



DEPARTMENT OF MANAGEMENT  
**SERVICES**

4050 Esplanade Way • Tallahassee, Florida 32399-0950

LAWTON CHILES, GOVERNOR

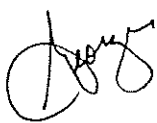
WILLIAM H. LINDNER, SECRETARY

December 11, 1995

Suite 315

MEMORANDUM NO.: 12 (95-96)

TO: Department Addressed

FROM:  George C. Banks, CPPO  
Director, Division of Purchasing

SUBJECT: State of Florida - West Florida Natural Gas  
Natural Gas Transportation Contract

Please make the following changes in the subject contract:

Delete: Page(s) 4, 8 and Exhibit "A"

Add: Page(s) 4\*, 8\*, Exhibit "A"\*\*, Exhibit "B"\*\*, Exhibit "C"\*\*  
(\* - Revised 11/29/95, \*\* - Effective 12/07/95)

Revised pages 4 and 8 clarify the applicability of this contract to varying sizes of loads, and the applicable tariff rate will be determined by the volume of gas delivered. New Exhibits "A", "B" and "C" are added to reflect the addition of Florida and Wakulla Correctional Institutions as new delivery points and define the scope of service work needed to serve the specific site(s).

Any questions or problems in delivery or service that may arise regarding this contract should be directed to Kaye Robertson at (904) 488-3158, Suncom 278-3158.

GCB/skr

(Revised 11/29/95)

responsible for payment of any and all workers' compensation insurance and unemployment, social security and other payroll taxes for such persons, including any related assessments or contributions required by law.

#### ARTICLE IV. PUBLIC RECORD

This contract may be unilaterally cancelled by DMS for refusal by WFNG to allow public access to document, papers, letters or other material made or received by WFNG in conjunction with this contract and subject to the provisions of the Public Records Act, Chapter 119, Florida Statutes. The only exceptions to this law are specific statutory exemptions, and exemptions granted by governmental agencies pursuant to the specific terms of a statutory provision. Nothing herein precludes WFNG from seeking proprietary, confidential treatment of any document or portion thereof as provided by Section 366.093 Florida Statutes and rules of the FPSC. DMS may not cancel this contract while such a request is pending or in the event a document is found to be proprietary and confidential.

#### ARTICLE V. - TRANSPORTATION ON COMPANY SYSTEM

The gas to be transported hereunder shall be delivered to WFNG at the Company's city gate: and transported to the point of delivery at the State's facilities as specified on Exhibit "A".

#### ARTICLE VI. - RATE FOR SERVICE

Each month DMS or its Designated Agent shall pay to WFNG for the following as provided by the Company's tariff:

- A. The Customer Charge associated with the applicable rate class.
- B. The transportation rate applicable to the volume of gas being transported.

(Revised 11/29/95)

property shall be on an easement furnished to WFNG by DMS. DMS shall install and maintain, at its expense, the facilities from the point of delivery of the gas delivered hereunder to the point of use in good condition at all times.

#### ARTICLE XI. - TARIFF

This Agreement in all respect shall be and remain subject to the applicable provisions of the following, which are incorporated herein by reference and made a part hereof as if fully set forth:

- A. West Florida Natural Gas Company Tariff. In the event of any conflict between this Agreement and the Tariff, this Agreement will control.
- B. Lawful rules and orders of the FPSC.
- C. Florida Gas Transmission Co. (FGT) FERC Gas Tariff.

#### ARTICLE XII. - EASEMENT

DMS will not require WFNG to transport gas to any facility which will not grant to WFNG suitable rights-of-way and easements over, on, in, or under property on which the facility is located, necessary for or incidental to the installation, maintenance and removal of local distribution or supply lines, together with all appurtenances deemed necessary or desirable by WFNG for the delivery of gas.

