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DEPARTMENT OF MANAGEMENT  
**SERVICES**

4050 Esplanade Way • Tallahassee, Florida 32399-0950

LAWTON CHILES, GOVERNOR

WILLIAM H. LINDNER, SECRETARY

E-MAIL: mathues@dms.state.fl.us  
(904) 487-1082  
FAX: (904) 922-6312

December 6, 1996

Suite 260

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

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 Department of Management Services' Written Comments on Unbundling of Natural Gas Services, along with our attached Certificate of Service.

Sincerely,

- CK \_\_\_\_\_
- FA \_\_\_\_\_
- PP \_\_\_\_\_
- AF \_\_\_\_\_
- CMU \_\_\_\_\_
- CTR \_\_\_\_\_
- EAG Balo \_\_\_\_\_
- LEG 1 \_\_\_\_\_
- LIN 5 \_\_\_\_\_
- OPC \_\_\_\_\_
- RCH \_\_\_\_\_
- SEC 1 \_\_\_\_\_
- WAS \_\_\_\_\_
- OTH \_\_\_\_\_

Stephen S. Mathues  
Assistant General Counsel

SSM/cs  
Enclosures  
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FPSC-BUREAU OF RECORDS



DOCUMENT NUMBER-DATE

13042 DEC-6 96

FPSC-RECORDS/REPORTING

STATE OF FLORIDA  
FLORIDA PUBLIC SERVICE COMMISSION

In Re: Unbundling of Natural )  
Gas Service )  
\_\_\_\_\_ )

DOCKET NO. 960725-GU

**THE FLORIDA DEPARTMENT OF MANAGEMENT SERVICES'  
WRITTEN COMMENTS CONCERNING DOCKET NO. 960725-GU  
AND THE ISSUES DISCUSSED DURING STAFF WORKSHOP NO. 2  
CONDUCTED ON OCTOBER 21-22, 1996.**

The Florida Department of Management Services (DMS) provides the following written comments in connection with the Issues discussed during the Natural Gas Unbundling Workshop No.2 held on October 21-22, 1996. Comments are numbered to correlate to the Issue Numbers discussed during the workshop.

Comments are as follows:

16. DMS concurs with the comments expressed during the workshop that LDCs should file tariffs to establish the ground rules for balancing gas deliveries into and out of the LDCs' systems. Balancing tariffs will ultimately benefit the transportation customers as well as the LDCs by clearly establishing policy that will help to avoid confusion.

17. DMS believes it will be necessary for the LDC to impose an Operational Flow Order from time to time for recovery from an emergency situation. However, before placing an Operational Flow Order into effect that restricts its transportation customers, all other remedies should be exhausted.

18. DMS does not object to penalties for failure to balance so long as penalties are established in a fair and equitable manner and are assessed in proportion to the degree of impact caused during the emergency situation.

19. Asking an LDC to establish a threshold after which an Operational Flow Order may be imposed and a tolerance range for their system does not seem unreasonable. Such information would assist transportation customers in making their operating decisions and could ultimately be beneficial to the LDC.

20. No comment.

21. As loads continue to grow and system capacity becomes tighter, accurate metering will become essential to maintain balance and preclude penalties. Adequate metering should be required to protect other transporters as well as the LDC.

22. Metering requirements for "small customer" classes could be established on the basis of the potential impact their imbalance may cause to the system.

23. All or some of the six rules identified in Issue 23 would be useful if implemented by the larger LDCs, however they may be impractical for the smaller LDCs.

24. During the workshop, a question was raised regarding LDC contracts that preclude an interruptible transportation customer from curtailing its deliveries after receiving curtailment instructions from the LDC. DMS attempts to balance deliveries throughout the State among many LDCs and would rather divert incoming gas to another State load on another LDC's system when local curtailments are anticipated or are experienced. DMS expects these diversions would be viewed as nonperformance based on current contract provisions and subject to penalties. DMS would not object to establishing nonperformance penalties so long as such penalties are fair and equitable for each set of circumstances (for operating actions that are within the control of the transporter,) recommend future operating and transportation agreements be free of restrictions that would prohibit transporter from responding to the changing operating conditions.

Issues 25 and 26 - No comment.

Issues 33-36 regarding Marketers and Affiliate Marketers. - No comment.

37. DMS does not object to the concept of the LDC requiring transportation customers to take capacity held by the LDC.

38. Market conditions should dictate the price for released capacity.

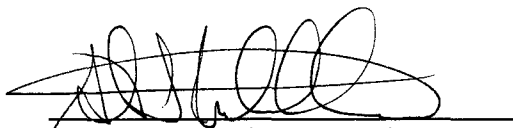
39. DMS concurs with the discussion during the Workshop that supported not requiring an exit fee when a transporter decided to use a third party's capacity.

40. Economic incentives and market conditions should determine when capacity is released and for what price.

41. DMS does not support the institution of a Capacity Realignment Adjustment to recoup stranded cost from previous business decisions.

42. Market conditions and the interruptability of the customer's load will determine whether a transportation customer will try to survive the risk of operating with interruptible capacity or pick up firm capacity as interruptible capacity increases in cost.

