

ORIGINAL
FILE COPY

LAW OFFICES

McWHIRTER, REEVES, MCGLOTHLIN, DAVIDSON, RIEF & BAKAS, P.A.

LYNWOOD F. ARNOLD, JR.
JOHN W. BAKAS, JR.
HARRY LEE COE, IV
LINDA DARSEY HARTLEY
C. THOMAS DAVIDSON
STEPHEN O. DECKER
LINDA E. JORGE
VICKI GORDON KAUFMAN
JOSEPH A. MCGLOTHLIN
JOHN W. McWHIRTER, JR.
RICHARD W. REEVES
FRANK J. RIEF, III
DAVID W. STEEN
PAUL A. STRASKE

100 NORTH TAMPA STREET, SUITE 2800
TAMPA, FLORIDA 33602-5126

MAILING ADDRESS: TAMPA
P.O. Box 3350, TAMPA, FLORIDA 33601-3350

TELEPHONE (813) 224-0866

FAX (813) 221-1854

CABLE GRANDLAW

PLEASE REPLY TO:
TAMPA

TALLAHASSEE OFFICE
117 S. GADSDEN
TALLAHASSEE, FLORIDA 32301
TELEPHONE (904) 222-2525
FAX (904) 222-5606

January 28, 1997

Blanca S. Bayo, Director
Division of Records & Reporting
Florida Public Service Commission
Capital Circle Office Center
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

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

Dear Ms. Bayo:

Enclosed is fifteen (15) copies of Florida Industrial Gas Users Group's follow-up comments and a diskette containing those comments for the above styled docket.

Please acknowledge your receipt of the enclosures on the duplicate copy of this letter, and return same to me in the enclosed pre-addressed envelope.

ACK

AFA

APP

CAF

CMJ

CTR

EAG

JWMJR/seh

LEG

1 enclosures

LIN

5 cc: All parties of record

OPD

RCM

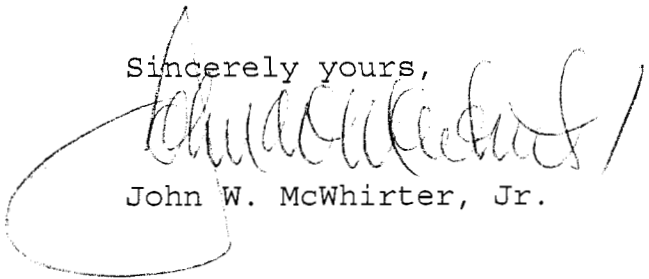
SEC

1

WAS

OTH

Sincerely yours,



John W. McWhirter, Jr.

DOCUMENT NUMBER-DATE

01147 JAN 30 97

FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Unbundling of
Natural Gas Services

)
)
)
)
)
Docket: 960725-GU

COMMENTS OF FLORIDA INDUSTRIAL GAS USERS

The Florida Industrial Gas Users file these comments to the workshop issues addressed on December 12, 1996

BILLING AND RATES

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

Services for which costs vary with the amount of natural gas consumed should be incorporated in the PGA. Services or fixed investments for which costs remain constant should be part of the LDC's base rates. For example: meter reading, customer service, billing, investment in piping and land are fixed cost items that should be included in the base rates and should be allocated to the customer classes which require those services or utilize those assets. The price of gas acquired for resale should be included in 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. (AGDF)

Yes.

45. Should the PSC adjust rates to parity before requiring further unbundling of LDC's? (AGDF)

The progress to parity has been a slow and tedious endeavor as the LDCs experienced residential and small commercial growth.

It is complicated by competition between LDCs and electric companies for residential and small commercial load.

It is further complicated by rate design methodology which collects for major fixed costs

DOCUMENT NUMBER-DATE

01147 JAN 30 5

FPSC-RECORDS/REPORTING

this would be the FGT capacity reservation charges for unused capacity. This is a fixed cost for capacity that isn't used, but is reserved for future growth.

Finally, the determination of parity like the development of a balance sheet in a financial statement reflects the condition of the LDC system at a specific moment in time which may or may not be a good proxy for forthcoming operations.

FIGU recommends that rates be redesigned to recover fixed costs through fixed charges and commodity costs through commodity charges as part of the transition process. FIGU does not recommend stalling customer choice until parity is achieved.

OTHER ISSUES

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

The option should be left to the LDC.

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

Yes.

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

The entity which bills for the service should be responsible for collecting the tax and bad debts attributable for that service. Collection should be a matter or contract between the parties providing the service to the customer. The Commission should resolve disputes.

49. Who is responsible for the costs of educating customers about transportation; LDC's, marketers, state government? (AGDF)

Marketers.