#### ARTICLE XIII. - CONSTRUCTION

Service to the State Facilities on Exhibit "A" may require construction of facilities. The maximum capital investment made by WFNG will be based on the Standard Tariff provisions. The State will repay WFNG the actual capital expenditures in excess of the maximum capital investment with a lump sum payment or in a mutually agreed number of monthly payments. After actual consumption figures are available for the first 12 months of service, a true-up calculation will be made and a new payment schedule prepared if there is a significant adjustment required in the amount of the payment. At the end of the payment period, a true-up calculation will be made to accurately reflect the

EXHIBIT "A"

TO

AGREEMENT FOR FIRM NATURAL GAS TRANSPORTATION SERVICE

BETWEEN

WEST FLORIDA NATURAL GAS

AND

THE STATE OF FLORIDA

Facilities to receive gas transportation services under the terms and conditions of this Agreement between the State of Florida and West Florida Natural Gas Company are:

Marion Correctional Institution

Florida Correctional Institution

Wakulla Correctional Institution

WEST FLORIDA NATURAL  
GAS COMPANY

By: James E. McIntyre  
President  
(Title)

Date: 11/30/95

DEPARTMENT OF  
MANAGEMENT SERVICES

By: George C. Barks  
Director State Purchasing  
(Title)

Date: 12/7/95

EXHIBIT "B"

TO

AGREEMENT FOR FIRM NATURAL GAS TRANSPORTATION SERVICE

BETWEEN

WEST FLORIDA NATURAL GAS

AND

THE STATE OF FLORIDA

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SCHEDULE FOR REPAYMENT OF FACILITIES CHARGES  
FOR  
FLORIDA CORRECTIONAL INSTITUTION

TERMS FOR REPAYMENT: A lump sum payment will be made by the Department of Corrections upon receipt of an invoice from West Florida Natural Gas Company for the total amount to be reimbursed. The cost estimate will be trued-up with actual post-construction costs. The Company's contribution based on four years of anticipated revenue (\$24,252) will be deducted from the trued-up cost to determine the amount to be reimbursed. The total estimated cost for extension of facilities is \$130,000. The estimated reimbursement amount is \$105,748.

WEST FLORIDA NATURAL  
GAS COMPANY

DEPARTMENT OF  
MANAGEMENT SERVICES

BY: James E. McKittrick  
President  
(Title)

BY: George C. Baul  
Director of State Purchasing  
(Title)

Date: 11/30/95

Date: 12/7/95

EXHIBIT "B"

TO

AGREEMENT FOR FIRM NATURAL GAS TRANSPORTATION SERVICE

BETWEEN

WEST FLORIDA NATURAL GAS

AND

THE STATE OF FLORIDA

SCHEDULE FOR REPAYMENT OF FACILITIES CHARGES  
FOR  
WAKULLA CORRECTIONAL INSTITUTION

TERMS FOR REPAYMENT: Payments will be made by the Department of Corrections (DC) upon receipt of appropriate invoices from West Florida Natural Gas Company (WFNG). A partial payment will be made upon receipt of an invoice for materials purchased and received by WFNG. The balance of the approved reimbursable cost will be paid upon receipt of an invoice when the job is completed. The cost estimate will be trued-up with actual post-construction costs. The Company's contribution based on four years of anticipated revenue (\$71,573) will be deducted from the trued-up cost to determine the amount to be reimbursed. The total estimated cost for extension of facilities is \$406,900. The total estimated reimbursement amount is \$335,327.

WEST FLORIDA NATURAL  
GAS COMPANY

BY:

*James E. McIntyre*  
*President*

(Title)

DEPARTMENT OF  
MANAGEMENT SERVICES

BY:

*George C. Baub*  
*Director State Purchasing*

(Title)

EXHIBIT C  
TO  
AGREEMENT FOR FIRM NATURAL GAS TRANSPORTATION SERVICE  
BETWEEN  
WEST FLORIDA NATURAL GAS  
AND  
THE STATE OF FLORIDA  
FOR  
FLORIDA CORRECTIONAL INSTITUTION

This Exhibit C, known as the "Facilities Charge Agreement" is entered into this 7<sup>th</sup> day of Dec. 1995 between West Florida Natural Gas (WFNG) and the State of Florida, Department of Management Services (DMS) and Department of Corrections (DC) and is made a part of the basic Transportation Agreement; and will become effective on the date signed by all parties and will remain effective until all reimbursement obligations are satisfied through monthly payments or through termination provisions.

WHEREAS, WFNG is willing to provide the financial resources necessary to accomplish the installation of the new on-site gas lines and for the conversion of the boilers and other equipment to use natural gas, and;

WHEREAS, WFNG is willing to arrange for the service line and conversion work, and;

WHEREAS, DC wants to obtain natural gas service connections and equipment conversion using WFNG resources, and

WHEREAS, DC wants to repay WFNG for its share of the natural gas service start-up costs on a lump sum basis, after the true-up costs are identified and mutually agreed.

