Sandra Soto

From: Angelena McCoy
Sent: Thursday, June 23, 2016 4:21 PM
To: Commissioner Correspondence
Subject: FW: Document
Attachments: Questions for Staff - Peoples Gas Tariff Case - June 23 2016.docx

Good afternoon:

Please place the e-mail below and attached document in Docket No. 160120-GU.

Thank you,

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From: Rich Blaser [mailto:RBlaser@INFINITEENERGY.com]
Sent: Thursday, June 23, 2016 4:05 PM
To: Ryan West
Subject: Document

Attached is the document. Please call me if you have any questions.

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Infinite Energy

Increased negative monthly imbalance cash-out costs.

Peoples proposes tariff language which would increase the cash-out price for negative monthly imbalance amounts under both its Firm Delivery Agreement and its Rider ITS in the hope that this will act "as a deterrent to the Pool Managers being in a negative monthly imbalance posture." A fair compromise for both Peoples and the marketers would be for Peoples to make any increases in cash-out prices for negative monthly imbalance amounts both: (a) parallel to one another across different rate schedules, and (b) bilateral, such that they are matched by equal changes in the cash-out prices that Peoples pays to us.

Questions to Ask:

- What kind of increase in natural gas imbalances has Peoples seen that would suggest that our otherwise successful market needs cash-out price increases?
- The proposed changes are likely to result in People's collecting more from marketers for short cash out than is paid to the pipeline – where are the additional monies over cost being allocated, and should they be allocated to the PGA, to pool managers, or to both on a pro-rata basis?
- What methodology did Peoples use in its decision to replace the weighted average cost of capacity with the maximum reservation charge for FTS-3 capacity?
- If Peoples hasn't seen anything suggesting that negative monthly imbalance amounts are a continual or a growing problem, how would these increased costs actually benefit the consumers who must pay for them?

Peoples' request for power to remove marketers from its system for alleged misrepresentations.

Peoples proposed tariff language which would give it the authority to effectively wipe out any marketer accused of misrepresentation by removing them from its system without notice. A fair compromise for both Peoples and the marketers would be to replace this sweeping tariff language regarding misrepresentations with a process similar to those used in other states like Georgia or Texas, where utilities and marketers work together in an open, collaborative forum to correct problems like these as they arise.

Questions to Ask:

- With respect to the proposed language in Section 4.3(v) of the tariff, where is the due process for marketers? Specifically, how will Peoples determine (a) whether misrepresentation actually occurred, (b) whether it was intentional or merely accidental (as with a sales representative in training), (c) and whether, based on the severity of the alleged misrepresentation, removal from Peoples' distribution system is an appropriate response?
- Assume this would also go for utility affiliates, correct?
- Will the proposed tariff language be applied to affiliated marketers, and if so, by what process would Peoples address claims of misrepresentations regarding its affiliated entities, and how will it address conflicts of interest?
- If Peoples removes a marketer from its distribution system over alleged misrepresentation, where can the marketer escalate or appeal to?
- Would there be a notice of misrepresentation with a first, second, and or third infractions over period of time?
- If a marketer were suddenly removed from Peoples' system under the proposed tariff language, what would happen to that marketer's customers?
- If Peoples removes a marketer from its distribution system for alleged misrepresentation of its relationship to Peoples, how will requiring notarized letters of authorization – a process that would ordinarily frustrate customer enrollments significantly – address this issue in a way that benefits customers more than it burdens them?

Increases in the cost of capacity for retail customers – and decreases for utility customers.

Peoples wants retail customers to help pay for future capacity purchases by increasing capacity release costs for marketers and then using some of that money to reduce the PGA. Peoples has not proposed to give retail customers any additional value for these increased costs. A fair compromise for both Peoples and the retail customers that marketers serve would be for (a) any increased capacity release costs to be used exclusively for the purpose of paying for capacity, rather than offsetting the PGA at the expense of Peoples' successful retail choice program, and (b) for any increases in the cost of capacity for retail customers to be matched by similar increases in the volumes of capacity available to retail customers.

Questions to Ask:

- If Peoples wants retail customers to pay for a greater share of the cost of the upstream pipeline capacity used to accommodate the demand on Peoples' system, would Peoples support a matching increase in the volume of upstream pipeline capacity available to these retail customers as well?
- If the answer to the question above is that Peoples cannot support this due to system reliability concerns: Has Peoples made any sells in the last year of transport or gas with transport to others either off system or on system? If yes how can this be a reliability issue? What role does system reliability play in this question when the volumes of capacity at issue may already be re-marketed, irrespective of whether the retail customers paying for this capacity actually have access to them?
- Out the future capacity purchases Peoples wants retail customers to help pay for, how large a portion of that capacity would be set aside separately for system growth, and how large a portion for system reliability?
- Why should the same rate increase on retail customers be used for both of these two classes of capacity, rather than decoupling the two and tailoring more appropriate rate increases to each?
- What prompted this proposal to change longstanding PGA practices that otherwise seem to have been key to the ongoing success of the retail choice program?
- How can capacity simultaneously cost more for marketers and less for utility customers without also eventually undermining one of Peoples' long-term official policies: incentivizing all remaining commercial and industrial customers to leave sales service and sign up with a marketer?

Use of the word "transporter" to redefine proposed tariff language.

Peoples wants to redefine the word "transporter" in its proposed tariff language so that it can account for several different pipelines without having to otherwise update its tariff through future proceedings – but at the same time, Peoples wants to continue to use specific Florida Gas Transmission rates in this same proposed tariff language. A fair compromise would be for Peoples to maintain its current definitions instead of redefining upstream pipelines, at least until such time as additional pipelines are approved and scheduled to enter the Florida transportation market, at which time more appropriate rates could be reconsidered before the Commission, its Staff, and other interested parties.

Questions to Ask:

- If the FTS-3 capacity rate is an appropriate replacement for the weighted average cost of capacity, how will a replacement for the FTS-3 (or for other future Florida Gas Transmission rates) be chosen as Peoples expands into other pipelines beyond Florida Gas Transmission through its change in definitions through the word "transporter"?