due to Transporter's negligence or willful misconduct, nothing herein shall be construed to limit Shipper's remedies to the Reservation Charge credit provided in this Section.

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Superseding  
Original Sheet No. 51

RATE SCHEDULE FTS-WD  
Firm Transportation Service (continued)

Usage Charge - The Usage Charge multiplied by the quantity of gas transported to or for the account of Shipper by Transporter during the billing month, as determined in Section 13.1 of the General Terms and Conditions of this tariff.

Fuel Reimbursement Charge - The Fuel Reimbursement Charge, as defined in Section 5 of this Rate Schedule.

Usage Surcharges - The usage surcharges as set forth on the currently effective Sheet No. 12 of this Tariff multiplied by the quantity of gas delivered to or for the account of Shipper by Transporter during the billing month as determined in Section 13.1 of the General Terms and Conditions of this tariff.

Reservation Surcharges - The reservation surcharges, as set forth on the currently effective Sheet No. 12 of this Tariff, multiplied by the sum of the MDTQ for the billing month. If on any day, Transporter fails to make available for delivery, by reason other than force majeure, the lesser of the applicable MDTQ or such quantity as Shipper has nominated and Transporter has scheduled, the Reservation Surcharge otherwise payable by Shipper shall be reduced for the month by an amount equal to the quantity not made available for delivery times the number of days that Transporter failed to make such quantity available for delivery times the daily applicable Reservation Surcharge.

Incidental Charges - Shipper shall reimburse Transporter for any incidental charges incurred by Transporter in providing this service. Such charges may include only (i) reporting or filing fees relating to this service, (ii) costs of construction or acquisition of new facilities necessary to render this service, to the extent agreed to by Transporter and Shipper, and (iii) such other applicable charges as may be authorized by the Commission.

Pursuant to the provisions of Sections 15.h and 15.i of the General Terms and Conditions, Transporter may from time to time and at any time at its sole discretion charge any individual Shipper for transportation service under Rate Schedule FTS-WD a Reservation, Usage and/or Fuel Reimbursement Charge which is lower than such charge based on the maximum rates set forth on Sheet No. 12 or provided for in Section 5 herein; provided however, that Transporter's discretion shall not be exercised on an unduly discriminatory basis and that such charge may not be less than such charge based on the Minimum Rate set forth on Sheet No. 12 for Rate Schedule FTS-WD.

Transporter shall file with the Commission any and all reports as required by the Commission's Regulations setting forth the applicable charge, the individual Shippers affected, the total volume transported and any other information as may be required.

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Superseding  
Original Sheet No. 52

RATE SCHEDULE FTS-WD  
Firm Transportation Service (continued)

5. FUEL REIMBURSEMENT CHARGES

Transporter shall retain a Fuel Reimbursement Charge Percentage pursuant to Section 27 of the General Terms and Conditions. The Fuel Reimbursement Charge Percentage shall be set forth on the currently effective Sheet No. 12 of this Tariff.

The Fuel Reimbursement Charge shall be the sum of fuel charges by Transporting Pipelines, if applicable, plus the Fuel Reimbursement Charge Percentage listed on Sheet No. 12 applied on a per compressor station basis; provided, however, that the maximum fuel charge shall be the Effective Fuel Reimbursement Charge Percentage. Where Shipper nominates and Transporter confirms and schedules quantities of gas delivered by Shipper at Receipt Point(s) which Receipt Point(s) are located downstream of Shipper's scheduled deliveries at Primary or Alternate Delivery Point(s), the quantity of gas delivered at such Receipt Point(s) shall not be assessed a Fuel Reimbursement Charge, and such quantities shall be recorded as a Western Division Backhaul Quantity.

A Shipper who nominates a Forwardhaul or a Backhaul must nominate the specific Receipt Point and the specific Delivery Point (i.e., path) for each nomination, so that the applicable fuel rate, if any, can be determined.

In addition to the above fuel reimbursement charges, for any Forwardhaul or Backhaul transportation quantity received at an In-Line Transfer Point from an IPS Shipper, Transporter shall retain the fuel reimbursement charge percentage listed on Sheet No. 12, applied on a per compressor station basis, for all compressor stations within the same zone as the In-Line Transfer Point not to exceed the Effective Fuel Reimbursement Charge Percentage for the entire transaction.

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Superseding  
Original Sheet No. 59

RATE SCHEDULE SFTS

Small Customer Firm Transportation Service (continued)

A standardized service request form is available on Transporter's Internet website.

Requests for service which do not include all of the above-referenced information shall be deemed null and void; provided, however, that requests for changes provided under Section 8.A. need only contain the information relevant to the changes requested.

B. Execution of Service Agreement

Shipper shall execute the SFTS Service Agreement electronically, pursuant to the procedures in Section 9.B of the General Terms and Conditions, within fifteen (15) days after receipt or its availability on Transporter's Internet website. In the event Shipper does not execute the Service Agreement within fifteen (15) days, Shipper's request for transportation under this Rate Schedule shall be null and void.

C. Additional Information Required

In addition, Shipper must provide the following information:

1. At the time of Shipper's execution of the Service Agreement, the curtailment classification for the requested transportation in accordance with Section 17A of the General Terms and Conditions.

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 Original Sheet No. 60

## RATE SCHEDULE SFTS

## Small Customer Firm Transportation Service (continued)

2. By execution of the Service Agreement, Shipper certifies that Shipper has, or will have title to the gas in accordance with the provisions of Section 7 of the General Terms and Conditions, and certifies that Shipper or Shipper's designee, if applicable, has secured or will have secured, prior to commencement of service, all necessary arrangements for upstream and downstream transportation, if applicable.
3. To the extent that the transportation is performed pursuant to Section 311 of the NGPA, prior to commencement of service, if transportation is on behalf of an intrastate pipeline or local distribution company, Transporter must have certification from the intrastate pipeline or local distribution company that:
  - (a) the intrastate pipeline or local distribution company has physical custody of and transports the natural gas at some point, or
  - (b) the intrastate pipeline or local distribution company holds title to the natural gas at some point, which may occur prior to, during, or after the time the gas is being transported by Transporter, for a purpose related to its status and functions as an intrastate pipeline or its status and functions as a local distribution company, or
  - (c) the gas is delivered at some point to a customer that either is located in a local distribution company's service area or is physically able to receive direct deliveries of gas from an intrastate pipeline, and that local distribution company or intrastate pipeline certifies that it is on its behalf that Transporter is providing transportation service.
4. Prior to execution and during the term of the Service Agreement, Shipper shall comply with the creditworthiness provisions of Section 16 of the General Terms and Conditions.

## D. Extension of Term

Requests for extension of the term of a Service Agreement are subject to the provisions of Section 20 (Pre-Granted Abandonment, Contract Rollover, Contract Extension and Right of First Refusal).

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RATE SCHEDULE SFTS  
Small Customer Firm Transportation Service (continued)

4. RATES AND CHARGES

Unless otherwise mutually agreed to by Transporter and Shipper, the applicable rates for service under this Rate Schedule are set forth on the currently effective Sheet No. 7 of this Tariff and are hereby incorporated herein.

For all natural gas service rendered hereunder, Shipper shall pay Transporter each month the sum of the charges listed below if applicable:

Usage Charge - The Usage Charge multiplied by the quantity of gas, delivered to or for the account of Shipper by Transporter during the billing month, as determined in Section 13 or 13.1 of the General Terms and Conditions of this tariff.

Fuel Reimbursement Charge - The Fuel Reimbursement Charge, as defined in Section 5 of this Rate Schedule.

Usage Surcharges - The usage surcharges as set forth on the currently effective Sheet No. 7 of this Tariff multiplied by the quantity of gas delivered to or for the account of Shipper by Transporter during the billing month, as determined in Section 13 or 13.1 of the General Terms and Conditions of this tariff.

Incidental Charges - Shipper shall reimburse Transporter for any incidental charges incurred by Transporter in providing this service. Such charges may include only (i) reporting or filing fees relating to this service, (ii) costs of construction or acquisition of new facilities necessary to render this service, to the extent agreed to by Shipper and Transporter, and (iii) such other applicable charges as may be authorized by the Commission.

Pursuant to the provisions of Sections 15.h and 15.i of the General Terms and Conditions, Transporter may from time to time and at its sole discretion charge any individual Shipper for transportation service under Rate Schedule SFTS to Shipper's Primary Delivery Point(s) a Usage Charge and/or Fuel Reimbursement Charge which is lower than such charge based on the maximum rates set forth on Sheet No. 7 or provided for in Section 5 herein; provided however, that Transporter's discretion shall not be exercised on an unduly discriminatory basis and that such charge may not be less than such charge based on the minimum rate set forth on Sheet No. 7 for Rate Schedule SFTS.

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FLORIDA GAS TRANSMISSION COMPANY, LLC  
 FERC Gas Tariff  
 Fourth Revised Volume No. 1

First Revised Sheet No. 62  
 Superseding  
 Original Sheet No. 62

RATE SCHEDULE SFTS  
 Small Customer Firm Transportation Service (continued)

5. FUEL REIMBURSEMENT CHARGES

Transporter shall retain a Fuel Reimbursement Charge Percentage, and Shipper shall pay an Effective Unit Fuel Surcharge, pursuant to Section 27 of the General Terms and Conditions. The Fuel Reimbursement Charges shall be set forth on the currently effective Sheet No. 7 of this Tariff. For service at Alternate Delivery Points in Transporter's Western Division, the Fuel Reimbursement Charge shall be the sum of the fuel charges by Transporting Pipelines, if applicable, plus the Fuel Reimbursement Charge Percentage listed on Sheet No. 12, applied on a per compressor station basis; provided, however, that the maximum fuel charge shall be the Effective Fuel Reimbursement Charge Percentage.

Where Shipper nominates and Transporter confirms and schedules quantities of gas delivered by Shipper at a Receipt Point(s) in the Western Division which Receipt Point(s) in the Western Division is (are) located downstream of Shipper's scheduled deliveries at a Primary or an Alternate Delivery Point(s) in the Western Division, the quantity of gas delivered at such Receipt Point(s) shall not be assessed a Fuel Reimbursement Charge Percentage or an Effective Unit Fuel Surcharge, and such quantities shall be recorded as a Western Division Backhaul quantity; provided, however, for Western Division Backhaul quantities received at an In-Line Transfer Point from an IPS Shipper, Transporter shall retain the Fuel Reimbursement Charge Percentage listed on Sheet No. 12, applied on a per compressor station basis for all compressor stations within the same zone as the In-Line Transfer Point not to exceed the Effective Fuel Reimbursement Charge Percentage for the entire transaction.

A Shipper who nominates a Forwardhaul or a Backhaul in the Western Division must nominate the specific Receipt Point and the specific Delivery Point (i.e., path) for each nomination, so that the applicable fuel rate, if any, can be determined.

A Shipper who nominates a gas quantity for delivery to a Market Area Delivery Point and who sources the gas from a Market Area Receipt Point must nominate the specific Receipt Point and the specific Delivery Point (i.e., path) for each nomination, and pay the applicable Fuel Reimbursement Charge Percentage set forth on the currently effective Sheet No. 7 of this Tariff.

6. MAXIMUM DAILY TRANSPORTATION QUANTITY

The MDTQ shall be expressed in each Service Agreement under this Rate Schedule and shall be the largest quantity of gas, expressed in MMBtu, that Transporter is obligated to transport and make available for delivery to Shipper under each Service Agreement under this Rate Schedule on any one day. The seasonal MDTQ for October, November through March, April and May through September shall be set forth in the executed Service Agreement for service under this Rate Schedule.

7. MAXIMUM DAILY QUANTITY

The MDQ for any single Receipt or Delivery Point shall be the quantity set forth in the executed Service Agreement for service under this Rate Schedule which shall represent the maximum quantity that Transporter will make available for delivery at a Delivery Point or will accept receipt of at a Receipt Point on any one day; provided however, that in addition to the MDQ for each Receipt Point set forth on Exhibit A to Shipper's executed Service Agreement, Shipper shall tender additional quantities to be used as Transporter's Fuel, based upon the Fuel Reimbursement Charge set forth on the currently effective Sheet No. 7.

8. RECEIPT POINTS

A. Primary Receipt Point(s)

The term Primary Receipt Point(s) shall mean those Point(s) of Receipt listed in Exhibit A of Shipper's SFTS Service Agreement which is (are) assigned an MDQ.

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First Revised Sheet No. 63  
Superseding  
Original Sheet No. 63

RATE SCHEDULE SFTS

Small Customer Firm Transportation Service (continued)

Subject to the availability of firm capacity, a Shipper may request changes in Primary Receipt Points under an executed Service Agreement at any time by submitting a request pursuant to Section 3 of this Rate Schedule, but which contains only the information relevant to the changes requested.

B. Alternate Receipt Point(s)

The term Alternate Receipt Point(s) shall include Point(s) of Receipt on Transporter's system other than those listed in Exhibit A of Shipper's SFTS Service Agreement, including in-line transfer points, except as provided in (A) above and nominations in excess of the MDQ at a Primary Receipt Point. A listing of receipt points on Transporter's system is set forth on its Internet website.

Shipper may nominate gas at Alternate Receipt Point(s) subject to the provisions of Section 10 of the General Terms and Conditions, provided on any given day the sum of volumes nominated for receipt at all Primary and Alternate Receipt Points does not exceed the MDTQ under the SFTS Service Agreement and any quantities tendered for Fuel Reimbursement. All volumes nominated and transported up to the MDTQ under the SFTS Service Agreement, including those received at an Alternate Receipt Point, shall be billed at the rates for service under this Rate Schedule.

