

State of Florida



Public Service Commission

-M-E-M-O-R-A-N-D-U-M-

DATE: October 1, 1996
TO: All Parties and Interested Persons
FROM: Beth Culpepper, Attorney, Bureau of Electric and Gas *BC*
RE: Docket No. 960725-GU - Unbundling of Natural Gas Resources.

Attached is the agenda and list of issues for discussion at the Gas Unbundling Workshop scheduled for October 21 and 22. We look forward to your participation.

BC/js

- ACK _____
- AFA _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG _____
- LEG _____
- LIN _____
- OPC _____
- RCH _____
- SEC 1
- WAS _____
- OTH _____

DOCUMENT NUMBER-DATE
 10513 OCT-1 88
 FPSC-RECORDS/REPORTING

FLORIDA PUBLIC SERVICE COMMISSION
Unbundling of Natural Gas Services
Docket No. 960725-GU
Staff Workshop #2
October 21 - 22, 1996

A G E N D A

October 21, 1996

- 9:30 - 9:45 General Comments
Cheryl R. Bulecza-Banks, Chief, Bureau of Gas Regulation
- Overview of Issues to be discussed at Staff Workshop #2
Wayne R. Makin, Economic Analyst, Bureau of Gas Regulation
- 9:45 - 11:00 Discussion of Issues by all parties
- 11:00 - 11:15 Break
- 11:15 - 12:00 Discussion of Issues by all parties
- 12:00 - 1:30 Lunch
- 1:30 - 3:00 Discussion of Issues by all parties
- 3:00 - 3:15 Break
- 3:15 - 5:00 Discussion of Issues by all parties

October 22, 1996

- 9:30 - 11:00 Discussion of Issues by all parties
- 11:00 - 11:15 Break
- 11:15 - 12:00 Discussion of Issues by all parties
- 12:00 - 1:30 Lunch
- 1:30 - 3:00 Discussion of Issues by all parties
- 3:00 - 3:15 Break
- 3:15 - 4:30 Discussion of Issues by all parties
- 4:30 - 5:00 Comments and identification of any unresolved issues to be included in Staff Workshop #3

I S S U E S

BALANCING

16. Should the LDC be required to file balancing tariffs that establish a period when transportation customers can balance deliveries into and out of the utility's system? (Staff)
17. Should the LDC be allowed to issue Operational Flow Orders and impose special volume conditions and/or balancing provisions in case of system emergencies and capacity constraints? (Staff)
18. Should the LDC be allowed to impose penalties when a customer fails to balance deliveries and withdrawals within an established time frame? (Staff)
19. Should the LDC be required to institute a tolerance range for purposes of setting the threshold before an Operational Flow Order is issued? (Staff)
20. Should balancing obligations, costs and penalties be based on a "no harm/no foul" principle? (Staff)
21. Should the LDC be allowed to impose metering requirements on the transportation customers to ensure the LDC remains in balance with the pipeline? (Staff)
22. Should the LDC be allowed to vary the metering requirements between classes? (Staff)
- 7
23. Should the LDC be required to institute: (Staff)
 - hourly flow limitations
 - mid-day nominations
 - no notice service
 - monthly cash out provisions
 - transportation nomination rules
 - delivery point allocation rules
24. Should the LDC's be permitted to establish non-performance penalties to be levied on suppliers, marketers, or brokers who create imbalance situations for the LDC? (AGDF)
25. Should each LDC have the discretion to establish nomination and balancing procedures? If so, should third party suppliers be required to abide by these procedures? (City Gas)

26. Should shippers erring on the side of caution and being out of tolerance in the "right" direction and that "help" the LDC's system during operational controls be rewarded? (CNB Olympic)

Remaining issues will be discussed at the final workshop.

MARKETERS AND AFFILIATED MARKETERS

33. Should the LDC's be allowed to charge the marketers penalties for any daily over or under deliveries? (Staff)
34. Should the LDC be required to develop eligibility policies/standards to evaluate potential marketers? (Staff)
35. Should the Commission initiate rulemaking to establish guidelines for utilities with marketing affiliates? (Staff)
36. Should the LDC's be able to establish creditworthiness standards to ensure the financial capability of suppliers, marketers, and brokers? (City Gas)

