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November 18, 1997

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

HAND DELIVERY

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

Dear Ms. Bayo:

Enclosed for filing in the above docket are an original and 15 copies of Florida Public Utilities Company's Comments on Staff's Draft Model Tariff for Firm Transportation Service, along with our certificate of service.

Please acknowledge receipt of the foregoing by stamping the enclosed extra copy of this letter and returning same to my attention. Thank you for your assistance.

Sincerely,

Wayne L. Schiefelbein

Wayne L. Schiefelbein

ACK
AFA
WLS/cas
Enclosures

cc: Marc L. Schneidermann (with cover letter & certificate of service only)
Florida Public Utilities Company
Anne V. Wood (with enclosures)
Chesapeake Utilities Corporation

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Florida Public Utilities Company's Comments
on Staff's Draft Model Tariff for Firm Transportation Service
Docket No. 960725-GU

Florida Public Utilities Company ("FPU") appreciates the efforts put forth by staff and other parties to this docket related to the formation of a draft model Tariff for Firm Transportation ("draft"). Upon review of the draft, we have determined that it may be possible for FPU to implement certain tariff items while certain other items may not be financially or operationally feasible. In reliance on comments made by staff at the unbundling workshops, such that residential customers will not be unbundled in Florida, we have reviewed the model with consideration given to the commercial and industrial sectors.

FPU still is not sure the ultimate gas consumer will benefit from unbundling. Marketers currently have the ability to supply gas to transportation accounts at a lower cost than regulated distribution companies by using lower cost short term firm or interruptible pipeline transportation, benefitting from the tax advantage of not being classified as a "Utility" and being free from a regulated annual PGA mechanism.

To date, FPU had approximately a dozen of our larger accounts express interest in transportation and only two have converted. Since we do currently offer all of our customers, except residential customers, the option of transportation services, we do not envision "unbundling" to add anything beyond our current service offerings. As such, we propose that this docket be closed and we will endeavor to incorporate, into our existing tariff, certain provisions from the model, which would clarify and improve our transportation service offerings. We view the model as a framework, not unlike a very detailed outline, to assist FPU in modifying its existing tariff.

FPU must ensure that the market for natural gas does not subside due to the increased potential complexities associated with our customers entering gas supply arrangements with others and the additional expense associated with providing transportation services. FPU's shareholders have made substantial investments in gas distribution facilities and we must ensure the continued marketability of natural gas in order to generate an adequate return for the Utility's investors.

In review of the model, the following issues were brought to the forefront:

- Many provisions of the model echo Florida Public Service Commission's Chapter 25. Restating portions of Chapter 25 should not be necessary, but rather incorporate it into the draft, by reference.

- The model reflects a potential "one size fits all" approach. Due to the diversity of the various Utilities and their customers, this sort of approach may not reflect reality and practicality.

- The model requires the offering of Standby / Back-Up Services. Since the pipeline does not offer such services, how could these services be offered by the Utility? The only stand-by option that we can envision, as having some potential, is to arrange for using one or more customers' gas supplies to serve stand-by needs and compensate the participating customers for use of their gas, plus associated costs. This would involve additional administration by the Utility and should also have a related service charge from the Utility.

- The marketing affiliate requirements are too strict. If a Utility is willing to share data with gas marketers, why would the Utility be prohibited from selling gas within its territory? Marketers do not have such restrictions. Due to the differences between the pipeline market and the Utility market, holding the Utility to the rules of FERC Order 497 is not appropriate.

- Notices of curtailments and operational orders are proposed, in the draft, to be by fax and voice. This is possible for the pipeline to manage, with its relatively small number of direct customers, and would be cost prohibitive for a Utility to perform with a multitude of potential transportation customers. The only potentially viable way for a Utility to perform such a task is to require transportation customers have their suppliers act as agent for them for such notices and limit the number of marketers to a reasonable level, perhaps less than ten per Utility.

