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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Unbundling of Natural  
Gas Services

DOCKET NO. 960725-GU  
Filed: February 25, 1997

THE FLORIDA DEPARTMENT OF MANAGEMENT SERVICES  
WRITTEN COMMENTS CONCERNING DOCKET NO. 960725-GU  
AND THE ISSUES DISCUSSED DURING STAFF WORKSHOP  
NO. 3 CONDUCTED ON DECEMBER 12, 1996

The Florida Department of Management Services (DMS) provides the following written comments concerning the Issues discussed during the Natural Gas Unbundling Workshop No. 3 held on December 12, 1996. Comments are numbered to correlate with the Issue Numbers discussed during the workshop.

Comments are as follows:

- 43. DMS agrees with the consensus expressed during the workshop, that all costs for services associated with acquisition and delivery of gas to sales customers should be assigned to PGA customers.
- 44. Method of billing should be worked out between the LDC, Supplier and the Customer. DMS prefers a single bill from its Supplier for all components of the gas acquisition and delivery services.

- ACK \_\_\_\_\_
- AFA \_\_\_\_\_
- APP \_\_\_\_\_
- CAF \_\_\_\_\_
- CMU \_\_\_\_\_
- CTR \_\_\_\_\_
- EAG** \_\_\_\_\_ 45. No comment.
- LEG \_\_\_\_\_ / \_\_\_\_\_
- LIN \_\_\_\_\_
- CFC \_\_\_\_\_
- RCM \_\_\_\_\_
- SEC \_\_\_\_\_ / \_\_\_\_\_
- WAS \_\_\_\_\_
- OTH \_\_\_\_\_

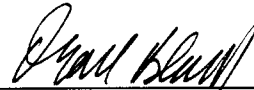
- 46. Some transportation customers may want to purchase special services from the LDC for meter reading and other services that the LDC can accomplish more economically. Recommend the LDC's offer a list of services they are willing to provide.
- 47. Assuming a Commission Order on Unbundling is issued, a reasonable amount of time should be defined for implementation of new or revised tariffs.
- 48. Collecting and remitting taxes should remain with the entity that is currently responsible. Similarly, the LDCs and Suppliers should be continue to be responsible for costs they cause to be incurred.

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49. Generally, you would expect the LDC to gain the most benefit from educating its existing or potential customers through increased sales. It seems reasonable that some types of education may warrant recovery of a portion of that cost.
50. See comment for issue No. 49.
51. No comment.
52. LDC start-up issues should not be used as a barrier to service.
53. Suppliers will have to decide to what degree they are willing to release competitively sensitive information to satisfy business requirements of other entities needed to complete a transaction. There is no need for Commission involvement.
54. If some portion of an LDC's unbundled tariff is unregulated, and the LDC has the latitude to negotiate rates that are competitive, it is reasonable to allow confidentiality.
55. It appears that only a minimal amount of regulation should be needed for oversight of unbundled services other than a periodic review of costs allocated to various unbundled services.
56. If unbundled tariffs are to be regulated, they could be presented by the LDC as a part of a rate case. Any review by interested parties and fine-tuning could be handled as a part of that process.
57. See comment for Issue No. 56.
58. The issue is not one of deregulating large customers but is one of making unbundled services available to any customer that needs the flexibility of transportation and other services to maintain its economic variability in the marketplace and prevent jobs from migrating to other states.
59. DMS expects customers that do not choose to take advantage of unbundled services will still need the protection of Commission oversight for standard services currently provided by the LDCs. It is likely, most residential, commercial and small industrial customers will continue to take service under standard tariff rates.
60. DMS concurs with the idea of LDCs providing an option for unbundled services. Once established, the unbundled services for the smaller LDCs may require less regulatory oversight.
61. DMS concurs that the LDCs should be given more latitude in establishing rates for commercial and industrial customers when the potential exists for fuel switching or loss of load due to other factors.

- 62. See comment for Issue No. 61.
- 63. No comment.
- 64. DMS agrees that some oversight is warranted.
- 65. No comment.
- 66. No comment.

DATED this 25th day of February, 1997.



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O. Earl Black, Jr., Esquire  
Stephen S. Mathues, 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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DATE: February 24, 1997  
TO: WAYNE R. MAKIN, BUREAU OF GAS REGULATION  
FROM: DEPARTMENT OF MANAGEMENT SERVICES  
RE: DOCKET NO. 960725-FU

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The question presented in the referenced Memorandum calls for a decision for total unbundling of LDC gas services. DMS proposed the LDCs be required to make unbundled services optionally available to those customers that want to pursue an alternative gas supplier. There are many smaller customers that will not want to make a change simply to avoid the administration, even if there is some small amount of savings. On the other hand, there are many larger customers that are in need of cutting expenses just to stay in business.

The Commission must look at the broader view of improving the economic conditions that will benefit the entire population. That includes implementing policies that will encourage economic growth across the State through low gas costs and allowing existing businesses to stay competitive by arranging for the lowest cost gas service. Making unbundled services available will foster growth in business development and will help some businesses form crossing the line where high fuel costs may result in lost jobs and possibly going out of business. If some form of unbundling is not implemented, economic and business development within the State is likely to be slowed and some businesses may actually lose ground to their competition in other states.

Finally, DMS suggests that the general population of residential users is not aware of the steps being taken toward de-regulation. In particular, we are aware of no public or private program to educate such users on the potential changes which may result from deregulation. Thus, conclusions as to the "sentiment" of the residential users should be viewed carefully.

EB/cs