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January 27, 1997

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

Re: Docket No. 960725-GU

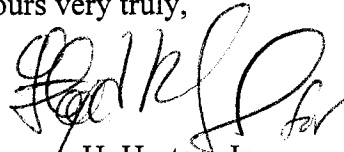
Dear Ms. Bayo:

Enclosed for filing in the captioned docket are the original and 15 copies of the Responses by South Florida Natural Gas Company to issues discussed at the unbundling workshop in December. Copies have been provided to parties.

Also please check the mailing list in this docket and, if necessary, add Mr. John McLelland, P.O. Box 248, New Smyrna Beach, FL 32170 to the list to receive copies of notices, orders and pleadings. Mr. McLelland has been a participant in the workshops.

Thank you for your assistance.

Yours very truly,



Norman H. Horton, Jr.

ACK \_\_\_\_\_  
AFA \_\_\_\_\_  
APP \_\_\_\_\_  
CAF \_\_\_\_\_  
CMU \_\_\_\_\_  
CTR \_\_\_\_\_  
EAG Banks NHH/amb  
EG 1 Enclosure  
JIN 5  
JPC \_\_\_\_\_  
JCH \_\_\_\_\_  
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JAS \_\_\_\_\_  
JTH \_\_\_\_\_

cc: Ms. Cheryl Banks  
Mr. Wayne Makin  
Mr. John McLelland  
Parties of Record

DOCUMENT NUMBER-DATE

01020 JAN 27 97

FPSD-RECORDS/REPORTING

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that true and correct copies of the South Florida Natural Gas Company's Responses to Issues Discussed at the December, 1996 Workshop in Docket No. 960725-GU have been served upon the following parties by Hand Delivery (\*) and/or U. S. Mail this 27th day of January, 1997:

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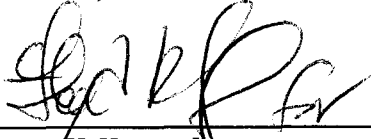
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\_\_\_\_\_  
Norman H. Horton, Jr.

FILE COPY

*R E S P O N S E S*

*B Y*

*SOUTH FLORIDA NATURAL GAS COMPANY*

*TO ISSUES DISCUSSED AT THE*

*DECEMBER 12 AND 13, 1996*

*PUBLIC SERVICE COMMISSION UNBUNDLING WORKSHOP*

*IN DOCKET 960725 - GU*

DOCUMENT NUMBER-DATE

01020 JAN 27 5

FPSC-RECORDS/REPORTING

DOCKET NO 960725-GU ISSUES  
NATURAL GAS UNBUNDLING  
WORKSHOP -- DEC 12 & 13, 1996

BILLING AND RATIO

43. Which dollars would flow to PGA customers, and which services would remain subject to the PGA?

SFNG believes the discounted capacity cost should remain a part of the PGA, also, if a LDC has a conservation program their cost should flow to the PGA.

All related filing and gas management costs should also remain a part of the PGA.

44. Should the LDC's have the discretion to bill the customer in one of two ways: (a) Company bills distribution and commodity components. (b) Company bill distribution component, supplier bills commodity component?

SFNG feels that the LDC should bill the customer for the customer charge and non-fuel portion of their usage and the shipper the commodity side or the LDC could bill both the non-fuel and commodity if justly compensated for billing, i.e. billing time, postage and program changes for our computer system, etc.

45. Should the PSC adjust rates to parity before requiring future unbundling of LDC's?

YES: SFNG thinks that the commission should look to bringing all rates classes to parity as much as possible.

OTHER ISSUES

46. Should the LDC be required to unbundle meter reading, billing, and collection service?

NO: SFNG believes that billing, meter reading and collection should be done by the LDC. The Company sees the meter reading portion as a safety issue, our meter readers are trained to make a vegetation survey, condition of meter sets, shorts across meters which would cut our cathodic production, general maintenance, painting, leaks on meters and unauthorized gas usage.

47. Should the LDC be required to file unbundled tariffs within 90 days of the issuance of a Commission order on unbundling?

NO: SFNG feels that most LDC's would need at least 120 days for filing and some smaller LDC's may need more time to get these filings submitted.

48. Who is responsible for tax collection remittance, who is responsible for bad debts and collections, etc?

SFNG believes that the LDC's responsibility should be only for the customer charge and the non-fuel portion of the customer's billing.

49. Who is responsible for the costs of educating customers about transportation: LDC's, Markets, or State government?

SFNG feels that the education process will need to come from all three. The related costs could possibly be put through the PGA? or the Marketers should compensate both the LDC and the state for those costs.