DATED this 6<sup>th</sup> day of December, 1996.



Stephen S. Mathues, Esquire  
O. Earl Black, Jr., Esquire  
Office of General Counsel  
Department of Management Services  
4050 Esplanade Way, Suite 260  
Tallahassee, Florida 32399-0950  
(904) 487-1082

Attorneys for Department of Management  
Services

**CERTIFICATE OF SERVICE  
DOCKET NO. 960725-GU**

I HERBY CERTIFY that a true and correct copy of the foregoing has been sent by prepaid U. S. Mail to:

Beth Culpepper  
Florida Public Service Commission  
Division of Legal Services  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

David Rogers  
Associated Gas Distributors of Florida  
Post Office Box 11026  
Tallahassee, Florida 32302-3026

Marsha E. Rule  
Wiggins & Villacorta, P.A.  
Post Office Drawer 1657  
Tallahassee, Florida 32302-1657

Stephen C. Thompson  
Florida Division of  
Chesapeake Utilities Corporation  
Post Office Box 960  
Winter Haven, Florida 33883-0960

Wayne Schiefelbein  
Gatlin, Woods, Carlson & Cowdery  
1709-D Mahan Drive  
Tallahassee, Florida 32308-5279

Lyle C. Motley, Jr.  
President/CEO  
NUI Southern Division  
City Gas Company of Florida  
955 East 25<sup>th</sup> Street  
Hialeah, Florida 33013-3498

Michael Palecki  
Vice President of Regulatory Affairs  
NUI Southern Division  
City Gas Company of Florida  
955 East 25<sup>th</sup> Street  
Hialeah, Florida 33013-3498

Joseph A. McGlothlin  
Vicki Gordon Kaufman  
McWhirter, Reeves, McGlothlin, Davidson,  
Rief & Bakas, P.A.  
117 S. Gadsden Street  
Tallahassee, Florida 32301-1525

CNB Olympic Gas Service  
c/o Barrett Johnson & Associates  
Post Office Box 1308  
Tallahassee, Florida 32302-1308

Frank C. Cressman  
Marc L. Schneidermann  
Manager/Engineering & Gas Supply  
Florida Public Utilities Company  
Post Office Box 3395  
West Palm Beach, Florida 33402-3395

Jack E. Uhl  
Peoples Gas System, Inc.  
Post Office Box 2562  
Tampa, Florida 33601-2562

Robert Scheffel Wright  
Landers & Parson, P.A.  
Post Office Box 271  
Tallahassee, Florida 32302-0271

Ansley Watson, Jr.  
MacFarlane, Ferguson & McMullen  
Post Office Box 1531  
Tampa, Florida 33601-1531

J. Peter Martin  
South Florida Natural Gas Company  
Post Office Box 69000-J  
Miami, Florida 33269-0078

Stuart L. Shoaf  
St. Joe Natural Gas Company, Inc.  
Post Office Box 549  
Port Saint Joe, Florida 32457-0549

Colette M. Powers  
Indiantown Gas Company  
Post Office Box 8  
Indiantown, Florida 34956-0008

John W. McWhirter, Jr.  
McWhirter, Reeves, McGlothlin, Davidson,  
Rief & Bakas, P.A.  
Suite 2800  
100 North Tampa Street  
Tampa, Florida 33602-5126

Peter G. Esposito  
Gregory K. Lawrence  
John, Hengerer & Esposito  
Suite 600  
1200 17<sup>th</sup> Street, Northwest  
Washington, D.C. 20036-3006

Callender/Cullum  
13430 Northwest Freeway, #120  
Houston, TX 77040

Florida Industrial Gas Users  
c/o McWhirter Law Firm  
P.O. Box 3350  
Tampa, FL 33601-3350

Sebring Gas System, Inc.  
3515 Highway 27 South  
Sebring, Florida 33870-5452

Norman Horton, Jr.  
Messer, Caparello, Madsen, Goldman & Metz  
Post Office Box 1876  
Tallahassee, Florida 32302-1876

J.E. McIntyre  
West Florida Natural Gas Company  
Post Office Box 1460  
Panama City, Florida 32402-1460

Robert Cooper, FIGU Chairman  
U.S. Gypsum Company  
125 South Franklin Avenue  
Chicago, Illinois 60606-4678

Glenn Etienne, Manager  
Regulatory Affairs  
Natural Gas Company  
Suite 1200  
13430 Northwest Freeway  
Houston, Texas 77040

Barrett G. Johnson  
Johnson and Associates, P.A.  
Post Office Box 1308  
Tallahassee, Florida 32302-1308

CH2Hill  
c/o Langer Energy Consulting  
Jack Langer  
4995 Ponce de Leon Blvd.  
Coral Gables, FL 33146

Charles Costin  
P.O. Box 98  
Port St. Joe, FL 32457-0098

Roger Howe  
Office of Public Counsel  
111 West Madison Street  
Room 812  
Tallahassee, Florida 32399-1400

Peter J. Thompson  
Andrews & Kurth L.L.P.  
1701 Pennsylvania Avenue, NW  
Suite 200  
Washington, DC 20006-5805

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