9. DELIVERY POINTS

A. Primary Delivery Point(s)

The term Primary Delivery Point(s) shall mean those delivery points listed on Exhibit B of Shipper's SFTS Service Agreement which are assigned an MDQ.

B. Alternate Delivery Point(s)

The term Alternate Delivery Point(s) shall mean all other Point(s) of Delivery which are not Primary Delivery Points(s), including In-Line Transfer Points, and nominations in excess of the MDQ at a Primary Delivery Point.

FLORIDA GAS TRANSMISSION COMPANY, LLC  
FERC Gas Tariff  
Fourth Revised Volume No. 1

First Revised Sheet No. 74  
Superseding  
Original Sheet No. 74

RATE SCHEDULE PNR  
Interruptible Park 'N Ride Service (Continued)

3. REQUESTS FOR AND EXECUTION OF INTERRUPTIBLE PARKING AND BORROWING SERVICE

A. Service Requests

Requests for service under this Rate Schedule shall be considered acceptable only if Shipper has completed Transporter's service request form (which is available to all Shippers) and returned it to Transporter at P. O. Box 4967, Houston, Texas 77210-4967, Attention: FGT Contract Administration Department, or submitted it electronically via Transporter's Internet website at [www.hottap.panhandleenergy.com](http://www.hottap.panhandleenergy.com). Such request for service shall contain the information specified in Transporter's service request form, as such may be revised from time to time, including, but not limited to:

1. Sufficient information to determine Shipper's creditworthiness in accordance with Section 16 of the General Terms and Conditions of Transporter's FERC Gas Tariff.
2. Such other information as required to comply with regulatory reporting or filing requirements.

B. Execution of Service Agreement

Shipper shall execute the PNR Service Agreement electronically, pursuant to the procedures in Section 9.B of the General Terms and Conditions, within fifteen (15) days after receipt or its availability on Transporter's Internet website. In the event Shipper does not execute the Service Agreement within fifteen (15) days, Shipper's request for transportation under this Rate Schedule shall be null and void.

By execution of the Service Agreement, a Shipper certifies that:

- a. Shipper has, or will have title to the gas to be parked or returned (when borrowed) in accordance with the provisions of Section 7 of the General Terms and Conditions, and
- b. Shipper or Shipper's designee, if applicable, has secured, or will have secured, prior to the commencement of service, all necessary arrangements for upstream and/or downstream transportation, if applicable.

4. RATES AND CHARGES

- A. Unless otherwise mutually agreed to by Transporter and Shipper, and pursuant to the provisions of Sections 15.h and 15.i of the General Terms and Conditions, the applicable rates for service under this Rate Schedule are set forth on the currently effective Sheet No. 10 of Transporter's FERC Gas Tariff and are hereby incorporated herein.
- B. Unless otherwise mutually agreed to by Transporter and Shipper, for all natural gas service rendered hereunder, Transporter shall invoice and Shipper shall pay Transporter each month the sum of the charges listed below if applicable:

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FERC Gas Tariff  
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Superseding  
Original Sheet No. 75

RATE SCHEDULE PNR  
Interruptible Park 'N Ride Service (Continued)

1. Usage Charge - The Usage Charge set forth in the Purchase Order multiplied by the total quantity of gas either parked or borrowed each day for the account of Shipper during the billing month.
2. Incidental Charges - Shipper shall reimburse Transporter for any incidental charges incurred by Transporter in providing this service. Such charges may include only: (i) reporting or filing fees relating to this service, (ii) costs of construction or acquisition of new facilities necessary to render this service, to the extent agreed to by Shipper and Transporter, and (iii) such other applicable charges as may be authorized by the Commission.

5. MAXIMUM DAILY QUANTITY AND MAXIMUM TOTAL QUANTITY

- A. The Maximum Daily Quantity ("MDQ") shall be the largest daily quantity of gas, expressed in dth, that Shipper may park or borrow under any single Purchase Order at the applicable Point(s) of Service on any one day. The MDQ shall be set forth in each Purchase Order executed under the Service Agreement between Shipper and Transporter for service under this Rate Schedule.
- B. The Maximum Total Quantity ("MTQ") shall be the total quantity of gas, expressed in dth, that Shipper may park or borrow in the aggregate under any single Purchase Order at the applicable Point(s) of Service. The MTQ shall be set forth in each Purchase Order executed under the Service Agreement between Shipper and Transporter for service under this Rate Schedule.

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Third Revised Sheet No. 79  
Superseding  
Second Revised Sheet No. 79

RATE SCHEDULE ITS-1  
Interruptible Transportation Service

1. AVAILABILITY

This Rate Schedule is an interruptible Rate Schedule and is available for interruptible transportation service provided by Florida Gas Transmission Company, LLC (Transporter) to any person (Shipper) where:

- (a) Transporter has sufficient capacity to provide such service;
- (b) Shipper and Transporter have executed a Service Agreement for service under this Rate Schedule; and
- (c) Shipper has complied with the requirements of Section 3 hereof.
- (d) If the transportation service is to be provided under one Service Agreement for multiple entities (Principals) that have designated an agent to act on their behalf (hereinafter individually and collectively referred to as Shipper), Principals shall provide notice of such to Transporter and shall also provide sufficient information to verify:
  - (1) that Principals collectively meet the "Shipper must have title" requirement as set forth in Section 7 of the General Terms and Conditions;
  - (2) that each Principal agrees that it is jointly and severally liable for all of the obligations of Shipper under the Service Agreement, including demonstration of creditworthiness for the full contract quantity; and
  - (3) that the Principals agree that they shall be treated collectively as one Shipper for nomination, allocation and billing purposes.

2. APPLICABILITY AND CHARACTER OF SERVICE

Gas transported by Transporter for Shipper under this Rate Schedule shall be on an interruptible basis when capacity exists on Transporter's system. Transporter shall receive for transportation hereunder the quantity of gas made available by or for the account of Shipper and transport and make available for delivery to or for the account of Shipper, gas in accordance with this Rate Schedule; provided however, that such quantity made available by or for the account of Shipper shall not exceed on any day the Maximum Daily Transportation Quantity (MDTQ) specified in the executed Service Agreement for service under this Rate Schedule and any quantities tendered for Fuel Reimbursement; provided further that no deliveries under this Rate Schedule shall be scheduled at a Primary Delivery Point under an SFTS Service Agreement unless and until the SFTS Shipper has nominated a quantity under Rate Schedule SFTS equal to such Shipper's full MDTQ under Shipper's SFTS Service Agreement. Gas received for transportation hereunder will be commingled with other gas in Transporter's system, and the specific gas made available by Shipper or for Shipper's account for transportation may not be the same gas delivered to Shipper or for its account.

Transportation of natural gas under this Rate Schedule shall be performed on an interruptible basis and shall be subject to interruption as provided in Section 10, Section 17C (Operational Flow Orders), Section 17A (Curtailments), and Section 8 (Force Majeure) of the General Terms and Conditions.

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Fourth Revised Volume No. 1

First Revised Sheet No. 80  
Superseding  
Original Sheet No. 80

RATE SCHEDULE ITS-1  
Interruptible Transportation Service (continued)

3. REQUESTS FOR AND EXECUTION OF INTERRUPTIBLE TRANSPORTATION SERVICE

A. Transportation Requests

The specific information required from a Shipper for a valid request for interruptible transportation service must be delivered to Transporter at P.O. Box 4967, Houston, Texas 77210-4967, Attention: FGT Contract Administration Department, or submitted electronically via Transporter's Internet website at [www.hottap.panhandleenergy.com](http://www.hottap.panhandleenergy.com).

Requests for transportation must be accompanied by the following:

1. Shipper's legal name.
2. Shipper's principal place of business.
3. Shipper's contact person and telephone number.
4. Shipper's business address (including e-mail addresses) for notices and billings.
5. Shipper's status (natural gas distribution company, end-user, intrastate pipeline company, interstate pipeline company, producer, etc.).
6. Requested commencement date of service.
7. Requested term of service.
8. Requested Maximum Daily Transportation Quantity (MDTQ) stated in MMBtu per day.

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Original Sheet No. 81

RATE SCHEDULE ITS-1  
Interruptible Transportation Service (continued)

Requests for service which do not include all of the above-referenced information shall be deemed null and void.

For Shipper's convenience, standardized service request forms shall be available from Transporter on Transporter's Internet website.

Shipper shall execute the ITS-1 Service Agreement electronically, pursuant to the procedures in Section 9.B of the General Terms and Conditions, within fifteen (15) days after receipt or its availability on Transporter's Internet website. In the event Shipper does not execute the Service Agreement within fifteen (15) days, Shipper's request for transportation under this Rate Schedule shall be null and void.

B. Additional Information Required

In addition, Shipper must provide the following information:

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Superseding  
Original Sheet No. 83

RATE SCHEDULE ITS-1  
Interruptible Transportation Service (continued)

4. RATES AND CHARGES

Unless otherwise mutually agreed to by Transporter and Shipper, the applicable rates for service under this Rate Schedule are set forth on the currently effective Sheet No. 9 of this Tariff and are hereby incorporated herein.

For all natural gas service rendered hereunder, Shipper shall pay Transporter each month the sum of the charges listed below if applicable:

Usage Charge - The Usage Charge multiplied by the quantity of gas, delivered to or for the account of Shipper by Transporter during the billing month, as determined in Section 13 or 13.1 of the General Terms and Conditions of this tariff.

Fuel Reimbursement Charge - The Fuel Reimbursement Charge, as defined in Section 5 of this Rate Schedule.

Usage Surcharges - The usage surcharges as set forth in the Usage Charge column on the currently effective Sheet No. 9 of this Tariff multiplied by the quantity of gas delivered to or for the account of Shipper by Transporter during the billing month, as determined in Section 13 or 13.1 of the General Terms and Conditions of this tariff.

Incidental Charges - Shipper shall reimburse Transporter for any incidental charges incurred by Transporter in providing this service. Such charges may include only (i) reporting or filing fees relating to this service, (ii) costs of construction or acquisition of new facilities necessary to render this service, to the extent agreed to by Shipper and Transporter, and (iii) such other applicable charges as may be authorized by the Commission.

Pursuant to the provisions of Sections 15.h and 15.i of the General Terms and Conditions, Transporter may from time to time and at any time at its sole discretion charge any individual Shipper for transportation service under Rate Schedule ITS-1 a Usage and/or Fuel Reimbursement Charge which is lower than such charge based on the maximum rates set forth on Sheet No. 9 or provided for in Section 5 herein; provided however, that Transporter's discretion shall not be exercised on an unduly discriminatory basis and that such charge may not be less than such charge based on the minimum rate set forth on Sheet No. 9 for Rate Schedule ITS-1.

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First Revised Sheet No. 85  
Superseding  
Original Sheet No. 85

RATE SCHEDULE ITS-1  
Interruptible Transportation Service (continued)

5. FUEL REIMBURSEMENT CHARGES

Transporter shall retain a Fuel Reimbursement Charge Percentage, and Shipper shall pay an Effective Unit Fuel Surcharge, pursuant to Section 27 of the General Terms and Conditions. The Fuel Reimbursement Charges shall be set forth on the currently effective Sheet No. 9 of this Tariff. For Forwardhaul service at Delivery Points in Transporter's Western Division, the Fuel Reimbursement Charge shall be the sum of fuel charges by Transporting Pipelines, if applicable, plus the Fuel Reimbursement Charge Percentage listed on Sheet No. 12 applied on a per compressor station basis; provided, however, that the maximum fuel charge shall be the Effective Fuel Reimbursement Charge Percentage.

Where Shipper nominates and Transporter confirms and schedules quantities of gas delivered by Shipper at Receipt Point(s) in the Western Division, which Receipt Point(s) in the Western Division are located downstream of Shipper's scheduled deliveries at Delivery Point(s) in the Western Division, the quantity of gas delivered at such Receipt Point(s) shall not be assessed a Fuel Reimbursement Charge Percentage or an Effective Unit Fuel Surcharge, and such quantities shall be recorded as a Western Division Backhaul quantity; provided, however, for Western Division Backhaul quantities received at an In-Line Transfer Point from an IPS Shipper, Transporter shall retain the Fuel Reimbursement Charge Percentage listed on Sheet No. 12, applied on a per compressor station basis, for all compressor stations within the same zone as the In-Line Transfer Point not to exceed the Effective Fuel Reimbursement Charge Percentage for the entire transaction.

A Shipper who nominates a Forwardhaul or a Backhaul in the Western Division must nominate the specific Receipt Point and the specific Delivery Point (i.e., path) for each nomination, so that the applicable fuel rate, if any, can be determined.

A Shipper who nominates gas for delivery to a Market Area Delivery Point and who sources the gas from a Market Area Receipt Point must nominate the specific Receipt Point and the specific Delivery Point (i.e., path) for each nomination, and pay the applicable Fuel Reimbursement Charge Percentage set forth on the currently effective Sheet No. 9 of this Tariff.

FLORIDA GAS TRANSMISSION COMPANY, LLC  
FERC Gas Tariff  
Fourth Revised Volume No. 1

First Revised Sheet No. 89  
Superseding  
Original Sheet No. 89

RATE SCHEDULE ITS-WD  
Interruptible Transportation Service (continued)

Requests for transportation must be accompanied by the following:

1. Shipper's legal name.
2. Shipper's principal place of business.
3. Shipper's contact person and telephone number.
4. Shipper's business address (including e-mail addresses) for notices and billings.
5. Shipper's status (natural gas distribution company, end-user, intrastate pipeline company, interstate pipeline company, producer, etc.).
6. Requested commencement date of service.
7. Requested term of service.
8. Requested Maximum Daily Transportation Quantity (MDTQ) stated in MMBtu per day.
9. Affirmation that the request is for Western Division Transportation Service.