- Since the Utility acts as the delivery point operator on FGT's system, how would potential billing reallocations be handled? Would the Utility bill the marketers or our customers?

- Referencing the language concerning affidavits for customers who engage agents, the Utility should sign for receipt of such affidavits to show it is aware of the arrangement. This will avoid potential problems associated with a party not informing the Utility of the agency arrangement(s).

- Consideration also must be given to system losses (a/k/a unaccounted for) to fairly allocate them to all customers.

- References to pressures must be verified. For example, see Sheet 11, item I, average atmospheric pressure should be 14.73 psi not 14.969 psi.

- Sheet 12, item T proposed to use eastern clock time. To be consistent with the pipeline industry, central clock time should be used.

- Sheet 14, item AW reads that billing will be based on scheduled quantities. Shouldn't billing be based on actual quantities? The difference between actual and scheduled quantities should be handled through an imbalance mechanism.

- Sheet 16 references regulated service charges. This template does not match the structure of FPU's service charges and would probably need to be modified on a Utility by Utility basis.

- Sheet 17's discussion on withholding of transportation service should be extended to allow for withholding based on non-payment of invoices presented by the Utility. Also such service should be withheld if it creates any hazardous condition, not only "on Customer's premises." Please strike the last three words of section H.

- Sheet 17 also refers to denial of transportation service. Consider rephrasing from "will not establish" to "is not obligated to establish." Also, transportation service should be able to be denied if the customer does not provide a gas supply.

- Sheet 19, item B adds an extra level of liability on the Utility. The Utility should not be responsible for a customer who is "in noncompliance with any applicable code, ordinance, regulation of statute."

- Sheet 19, item D discusses the Customer granting certain rights to the Utility which may not be in control of the Customer. Additional clarification is needed to reference that this section applies only to Customers' properties.

- Sheet 20, item F allows for authorized others to operate Utility's facilities. Please add that such authorization shall be made, in writing, and that emergency services (fire departments, etc.) shall be exempt from the written authorization requirement.

- Also items D, E and F of Sheets 19 and 20 seem to be in an inappropriate place in the model since they do not have anything to do with customer installations

- Please expand on Sheet 21, item A. There are additional methods to establish credit.

- Sheet 21, item C's language should be enhanced to distinguish between residential and commercial accounts.

- Sheet 23, item A references to billing should allow for billing based on actual and also cycle billing.

- Sheet 23, item B should be expanded to allow for payment method other than those by wire.

- Further analysis of the implications of Sheet 24, items E and F need to be conducted.

- Item L of Sheet 25 is inappropriate and should be deleted. In the event Customer and Utility cannot reach an agreement, such a dispute could be handled through PSC staff involvement. This will ensure confidentiality and avoid the potentially casual inspection of records.

- Sheet 26, section VI would require the Utility to disconnect a customer's service if the customer, or its agent, fail to deliver gas to the Utility. This is too harsh. The Utility should have the option of discontinuing or disconnecting service.

- Sheet 28 should just refer to the pipeline's quality specifications within its tariff.
- Sheet 29's language should be revised. FPU does not understand "...Gas Utility does not undertake to deliver Gas at a pressure higher than the Standard Delivery Pressure throughout its service areas..." And in the following sentence, please delete the words "industrial and large commercial" so that the Utility can offer elevated pressures to all customers.
- Sheet 30, not unlike sheet 28, should just reference the pipeline's tariff.
- Sheet 34 should incorporate Chapter 25 by reference. Also, item F of this sheet calls for monthly meter testing. A monthly test is absolutely not necessary nor feasible and is not reasonable.
- Sheet 35, item G should read "Gas Utility shall maintain Customer's meter..." This probably should read "Gas Company shall maintain Gas Utility's meter...."
- Sheet 37, item P would require notification to customers of meter testing schedules and require providing original records to customers. Both requirements would be overburdensome for Utilities and may actually result in the loss of original documentation.
- Sheet 38, item S language should also allow for back billing if it is found that the customer damaged or did not reasonably prevent the damage of the Utility's measurement equipment. Furthermore, back billing should be allowed for periods greater than twelve months if the customer had some fraudulent involvement that caused the meter to be slow, non-registering, partially registering, etc.
- Sheet 38, item T's discussion of preservation of records should just simply reference the requirements contained within the Uniform System of Account.
- References within sheet 41 and 42 should be made to contributions, not only deposits.
- Sheet 44, section XV, Standby / Back-Up Service; please see comment made previously within this submission.
- Sheet 46, items E, F and G all refer to the potential that Utilities may have to file additional petitions with the PSC; utilities must be reimbursed for this extra expense.
- Sheet 49, item C's typographical errors require correction. The word "many" in line 12 should be "any" and "ioss" on the following line should read "loss."
- Sheet 50's discussion of Force Majeure and settlement of strikes, etc. could just reference the pipeline's tariff.

