

PEOPLES GAS SYSTEM
RESPONSES TO FPSC STAFF'S DRAFT MODEL TARIFF

Peoples Gas System ("Peoples") appreciates the opportunity to comment on the Commission Staff's Model Tariff For Firm Transportation Service, which was circulated for review on October 6, 1997 in Docket No. 960725-GU. While we respect the significant effort and thought which the Staff has invested in this matter, Peoples respectfully suggests that the preparation and circulation for comment of a model tariff is, at best, premature. The Staff has embarked on an earnest effort to fashion a solution to a problem which has not been identified in this proceeding and which, in Peoples' opinion, does not exist. The gravity of the situation is increased by the fact that Staff's efforts to protect ratepayers may well create significant financial hardship for the small commercial and residential customers who represent the majority of Peoples' ratepayers.

Issuance of the Model Tariff, which defines in detail numerous new services and modifies numerous provisions of existing tariffs, implies that deficiencies have been found in the services provided by Florida's LDCs. Yet, in its "General Comments Regarding the Direction of this Docket," dated August 16, 1996, the Staff acknowledged that "(t)he docket was not opened as a result of any deficiency in LDC services" and stated its awareness that "there are many critical issues that must be evaluated to assure the LDCs

DOCUMENT NUMBER-DATE

11810 NOV 18 97

FPSC-PEOPLES GAS SYSTEM

are not competitively disadvantaged or financially harmed." The series of workshops conducted since that time identified no deficiencies in LDC services. There is apparently no compelling reason for the continuation of this Docket, especially in light of the potential for unnecessary harm to LDCs and their customers.

In its comments filed January 27, 1997, Peoples questioned whether there was any economic benefit to further unbundling. The Company clearly showed the potential for harm to the State of Florida through loss of tax revenues and, in fact, the real loss of tax dollars to date. Peoples also clearly explained why further unbundling of existing natural gas utility services provides no real economic benefit to the general body of ratepayers or to the citizens of Florida and may, in fact, be harmful to most of the ratepayers. Finally, Peoples clearly stated its position that the Commission should not proceed with further gas unbundling, and, if anything, should review the continued wisdom of the unbundling steps taken thus far. Peoples remains deeply concerned with regard to the issues raised in its January 27th comments.

Peoples respectfully suggests that the Commission reject any suggestion that there can be no harm if it only approves of the tariff for voluntary adoption. Such is the case because once voluntarily adopted the tariff becomes enforceable in all respects, including provisions that could be cost prohibitive to customers and that should be the subject of individual review. More

generally, voluntary as opposed to mandatory adoption will not cure the previously identified harmful effects of further unbundling.

The combined thought and effort expended by the Staff and Interested Parties has not produced any indication that there are deficiencies in LDC service which would be addressed by the Staff's Draft Model Tariff. In the absence of a defined need for a Model Tariff, the Commission must be concerned about the impacts on ratepayers, including low-income residential customers, of higher natural gas prices that may result from further unbundling of the natural gas industry. The Commission must also be cognizant of the long-term potential of further unbundling to stagnate growth of the natural gas industry in Florida. Further unbundling may well increase the cost of gas, rather than decreasing it. Growth could stagnate or turn into a pattern of decline. The economic ramifications of further unbundling on state and local tax revenues must also be weighed in the balance. There is no need to consider incurring these additional burdens if there is no clear need for the Model Tariff. Based on the foregoing, Peoples respectfully requests that this docket be closed and that no further action be taken with regard to the Staff's Draft Model Tariff.