Therefore, the Parties agree to the following:

#### ARTICLE I - SCOPE AND DURATION

The scope of the work to be performed and subject to partial reimbursement by the State under this Exhibit will include: the installation of on-site piping for natural gas to boiler rooms and other facilities; the installation of replacement burners and controls as necessary to convert existing oil and LPG fired boilers and other equipment to natural gas; provision of manufacturers equipment literature, operating instructions and spare parts lists for any new equipment installed as a part of the conversion work; newly converted equipment start-up and walk through inspection with site maintenance personnel; flue gas analysis for each item of equipment converted to burn natural gas; and arrangements for a 90-day construction guarantee and a 12-month warranty on equipment and materials provided. All on-site work must comply with the applicable safety codes and manufacturing standards. We understand that the Company will perform part of the work with its own personnel and part of the work will be accomplished by a subcontractor selected by the Company. The Company will be responsible for the quality of work and actions of its subcontractors.

It is envisioned that the material acquisition and installation work will require 90-120 days after the parties sign this Exhibit. It is intended WFNG will provide detailed cost information after construction is completed to verify the actual cost of the agreed scope of work. DC will reimburse the Company for the portion of the costs DC is responsible for with a single lump sum payment upon receipt of an invoice at the agreed amount. The estimated cost for the site conversion to burn natural gas at FCI is identified in an appropriate Exhibit B to the basic Agreement.

## ARTICLE II - SPECIAL CONDITIONS

Since the State will be responsible for paying for part of the site conversion cost, the Company will provide the State with evidence of their cost to accomplish the on-site piping and equipment conversion work, which may include detailed cost estimates, equipment and material orders and invoices, detailed bid information from subcontractor and other information that may be appropriate. Based on the mutually agreed cost of on-site work for conversion to natural gas and the Company's estimate of annual revenue as it applies to their maximum allowable investment for new facilities, the State's share of the conversion cost will be established. All costs associated with the cost of conversion and the State's repayment will be subject to audit. Since the Company's maximum allowable investment is dependent on four years of anticipated revenue, and the sites consumption cannot be accurately determined at the time this Exhibit is signed, there will be a "true-up" calculation after 12 months of actual consumption data is available and again at the end of the four-year reimbursement period. If a significant adjustment is required after the first 12-month period, a new Payment Schedule will be developed and made a part of this Exhibit. If there has been under payment, the remaining amount owed will be paid on subsequent monthly

billings in amounts not to exceed the monthly payment paid during previous months. If there is over payment at the end of the four-year repayment period, the excess amount will be reimbursed through credit to the monthly bill during a period not to exceed six months. In the event of termination of this Exhibit or the basic Transportation Agreement, the State will pay the remaining amount at the time of termination.

### ARTICLE III - WORKING CONDITIONS

All on-site work will be subject to strict compliance with DC entry and security procedures. The Company and any sub-contractor/s will have an initial coordination meeting with site personnel to establish points of contact, review site operating procedures, clarify site entry and security procedures, and work out a schedule that will not conflict with other site activities and is acceptable to all parties. Follow-on meetings will be scheduled as needed. The site personnel will locate existing underground piping and cables to assist with the installation of new gas pipe lines. Unless otherwise agreed in writing, the Company will turn over to the site Maintenance Superintendent, at a designated location, all equipment, components and materials removed as a part of this gas conversion project. It is envisioned that site maintenance personnel will accompany conversion contract workers in many of the work locations to observe the work and prepare themselves for their follow-on maintenance task. Any hazardous or otherwise unsafe conditions that are observed by the Company or its subcontractor(s) will be immediately reported to the site Maintenance Superintendent.

Final inspection and acceptance will be accomplished by site maintenance personnel following completion of the conversion work and a demonstration of the proper operation of the new burners and controls. Final acceptance cannot be signed off until the site is provided with copies of flue gas analysis and the delivery of manufacturers literature, operating instructions and spare parts lists.

WEST FLORIDA NATURAL  
GAS COMPANY

BY: James E. McHugh  
President

(Title)

Date: 11/30/95

DEPARTMENT OF  
MANAGEMENT SERVICES

BY: Doyle C. Banks  
Director of State Purchasing

(Title)

Date: 12/7/95

DEPARTMENT OF CORRECTIONS

BY: [Signature]  
Asst. Sec. Omb

(Title)

(Date) 12/7/95