Requests for service which do not include all of the above-referenced information shall be deemed null and void.

For Shipper's convenience, standardized service request forms shall be available from Transporter on Transporter's Internet website.

Shipper shall execute the ITS-WD Service Agreement electronically, pursuant to the procedures in Section 9.B of the General Terms and Conditions, within fifteen (15) days after receipt or its availability on Transporter's Internet website. In the event Shipper does not execute the Service Agreement within fifteen (15) days, Shipper's request for transportation under this Rate Schedule shall be null and void.

B. Additional Information Required

In addition, Shipper must provide the following information:

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Superseding  
Original Sheet No. 91

RATE SCHEDULE ITS-WD  
Interruptible Transportation Service (continued)

For all natural gas service rendered hereunder, Shipper shall pay Transporter each month the sum of the charges listed below if applicable:

Usage Charge - The Usage Charge multiplied by the quantity of gas transported to or for the account of Shipper by Transporter during the billing month, as determined in Section 13.1 of the General Terms and Conditions of this tariff.

Fuel Reimbursement Charge - The Fuel Reimbursement Charge, as defined in Section 5 of this Rate Schedule.

Usage Surcharges - The usage surcharges as set forth on the currently effective Sheet No. 13 of this Tariff multiplied by the quantity of gas delivered to or for the account of Shipper by Transporter during the billing month, as determined in Section 13.1 of the General Terms and Conditions of this tariff.

Incidental Charges - Shipper shall reimburse Transporter for any incidental charges incurred by Transporter in providing this service. Such charges may include only (i) reporting or filing fees relating to this service, (ii) costs of construction or acquisition of new facilities necessary to render this service, to the extent agreed to by Transporter and Shipper, and (iii) such other applicable charges as may be authorized by the Commission.

Pursuant to the provisions of Sections 15.h and 15.i of the General Terms and Conditions, Transporter may from time to time and at any time at its sole discretion charge any individual Shipper for transportation service under Rate Schedule ITS-WD a Usage and/or Fuel Reimbursement Charge which is lower than such charge based on the maximum rates set forth on Sheet No. 13 or provided for in Section 5 herein; provided, however, that Transporter's discretion shall not be exercised on an unduly discriminatory basis and that such charge may not be less than such charge based on the Minimum Rate set forth on Sheet No. 13 for Rate Schedule ITS-WD.

Transporter shall file with the Commission any and all reports as required by the Commission's Regulations setting forth the applicable charge, the individual Shippers affected, the volume transported and any other information which may be required.

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Original Sheet No. 92

RATE SCHEDULE ITS-WD  
Interruptible Transportation Service (continued)

5. FUEL REIMBURSEMENT CHARGES

Transporter shall retain a Fuel Reimbursement Charge Percentage pursuant to Section 27 of the General Terms and Conditions. The Fuel Reimbursement Charge Percentage shall be set forth on the currently effective Sheet No. 13 of this Tariff. The Fuel Reimbursement Charge shall be the sum of the fuel charges by Transporting Pipelines, if applicable, plus the fuel reimbursement charge percentage listed on Sheet No. 13 applied on a per compressor station basis; provided, however, that the maximum fuel charge shall be the maximum shown for the Fuel Reimbursement Charge Percentage on Sheet No. 13.

Where Shipper nominates and Transporter confirms and schedules quantities of gas delivered by Shipper at Receipt Point(s) which Receipt Point(s) are located downstream of Shipper's scheduled deliveries at Delivery Point(s), the quantity of gas delivered at such Receipt Point(s) shall not be assessed a Fuel Reimbursement Charge, and such quantities shall be recorded as a Western Division Backhaul Quantity.

A Shipper who nominates a Forwardhaul or a Backhaul must nominate the specific Receipt Point and the specific Delivery Point (i.e., path) for each nomination, so that the applicable fuel rate, if any, can be determined.

In addition to the above fuel reimbursement charges, for any Forwardhaul or Backhaul transportation quantity receive at an In-Line Transfer Point from an IPS Shipper, Transporter shall retain the fuel reimbursement charge percentage listed on Sheet No. 13, applied on a per compressor station basis, for all compressor stations within the same zone as the In-Line Transfer Point not to exceed the Effective Fuel Reimbursement Charge Percentage for the entire transaction.

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Third Revised Sheet No. 94  
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Second Revised Sheet No. 94

RATE SCHEDULE IPS  
In-Line Pooling Transportation Service

1. AVAILABILITY

This Rate Schedule is an interruptible Rate Schedule and is available for transportation to an In-Line Transfer Point provided by Florida Gas Transmission Company, LLC (Transporter) to any person (Shipper) where:

- (a) Shipper and Transporter have executed a Service Agreement for service under this Rate Schedule; and
- (b) Shipper has complied with the requirements of Section 3 hereof.
- (c) If the transportation service is to be provided under one Service Agreement for multiple entities (Principals) that have designated an agent to act on their behalf (hereinafter individually and collectively referred to as Shipper), Principals shall provide notice of such to Transporter and shall also provide sufficient information to verify:
  - (1) that Principals collectively meet the "Shipper must have title" requirement as set forth in Section 7 of the General Terms and Conditions;
  - (2) that each Principal agrees that it is jointly and severally liable for all of the obligations of Shipper under the Service Agreement, including demonstration of creditworthiness for the full contract quantity; and
  - (3) that the Principals agree that they shall be treated collectively as one Shipper for nomination, allocation and billing purposes.

2. APPLICABILITY AND CHARACTER OF SERVICE

Transporter shall receive for transportation hereunder the quantity of gas made available by or for the account of Shipper and transport and make available for delivery to an In-Line Transfer Point, gas to or for the account of Shipper in accordance with this Rate Schedule for subsequent receipt and transport by any Shipper to a delivery point under Rate Schedule FTS-1, FTS-2, SFTS, ITS-1, FTS-WD or ITS-WD. Such quantity made available by or for the account of Shipper shall not exceed on any day the Maximum Daily Transportation Quantity (MDTQ) specified in the executed Service Agreement for service under this Rate Schedule nor shall such quantity exceed the quantity scheduled as deliveries or receipts at the In-Line Transfer Point by the Upstream and/or Downstream Shipper(s).

Transportation of natural gas under this Rate Schedule shall be subject to Section 10, Section 17C (Operational Flow Orders), Section 17A (Curtailments), and Section 8 (Force Majeure) of the General Terms and Conditions.

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RATE SCHEDULE IPS  
In-Line Pooling Transportation Service (continued)

Requests for service which do not include all of the above-referenced information shall be deemed null and void.

B. Additional Information Required

In addition, Shipper must provide the following information:

Prior to scheduling of service at each nomination cycle, IPS Shipper must provide the identity of the Upstream and/or Downstream Shippers (i.e., D-U-N-S number) delivering gas quantities to or receiving gas quantities from IPS Shipper(s) at the In-Line Transfer Point, and the contract number under which the Upstream and/or Downstream Shipper is transporting gas delivered or received.

For Shipper's convenience, standardized service request forms shall be available on Transporter's Internet website.

Shipper shall execute the IPS Service Agreement, electronically pursuant to the procedures in Section 9.B of the General Terms and Conditions, within fifteen (15) days after receipt or its availability on Transporter's Internet website. In the event Shipper does not execute the Service Agreement within fifteen (15) days, Shipper's request for transportation under this Rate Schedule shall be null and void.

4. RATES AND CHARGES

There shall be no Reservation or Usage Charge, Fuel Reimbursement Charge or Surcharge(s) under this Rate Schedule, provided, however, that an IPS Shipper shall be responsible for any scheduling or balancing charges under the General Terms and Conditions of this tariff.

Neither Transporter nor Shipper shall be responsible for ACA charges under Section 22 of the General Terms and Conditions with respect to volumes transported under Rate Schedule IPS.

Quantities of gas transported to or for the account of the Rate Schedule IPS Shipper shall not be assessed a Fuel Reimbursement Charge and such quantities shall be recorded in Transporter's Backhaul and Pooling Volumes Account as a Rate Schedule IPS Quantity.

5. IN-LINE TRANSFER POINT(S)

In-Line Transfer Point(s) shall be defined as Transporter's Compressor Stations 7, 8, and 11. All gas received under an IPS Service Agreement shall be delivered to the closest downstream In-Line Transfer Point.

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FERC Gas Tariff  
Fourth Revised Volume No. 1

First Revised Sheet No. 105  
Superseding  
Original Sheet No. 105

RATE SCHEDULE FTS-2  
Firm Transportation Service (continued)

A standardized service request form is available on Transporter's Internet website.

Requests for service which do not include all of the above-referenced information shall be deemed null and void; provided, however, that requests for changes provided under Section 8.A or 9.A. need only contain the information relevant to the changes requested.

B. Execution of Service Agreement

Shipper shall execute the FTS-2 Service Agreement electronically, pursuant to the procedures in Section 9.B of the General Terms and Conditions, within fifteen (15) days after receipt or its availability on Transporter's Internet website. In the event Shipper does not execute the Service Agreement within fifteen (15) days, Shipper's request for transportation under this Rate Schedule shall be null and void.

C. Additional Information Required:

In addition, Shipper must provide the following information:

1. At the time of Shipper's execution of the Service Agreement, the curtailment classification for the requested transportation in accordance with Section 17A of the General Terms and Conditions.

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FERC Gas Tariff  
Fourth Revised Volume No. 1

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RATE SCHEDULE FTS-2  
Firm Transportation Service (continued)

D. Extension of Term

Requests for extension of the term of a Service Agreement are subject to the provisions of Section 20 (Pre-Granted Abandonment, Contract Rollover, Contract Extension and Right of First Refusal).

4. RATES AND CHARGES

- A. Unless otherwise mutually agreed to by Transporter and Shipper, the applicable rates for service under this Rate Schedule are set forth on the currently effective Sheet No. 8 of this Tariff and are hereby incorporated herein.

For all natural gas service rendered hereunder, Shipper shall pay Transporter each month the sum of the charges listed below if applicable:

Reservation Charge - The Reservation Charge multiplied by the sum of the MDTQ for the billing month. For purposes of computation of the Reservation Charge, service shall commence as of the date specified in Section 2 above. If, on any day, Transporter fails to make available for delivery the lesser of the applicable MDTQ or such quantity as Shipper has nominated and Transporter has scheduled, the Reservation Charge otherwise payable shall be reduced for the month by an amount equal to the quantity not made available for delivery times the number of days that Transporter failed to make such quantity available for delivery times the daily Reservation Charge; provided however, that in the case of failure to make available for delivery by reason of Transporter's force majeure, only the return on equity and related income tax components of the daily Reservation Charge will be included in the above referenced calculation; provided further, however, that no Reservation Charge reduction shall be provided for force majeure events that do not occur on Transporter's system (e.g., an event on a Shipper's facilities or a Transporting Pipeline's facilities). In the case of failure to make available for delivery due to Transporter's negligence or willful misconduct, nothing herein shall be construed to limit Shipper's remedies to the Reservation Charge credit provided in this Section.

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FERC Gas Tariff  
Fourth Revised Volume No. 1

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RATE SCHEDULE FTS-2  
Firm Transportation Service (continued)

Usage Charge - The Usage Charge multiplied by the quantity of gas, delivered to or for the account of Shipper by Transporter during the billing month, as determined in Section 13 or 13.1 of the General Terms and Conditions of this tariff.

Fuel Reimbursement Charge - The Fuel Reimbursement Charge, as defined in Section 5 of this Rate Schedule.

Usage Surcharges - The usage surcharges as set forth on the currently effective Sheet No. 8 of this Tariff multiplied by the quantity of gas delivered to or for the account of Shipper by Transporter during the billing month, as determined in Section 13 or 13.1 of the General Terms and Conditions of this tariff.

Reservation Surcharges - The reservation surcharges as set forth on the currently effective Sheet No. 8 of this Tariff multiplied by the sum of the MDTQ for the billing month. If on any day, Transporter fails to make available for delivery, by reason other than force majeure, the lesser of the applicable MDTQ or such quantity as Shipper has nominated and Transporter has scheduled, the Reservation Surcharge otherwise payable by Shipper shall be reduced for the month by an amount equal to the quantity not made available for delivery times the number of days that Transporter failed to make such quantity available for delivery times the daily applicable Reservation Surcharge.

Incidental Charges - Shipper shall reimburse Transporter for any incidental charges incurred by Transporter in providing this service. Such charges may include only (i) reporting or filing fees relating to this service, (ii) costs of construction or acquisition of new facilities necessary to render this service, to the extent agreed to by Shipper and Transporter, and (iii) such other applicable charges as may be authorized by the Commission.

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FERC Gas Tariff  
Fourth Revised Volume No. 1

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RATE SCHEDULE FTS-2  
Firm Transportation Service (continued)

5. FUEL REIMBURSEMENT CHARGES

Transporter shall retain a Fuel Reimbursement Charge Percentage, and Shipper shall pay an Effective Unit Fuel Surcharge, pursuant to Section 27 of the General Terms and Conditions. The Fuel Reimbursement Charges applicable to this Rate Schedule shall be set forth on the currently effective Sheet No. 8 of this Tariff.

For Forwardhaul service at Alternate Delivery Points in Transporter's Western Division, the Fuel Reimbursement Charge shall be the sum of fuel charges by Transporting Pipelines, if applicable, plus the Fuel Reimbursement Charge Percentage listed on Sheet No. 12 applied on a per compressor station basis; provided, however, that the maximum fuel charge shall be the Effective Fuel Reimbursement Charge Percentage.

