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June 16, 2016

VIA E-PORTAL FILING

Carlotta S. Stauffer
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Docket No. 160120-GU

Dear Ms. Stauffer:

I am attaching the Comments of Tiger Natural Gas, Inc. for electronic filing in the above-referenced docket. Thank you for your assistance.

Sincerely,



Gregory S.G. Klatt

GK/md
Attachment

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval of tariff modifications to Rider NCTS, the Firm Delivery and Operational Balancing Agreement, and negative imbalance cash-out prices, by Peoples Gas System.

Docket No. 160120-GU

Submitted for Filing:
June 15, 2016

**COMMENTS OF
TIGER NATURAL GAS, INC.**

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June 16, 2016

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Docket No. 160120-GU

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**COMMENTS OF
TIGER NATURAL GAS, INC.**

Tiger Natural Gas, Inc. (“Tiger”), by its undersigned attorney, hereby submits these comments on the petition filed by Peoples Gas System (“Peoples”) in the above-captioned docket of the Florida Public Service Commission (“Commission”) on May 6, 2016.

I. INTRODUCTION

In its petition, Peoples seeks approval of proposed modifications to various elements of its tariff governing the transportation of customer-owned natural gas on behalf of third-party suppliers, including Pool Managers. The proposed changes are to Peoples’ tariffed NaturalChoice Transportation Service Ride (“Rider NCTS”), Firm Delivery and Operational Balancing Agreement (“Firm Delivery Agreement”), and Individual Transportation Service Rider (“Rider ITS”).

Tiger is a woman/minority-owned natural gas marketing company based in Tulsa, Oklahoma. Founded in 1991, Tiger serves tens of thousands of retail customers across the country, including thousands of customers in Peoples’ service territory. Tiger’s interests with respect to the issues raised by Peoples’ petition are primarily those of a Pool Manager.

Tiger does not oppose, and in one case strongly supports, Peoples’ proposed tariff modifications. Tiger recommends, however, that certain of the proposed modifications be refined

and expanded to avoid unintentional consequences and unfair results, while still preserving their efficacy in achieving the desired ends Peoples identifies in its petition.

II. RECOMMENDED REFINEMENTS TO PEOPLES' PROPOSALS

A. Reservation Charge for Released Capacity

Tiger first suggested refinement concerns Peoples' proposal to adjust the rate, or reservation charge, for upstream pipeline capacity released to Pool Managers to transport and deliver customer-owned gas.¹

Under its current tariff, Peoples charges Pool Managers its Weighted Average Cost of Capacity ("WACOC") for released capacity. However, the costs of capacity that Peoples holds to cover peak system demand and future demand growth are allocated solely to the Purchased Gas Adjustment ("PGA") charge paid by customers that purchase their gas from Peoples. Peoples proposes to adjust the reservation charge paid by Pool Managers (and passed on to their customers) to include the costs of peaking/growth capacity, so such costs are recovered from all customers (i.e., so the costs are not only recovered through the PGA from customers that purchase their gas from Peoples, but are also recovered from customers that purchase their gas from third-party suppliers).

In principal, Tiger does not oppose Peoples proposal to spread the costs of stranded peaking/growth capacity to all customers, provided that the adjusted reservation charge paid by Pool Managers includes only a proportional share of those costs. (The adjusted reservation charge is referred to in Peoples' proposed revised tariff sheets as the Load Factor Adjusted Release Rate ("LFARR").) However, Peoples' LFARR proposal is sorely lacking in detail. Open questions about the proposed LFARR include:

¹ Peoples Petition, pp. 4-5.

1. When will the LFARR go into effect?
2. How will Peoples calculate the LFARR?
3. How much will the current WACOC-based reservation rate of \$0.58 per Dth increase because of the LFARR?
4. Will the LFARR be the same for all Pool Managers?

Peoples must provide detailed answers to these questions before Tiger and other Pool Managers can decide whether to support or oppose Peoples' LFARR proposal. But assuming Peoples provides the requested information and Tiger supports the LFARR, at least in principal, Tiger recommends one important refinement to Peoples' proposal: The LFARR should be set up as a standalone charge for all customers, including customers that currently pay for such costs through the PGA. In other words, Peoples should unbundle the costs of upstream capacity from the PGA and recover those costs (including any "stranded" costs of peaking/growth capacity) from all customers through the LFARR.