STRANDED INVESTMENT

37. Should the LDC be allowed to require transportation customers to take capacity held by the LDC? (Staff)
38. Should the LDC be allowed to require marketers to pay the maximum rate for capacity purchased from and LDC? (Staff)
39. Should the LDC be allowed to require an exit fee payment when a customer chooses to use third party capacity? (Staff)
40. Should the LDC be required to make permanent relinquishments of unused capacity at max rates to lessen stranded capacity costs? (Staff)
41. Should the LDC be allowed to institute a temporary Capacity Realignment Adjustment to recoup the LDC's stranded capacity costs? (Staff)
42. Should the LDC's require interruptible customers to pick up released firm FGT capacity from the native LDC as a prerequisite to transportation service? (CNB Olympic)

C O M P O S I T E I S S U E S

OBLIGATION TO SERVE /SERVICE OFFERINGS

1. Should the Local Distribution Company (LDC) be required to be the supplier of last resort? (Staff)
2. Should the LDC be required to offer transportation service to all classes of customers? (Staff)
3. Should the LDC have the obligation to offer back-up or no-notice for firm transportation customers? (Staff)
4. Should the LDC be relieved of its obligation to transport if the customer fails to secure firm supplies or back-up service? (Staff)
5. Should the LDC be allowed to use transportation Customers' gas in critical need situations? (Staff)
6. Should LDC's be allowed to curtail gas service to a firm transportation customer who has demonstrated that their gas supply arrived at the city gate? (Staff)
7. Should the LDC be allowed to require transportation customers using gas for "essential human needs" to contract for standby service? (Staff)
8. Should the LDC be required to offer customers the ability to combine unbundled and bundled services? (Staff)
9. Should the LDC's be permitted to stream gas on a competitive basis using a negotiated rate? (AGDF)
10. Should all LDC's be subject to unbundling? (Chesapeake Utilities)
11. Should all LDC services be performed pursuant to filed tariffs and should any desired rate flexibility be effected under a filed rider? (CNB Olympic)
12. Should the LDC's have the right to unilaterally terminate transportation agreements without cause? (CNB Olympic)
13. Should LDC's be required to "act reasonable" and should "sole discretion" provisions in the tariffs read "reasonable discretion"? (CNB Olympic)

14. Should the LDC be allowed to require a waiting period to transportation customers wanting to return to bundled services? (Staff)
15. Should the price for LDC transportation service be based on cost of service principles? (Staff)

BALANCING

16. Should the LDC be required to file balancing tariffs that establish a period when transportation customers can balance deliveries into and out of the utility's system? (Staff)
17. Should the LDC be allowed to issue Operational Flow Orders and impose special volume conditions and/or balancing provisions in case of system emergencies and capacity constraints? (Staff)
18. Should the LDC be allowed to impose penalties when a customer fails to balance deliveries and withdrawals within an established time frame? (Staff)
19. Should the LDC be required to institute a tolerance range for purposes of setting the threshold before an Operational Flow Order is issued? (Staff)
20. Should balancing obligations, costs and penalties be based on a "no harm/no foul" principle? (Staff)
21. Should the LDC be allowed to impose metering requirements on the transportation customers to ensure the LDC remains in balance with the pipeline? (Staff)
22. Should the LDC be allowed to vary the metering requirements between classes? (Staff)
23. Should the LDC be required to institute: (Staff)
 - hourly flow limitations
 - mid-day nominations
 - no notice service
 - monthly cash out provisions
 - transportation nomination rules
 - delivery point allocation rules
24. Should the LDC's be permitted to establish non-performance penalties to be levied on suppliers, marketers, or brokers who create imbalance situations for the LDC? (AGDF)

25. Should each LDC have the discretion to establish nomination and balancing procedures? If so, should third party suppliers be required to abide by these procedures? (City Gas)
26. Should shippers erring on the side of caution and being out of tolerance in the "right" direction and that "help" the LDC's system during operational controls be rewarded? (CNB Olympic)

AGGREGATION

27. Should LDC's be required to have aggregation tariffs? (Staff)
28. Should capacity releases to aggregators be subject to recall to correct any mismatch between customer load and assigned capacity outside a determined tolerance? (Staff)
29. Should aggregators become the customer of the LDC, rather than the individual customer whose loads are being aggregated? (AGDF)
30. Do LDC's tell suppliers, marketers, and brokers how much gas to deliver into LDC's system for aggregation customers, or do the suppliers, marketers, and brokers tell the LDC how much gas they are delivering? (a) How are imbalances handled and (b) who has financial responsibility? (AGDF)
31. Should aggregators be able to order transportation service by phone or simply ask their agents to take care of the details of arranging service? (CNB Olympic)
32. Should aggregators be afforded the same load management tools used by the LDC in its capacity as supplier of bundled sales service: (CNB Olympic)
 - hold the upstream capacity of their customers, if asked to do so
 - receive and pay their customer's transportation bills
 - balance all their customers' usage as one pool
 - choose to have all LDC penalties and operational orders direct at their pools, rather than their customers
 - aggregate any collection of customers
 - aggregate upstream capacity for the purpose of submitting one city gate nomination for their customers