Where Shipper nominates and Transporter confirms and schedules quantities of gas delivered by Shipper at Receipt Point(s) in the Western Division, which Receipt Point(s) in the Western Division are located downstream of Shipper's scheduled deliveries at Primary or Alternate Delivery Point(s) in the Western Division (backhaul path), the quantity of gas delivered at such Receipt Point(s) shall not be assessed a Fuel Reimbursement Charge Percentage or an Effective Unit Fuel Surcharge, and such quantities shall be recorded as a Western Division Backhaul Quantity; provided, however, for Western Division Backhaul quantities received at an In-Line Transfer Point, Transporter shall retain the Fuel Reimbursement Charge Percentage listed on Sheet No. 12, applied on a per compressor station basis for all compressor stations within the same zone as the In-Line Transfer Point not to exceed the Effective Fuel Reimbursement Charge Percentage for the entire transaction.

A Shipper who nominates a Forwardhaul or a Backhaul in the Western Division must nominate the specific Receipt Point and the specific Delivery Point (i.e., path) for each nomination, so that the applicable fuel rate, if any, can be determined.

A Shipper who nominates a gas quantity for delivery to a Market Area Delivery Point and who sources the gas from a Market Area Receipt Point must nominate the specific Receipt Point and the specific Delivery Point (i.e., path) for each nomination, and pay the applicable Fuel Reimbursement Charge Percentage set forth on the currently effective Sheet No. 8 of this Tariff.

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FERC Gas Tariff  
Fourth Revised Volume No. 1

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RATE SCHEDULE FTS-2  
Firm Transportation Service (continued)

B. Alternate Delivery Point(s)

The term Alternate Delivery Point(s) shall mean Point(s) of Delivery other than those listed on Exhibit B of Shipper's FTS-2 Service Agreement which are not Primary Delivery Point(s), including In-Line Transfer Points, and nominations in excess of the MDQ at a Primary Delivery Point.

Shipper may nominate gas for delivery at an Alternate Delivery Point(s) subject to the provisions of Section 10 of the General Terms and Conditions, provided that, on any given day, the sum of quantities nominated for delivery at all Primary and Alternate Delivery Points does not exceed the MDTQ under the FTS-2 Service Agreement, except for Segmented Transactions. For nominations under Segmented Transactions, Shipper shall comply with Section 18.1 of the General Terms and Conditions. However, a Shipper that has acquired a segment of capacity under this Rate Schedule, pursuant to the Capacity Relinquishment Provisions of Sections 18 and/or 18.1 of the General Terms and Conditions of this Tariff, which is located entirely within Transporter's Western Division may nominate gas for delivery only at an Alternate Delivery Point(s) which is (are) located in Transporter's Western Division.

All quantities scheduled up to the MDTQ under the FTS-2 Service Agreement, including those delivered at an Alternate Delivery Point(s), and any quantities scheduled as segmented nominations or scheduled under a Segmented Transaction, shall be billed at the rates for service under this rate schedule; except, however, where quantities are delivered on an alternate basis to a Primary Delivery Point under an SFTS Service Agreement. In such case, the alternate deliveries up to the SFTS Shipper's MDTQ shall be billed at the Rate Schedule SFTS usage rate.

A Shipper whose Primary Delivery Point(s) are in Transporter's Market Area, but who nominates gas for delivery at Alternate Delivery Point(s) in Transporter's Western Division, must designate the specific Receipt Point(s) for the source of such deliveries. The Fuel Reimbursement Charge for such deliveries at Alternate Delivery Point(s) in Transporter's Western Division shall be the sum of fuel charges by Transporting Pipelines, if applicable, plus the Fuel Reimbursement Charge Percentage listed on the currently effective Sheet No. 12 applied on a per compressor station basis; provided, however, that the maximum fuel charge shall be the Effective Fuel Reimbursement Charge Percentage. In the event Shipper fails to designate the specific Receipt Point(s) as the source for deliveries at Alternate Delivery Point(s) in Transporter's Western Division, such deliveries shall be subject to the Effective Fuel Reimbursement Charge Percentage set forth on the currently effective Sheet No. 8.

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FERC Gas Tariff  
Fourth Revised Volume No. 1

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GENERAL TERMS AND CONDITIONS  
(continued)

Shipper has nominated such quantity pursuant to Section 10 and Transporter has been able to confirm said quantity also pursuant to Section 10; and subject to the force majeure provisions of Section 8 and the curtailment provisions of Section 17A and further provided that Shipper's deliveries of gas into Transporter's system by or for the account of Shipper pursuant to Section 12C are equal to scheduled receipt point quantities on a uniform hourly basis, unless Shipper and Transporter have agreed to a different flow rate for deliveries of gas into Transporter's system.

"Forwardhaul" shall mean transportation nominated, confirmed and scheduled by Transporter for Shipper which entails the receipt of gas at a point(s) resulting in the transportation of gas in the same direction as the aggregate physical flow of gas in the applicable portion of the mainline.

"Hydrocarbon Dew point" shall mean cricondenthem, the highest temperature at which the vapor-liquid equilibrium may be present. The Hydrocarbon Dew point (cricondenthem) calculations are performed using the Peng-Robinson equation of state.

"In-Line Transfer Point(s)" shall mean points designated by Transporter other than point of physical ingress or egress from Transporter's system which may be used in nominating, confirming, scheduling and determining receipts and deliveries of transportation on Transporter's system. Transporter's In-Line Transfer Points are Compressor Stations 7, 8, and 11.

"Internet website" shall mean the Uniform Resource Locator (URL) of Transporter's Electronic Communication Mechanism on the Internet at [www.hottap.panhandleenergy.com](http://www.hottap.panhandleenergy.com).

"Joint Action Agency" shall mean a Shipper whose capacity entitlement consists of Public Agencies' aggregated capacity pursuant to Section 11 of Rate Schedule FTS-1 and/or FTS-2.

"Market Area" shall mean the area east of Transporter's Mile Post 238.6 located at the Alabama-Florida border.

"MCF" shall mean one thousand (1,000) cubic feet of gas.

"MMBtu" shall mean a million Btu and shall be deemed equivalent to one Dekatherm.

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FERC Gas Tariff  
Fourth Revised Volume No. 1

Second Revised Sheet No. 206  
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Substitute First Revised Sheet No. 206

GENERAL TERMS AND CONDITIONS  
(continued)

"Transporting Pipeline" shall mean any third party pipeline system on which Transporter holds firm transportation rights and which it has authorization to treat as an extension of Transporter's system for the purpose of providing transportation service. (The only pipeline that currently meets this definition is Southern Natural Gas Company.)

"Western Division" shall mean the area west of Transporter's Mile Post 238.6 located at the Alabama-Florida border and all facilities of Transporter not located in the State of Florida. Western Division shall also include noncontiguous supply laterals.

"Working day" shall mean "Business Days" as such term is defined in the NAESB Standards and shall include the days Monday through Friday, exclusive of Federal Banking Holidays, unless notified otherwise. A listing of such holidays shall be posted on Transporter's Internet website each December 15 for the following calendar year.

"Written" or "in writing" or any other combination of words indicating a requirement that a document be in a physically written form shall include any document which has been electronically executed pursuant to the procedures established by Transporter.

"Year" shall mean a period of a calendar year commencing on January 1st and ending on December 31st.

2. QUALITY

- A. Gas delivered by Shipper or for its account into Transporter's pipeline system at receipt points shall conform to the following quality standards:
1. shall be free from objectionable odors, solid matter, dust, gums, and gum forming constituents, or any other substance which might interfere with the merchantability of the gas stream, or cause interference with proper operation of the lines, meters, regulators, or other appliances through which it may flow;
  2. shall contain not more than seven (7) pounds of water vapor per one thousand (1,000) MCF;
  3. shall contain not more than one quarter (1/4) grain of hydrogen sulphide per one hundred (100) cubic feet of gas;
  4. shall contain not more than ten (10) grains of total sulphur per one hundred (100) cubic feet of gas;
  5. shall contain not more than a combined total three percent (3%) by volume of carbon dioxide and/or nitrogen;
  6. shall contain not more than one quarter percent (1/4%) by volume of oxygen;
  7. shall have a temperature of not more than one hundred twenty (120) degrees Fahrenheit;
  8. shall have a Btu content of not less than one thousand (1000) Btu per cubic foot; and,
  9. if necessary to ensure that the blended gas stream entering the Market Area from the Western Division (as measured at Transporter's Compressor Station No. 12, just downstream from the Western Division/Market Area demarcation point) meets the quality standards in Section 2.B below, Transporter may post quality standards for receipt points or pipeline segments in the Western Division in addition to those in Section 2.A.1 through 2.A.8. For purposes of this section, the standards outlined in Section 2.B shall be considered safe harbor levels, and any gas received into the Western Division that meets those standards shall not be subject to limitation or proration as a result of this provision. Any such

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FERC Gas Tariff  
Fourth Revised Volume No. 1

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GENERAL TERMS AND CONDITIONS  
(continued)

required postings of additional standards applicable to the Western Division shall meet the following:

- i) Transporter shall attempt to provide as much notice as possible, but in any event, such additional standards shall be posted at least 24 hours in advance of their implementation;
- ii) Such standards shall apply for only so long as necessary to bring the blended gas stream entering into the Market Area (as measured at Transporter's Compressor Station No. 12, just downstream of the Western Division/Market Area demarcation point) into compliance with the standards in Section 2.B, and such posting shall indicate the expected duration of such limitation;
- iii) Transporter shall post only those standards necessary to bring the blended gas stream into compliance with Section 2.B; and,
- iv) Such standards shall be applied on a not unduly discriminatory basis.

B. Gas delivered into Transporter's pipeline system at point(s) of receipt in Transporter's Market Area and gas entering the Market Area from the Western Division (as measured at Transporter's Compressor Station No. 12) shall, in addition to the provisions contained in Section 2.A.1 through 2.A.8, conform to the following quality standards:

1. shall have a methane composition of not less than eighty-five (85) mole percent;
2. shall have an ethane composition of not more than ten (10) mole percent;
3. shall have a propane composition of not more than two and three-quarters (2.75) mole percent;
4. shall have a combined composition of not more than one and two tenths (1.2) mole percent of isobutane and normal butane and pentanes and heavier hydrocarbons; and a Hydrocarbon Dew point not to exceed 25 degrees Fahrenheit;
5. shall have a minimum temperature, and a physical means to maintain such minimum temperature; such minimum temperature to be determined on a case-by-case basis, considering the pipeline operating conditions at, and downstream of, the receipt location, such as: (i) gas flow and the ability to blend gas streams, (ii) the magnitude of the pressure drop at the point of the interconnection, and (iii) any potentially adverse impact to, or unsafe condition on, Transporter's or customers' facilities downstream of the interconnection, such as those occurring from the receipt of excessively cold gas or liquid hydrocarbon fallout;
6. shall have a Btu content of not more than eleven hundred and ten (1110) Btu per cubic foot;
7. shall have a Wobbe Index absolute limit from 1340 to 1396 (calculated using Higher Heating Value (HHV), dry, under standard conditions at 14.73 psia at 60 degrees Fahrenheit) based on the following mathematical definition and in accordance with Section 4 of these GT&C;

$HHV/\sqrt{SG_{gas}}$

Where:

HHV = Higher Heating Value (Btu/scf)  
SG<sub>gas</sub> = Specific Gravity  
Sqrt = Square Root of

and shall be subject to a limitation on the rate of change of two percent (2%) of Wobbe per six-minute interval; and,

8. shall not contain more than one percent (1%) carbon dioxide by volume nor any injected carbon dioxide as a dilutant; and
9. shall contain not more than two (2) grains of total sulphur per one hundred (100) cubic feet of gas.

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FERC Gas Tariff  
Fourth Revised Volume No. 1

First Revised Sheet No. 223  
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GENERAL TERMS AND CONDITIONS  
(Continued)

2. Execution. Pursuant to the provisions of this Section and the EEFA, Transporter and Shippers may enter into transactions and create binding obligations by means of electronic facsimile execution of documents pursuant to the EEFA. These documents may include, any agreements that Transporter shall make available on the TECM ("Documents"), excluding service agreements and amendments to service agreements. Execution of these Documents by means of electronic facsimile pursuant to the specified procedures set forth in the EEFA, and all previously executed documents using electronic facsimile execution, shall be considered, in connection with any transaction, to be a "writing" or "in writing" and any such Document shall be deemed for all purposes (a) to have been "signed" ("Signed Document") and (b) to constitute an "original" when printed from electronic files or records established and maintained in the normal course of business. All parties agree not to contest the validity or enforceability of such Signed Documents under the provisions of any applicable law relating to whether certain agreements are to be in writing or signed by the party to be bound thereby. Further, Signed Documents, if introduced as evidence on paper in any judicial arbitration, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other business records originated and maintained in documentary forms.

10. NOMINATIONS, CONFIRMATIONS AND SCHEDULING

A. Nominations

1. General

Except in the event of a failure of electronic nomination communication equipment, Internet or third party communication equipment, or other similar emergency event, Shipper shall furnish an electronic nomination in the format set forth in the NAESB Standards. Transporter may allow Shipper to submit written nominations in the event of a failure of electronic nomination communication equipment, Internet, or third party service provided, however, that such event shall be documented by an affidavit provided by Shipper to Transporter within one (1) business day of such event. Moreover, any such requests for emergency treatment shall be handled on a not unduly discriminatory basis by Transporter.

All quantities shall be reflected in Dekatherms per day and shall be nominated as receipts onto and deliveries off of contracts between Shipper and Transporter and those quantities which are scheduled by Transporter shall be as set forth in Section 10.B herein.