Tiger believes it would be in the best interest of all customers for Peoples to unbundle its PGA rates and establish a LFARR-like charge for all customers so they can see on their bill what they are paying for gas commodity service separately from what they are paying for upstream capacity and other transportation costs. The simplest and most transparent way to do that is for the costs of upstream capacity to be recovered through a standalone rate component, e.g., the LFARR, that appears as a separate line item on each customer's monthly bill. This would not only allow customers to make an apples-to-apples comparison of the rates charged by Peoples and those charged by third-party suppliers for gas commodity service, it would also allow for transparency in the allocation of upstream capacity costs, including any stranded costs of peaking/growth capacity.

B. Cash-Out Price for Negative Imbalances

Tiger's second suggested refinement concerns Peoples' proposal to increase the "cash-out" prices for negative imbalances.²

A Pool Manager is deemed to have a negative imbalance when the Pool Manager's Customer Pool consumer more gas in a month than the Pool manager caused to be delivered to Peoples' system. In that event, the Customer Pool is deemed to have consumed gas acquired by Peoples for its system supply or PGA customers. Under Peoples' Firm Delivery Agreement, the cash-out price charged to Pool Managers with negative imbalances is currently based on Peoples' WACOC and the usage rate for Florida Gas Transmission Company ("FGT") FTS-1 capacity. Peoples proposes to revise the Firm Delivery Agreement so that the cash-out price is based on the maximum reservation charge for FGT FTS-3 capacity (instead of Peoples' WACOC) and the usage rate for FGT FTS-3 capacity (instead of FTS-1 capacity).³ The net result of the proposed changes would be a substantial increase in the cash-out price.

Peoples' stated intent for increasing the cash-out price is to incentivize Pool Managers to avoid having negative imbalances. However, the only balancing tool available to Pool Managers (under the Firm Delivery Agreement) is a once-a-month option to *decrease* their supply schedules. Pool Managers are *not* allowed to *increase* their supply schedules during the month.⁴

Tiger submits that, if the goal is for Pool Managers to better balance their supply schedules, Peoples should allow Pool Managers to *increase* their supply schedules during the month. Indeed,

² Peoples Petition, p. 6.

³ Peoples similarly proposes to change the cash-out price for negative imbalances under Rider ITS to be based on the FGT FTS-3 usage rate (instead of the FTS-1 usage rate). Peoples Petition, pp. 6-7.

⁴ Tiger has requested it be allowed to increase its supply schedules several times over the last three years, but it has been told each time that the Firm Delivery Agreement only allows for decreases and that any negative imbalance position would be resolved through a PGS cash-out.

if Pool Managers will face increased costs for negative imbalances, fairness dictates they be provided the means to increase their supply schedules as cyclical usages are being actualized and reported throughout the month or as they learn of specific customers' activities that will alter their usage from what had been forecasted. Tiger therefore urges Peoples refine its cash-out proposal to include at least a once-a-month option to increase its supply schedule.⁵

C. Termination of Firm Delivery Agreement for Willful Misconduct

Tiger last suggested refinement concerns Peoples' proposal to expand the circumstances under which it can terminate a Pool Manager's Firm Delivery Agreement be refined.⁶

Peoples proposes language to be added to Section 4.3 of the Firm Delivery Agreement that gives Peoples the right to terminate the agreement where, as summarized by Peoples in its petition, a Pool Manager "misrepresents to a customer or potential customer of Peoples the relationship between the Pool Manager and Peoples (including but not limited to any representation that the Pool Manager is affiliated with Peoples or any of Peoples' affiliated companies), or the nature of the service provided or to be provided by either the Pool Manager or Peoples pursuant to the Firm Delivery Agreement or any provision of Peoples' Tariff."

Tiger strongly supports this proposal, as it is in Tiger's best interest for all Pool Managers to be held to the highest ethical standards in their interactions with customers. Tiger is concerned, however, by Peoples' failure to provide for any protections for Pool Managers falsely accused of misconduct or are the victims of the unauthorized and unknown misconduct of rouge marketing

⁵ The supply increase would be effected using capacity secured separately by the Pool Manager at its own expense, since capacity initially released by Peoples is for their forecasted demand as determined on or by the 20th of the month prior to flow

⁶ Peoples Petition, p. 7.

agents. Tiger also finds the absence of any provision for Commission review of Peoples' exercise of its termination rights to be problematic.