- Sheet's 51's notification requirements are too great a burden and would be very costly. This may be feasible if customers' agents were notified as discussed previously within these comments.

- Sheet 52, item A has some objectionable language. Just as Utilities have some responsibility for gas it moves on the pipeline system, Utility's customers should not "have no responsibility with respect to any Gas after it has been delivered to Gas Utility..."

- Sheet 52, item B should be expanded to provide for acceptance of instant filings by the PSC so that Utiiities could change their tariff in the event FERC approves a tariff change for the Utility's upstream pipeline.

- Sheet 53, item C should also include an obligation under which, if a customer, or its agent, does not perform, and said non-performance contributes to the need for a curtailment, the non-performing party or parties should be obligated to pay the Utility for the Utility's lost revenue, exclusive of fuel revenue.

- Sheet 55, item E mentions that certain customers who take excess gas during a curtailment shall pay for such unauthorized overrun gas "...in the event "Gas Utility" incurs overrun charges or penalties from Transporting Pipeline..." In the event the Utility purchases additional gas supplies to cover the excess consumption, rather than getting into an overrun or penalty situation with the pipeline, the cost for such gas supplies should be billed to the parties who consumed excess quantities.

- Sheet 56, item K.4. should also have provisions included for compliance in less time than what would be typically required in the event of emergencies, such as line breaks.

- Sheet 59, item G requires notarized affidavits from customers within 72 hours after the expiration of an Operational Flow Order. A penalty clause should be included in the event an affidavit is not provided within the specified period.

- Sheet 62, item R should also permit the Utility to order customers to pack and/or draft based on necessity to operate the Utility's system(s), to bring transportation accounts in balance, and based on reasonable speculation so that the Utility could avoid receiving a potential Pack or Draft Order from the pipeline.

- Sheet 63, item S would be difficult and very expense to administer as proposed. This is another notification that should only be made to the previously referenced agents for the customer(s).

- Sheet 65, item A.1, sheet 66, item A.2 and sheets 67 through 68, item B are out of sync with FGT's latest tariff. This should be adjusted and even emphasizes the necessity for acceptance and approval of instant tariff filings by the PSC.

- Sheet 72, item F mentions "pre-approved Marketers, Brokers, or Agents." Who would be responsible for the pre-approval process?

- Sheet 73, item H, if implemented would add substantial overhead to the Utility. FPU, at this time, is equipped only to handle nominations regularly during normal business days, not on a daily basis. The extra cost related to staffing would have to be passed though to the transportation customer base.

- Sheet 75, item E.1's Capacity Release Charge mechanism is not detailed enough. FPU contends the mechanism should only be applied to transportation customers.

Prepared by: Marc L. Schneidermann
Manager of Engineering and Gas Supply
November 17, 1997

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Unbundling of Natural) Gas Services)	Docket No. 960725-GU
)	Filed: November 18, 1997

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of Florida Public Utilities Company's Comments on Staff's Draft Model Tariff for Firm Transportation Service has been furnished by hand delivery (*) or by U.S. Mail to the following individuals, on this 18th day of November, 1997:

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