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FERC Gas Tariff  
Fourth Revised Volume No. 1

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GENERAL TERMS AND CONDITIONS  
(continued)

2. Receipt Point Scheduling Priorities

To the extent capacity at a specific Point of Receipt is insufficient to schedule the Receipt Point nominations of Shipper's awarded capacity in 10C.1 above, Transporter shall allocate capacity at the subject Receipt Point based on the following categories:

- (a) Firm Transportation Service for Shippers under Rate Schedules FTS-1, FTS-WD, FTS-2 and SFTS nominating quantities at Primary Receipt Points;
- (a.1) Firm Transportation Service for Shippers under Rate Schedules FTS-1, FTS-WD, FTS-2 and SFTS who have voluntarily, at the request of Transporter, moved away from a constrained Primary Receipt Point to permit Transporter to take OBA payback at such point. Such priority will be limited to the lesser of such Shipper's MDQ or the planned OBA payback quantity at the Primary Receipt Point which was vacated;
- (b)
  - (i) Firm Transportation Service for Shippers under Rate Schedules FTS-1, FTS-WD, FTS-2 and SFTS nominating quantities at Alternate Receipt Points within a Shipper's contract MDTQ or Shippers nominating Segmented Transaction quantities at Alternate Receipt Points within the Shipper's Primary Capacity Path. If a Shipper has used its full MDTQ in its Primary Capacity Path, it no longer has capacity at this priority;
  - (ii) IPS quantities delivered at an In-Line Transfer Point for subsequent delivery on an FTS-1, FTS-WD, FTS-2 or SFTS service agreement;
  - (iii) receipts for MSS, Deferred Exchanges, and Operational Purchases pursuant to Section 17.C; and
  - (iv) any OBA payback quantities for which Transporter has satisfied the requirements of Section 12A.5.

In the event nominations exceed available Receipt Point Capacity, Transporter will schedule receipt quantities on a pro rata basis, based on Receipt Point nominations, provided further, however, that Shippers in this category 2(b) shall have the opportunity to revise Receipt Point nominations under the procedures set forth in Section 10A.2(a) and (b).

- (c) Firm Transportation Service for Shippers under Rate Schedules FTS-1, FTS-WD, and FTS-2 nominating Segmented Transaction quantities at Alternate Receipt Points outside a Shipper's Primary Capacity Path. In the event nominations exceed available Receipt Point capacity, Transporter will schedule receipt quantities on a pro rata basis, based on Receipt Point nominations.

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 FERC Gas Tariff  
 Fourth Revised Volume No. 1

First Revised Sheet No. 234  
 Superseding  
 Original Sheet No. 234

GENERAL TERMS AND CONDITIONS  
 (continued)

- (d) Interruptible Transportation Service for Shippers under Rate Schedules ITS-1, ITS-WD or IPS quantities delivered at an In-Line Transfer Point for subsequent delivery on an ITS-1 or ITS-WD Service Agreement and Pack Notice receipts scheduled on a firm rate schedule above the MDTQ. In the event nominations exceed available Receipt Point capacity, Transporter will schedule receipt quantities pro rata based on Receipt Point nominations.
  - (e) Park 'N Ride service under Rate Schedule PNR. In the event nominations exceed available Receipt Point capacity, Transporter will schedule receipt quantities based on the total revenue commitment to Transporter. Shippers paying more than the maximum tariff rate will be considered to be paying the maximum tariff rate. Service will be scheduled on a pro rata basis among Shippers paying the same total revenue to Transporter for service.
3. Scheduling Procedures
- Following the application of the scheduling priorities under Sections (1) and (2) to the extent the confirmed receipt quantities less fuel reimbursement do not equal the confirmed delivery quantities for each service agreement, Transporter shall apply the receipt or delivery rank provided by the nominating party to equate receipts and delivery quantities unless Transporter has agreed to accept additional receipt or delivery quantities to correct an imbalance or otherwise benefit systems operation quantities. Quantities assigned the same rank will be scheduled on a pro rata basis.
- D. Communication of Scheduled Quantities
- Following scheduling of confirmed nominations, Transporter shall furnish a report to the Nominating Party showing the scheduled receipt and delivery quantities by contract number and POI. Transporter shall provide a report in accordance with the NAESB standards to affected Shippers, point operators and bumped parties for receipt on or before the times established for the Nomination Cycles set forth in Section 10.A.2(a) and (b). At the end of each gas day, Transporter shall also provide the final scheduled quantities, for the just completed gas day. With respect to the implementation of this process via the 1.4.x scheduled quantity related standards, Transporter shall send an end of gas day Scheduled Quantity document. Receivers of the end of gas day Scheduled Quantity document can waive Transporter's sending of the end of gas day Scheduled Quantity document. In addition to notification through the scheduled quantities report described herein, Transporter shall provide direct notice of any bumped quantities using Internet E-mail or direct notification to interruptible Shipper's Internet URL address. Shipper is responsible for providing current addresses to Transporter. Failure of Shipper to maintain current addresses on file with Transporter will relieve Transporter of this obligation.
- Transportation Service Providers should provide affected parties with notification of intraday bumps, operational flow orders and other critical notices through the affected party's choice of Electronic Notice Delivery mechanism(s).
- Unless the affected party and the Transportation Service Provider (TSP) have agreed to exclusive notification via EDI/EDM, the affected party should provide the TSP with at least one Internet E-mail address to be used for Electronic Notice Delivery of intraday bumps, operational flow orders and other critical notices. The obligation of the TSP to provide notification is waived until the above requirement has been met.
- Transportation Service Providers should support the concurrent sending of electronic notification of intraday bumps, operationally flow orders and other critical notices to two Internet E-mail addresses for each affected party.
- E. Designees
1. A Shipper may name designee(s) to perform Shipper's obligations with regard to nominations, confirmations and any other administrative duties under Shipper's service agreement subject to the following conditions:

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FERC Gas Tariff  
Fourth Revised Volume No. 1

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GENERAL TERMS AND CONDITIONS  
(continued)

- h. Order of Discounting. If Transporter charges a usage and/or reservation charge less than the maximum rate, then the order of discounting shall be the Base Tariff Rate first, then surcharges; provided, however, the Unit Fuel Surcharge and the ACA Surcharge shall not be discountable.
- i. Types of Discounts. From time to time Shipper and Transporter may agree in writing on a level of discount of the otherwise applicable rates and charges in addition to a basic discount from the stated maximum rates. For example, Transporter may provide a specific discounted rate:
- (1) to certain specified quantities under the Service Agreement;
  - (2) if specified quantity levels are actually achieved or with respect to quantities below a specified level;
  - (3) to production reserves committed by the Shipper;
  - (4) during specified time periods;
  - (5) to specified Points of Receipt, Points of Delivery, supply areas, transportation paths or defined geographical areas; or
  - (6) in a specified relationship to the quantities actually transported (i.e. that the rates shall be adjusted in a specified relationship to quantities actually transported);
  - (7) subject to rate cap;
  - (8) that is determined monthly within the maximum and minimum rate based on market conditions; or
  - (9) based on published index prices for specific receipt or delivery points or other agreed upon pricing reference points for price determination (Such discounted rate may be based on the published index price point differential or arrived at by formula. Any service agreement containing an index based discount will identify what rate component is discounted. To the extent the firm reservation charge is discounted, the index price differential rate formula shall be calculated to state a rate per unit of MDTQ.); provided, however, that any such discounted rate set forth above shall be between the maximum rate and minimum rate applicable to the service provided under this agreement.

The discount may include a provision that if one rate component which was at or below the applicable maximum rate or at or above the minimum rate at the time the discount agreement was executed subsequently exceeds the applicable maximum rate or is below the applicable minimum rate due to a change in Transporter's maximum and/or minimum rates, such rate component may be adjusted downward or upward to equal the new applicable maximum or minimum rate and the other rate components must be adjusted upward or downward to achieve the agreed overall rate, so long as none of the resulting rate components exceed the maximum rate or are below the minimum rate applicable to that rate component. Such changes to rate components shall be applied prospectively commencing with the date a Commission order accepts revised tariff sheets. However, nothing contained herein shall be construed to alter a refund obligation under applicable law for any period during which rates which had been charged under a discount agreement exceeded rates which ultimately are found to be just and reasonable.

In all circumstances the discounted rate shall be between the maximum rate and the minimum rate applicable to the service provided.

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FERC Gas Tariff  
Fourth Revised Volume No. 1

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GENERAL TERMS AND CONDITIONS  
(continued)

20. PRE-GRANTED ABANDONMENT, CONTRACT ROLLOVER, CONTRACT EXTENSION AND  
RIGHT OF FIRST REFUSAL

A. Pre-Granted Abandonment

1. Subject to the provisions in Section (2) or (3) below, service shall expire and shall automatically be abandoned upon contract termination under (i) any firm transportation service agreement with a primary term of less than one (1) year, and (ii) any interruptible transportation agreement regardless of term. Termination and abandonment of any firm transportation service agreement with a term of one (1) year or longer shall be governed by the provisions of Sections 20B and C.

2. Contract Rollover

The term of service under any firm transportation service agreement existing as of November 2, 1992 may be extended pursuant to the provision of any unilateral rollover provision contained in the service agreement as of that date. For purposes hereof, "unilateral rollover provision" shall mean those provisions giving Shipper the unilateral right to extend the service agreement and such term shall not mean any provision which requires both parties to agree to an extension nor a provision which gives Transporter the right to terminate the Service Agreement.

Shipper and Transporter may, by mutual agreement, include a rollover provision in a firm transportation service agreement subsequent to November 2, 1992 in a form different from that set out in Subsection 20C. However, Transporter is not obligated to offer or agree to any rollover provisions, other than as set out in Section 20C. To the extent that Transporter offers or agrees to any such provision, it must do so on a not unduly discriminatory basis.

3. Contract Extension

Prior to the expiration of the term of a firm transportation service agreement, Transporter and Shipper may mutually agree to renegotiate the terms of such service agreement in exchange for Shipper's agreement to extend the use of at least a part of its existing service under a restructured agreement. Such restructured agreement shall be negotiated on a case-by-case basis in a not unduly discriminatory manner. If a service agreement has a Right of First Refusal, the agreement to extend must be reached prior to Transporter's posting the capacity for bidding pursuant to Section 20.B.1.

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FLORIDA GAS TRANSMISSION COMPANY, LLC  
FERC Gas Tariff  
Fourth Revised Volume No. 1

First Revised Sheet No. 320  
Superseding  
Original Sheet No. 320

GENERAL TERMS AND CONDITIONS  
(continued)

unilateral rollover term exercised by the Shipper unless such right has been extinguished under Section C herein. Except for transportation agreements in effect prior to June 1, 2000, such Right of First Refusal shall apply only to entitlement under Service Agreements at maximum tariff rates with a term of twelve consecutive months or longer. Such Right of First Refusal shall not apply to extensions of agreements in effect prior to June 1, 2000 at less than the maximum tariff rate if the re-executed agreement is not at the maximum tariff rate. If a Shipper's Agreement does not qualify for the Right of First Refusal under this Section 20, then Transporter in a not unduly discriminatory manner may agree otherwise with any such Shipper. The Right of First Refusal shall be exercised as follows:

1. Twelve months prior to the expiration of the primary term, or any exercised unilateral rollover provision, Transporter shall post the availability of such capacity for bid on its Internet website.
2. Parties interested in acquiring such capacity or any portion thereof shall be required to submit bids for such capacity during a six-month period commencing with the posting. Any bid must include the following information:
  - (a) the identity of the bidder including business address, telephone and facsimile numbers;
  - (b) the Primary Receipt and Delivery points;
  - (c) the Maximum Daily Transportation Quantity (MDTQ) requested;
  - (d) the rate schedule under which service is requested;
  - (e) the rate bid;
  - (f) the length of the term the bidder requests; and
  - (g) such other information as is required for the bid to be considered a valid request for service under the applicable rate schedule.
3. At the end of the six-month bidding period, Transporter shall provide the Shipper having the Right of First Refusal ("Existing Shipper") with notice of the terms of any bid, or bids acceptable to Transporter. Such notice shall occur within 30 days from the date that the bidding process has closed. On the date of such notice, a 30-day negotiation period shall commence.

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FERC Gas Tariff  
Fourth Revised Volume No. 1

First Revised Sheet No. 326  
Superseding  
Original Sheet No. 326

GENERAL TERMS AND CONDITIONS  
(continued)

Further, nothing in this section shall prevent Transporter from contesting an application for service filed pursuant to Section 7(a) of the Natural Gas Act. Transporter reserves the right to seek a waiver of the policy set forth herein, for good cause shown, during any proceeding before the Commission instituted under Section 7 of the Natural Gas Act.

3. On a not unduly discriminatory basis, Transporter may agree to pay for all or part of the cost incurred by Transporter for the modification or construction of taps, valves, measurement equipment, laterals, or other facilities required at receipt or delivery point(s) to effectuate the receipt from, or delivery to, Shipper of natural gas, as requested hereunder, when the construction or modification of such facilities is economically beneficial to Transporter. Notice of any such construction subsidy shall be posted on Transporter's Internet website for a period of thirty (30) days following any such agreement.

For the purposes of determining whether a project to receive or deliver gas for Shipper is economically beneficial to Transporter, Transporter will evaluate each prospective project, on a not unduly discriminatory basis, based upon, among other criteria, the cost of the facilities to be constructed for such Shipper by Transporter, the incremental operating and maintenance expenses and/or administrative and general expenses which would be attributable to the facilities, and the revenues which Transporter estimates will be generated as a result of constructing and/or modifying such facilities.