50. Should the LDC's be permitted to recover costs of educating customers if they are required to perform that service?

YES: Covered in Question 49.

51. Should the FERC Gas Tariff of Florida Gas Transmission (FGT) be used as an unbundled tariff model?

NO: SFNG feels that in some cases that would be fine, but in others it would not. The LDC needs the ability to maintain system integrity and FGT's tariff may not fit their needs to do this.

52. Should the LDC's start-up issues allow for implementation of procedural requirements: i.e., such as paper work, metering, initial eligibility limitations, access fees, and mandatory agreements, if they act as barriers to service?

SFNG feels that in the first place the FPSC would not allow any tariff filing that put up barriers that would prevent transportation or for gas to flow, so this question becomes moot !

53. Should supplier's completely sensitive information, such as upstream contracts, remain confidential?

YES: SFNG feels that it would not want to supply marketers with its sensitive and confidential information.

54. Should the LDC unbundled rates be held confidential to prevent the marketer/broker a competitive advantage?

YES: SFNG feels that we would like the same confidentiality that CNB Olympic, or other marketers are asking for.

55. What types of alternative regulation of unbundled rate should take place to allow unbundled service to "stand alone" from continued regulation of unbundled customer service?

SFNG sees that alternative regulation of unbundled rates would take place by each LDC's unbundled tariff filings, such as incentive rate regulation.

56. Should the Commission mandate intensive technical conferences on each LDC's unbundling proposal, involving all interested parties?

NO: SFNG feels that this would be too time consuming and all parties would have tariff filing available when filed with the commission and have the option to intervene and protest those filings?

57. Should there be mandatory review of unbundled tariff? Should there be a plan to come back and fine-tune tariffs implemented?

Review is mandated for tariff filings, by state law. The best review will come if the fillings are not working and the LDC will be the first to bring these tariffs back to the Commission for review or changes.

58. Should the large customers simply be deregulated?

SFNG sees this question as a matter of option to each distribution system. Deregulation would be used for customer retention. The LDC should show that the non-participants would be worse off without deregulation, then the LDC should have the right to deregulate that customer by removing all assets and cost of service for that customer.

59. What issues are involved with total deregulation, cost allocation, tax collection and remittance, conflict resolution, etc?

SFNG sees that total deregulation would be everything except safety rules DOT 191 and 192, and FPSC'S safety rules.

60. Should the PSC use a different, lighter handed regulation for small LDC'S as they move to unbundle service and to increase transportation?

YES: As stated above SFNG believes that most small LDCs do not have the resources, the larger companies have to support unbundling, time will be needed to re-program computers, file tariffs and get their house in order, in general. The cost of filing a complete set of tariffs would have to be considered.

SFNG sees the most time consuming task of unbundling is the tariff filing. These filings must be worded in a way that they will support the system's integrity and user friendly as much as possible. The Commission may consider to wait until all of the larger companies have been unbundled and their tariffs filed and approved before mandating the smaller LDC's to unbundle. Remember Orders 436, 500 and 636 allowed small distribution companies to stay bundled under the SFTS Rate. FERC has noted that small LDC's do not have the resources to operate in this type of environment.

61. Should the PSC permit greater discretion to LDC's in setting rates for commercial and industrial rates?

YES: SFNG thinks that the most important thing is customer retention, the company should have the right to file flex tariffs, stream gas and reduce reservation charges at market base rates to retain customers.

In flex rate tariffs the cap should be removed, so that the rates could move both up and down with the cost of alternative fuel.

62. Should the PSC allow LDC's greater flexibility in setting unbundled transportation rates?

YES: See Question 61.



63. Should the legislature equalize tax levies on all suppliers?

YES: SFNG feels that this would level the playing field for both LDC's and Marketers. The Legislature should equalize tax levies on all types of fuel.

64. Should municipals with their different state and federal tax treatments, be scrutinized when acting as a marketer outside of their municipal territory and competing with unbundled, FPSC-regulated LDC market affiliates and independent natural gas marketers?

YES: SFNG feels that all investor owned LDC's, marketers, and municipals should follow the same rules.

65. Should the legislature (or perhaps the PSC) set requirements for financial capability of suppliers, marketers and brokers?

YES: SFNG feels that there is a need for some type financial capability for marketers, suppliers and brokers. The state or PSC could require something as simple as a surety bond to operate in the State of Florida. A company could be credit-worthy one day, and not the next.

66. Should the legislature give the PSC authority to pre-qualify suppliers, marketers and brokers?

YES: See Question 65.