Fortunately, Tiger has experience working cooperatively with local utilities and regulators to develop standards of conduct and enforcement rules that protect consumers and afford basic due process to third-party suppliers while ensuring the market can be rid of bad actors. Tiger is attaching an illustrative set of such rules, developed in cooperation with Pacific Gas and Electric Company ("PG&E") and approved by the California Public Utilities Commission, which Tiger proposes to have serve as the starting point for developing a comparable set of rules and Commission's procedures for addressing alleged misconduct by Pool Managers in Peoples' service territory.⁷

III. CONCLUSION

For the above reasons, Tiger recommends that:

1. In addition to adjusting the reservation charge for upstream capacity released to Pool Managers Unbundle to include the costs of stranded peaking and future growth capacity, Peoples should unbundle the costs of upstream capacity from its PGA and recover the stranded costs of peaking/growth capacity from all customers through its proposed Load Factor Adjusted Release Rate;
2. In addition to revising the Firm Delivery Agreement to increase the cash-out rate for negative imbalances, Peoples should allow Pool Managers to increase their supply schedules at least one time during each balancing period; and

⁷ Attachment A is an excerpt from [PG&E Gas Rule 23](#) that sets forth rules for addressing alleged misconduct by retail gas suppliers (which are referred to in Rule 23 as "Core Transport Agents" or CTAs), which provide remedies up to and including termination of the CTA's service agreement by PG&E.

3. In addition to expanding the circumstances under which it can terminate a Pool Manager's Firm Delivery Agreement to include cases where a Pool Manager or its agent has made material misrepresentations of fact to a customer, Peoples should work with interested parties and Commission staff to develop basic due process protections and intermediate remedies.

Tiger looks forward to working with Peoples and the Commission to resolve the issues raised by Peoples' petition and address the concerns of Pool Managers discussed in these comments.

Respectfully submitted,



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June 16, 2016

ATTACHMENT A



GAS RULE NO. 23 Sheet 20
GAS AGGREGATION SERVICE FOR CORE TRANSPORT CUSTOMERS

D. CUSTOMER PROTECTION

1. ENROLLMENT OF CUSTOMERS

- a. The CTA or its authorized agent(s) shall comply with the Customer Sign-Up Process and obtain the Customer's Authorization in accordance with the provisions of Schedule G-CT – Core Gas Aggregation Service.
- b. The CTA, or its authorized agent(s), shall not make, with dishonest, fraudulent, or deceitful intent, material verbal or written misrepresentations in the course of soliciting or serving core gas aggregation customers.
- c. The CTA or its authorized agent(s) shall not with dishonest, fraudulent, or deceitful intent act to substantially benefit the CTA or its employees, agents, or representatives, or to disadvantage customers.

E. TERMINATION OF SERVICE

1. NONCOMPLIANCE WITH CUSTOMER PROTECTION

In accordance with the provisions of this Section E, PG&E may terminate the CTA Service Agreement for the CTA's failure to comply with Section D above.

- a. Customers may submit a complaint to PG&E if they believe the CTA's actions were in violation of Section D, above.
- b. If PG&E receives a complaint from a Customer, PG&E shall provide the CTA with an opportunity to investigate and resolve the complaint with the Customer. PG&E shall provide the CTA with relevant information, including a description of the complaint and Customer contact information, to investigate and resolve the complaint. If the complaint concerns an unauthorized enrollment, then PG&E shall also provide the CTA with the Customer's relevant Service Account Number(s). (T)
- c. Responses to a Customer complaint are due back to PG&E and the Customer within three (3) business days, starting with the day following PG&E's notification. If additional time is needed to resolve the complaint, the CTA must submit a written (e-mail is acceptable) request to PG&E within the same three (3) business day period describing why additional time is needed. PG&E, at its discretion, may grant the CTA an extension of three (3) additional business days, resulting in a total of six (6) business days, to achieve resolution. (T)

(Continued)



GAS RULE NO. 23 Sheet 21
GAS AGGREGATION SERVICE FOR CORE TRANSPORT CUSTOMERS

E. TERMINATION OF SERVICE (Cont'd.)

1. NONCOMPLIANCE WITH CUSTOMER PROTECTION (Cont'd.)

- d. The CTA's response to PG&E will explain the resolution, the date that the Customer was informed of the resolution, and the means of communication with the Customer. (T)
(T)
- e. Regardless of the CTA's initial resolution of the Customer complaint, PG&E may request written documentation of the Customer's authorization for enrollment, marketing materials, the sales call or Third-Party Verification (TPV) for any complaint. (T)
(T)
- f. If PG&E does not receive a response from the CTA indicating resolution by the specified deadline, or if PG&E, or the Customer, finds a problem with the information provided, PG&E shall provide the CTA with an opportunity to provide supporting evidence, such as, marketing material (for a general complaint), or proof of authorized enrollment (in instances where the complaint is about an unauthorized enrollment). (T)
 - 1) Within three (3) business days of PG&E's request for supporting evidence (beginning with the first business day following the request), the CTA shall provide supporting evidence to PG&E or the Customer, if requested. Acceptable forms of supporting evidence consist of the following: (T)
 - a) An electronic or facsimile copy of the Customer's signed Core Gas Aggregation Service Agreement Customer Authorization For Core Gas Aggregation Service (Form 79-845A) (Attachment A) or similar Customer correspondence or evidence (e.g., e-mail or electronic confirmation file); or (T)
I
I
(T)
 - b) The audio recording of the independent TPV of the Customer's enrollment; or (T)
 - c) An electronic or facsimile copy of any marketing material related to the enrollment that was provided to the Customer. (T)