MARKETERS AND AFFILIATED MARKETERS

33. Should the LDC's be allowed to charge the marketers penalties for any daily over or under deliveries? (Staff)

34. Should the LDC be required to develop eligibility policies/standards to evaluate potential marketers? (Staff)
35. Should the Commission initiate rulemaking to establish guidelines for utilities with marketing affiliates? (Staff)
36. Should the LDC's be able to establish creditworthiness standards to ensure the financial capability of suppliers, marketers, and brokers? (City Gas)

STRANDED INVESTMENT

37. Should the LDC be allowed to require transportation customers to take capacity held by the LDC? (Staff)
38. Should the LDC be allowed to require marketers to pay the maximum rate for capacity purchased from an LDC? (Staff)
39. Should the LDC be allowed to require an exit fee payment when a customer chooses to use third party capacity? (Staff)
40. Should the LDC be required to make permanent relinquishments of unused capacity at max rates to lessen stranded capacity costs? (Staff)
41. Should the LDC be allowed to institute a temporary Capacity Realignment Adjustment to recoup the LDC's stranded capacity costs? (Staff)
42. Should the LDC's require interruptible customers to pick up released firm FGT capacity from the native LDC as a prerequisite to transportation service? (CNB Olympic)

BILLING AND RATES

43. Which dollars would flow to PGA customers, and which services would remain subject to the PGA? (AGDF)
44. Should the LDC's have the discretion to bill the customer in one of two ways: (a) Company bills distribution and commodity components, or (b) Company bill distribution component, supplier bills commodity component. (AGDF)
45. Should the PSC adjust rates to parity before requiring further unbundling of LDC's? (AGDF)

OTHER ISSUES

46. Should the LDC be required to unbundle meter reading, billing, and collection service? (Staff)
47. Should the LDC be required to file unbundled tariffs within 90 days of the issuance of a Commission Order on unbundling? (Staff)
48. Who is responsible for tax collection remittance, who is responsible for bad debts and collections, etc.? (AGDF)
49. Who is responsible for the costs of educating customers about transportation; LDC's, marketers, state government? (AGDF)
50. Should LDC's be permitted to recover costs of educating customers, if they are required to perform that service? (AGDF)
51. Should the FERC Gas Tariff of Florida Gas Transmission (FGT) be used as an unbundled tariff model? (CNB Olympic)
52. Should the LDC's start-up issues allow for implementation of procedural requirements (such as paperwork, metering, initial eligibility limitations, access fees, and mandatory agreements) if they act as barriers to service? (CNB Olympic)
53. Should supplier's competitively sensitive information, such as upstream contracts, remain confidential? (CNB Olympic)
54. Should LDC unbundled rates be held confidential to prevent the marketer/broker a competitive advantage? (Staff)
55. What types of alternative regulation of unbundled rates should take place to allow unbundled service to "stand alone" from continued regulation of bundled customer services? (Staff)
56. Should the Commission mandate intensive technical conferences on each LDC's unbundling proposal: involving all interested parties? (CNB Olympic)
57. Should there be mandatory review of unbundled tariffs: Should there be a plan to come back and fine-tune tariffs implemented? (CNB Olympic)
58. Should the large customers simply be deregulated? (AGDF)
59. What issues are involved with total deregulation; cost allocation, tax collection and remittance, conflict resolution, etc.? (AGDF)

60. Should the PSC use a different, lighterhanded regulation for small LDC's as they move to unbundle services and to increase transportation? (AGDF)
61. Should the PSC permit greater discretion to LDC's in setting rates for commercial and industrial rates? (AGDF)
62. Should the PSC allow LDC's greater flexibility in setting unbundled transportation rates? (AGDF)
63. Should the Legislature equalize tax levies on all suppliers? (AGDF)
64. Should municipals with their different state and federal tax treatments, be scrutinized when acting as a marketer outside of their municipal territory and competing with unbundled, FPSC-regulated LDC market affiliates and independent natural gas marketers? (CNB Olympic)
65. Should the Legislature (or perhaps the PSC) set requirements for financial capability of suppliers, marketers, and brokers? (AGDF)
66. Should the Legislature give the PSC authority to pre-qualify suppliers, marketers, and brokers? (AGDF)