

INDIANTOWN Gas company, inc.



CLEAN AND EFFICIENT NATURAL GAS AND PROPANE GAS FOR ALL YOUR ENERGY NEEDS

October 30, 1996

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

Re: Docket No. 960725-GU

Dear Ms. Bayo:

Enclosed are an original and fifteen copies of Indiantown Gas Company's Responses to Issues in Docket 960725-GU.

Thank you for your assistance in this matter.

Sincerely,

Brian J Powers
General Manager
Indiantown Gas Co.

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16600 SW WARFIELD BLVD. • P. O. BOX 8, INDIANTOWN, FLORIDA 34956
TEL. (407) 597-2268 & 597-2168 • FAX (407) 597-2068

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Response of Indiantown Gas Company to issues addressed at the August 22-23, 1996
Public Service Commission's Unbundling of Natural Gas Workshop
Docket No. 960725-GU

01/15/97
11:11 AM

OBLIGATION TO SERVE/SERVICE OFFERINGS

1. Should the Local Distribution Company (LDC) be required to be the supplier of last resort? (Staff)

No. The LDC should not be the supplier of last resort. However, the company does not have the resources to curtail service to each customer whose supply fails to be delivered so the company would be the supplier of last resort by default. Since the company has no tools available to be a supplier of last resort (ie. storage or extra capacity) it should be able to charge the primary supplier a penalty in addition to the actual costs of its best efforts as supplier of last resort.

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

No. Residential and commercial sales account for only two percent of the company's total sales. Further, the company doesn't feel that these customers would realize any savings over the cost of switching to an unbundled service.

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

In an unbundled environment, the LDC should not be obligated to provide any secondary services such as back-up or no-notice service. IGC could offer these services on a best efforts basis only. However, to the extent that it can provide these services, the LDC should be able to offer these services to the customers who choose them at market based rates.

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

Yes. As the answer to question three implies, the company should use a best efforts basis in the event of supply failure and should be justly compensated if successful.

5. Should the LDC be allowed to use transportation customer's gas in critical need situations? (Staff)

This should only be allowed under either a pipeline or company force majeure. The customer affected in this situation should be reimbursed for any gas used by the company.

6. Should LDCs be allowed to curtail gas service to a firm transportation customer who has demonstrated that their gas supply arrived at the city gate? (Staff)

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This should only be allowed when the company's system integrity is in jeopardy. The gas company should be prepared to reimburse the customer for alternate fuel usage (if available) or lost productivity.

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

While the company is not in a position to offer these services, customers meeting essential human needs should be required to have this service because of the effects a supply failure would have on these customers. Should the company ever be in a position to provide this service it could compete with other standby providers to meet the customers need.

8. Should the LDC be required to offer customers the ability to combine unbundled and bundled services?

The LDC should have an option, not an obligation, to combine these services. In the event that it is feasible for the company to provide these services, the bundled gas should be considered through the meter first.

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

The Public Service Commission's answer to this question will have more of an impact on this company than perhaps any other aspect of unbundling. The company feels that LDC's should be allowed to stream gas on a competitive basis. If the company were allowed to stream gas to its two largest customers and retain them by doing so, it would be to the benefit of the residential and commercial customers on its system.

10. Should all LDCs be subject to unbundling?

LDCs with only residential and small commercial loads should not be subject to unbundling. As discussed in question two, it is not feasible to switch these customer classes given the low savings to the customer and limited company resources.

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)

All LDC services should be performed according to filed tariffs. The company should be allowed rate flexibility if needed to compete with alternate fuels.

12. Should the LDC have the right to unilaterally terminate transportation agreements without cause? (CNB/Olympic)

No LDC should terminate its transportation agreement without just cause.

13. Should LDC's be required to "act reasonable" and should "sole discretion" provisions in the tariff read "reasonable discretion"? (CNB/Olympic)

The company believes that the "sole discretion" provisions be left in the tariff language until the terms "act reasonable" and "reasonable discretion" are further defined.

14. Should the LDC be allowed to require a waiting period to transportation customers wanting bundled services? (Staff)

Yes. This provision would prevent customers from gaming the system based on the PGA WACOG price. Further, it would give the LDC time to make capacity arrangements for customers returning to bundled sales.

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

Yes. With the exception of telemetry costs associated with transportation customers, which should be allocated directly, the pricing of transportation services should be based on cost of service principles.

AGGREGATION

27. Should LDCs be required to have aggregation tariffs? (Staff)

Aggregation tariffs should not be required. The company has two customers that already account for ninety eight percent of sales individually. Requiring aggregation tariffs of all LDCs would be an added expense to the company that would provide no benefit to any of the customers on our system.

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

Should the company ever find itself in a position where aggregation tariffs would be necessary, then capacity releases to aggregators should be subject to recall. This would give the company the right, not the obligation, to recall capacity when deemed in the best interest of the system.

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

Both parties should be customers of the LDC. The LDC should bill aggregators for transportation charges, any services provided on a best efforts basis, and penalties. The individual customer should be billed for base and non-fuel charges.

30. Do LDCs tell suppliers, marketers and brokers how much gas to deliver into the LDC system for aggregation customers, or do suppliers, marketers, and brokers tell the LDC how

much gas they are delivering? (a) how are imbalances handled? (b) who has the financial responsibility? (AGDF)

Should the company ever find itself in a position where aggregation tariffs would be necessary, then given a normal operating environment the aggregators should be able to tell the LDC how much gas they are delivering. As answered in earlier questions, the LDC should have the right to tell aggregators how much gas to deliver if necessary to preserve system integrity. Imbalances should be billed to the aggregators directly as this is part of the supply service provided by the aggregators.

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)

As with LDCs transporting on the FGT system, transactions should be ordered in writing. Sending transportation correspondence by facsimile would allow a paper audit trail and the speed of placing the order by phone.

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 transportation bills;
- Balance all their customers' usage as one pool;
- Choose to have all LDC penalties and operational orders directed 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?

As long as the aggregator were to take the primary firm capacity of the LDC, they should be able to hold capacity for their customers. Alternate firm capacity is not an acceptable substitute. The company feels that only industrial customers should be allowed to aggregate on its system since they account for ninety eight percent of sales. All other aspects of this question seem fair and reasonable tools to be afforded to aggregators in providing unbundled services.