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SEBRING GAS SYSTEM, INC.

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December 9, 1996

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

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

Dear Ms. Bayo:

Enclosed please find the Original and 15 copies of Sebring Gas System's comments to the above mentioned Docket for Workshop NO.2, held October 21-22, 1996.

ACK _____ Sincerely,

AFA _____
APP _____
CAF _____ *Jerry H. Melendy, Jr.*

CMU _____
CTR _____
Vice President
Sebring Gas System, Inc.

EAG _____
LEG _____
LIN _____
OPC _____
RCH _____
SEC _____
WAS _____
JTH _____

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Comments of Sebring Gas System, Inc.
pertaining to Docket No. 960725 - GU
Florida PSC Staff
Unbundling Workshop One

Sebring Gas System, Inc. (SGS) filed comments to the above mentioned workshop in October. Also consolidated comments of the Associated Gas Distributors of Florida were filed. SGS continues to concur with these comments previously filed.

SGS respectfully requests that the Commission consider the possible impact on the ratepayers of LCDs, especially small systems, when "requirements" are imposed. Because the ultimate consumer is the recipient of the cost of service, SGS believes any additional costs incurred by unbundling activities should be born by those giving or receiving unbundled service. In addition, increased costs which may be added to the customers who are not unbundled should be a consideration. These costs may include, but are not limited to: the costs of gas capacity, if not carried on with the customer who choose to unbundle; the costs to maintain the system; the costs of meter reading, maintenance and safety; and the costs of administration (example: the costs of replying to staff's questions pertaining to unbundling, which will continue after the unbundling process is begun).

SGS believes unbundling will be a reality and that many aspects of the unbundling process is good. We also believe most of the rewards of unbundling will be received largely by transportation customers now served by LDCs, along with the marketers seeking to provide natural gas to customers in Florida. Consideration should be given by the Commission of the quality and reliability of service given to customer in Florida, in keeping with the requirements of the LCDs now providing service in the state.

Debate has been made pertaining to the LDCs possible use of gas supplies as a necessity to serve the customers who are not unbundled. SGS believes that, because the Commission has placed categories on certain types of usages of natural gas in the state, that the customers with higher priorities will receive gas with a preference over those customers with lower priorities, even is if it means curtailment to certain customer in certain situations.

SGS believes the unbundling process should move at a slow pace to make sure the correct steps are made, with the unbundling of the small LCDs to be trailing the unbundling of larger LCDs who have the expertise and financial ability to contend with the issues which will arise during the process.

SGS is the newest and smallest investor owned LDC in the state, with limited staff and experience to deal in an efficient manner with unbundling, and would hope the Staff will consider the ramifications upon SGS's customers.

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