E. Execution of Service Agreements

Upon a determination by Transporter that sufficient capacity exists to provide a requested firm service under 21.B or 21.C, Transporter will make available on its Internet website to the requesting Shipper a Service Agreement in the form contained in Transporter's FERC Gas Tariff for the requested service. Shipper must execute electronically, pursuant to the procedures in Section 9.B of these General Terms and Conditions, and return such Service Agreement to Transporter within fifteen (15) days of receipt or its availability on Transporter's Internet website. Failure to execute the Service Agreement shall result in Shipper's forfeit of its allocation of capacity under 21.B. Any forfeited allocation of capacity shall be reallocated pursuant to the procedures contained herein.

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Superseding  
Original Sheet No. 327

GENERAL TERMS AND CONDITIONS  
(continued)

22. ANNUAL CHARGE ADJUSTMENT (ACA) CLAUSE

A. Purpose

The purpose of Section 22 is to establish an ACA clause as permitted by Section 154.402 of the Federal Energy Regulatory Commission (Commission) Regulations under the Natural Gas Act, which allows a natural gas pipeline company to adjust its rates annually to recover from its Shippers annual charges assessed it by the Commission under Part 382 of the Commission's Regulations.

This Section establishes an ACA unit charge to be applicable to the following rate schedules:

Rate Schedules FTS-1, FTS-WD, FTS-2, SFTS, ITS-1, and ITS-WD  
in Fourth Revised Volume No. 1

Transporter shall not recover the annual charges assessed by the Commission and recorded in FERC Account No. 928 in a NGA Section 4 rate case for any time period during which this ACA clause is in effect.

B. Basis of the ACA Unit Charge

The Rate Schedules specified in Section 22A herein shall include an ACA unit charge. Such ACA unit charge shall be that annual charge unit rate, adjusted to Transporter's pressure base and heating value, as appropriate, which shall be authorized by the Commission each fiscal year. Changes to the ACA unit charge shall be filed annually to reflect the annual charge unit rate authorized by the Commission for such fiscal year. The ACA unit charge shall be reflected in the usage rate of each of the Rate Schedules specified in Section 22A herein.

C. Filing Procedure

The notice period and proposed effective date of filings pursuant to this subsection shall meet the notice requirements of Section 154.207 of the Commission Regulations, unless for good cause shown, a lesser notice period and different effective date is allowed by valid Commission order.

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FERC Gas Tariff  
Fourth Revised Volume No. 1

First Revised Sheet No. 329  
Superseding  
Original Sheet No. 329

GENERAL TERMS AND CONDITIONS  
(Continued)

24. MISCELLANEOUS

- A. Transporter shall own any waste heat generated from pipeline or compressor operations. Such waste heat may be used to provide increased overall energy efficiency. Any jurisdictional revenue, costs, or capital investment from such activities shall be addressed in applicable certificate applications or rate proceedings.

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FERC Gas Tariff  
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FERC Gas Tariff  
Fourth Revised Volume No. 1

Second Revised Sheet No. 333  
Superseding  
First Revised Sheet No. 333

GENERAL TERMS AND CONDITIONS  
(continued)

27. FUEL REIMBURSEMENT CHARGES

The Fuel Reimbursement Charge Percentage ("FRCP") shall be the sum of the Base FRCP and any flex adjustments as provided for in subsection A.2(b) of this Section expressed as a percentage rounded to two (2) decimal places and shall be used to calculate the quantity of gas, expressed in MMBtu, to be delivered by or for the account of Shipper and accepted by Transporter at Receipt Point(s) to reimburse Transporter for actual fuel usage, actual quantities delivered to party(ies) as payment for compression services provided to Transporter, actual cash payments to electric providers incurred in the operation of electric compression, excluding cash payments to electric providers for monthly demand charges and surcharges and taxes based on such demand charges at Compressor Station No. 13A, and gas lost from the system or otherwise unaccounted for.

The Unit Fuel Surcharge shall be the sum of the Base Unit Fuel Surcharge and any interim flex adjustments, as provided for in subsection E.2. of this Section, and shall be expressed in dollars per MMBtu and shall apply to all quantities delivered under a Market Area transportation contract as determined pursuant to Section 13 of the General Terms and Conditions of this Tariff, excluding quantities which are received and delivered in Transporter's Market Area.

The FRCP shall be adjusted in accordance with this Section 27 and shall be set forth on the currently effective Sheet Nos. 7, 8, 9, 12 and 13 of this Tariff.

The Unit Fuel Surcharge shall be adjusted in accordance with this Section 27 and shall be set forth on the currently effective Sheet Nos. 7, 8, and 9 of this Tariff.

A. Filing of Fuel Reimbursement Charge Percentage

1. Effective Date

The effective date of each Base FRCP shall be April 1 and October 1.

2. FRCP Filing Procedures

a. Base FRCP

At least thirty (30) days prior to the Effective Date, Transporter shall file workpapers with the Commission setting forth the Base FRCP as determined in accordance with Section 27.B.

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FERC Gas Tariff  
Fourth Revised Volume No. 1

Second Revised Sheet No. 335  
Superseding  
First Revised Sheet No. 335

GENERAL TERMS AND CONDITIONS  
(continued)

B. Computation of Base Fuel Reimbursement Charge Percentage

The Base FRCP shall be determined semi-annually and shall be the sum of the Gas Base FRCP and the Electric Base FRCP.

1. The Gas Base FRCP shall be determined by dividing the actual fuel usage, plus actual quantities delivered to party(ies) as payment for compression services provided to Transporter, plus any lost and unaccounted for gas, less fuel retained by Transporter for Western Division deliveries, less fuel retained for quantities received and delivered in Transporter's Market Area, by the actual quantity of gas delivered by Transporter for the account of Shippers excluding all quantities delivered by Transporter in its Western Division and quantities received and delivered in Transporter's Market Area. For the purpose of this computation, actual fuel usage, actual quantities delivered to party(ies) as payment for compression services provided to Transporter, lost and unaccounted for gas and actual quantity of gas delivered by Transporter shall be those quantities related to the six-month period commencing one year prior to the effective date of the FRCP. In computing the Gas Base FRCP, Transporter may file for adjustments to actual fuel usage, actual quantities delivered to party(ies) as payment for compression services provided to Transporter, lost and unaccounted for gas or actual quantity of gas delivered to provide for known and measurable changes and to the extent Transporter proposes such adjustments, Transporter shall include supporting workpapers.
2. The Electric Base FRCP shall include the gas equivalent of cash payments made by Transporter to electric providers incurred in the operation of electric compression, excluding cash payments to electric providers for monthly demand charges and surcharges and taxes based on such demand charges at Compressor Station No. 13A. The Electric Base FRCP shall be determined by dividing the gas equivalent quantity of the projected payments to electric providers by the estimated quantity of gas delivered by Transporter for the account of Shippers excluding all quantities delivered by Transporter in its Western Division and quantities received and delivered in Transporter's Market Area. For the purpose of this computation, payments to electric providers shall be those payments related to the six-month period commencing with the effective date of each Base FRCP. The gas equivalent quantity shall be determined by dividing the projected payments to electric providers by the projected Posted Prices as defined in the balancing provisions of Section 14. Transporter shall include supporting workpapers.

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FERC Gas Tariff  
Fourth Revised Volume No. 1

Second Revised Sheet No. 338  
Superseding  
First Revised Sheet No. 338

GENERAL TERMS AND CONDITIONS  
(continued)

The quantity recorded in the Gas Deferred Fuel Account shall be the difference between (1) the product obtained by multiplying the applicable effective Fuel Reimbursement Charge Percentage by the total Market Area throughput excluding transactions where quantities are received and delivered in Transporter's Market Area, and (2) the actual quantities of gas expended for fuel usage, actual quantities delivered to party(ies) as payment for compression services provided to Transporter and lost and unaccounted for gas and any change in line pack attributable to operation of the cash-out mechanism during the billing month, less fuel retained by Transporter for Western Division deliveries and fuel retained where quantities are received and delivered in Transporter's Market Area.

For each billing month, the applicable seasonal Electric Deferred Fuel Account shall be increased or decreased by the difference between the amount received from the sale of retained fuel from the Electric Base FRCP, and actual cash payments to electric providers, including billing adjustments surcharges and taxes, incurred in the operation of electric compression; provided, however, cash payments to electric providers for monthly demand charges and surcharges and taxes based on such demand charges at Compressor Station No. 13A shall be excluded.

In no event shall the balance of a summer deferred Fuel Account be recovered in the Winter period; nor shall the balance in a Winter Deferred Fuel Account be recovered in the Summer Period.

Interest on the Deferred Fuel Account shall accrue in accordance with Section 154.501(d) of the Federal Energy Regulatory Commission's Regulations.

F. Western Division Fuel Charges

For gas delivered in Transporter's Western Division, Transporter shall retain as fuel reimbursement the sum of fuel charges by Transporting Pipelines, if applicable, plus the Fuel Reimbursement Charge Percentage listed on Sheet Nos. 12 and 13 applied on a per compressor station basis; provided, however the maximum fuel charge shall be the Current Fuel Reimbursement Charge Percentage.

G. Fuel Charges Applicable to Quantities Received and Delivered in Market Area

For gas received and delivered within Transporter's Market Area, Transporter shall retain as fuel reimbursement the Fuel Reimbursement Charge Percentage listed on Sheet Nos. 7, 8 and 9 applied to transportation of natural gas through compressor stations needed to move natural gas on a forwardhaul basis from Market Area Points of Receipt to Market Area Points of Delivery; provided however, the minimum fuel charge, including lost and unaccounted for, shall be 0.25% and the maximum fuel charge shall be the Effective Fuel Reimbursement Charge Percentage. For Backhauls from Market Area Points of Receipt to Market Area Points of Delivery, the fuel charge, including lost and unaccounted for, shall be 0.25%.

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FERC Gas Tariff  
Fourth Revised Volume No. 1

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FERC Gas Tariff  
Fourth Revised Volume No. 1

Second Revised Sheet No. 340  
Superseding  
First Revised Sheet No. 340

GENERAL TERMS AND CONDITIONS  
(continued)

28. STANDARDS OF CONDUCT COMPLIANCE

- A. Pursuant to Section 284.286(e) of the Commission's Regulations under the Natural Gas Act, 18 C.F.R. § 284.286(e), Transporter indicates that it will comply with the Standards of Conduct contained in 18 C.F.R. Part 358 of the Commission's Regulations in the manner described in the Standards of Conduct posting on Transporter's Internet website.

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FERC Gas Tariff  
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Superseding  
Original Sheet No. 504

FORM OF SERVICE AGREEMENT  
In-Line Pooling Transportation Service (continued)  
IPS

at any point(s) of receipt on Transporter's pipeline system.

5.2 The point(s) of delivery for all gas made available for delivery to Shipper by Transporter under this Service Agreement shall be Transporter's Compressor Station Nos. 7, 8, or 11.

ARTICLE VI  
Notices

All notices, payments and communications with respect to this Service Agreement shall be in writing and sent to the addresses stated below or at any other such address as may hereafter be designated in writing:

ADMINISTRATIVE MATTERS

Transporter      Florida Gas Transmission Company, LLC  
                    P.O. Box 4967  
                    Houston, Texas 77210-4967  
                    Attention: FGT Marketing Administration

Shipper

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

PAYMENT BY WIRE TRANSFER

Transporter:      Florida Gas Transmission Company, LLC  
                    NationsBank ABA No. 111000012  
                    Account No. 3750354511  
                    Dallas, Texas

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FERC Gas Tariff  
Fourth Revised Volume No. 1

Third Revised Sheet No. 510  
Superseding  
Second Revised Sheet No. 510

FORM OF SERVICE AGREEMENT  
Interruptible Transportation Service  
Market Area  
ITS-1

