



ORIGINAL
FILE COPY

SEBRING GAS SYSTEM, INC.

3515 U.S. Hwy. 27, South
Sebring, FL 33870-5452
(941) 385-0194

October 8, 1996

Ms. Blanca S. Bayo
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Fl 32399-0850

RE: FPSC Docket No. 960725-GU

Dear Ms. Bayo:

Enclosed please find the Original and 15 copies of Sebring Gas System's Responses Pertaining to Issues in the above referenced docket.

If you have any questions concerning the PGA information, please feel free to contact me.

Sincerely,

Jerry H. Melendy, Jr.
Sebring Gas System, Inc.

| | |
|-----|------------------|
| ACK | _____ |
| AFA | _____ Enclosures |
| APP | _____ |
| CAF | _____ |
| CMU | _____ |
| CLP | _____ |
| FAO | _____ |
| LES | _____ |
| LIV | _____ |
| OLC | _____ |
| RCN | _____ |
| SEC | _____ |
| WAS | _____ |
| OTH | _____ |

10841
OCT 10 1996

DOCUMENT NUMBER-DATE

10841 OCT 10 96

FPSC-RECORDS/REPORTING

RESPONSES OF
SEBRING GAS SYSTEM, INC.
PERTAINING TO ISSUES
ADDRESSED AT THE
UNBUNDLING WORKSHOP
AUGUST 22-23, 1996
DOCKET NO. 960725-GU

DOCUMENT NUMBER-DATE

10841 OCT 10 88

#PSC-RECORDS/REPORTING

OBLIGATION TO SERVE AND SERVICE OFFERINGS

1. Should the LDC be required to be the supplier of last resort?

Sebring Gas System, Inc. (Sebring), believes that the LDC should NOT be required to be the supplier of last resort. However, in keeping with the LDC's desire to serve its customers, Sebring understands there may be times when the gas supply for the customer may not arrive on a timely basis, causing the LDC to be the supplier of last resort. Being the supplier of last resort, in this case, should not negatively impact the LDC or its customers.

2. Should the LDC be required to offer transportation service to all classes of customers?

Sebring believes the unbundling of all classes of customers should be conducted at a slow pace, especially the small commercial and residential customers. Sebring prefers to not have its customers (small commercial and residential) unbundled but realizes it may be a reality. In any case, the unbundling of any service should not negatively affect the customer or utility.

3. Should the LDC have the obligation to offer backup or no-notice service for firm transportation?

Sebring believes the LDC should NOT be obligated to offer backup or no-notice service for any class of customer. However, as indicated in the answer to question number one, the LDC may have to perform certain functions, in providing the best service for its customers. Also as indicated, providing service for a class of customers should not negatively affect any other customers or the utility.

4. Should the LDC be relieved of its obligation to transport if the customer fails to secure firm suppliers or back-up service.

Sebring believes that the LDC should be relieved of an

OBLIGATION to transport if the customer fails to secure firm suppliers or back-up service. The LDC will then be free to negotiate for service to the customer, which may include gas delivered at current prices, service fees or fees to the non-delivering marketer.

5. Should the LDC be allowed to use transportation customers' gas in critical need situations?

Sebring believes that there may be certain situations in which it may be necessary for transportation gas to be transferred from one class of customer to a customer of higher priority. But these situations must be true critical needs, such as system conditions beyond control and for a limited period of time. No economic reasons should be the driving force behind the curtailment of certain customers. Any costs incurred by customers whose supply has been taken should be reimbursed for those costs.

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?

Sebring believes the LDC should be allowed to curtail services to firm customers, but only in critical need situations, as discussed in the previous question.

7. Should the LDC be allowed to require transportation customers using gas for essential human needs to contract for standby service?

Sebring believes the LDC should be allowed to exercise the option to require a transportation customer to make arrangements for standby service. However, the arrangement may or may not be through the LDC.

8. Should the LDC be required to offer customers the ability to

combine unbundled and bundled services?

Sebring believes the LDC should not be REQUIRED to offer bundled and unbundled service, but should have the authority to do so, if the practice is feasible for the utility, such as a transition from bundled to unbundled service.

9. Should the LDC be permitted to stream gas on a competitive basis using a negotiated rate?

Sebring is in favor of streaming and believes that streaming may be a tool used to retain existing customers. The use of streaming to attempt to be competitive, should be outside of the PGA, both in the billing pricing and collecting areas.