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

LDCs should be required to have information available for customer education. If the LDC demonstrates that the education activity is neutral and not promotional then it should be allowed to recover for it in a base rate case.

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

No position.

52. Should the LDC 's start-up issues allow for implementation of procedural requirements (such as paperwork, metering, initial eligibility limitations, access fees, and mandatory agreements) if they act as barriers to service? (CNB Olympic)

The LDCs should not be allowed to utilize any barriers to customer choice.

53. Should supplier's competitively sensitive information, such as upstream, contracts, remain confidential? (CNB Olympic)

Confidentiality should be treated on a case by case basis resolved by the Commission upon proof that there is justification for the confidentiality.

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

Confidentiality should be treated on a case by case basis resolved by the Commission upon proof that there is justification for the confidentiality./

55. What types of alternative regulation of unbundled rates should take place to allow unbundled service to "stand alone" from continued regulation of bundled customer services? (Staff)

The Commission should provide a forum for resolving customer complaints.

It should be an enforcement agency to ensure a competitive market.

It should be an educational agency to inform the public and it should continue its traditional regulatory function with respect to unbundled service until a competitive market place is understood and readily available to all customers.

56. Should the Commission mandate intensive technical conferences on each LDC's unbundling proposal: involving all interested parties? (CNB Olympic)

Yes.

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

implemented? (CNB Olympic)

Yes.

58. Should the large customers simply be deregulated? (AGDF)

No. Until a competitive market place is available and access to the pipeline and the LDC systems is readily available simple deregulation would merely result in unregulated monopoly.

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

Enough to keep the commission active for most of the next decade.

60. Should the PSC use a different, lighterhanded regulation for small LDC's as they move to unbundle services and to increase transportation? (AGDF)

Yes.

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

Yes.

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

Yes, as long as the LDC's monopoly power is not abused. Rates for gas can be flexible. Rates for pipeline capacity and exclusive service should be regulated.

63. Should the Legislature equalize tax levies on all suppliers? (AGDF)

The issue has not been sufficiently explored before the Commission to provide legislative direction. Taxation is principally a function of a separate state agency and beyond the province of the Commission's regulatory aegis.

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? (CNB Olympic)

Municipal charters restrict municipal activities beyond their municipal territories. Municipal extraterritorial enterprise functions should subject the municipalities to the same standards as free enterprise.

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

The matter should be resolved by the LDC with an opportunity for an aggrieved party to request the Public Service Commission to adjudicate complaints.

66. Should the Legislature give the PSC authority to pre-qualify suppliers, marketers, and brokers? (AGDF)

No.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of Comments of Florida Industrial Power Users has been furnished by U.S. Mail/hand delivery(*) to the following parties of record, this 28th day of January, 1997:

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

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

Lyle C. Motley, Jr.
City Gas Company of Florida
955 East 25th Street
Hialeah, Florida 33013-3498

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

Frank C. Cressman

Jack Langer
Langer Energy Consulting
4995 Ponce de Leon Boulevard
Coral Gables, Florida 33146

Stephen Thompson
Chesapeake Utilities
Post Office Box 960
Winter Haven, Florida
33883-0960

Dept. of Management
Services
Office of General Counsel
S. Mathues/E. Black
4050 Esplanade Way, #260
Tallahassee, Florida
32399-0950

Florida Public Utilities Company
Post Office Box 3395
West Palm Beach, Florida 33402-3395

John Law Firm
Esposito/Lawrence
1200 17th Street, N.W., #600
Washington, D.C. 20036

Ansley Watson
Macfarlane Ausley Law Firm
Post Office Box 1531
Tampa, Florida 33601-1531

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

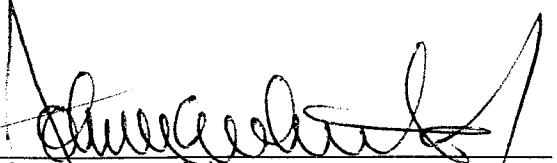
Wayne Schiefelbein
Gatlin Law Firm
1709-D Mahan Drive
Tallahassee, Florida 32308

Scheffel Wright
Landers Law Firm
Post Office Box 271
Tallahassee, Florida 32302

Natural Gas Clearinghouse
Callender/Cullum
13430 Northwest Freeway
#120
Houston, Texas 77040

Wiggins Law Firm
Post Office Drawer 1657
Tallahassee, Florida 32302

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



John W. McWhirter, Jr.
McWhirter, Reeves, McGlothlin,
Davidson, Rief & Bakas, P.A.
Post Office Box 3350
Tampa, Florida 33601-3350
813/224-0866