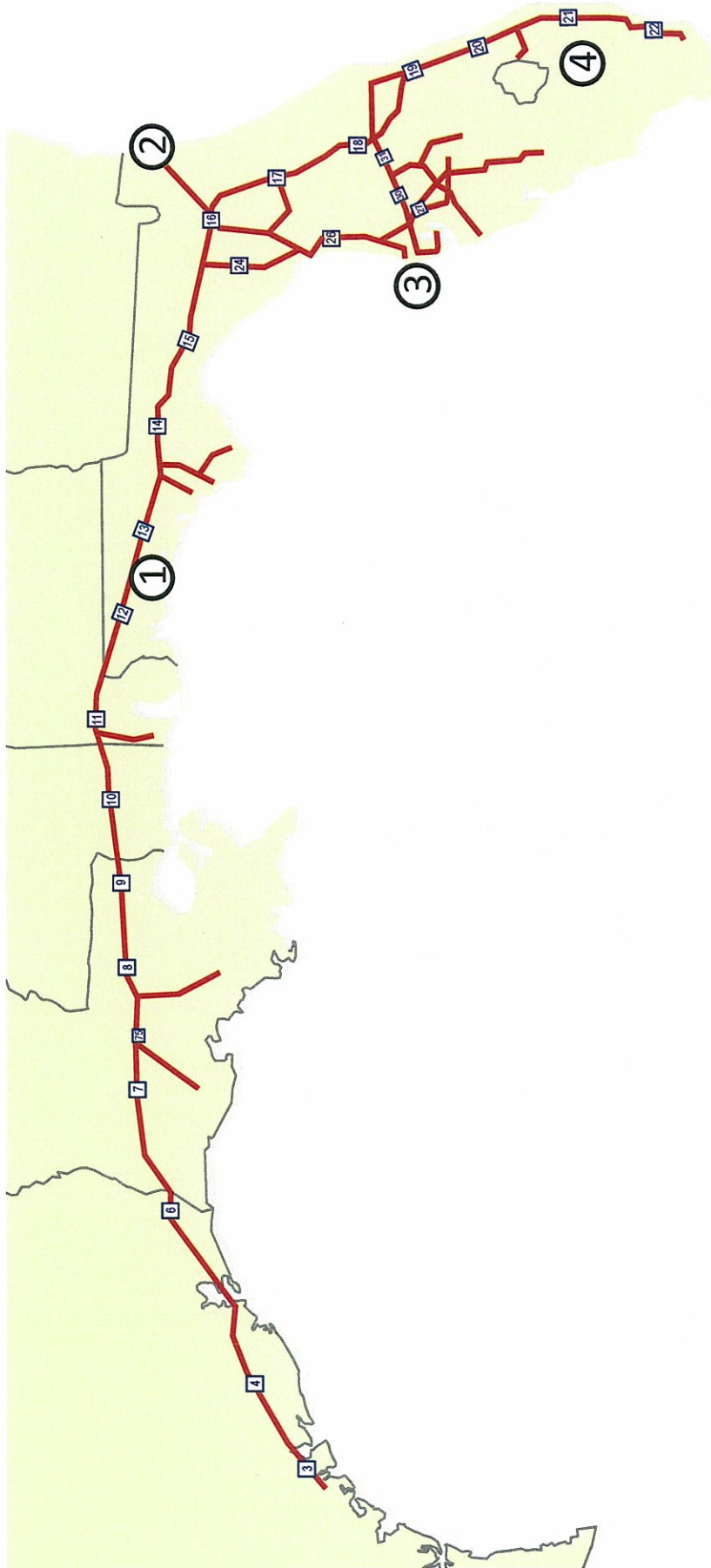
THIS TRANSPORTATION SERVICE AGREEMENT by and between Florida Gas Transmission Company, LLC, a Delaware limited liability company, ("Transporter"), and \_\_\_\_\_ ("Shipper") [or, when applicable, THIS TRANSPORTATION SERVICE AGREEMENT entered into this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by and between Florida Gas Transmission Company, LLC, a limited liability company of the State of Delaware (herein called "Transporter") and \_\_\_\_\_, as agent, for \_\_\_\_\_ ("Principals"), hereinafter individually and collectively referred to as "Shipper," which Principals meet the requirements set forth in Section 1(e) of Rate Schedule ITS-1 which is incorporated herein by reference,] covering the transportation of natural gas on an interruptible basis by Transporter for Shipper, as more particularly described in Rate Schedule ITS-1, is entered into in accordance with the following terms and conditions:

1. This transportation shall be provided pursuant to Subpart \_\_\_\_\_ of Part 284 of the Federal Energy Regulatory Commission's ("Commission") regulations. This transportation is provided on behalf of \_\_\_\_\_.
2. Quantity - Maximum Daily Transportation Quantity (MDTQ) is \_\_\_\_\_ MMBtu per day.

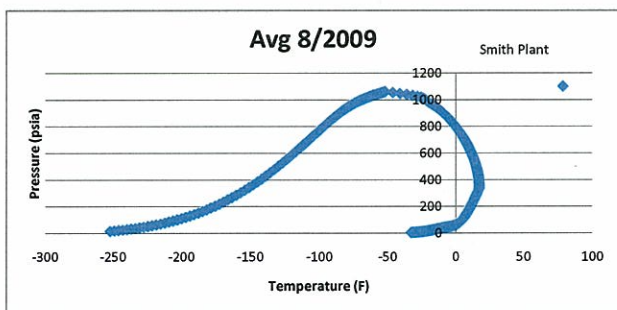
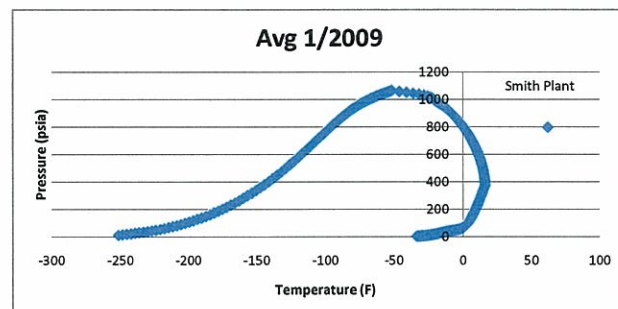
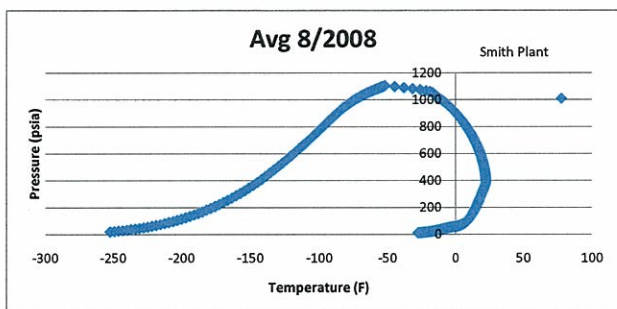
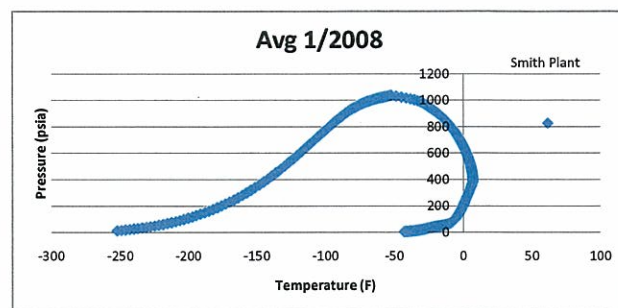
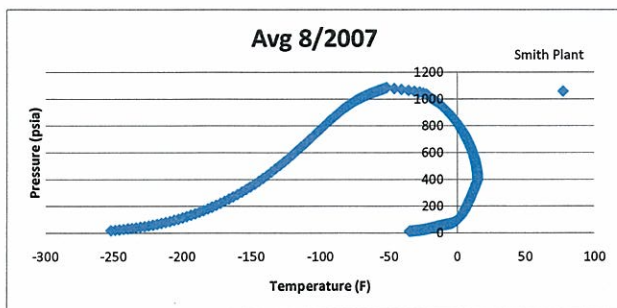
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Effective on: November 1, 2009

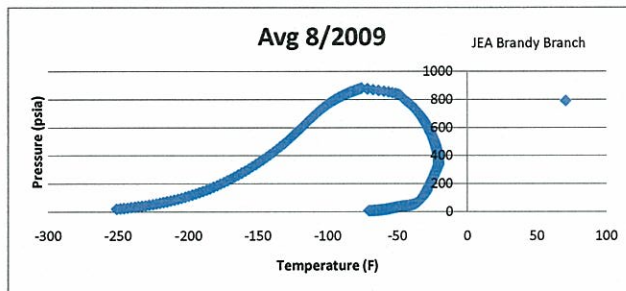
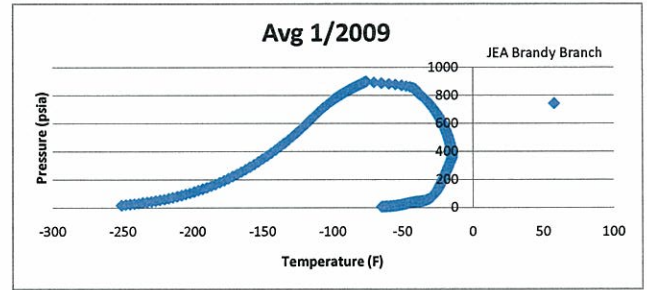
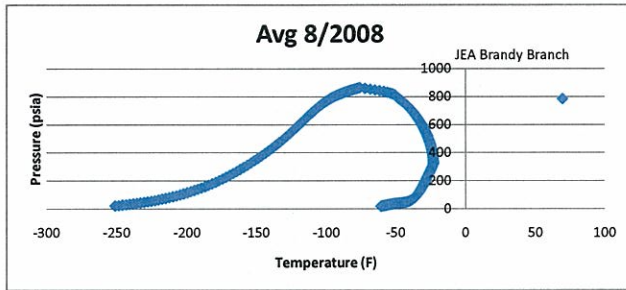
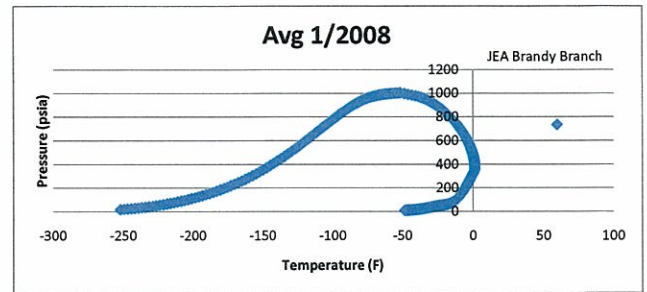
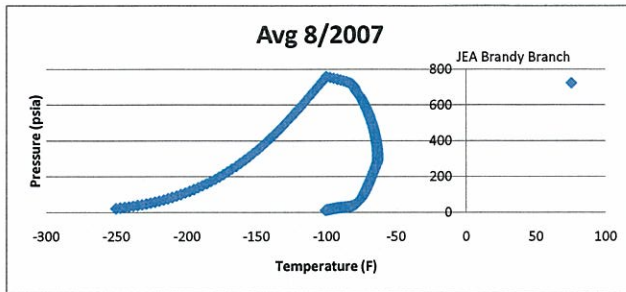
# FGT Market Area – CHDP Review Points



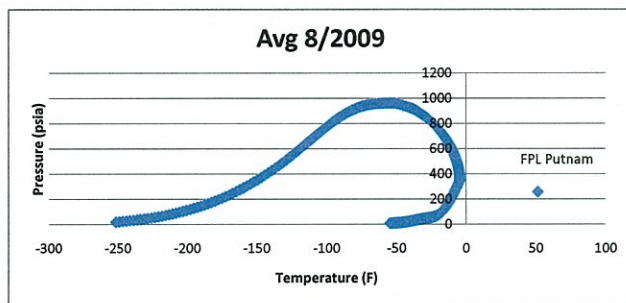
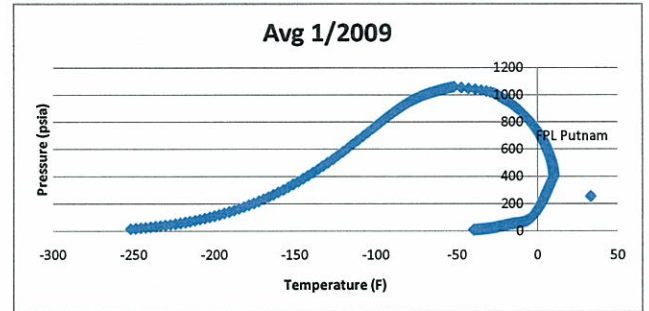
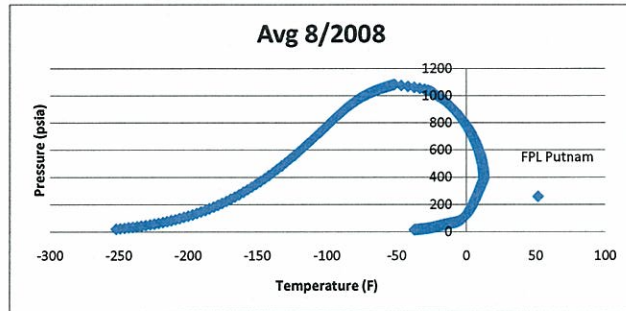
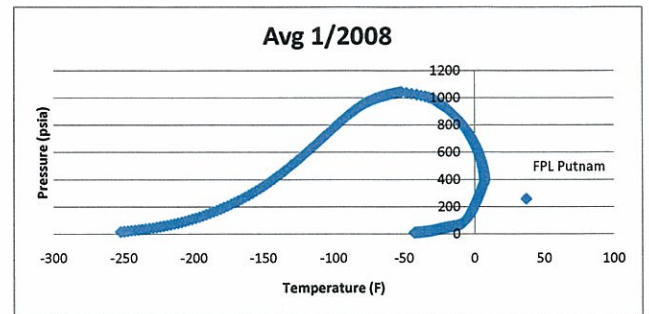
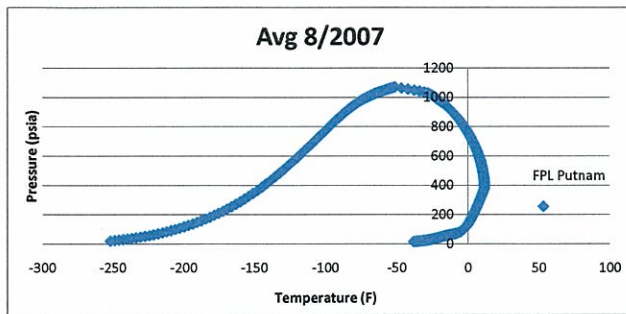
## Area 1 Gulf Power Smith Plant