10. Should all LDC's be subject to unbundling?

Sebring does not believe that all LDC's should be subject to unbundling. Unbundling may require more accounting, billing, expertise, time and money for small LDC who have most functions of the gas business performed by a small number of employees. The savings, if any, both real and imagined, to the small residential customer may not outweigh the benefits to the customer. Unbundling should be an option of the small LDC, which would be determined by management of the LDC. If unbundling is to become a reality for the small LDC, the time of transition should be delayed.

11. Should all LDC services be performed pursuant to filed tariffs and should any desired rate flexibility be effected under a filed rider?

Sebring believes services allowed the Public Service Commission which are construed as monopolistic and therefore should be included in the filed tariff. However, the LDC should have an avenue granted to them to be competitive, in a manner afforded an electric utility.

12. Should the LDC's have the right to unilaterally terminate

transportation agreements without cause?

Sebring believes every action should have cause. This cause for termination of transportation agreements should be defined in the filed tariff.

13. Should LDC's be required to "act reasonable" and should "sole discretion" provisions in the tariffs read "reasonable discretion"?

The tariff is the law. "Reasonable" is relative.

14. Should the LDC be allowed to require a waiting period for transportation customers wanting to return to bundled services?

Sebring believes the LDC should be allowed to require a waiting period. When a customer leaves the LDC as a firm customer, there may be a situation of no firm capacity for the customer when the customer returns. Also, a waiting period may act as a deterrent to the customer in switching between transportation and bundled services, to gain a price advantage.

15. Should the price for transportation service be based on cost of service principles?

Sebring believes the price for transportation service should be based on cost of service principle, as is other regulated services.

AGGREGATION

27. Should LDC's be required to have aggregation tariffs?

Sebring believes LDC's should not be required to have aggregation tariffs. Sebring also believes unbundling should be an option for small LDC's or at least delay the time for unbundling.

28. Should capacity releases to aggregation be subject to recall to correct any mismatch between customer load and assigned capacity outside a determined tolerance?

Sebring believes it is important that the LDC have the ability to recall capacity that has been assigned to a transporter, especially when the integrity of the LDC's system is an issue. This situation may occur if too much capacity is assigned the transportation customer and the customer uses the capacity off system.

29. Should aggregators become the customer of the LDC, rather than the individual customer whose loads are being aggregated.

Sebring believes the traditional customer would remain a customer, simply due to the fact the LDC is continually providing a service to the traditional customer. Some of these services are: Providing emergency services, gas leaks and surveys, the giving of information pertaining to natural gas safety and service. The aggregators may or may not be designated as a customer but will have a relationship with the LDC through contracts, agreements or tariff requirements.

30. Do LDC's tell suppliers, marketers and brokers how much gas to deliver into LDC's system for aggregation of customers, or do the suppliers, marketers and brokers tell the LDC's how much gas they are delivering? How are imbalances handled and who has financial responsibility to whom?

Sebring believes that nominations should be made to the LDC's by the aggregators with the responsibility for imbalances and finances be with the aggregator.

31. Should [aggregators'] customers be able to order transportation services by phone or simply ask their agents to take care of the details of arranging services?

Sebring believes a transportation agreement is necessary between the LDC and the customer. The customer will be the designated party responsible for nominating and paying of volumes.

32. Should aggregators be afforded the same load management tools used by the LDC in its capacity as supplier of bundled sales service?

- a) hold the upstream capacity of their customers, if asked to do so.

Sebring believes the capacity should move with the customer.

- b) receive and pay their customer's transportation bills.

Sebring believes the aggregator should be responsible for the payment of transportation bills. These bills should be determined by the LDC, via a meter reading conducted by the LDC. The LDC should be continually involved in meter reading in order for the LDC to watch over their meters for safety and maintenance.

- c) balance all their customers' usage as one pool.

Sebring believes that pools, is established, should consists of one class of customer.

- d) choose to have all LDC penalties and operational flow orders direct at their pools, rather than their customers.

Sebring believes that, because the aggregators is involved

with the nomination and balancing of volumes, the penalties and operational flow orders associated with them should be directed to them. The customers (gas consumers) are not knowledgeable in the this field and, therefore, should not be held responsible.

- e) aggregate any collection of customers.

Sebring believes the residential and small commercial classes of customers should not be unbundled at this time, but be reviewed at a later time, when an analysis of the unbundling process can be made.

- f) aggregate upstream capacity for the purpose of submitting one city gate nomination for their customers.

Sebring believes the aggregator should make a nomination per class of customer.