(Continued)



GAS RULE NO. 23 Sheet 22
GAS AGGREGATION SERVICE FOR CORE TRANSPORT CUSTOMERS

E. TERMINATION OF SERVICE (Cont'd.)

1. NONCOMPLIANCE WITH CUSTOMER PROTECTION (Cont'd.)

- g. After reviewing the aforementioned TPV or signed Attachment A, together with any other pertinent documentation or information, PG&E shall make a determination of whether or not the Customer's enrollment authorization was properly obtained. (T)
- 1) If the Customer disagrees with PG&E's determination that the authorization for enrollment was properly obtained, PG&E shall request additional supporting documentation such as marketing materials, terms and conditions or the recording of the full sales call. The CTA will provide the requested information within two (2) business days. Upon completion of its final review, PG&E will notify the CTA of its decision and the reason for its decision. (T)
- 2) If PG&E finds a problem with the CTA's response and the supporting documentation submitted (e.g., vague documentation or practices that may not follow the guidelines in Section D, above), PG&E, at its discretion, may request additional supporting documentation, such as marketing materials, terms and conditions or the recording of the full sales call. The CTA will provide the requested information within two (2) business days. Upon completion of its final review, PG&E will notify the CTA of its decision and the reason for its decision. (T)
- 3) If PG&E finds that the enrollment authorization was improperly obtained, the CTA shall have an opportunity to contest PG&E's decision. The CTA shall have two (2) business days to contest PG&E's decision and PG&E will have one (1) business day after receiving the CTA's statement of contest to render a final decision. (T)
- 4) If PG&E determines that the Customer's enrollment authorization was not properly obtained, PG&E may count this instance as a Non-Compliance Event (Non-Compliance Event) and shall request that the CTA immediately submit a service cancellation request to PG&E by electronic means for that Customer and waive any early termination fee for the Customer. The CTA shall take all corrective actions within one (1) business day of PG&E's request. (T)

(Continued)



GAS RULE NO. 23 Sheet 23
GAS AGGREGATION SERVICE FOR CORE TRANSPORT CUSTOMERS

E. TERMINATION OF SERVICE (Cont'd.)

1. NONCOMPLIANCE WITH CUSTOMER PROTECTION (Cont'd.)

g. (Cont'd.) (N)

5) If PG&E finds that the written documentation or the sales call and TPV indicate that a CTA is in violation of Section D, that complaint may be used as a recordable instance of verifiable non-compliance and counted as a Non-Compliance Event.

If the Customer complaint involves multiple Service Accounts and the CTA is found to be in violation of Section D, the complaint will be counted as a single Non-Compliance Event if the supporting documentation establishes that the complaint involving these Service Accounts was the result of a single event. (T)

h. PG&E shall share any materials, including recordings, documents, TPVs, sales calls, written contracts, marketing or other materials, provided by the CTA with the Customer, or the Customer's authorized agent, provided that such agent is not another CTA, at their request. In order to receive information or act on a Customer's behalf, the third-party agent must have written authorization from the Customer. Such authorization must be submitted to PG&E in the form of a completed and current Authorization to Receive Customer Information or Act Upon a Customer's Behalf (PG&E Form 79-1095 (English) or Form 79-1096 (Spanish)). (T)

All materials, including recordings, documents, TPVs, sales calls, written contracts, marketing or other materials, provided by the CTA to PG&E in accordance with the provisions of Section E. will be managed by PG&E in a strictly confidential manner. PG&E may not disclose the materials provided by the CTA within or outside of PG&E except to the extent necessary to manage compliance with Section D., above. (T)

(Continued)

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the Comments of Tiger Natural Gas, Inc. on all Parties of Record and Interested Parties in Docket No. 160120-GU by serving an electronic copy on their email addresses of record .

Executed on June 16, 2016, at Calabasas, California.



Michelle Dangott