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November 18, 1997

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

HAND DELIVERY

RE: Docket No. 960725-GU
Unbundling of Natural Gas Services

Dear Ms. Bayo:

Enclosed for filing in the above docket are an original and 15 copies of Chesapeake Utilities Corporation's Comments on FPSC's Model Tariff for Firm Transportation Service, along with our Certificate of Service.

Please acknowledge receipt of the foregoing by stamping the enclosed extra copy of this letter and returning same to my attention. Thank you for your assistance.

Sincerely,

Wayne L. Schiefelbein
Wayne L. Schiefelbein

- ACK _____
- AFA _____
- APP _____
- CAS _____
- CLC _____
- WLS/cas _____
- Enclosures _____
- cc: Anne Wood (with cover letter & certificate of service only)
- Chesapeake Utilities Corporation
- Marc Schneidermann (with enclosures)
- Florida Public Utilities Company
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- WAS _____
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FPSC-DIVISION OF RECORDS AND REPORTING

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Unbundling of Natural)
Gas Services)
_____)

Docket No. 960725-GU

Filed: November 18, 1997

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of Chesapeake Utilities Corporation Comments on FPSC's Model Tariff for Firm Transportation Service has been furnished by hand delivery (*) or by U.S. Mail to the following individuals, on this 18th day of November, 1997:

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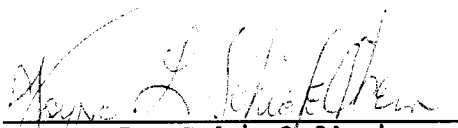
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CHESAPEAKE UTILITIES CORPORATION
COMMENTS ON FPSC'S MODEL TARIFF FOR FIRM
TRANSPORTATION SERVICE

General Comments

Chesapeake Utilities Corporation (CUC), as a member of the Associated Gas Distributors of Florida (AGDF), supports the comments made and filed on behalf of the AGDF. In general, the AGDF comments state that the Commission should offer flexibility to the State LDC's who wish to offer Transportation services to their customers. The comments urge the Commission and its Staff to move forward cautiously with the Unbundling process, without mandates and without a "one size fits all" tariff. These themes have been consistently put forward by the AGDF and its members throughout the Docket. CUC continues to believe that this approach is appropriate for Florida.

Company Specific Comments

CUC wishes to commend the staff of the FPSC for the time and resources which have been invested in the development of the Model Tariff for Firm Transportation Service ("Model Tariff"). CUC believes that the results will prove to be helpful in guiding LDC's in the State of Florida through the "open access" process which is occurring throughout the country. As the Staff has noted on several occasions, the Florida market is unique. In addition, each LDC in Florida is also unique. For example, CUC primarily serves industrial load, while other LDC's are focused on the residential market (including most municipal systems and gas districts).

Transportation services should not be mandated by the FPSC, rather, market forces should determine when each system offers Transportation services. Some of the LDC's in Florida already offer Transportation services and have tariffs and associated support systems in place that meet the customers needs. If the Commission mandates that each utility must follow the Model Tariff, it would require changes that may not be beneficial to the customers on the system. As such, CUC believes that the most appropriate use of the Model Tariff is as a Guideline or Guiding Principle for those entities who are looking for assistance in developing the appropriate procedures for Transportation services. A "one size fits all" document will not work in this State. Allowing each system the needed flexibility to offer Transportation services which work effectively and efficiently for them is imperative to successfully achieve the objective of open access and competition.

CUC has spent considerable time reviewing and analyzing the Model Tariff. While CUC believes that the general direction of the Model Tariff is appropriate, there are many issues which need clarification and/or modification. For CUC to provide a line by line description of our concerns

and questions within these comments is not feasible or productive. Many potential comments are technical in nature and difficult to adequately describe when stripped from the total context of the Model Tariff. Therefore, CUC believes that the next step in the process should be to convene an additional round table workshop (or more than one if necessary), to review the proposed Model Tariff in detail. CUC is certain that there are many different opinions on how various provisions of the document should be modified to provide a basis for each of the utilities to work from in developing their unique tariffs for transportation. Areas which need to be reviewed include the Provision for Stand-by Service, Aggregation Services and several other sections of the document.

Summary

In summary, the FPSC staff has made a tremendous effort to develop a document on Transportation Services and how it might operate. In whole, it provides significant insights and potential methods which an LDC might use to assist it in developing its own, unique tariff. This is not to say that modifications are not necessary, hence CUC's suggestion of one or more round table workshops to discuss the details of the document.

Finally, CUC believes that the goal of this docket should be to develop generic guidelines for the implementation of unbundling of natural gas services in Florida. The LDCs in Florida differ widely with respect to the number of customers, customer mix and throughput, and, as a result, will require different solutions to accomplish further unbundling. The Model Tariff should be used to provide each utility with the flexibility needed to structure services and tariffs which best fit its distribution system and therefore successfully achieve the objective of competition in the natural gas industry. As such, CUC believes that the further unbundling of LDC's in Florida should proceed on a voluntary basis, not a mandate, in accordance with market forces.

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