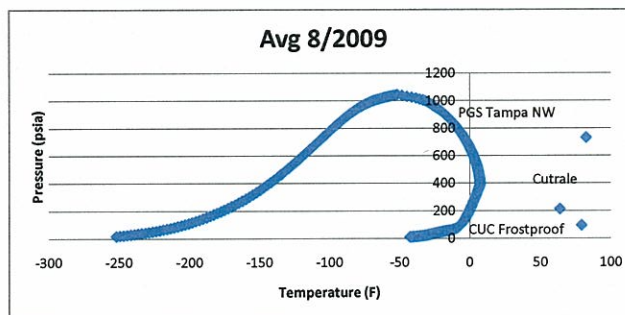
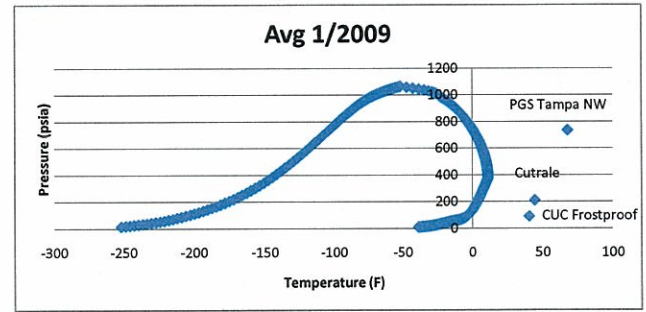
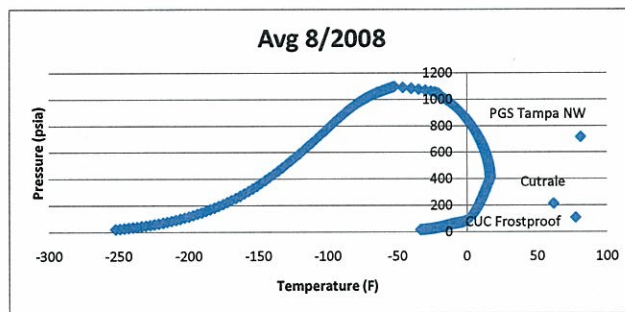
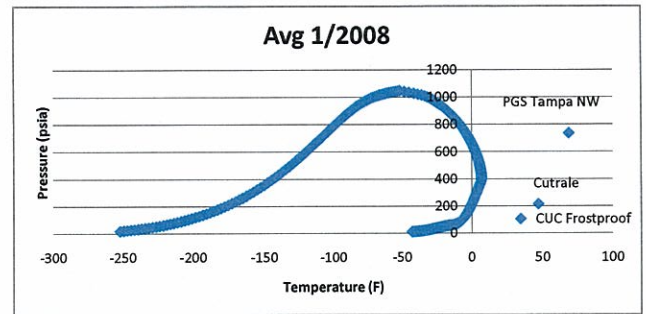
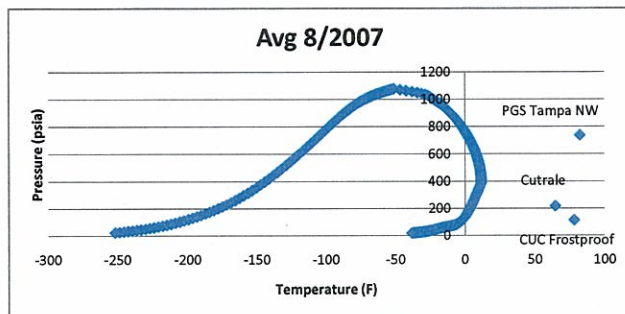
Area 2 JEA Brandy Branch



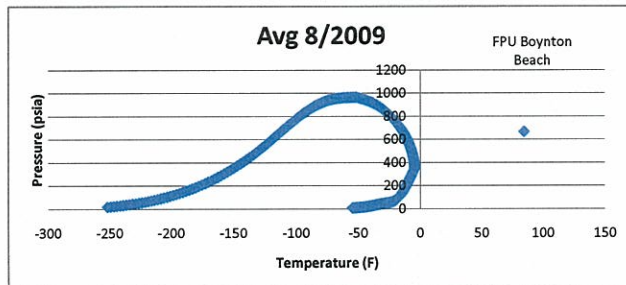
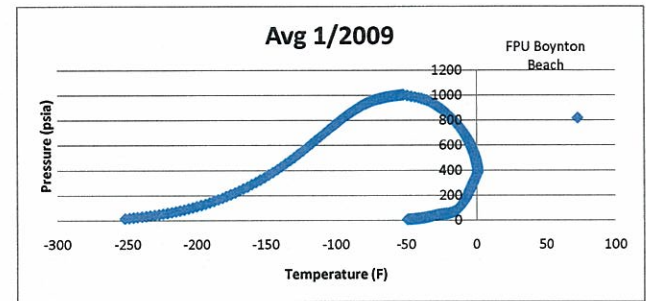
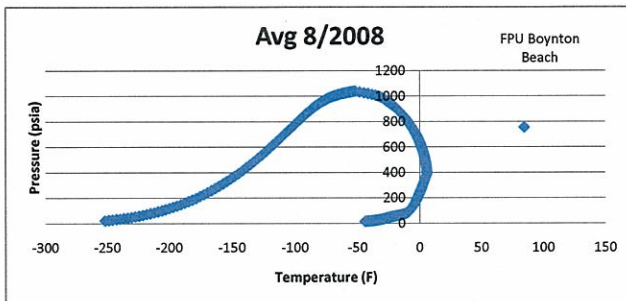
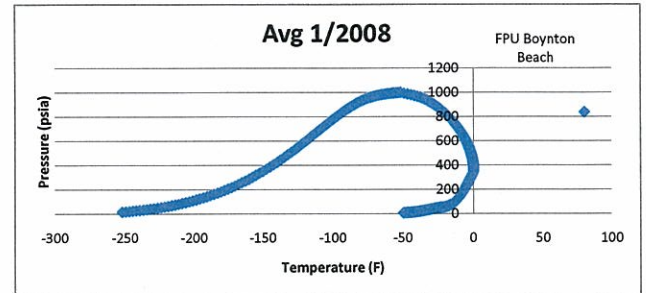
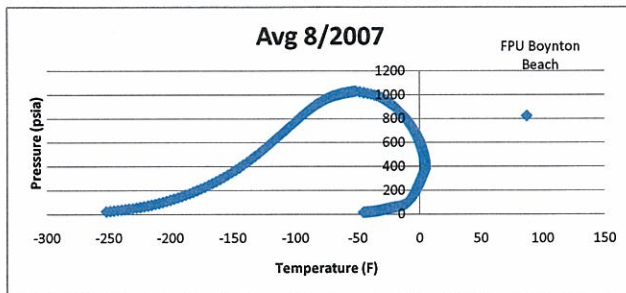
Area 2 FPL Putnam



### Area 3 PGS Tampa NW,Cutrale,CUC Frostproof



## Area 4 FPU Boynton Beach



# QUALITY SPECIFICATIONS FOR PIPELINES

Pipeline	H <sub>2</sub> S grain	Sulphur grain	Mercaps grain	CO <sub>2</sub> %	N <sub>2</sub> %	H <sub>2</sub> O #	O <sub>2</sub>	Btu - low	Btu - high	HDP	Other
PEPL	1.00	20.0		2		7	50 ppm	950	1200		
TGC	1.00	20.0		2	3	7	50 ppm	950	1200		
Fayetteville Express	0.25	20.0	20+0	2	2+2		0.10%	975	1110		
KM Interstate	0.25	5.0	1	2		7	10 ppm	950	1100	25	
NGPL	0.25	0.5	0.25	2	2+2	7	10 ppm	950	1110	15	
NNG	0.25	20.0		2		6	20 ppm	950			
Columbia Gulf	1.00	20.0		3	3+1	7	1.00%	978		15 (safe harbor)	
Transco	0.30	20.0				7		980	1100		
Southern Star	0.25	20.0		1		7	20 ppm	950	1100	40	
Texas Gas*	1.00	20.0		2		7	0.10%	967	1018	10	
ANR (SW & SE)	1.00	20.0	20+0	2	3	7	1.00%	967	1200	15	
ANR M/L	0.25	20.0	20+0	2	3	7	1.00%	967	1200	15	
Texas Eastern	0.50	10.0		3	3+1	7	0.20%	967			
Tennessee	0.25	20.0		3	3+1	7	0.20%	967	1100	15	
SR	1.00	20.0		2	3	7	1.00%	950	1150		
FGT	0.25	10.0		3		7	2500 ppm	1000			
Gulfstream	0.25	10.0		3		7	2500 ppm	1000	1075	25	
SoNat	3.00	200.0		3	3	7	1.00%	950		HDP spec as posted	
Southeast Supply Header	0.25	10.0			3	7	1.00%	1000	1075	15 (not to exceed .04% C6+)	no carbon monoxide, no halogens, no unsaturated
Gulf South	16ppm	320ppm		3	3	7	0.20%	950	1175	.20 gal pentanes and heavier	hydrocarbons, 400ppm hydrogen
										liquefiable hydrocarbons per 1000 mcf	no carbon monoxide, no halogens, no unsaturated
Gulf South Expansion Facility	16ppm	320ppm		3			0.20%	950	1110	not to exceed .21% C6+	hydrocarbons, 400ppm hydrogen
				post to 2						post down to .07% (15 degrees)	

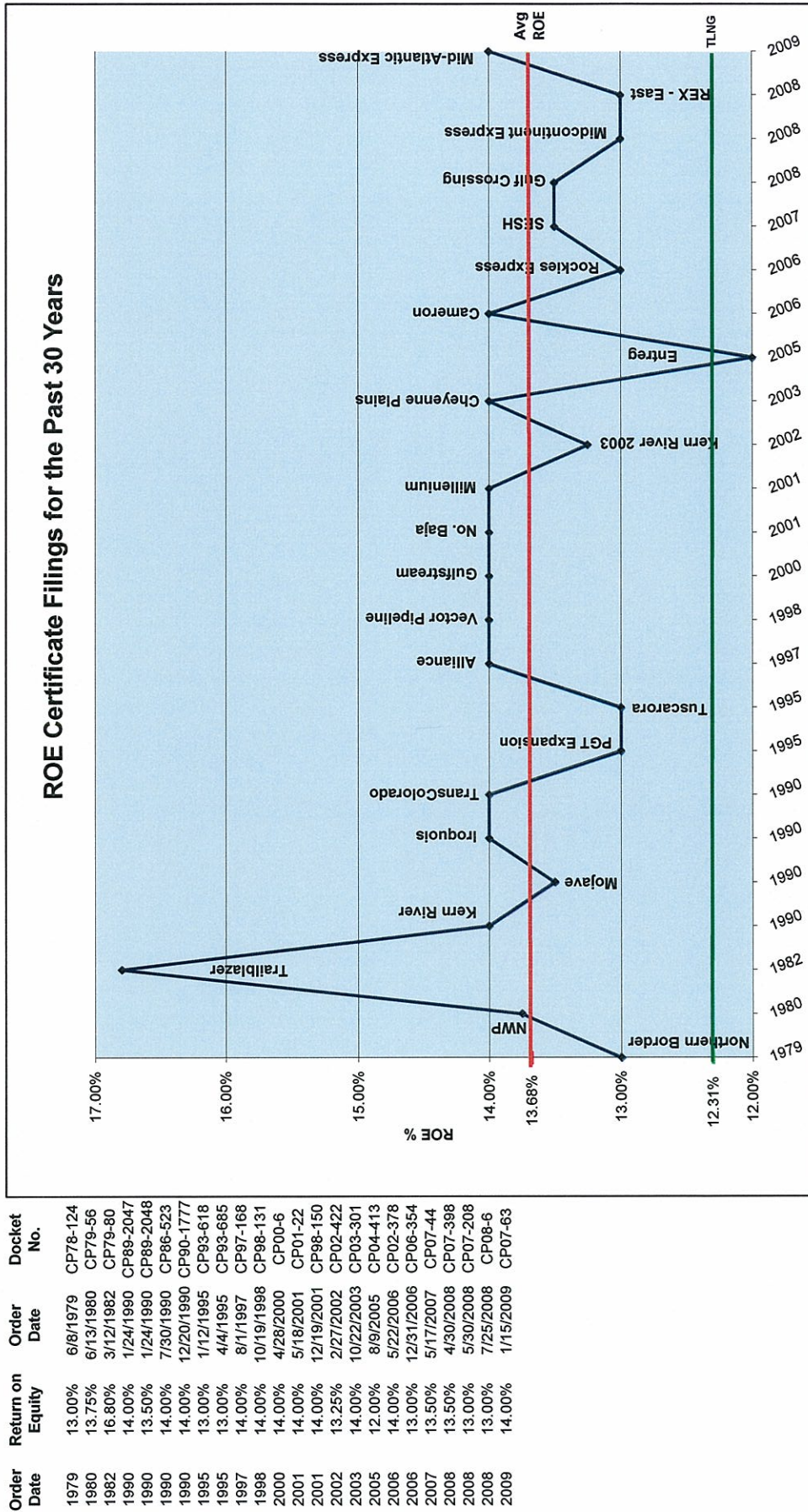
Combination cannot be more than 4%

Combination cannot be more than 20 gr.

\*HDP - N, La, KY, IN, IL / No hydrogen, not more than 4-1/2% by vol of all non-hydrocarbon gases combined

## Gulf South

\*\* "Expansion Facilities" shall mean the pipeline and associated facilities specifically identified in Docket Nos. CP06-127, CP06-446, CP07-32, and CP07-105, as Gulf South Index Nos. 816, 816-1, 817, and 818, such facilities extending from the Carthage, Texas area to Transco Station 85 in Choctaw County, Alabama, and including the facilities leased from Destin Pipeline Company, L.L.C., but excluding any non-Expansion (i.e., historical) interconnections and associated facilities, such as Gulf South Index Nos. 130 (Kosci Line) and 330 (Middle 30).



The State of Texas }  
                                      } SS.  
County of Harris }

BEFORE ME, the undersigned authority, on this day personally appeared  
Michael T. Langston, who being by me first duly sworn, on oath deposes and says:

That he is the Michael T. Langston, offering the foregoing prepared direct testimony  
and that all statements of fact contained therein are true and correct to the best of his  
knowledge, information and belief.

/s/ Michael T. Langston

Michael T. Langston

Subscribed and sworn to before me this 25<sup>th</sup> day of September, 2009.

/s/ Suzanne Samano

Notary Public

My Commission Expires:

April 6, 2010