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October 14, 2014

**VIA ELECTRONIC FILING**

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2nd Floor  
Harrisburg, PA 17120

**Re: Investigation of Pennsylvania's Retail Natural Gas Supply Market**  
**Docket No. I-2013-2381742**

Dear Secretary Chiavetta:

Enclosed for filing are the Comments of Washington Gas Energy Services, Inc. in the above-captioned matter. If you have any questions, please do not hesitate to contact me. Thank you.

Best Regards,

STEVENS & LEE



Michael A. Gruin

Encl.

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A PROFESSIONAL CORPORATION

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Investigation of Pennsylvania's  
Retail Natural Gas Supply Market**

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**Docket No. I-2013-2381742**

**Comments of  
Washington Gas Energy Services, Inc.**

**I. Introduction**

Washington Gas Energy Services, Inc. (WGES) is a licensed natural gas supplier (NGS) in the Commonwealth of Pennsylvania and first began serving commercial and residential customers in Pennsylvania in 2010. WGES has served natural gas supply markets since the advent of natural gas retail choice in 1996 in Maryland, the District of Columbia, Virginia, and Delaware. WGES has been an active proponent of fair market rules that will facilitate retail energy competition in the jurisdictions in which it operates including Pennsylvania, and it participated in the Commission's retail electricity market investigation and submitted comments on the questions posed by the Commission in its Order of September 12, 2013 initiating this investigation.

In the Tentative Order issued on August 21, 2014 in this docket the Commission directed its Office of Competitive Market Oversight (OCMO) to move forward to examine the issues identified in the Tentative Order and any additional issues identified in comments to the Tentative Order. OCMO has benefitted retail electricity supply markets in the examination of those markets and is positioned to do the same for retail gas supply markets. In these comments, WGES identifies several additional issues that OCMO should examine.

## **II. Issues Identified in the Tentative Order**

In the Tentative Order the Commission summarized the comments from the various parties on the questions listed in the September 12, 2013 Order: the current status of retail natural gas competition and the accessibility of suppliers to customers; whether NGDC rates properly separate distribution costs and Supplier of Last Resort (SOLR) costs; whether the existing market design of NGDCs serving as the SOLR provider presents barriers that inhibit customer choice or prevent suppliers from fully participating in the retail market; whether NGDCs should continue to be SOLR providers; whether enhancements, updates or a restructuring of the SOLR model could improve competition in retail gas markets and encourage the expansion of natural gas distribution facilities into areas that do not have access to natural gas facilities; whether changes to the retail natural gas market can be made through regulation or policy that would promote retail natural gas competition and remove barriers to retail natural gas competition; whether legislative changes would improve the retail natural gas market in Pennsylvania; whether outcomes from the recently completed electric RMI would apply to improve the competitiveness of retail gas markets; whether seamless move, accelerated switching timeframes, standard offer programs, low-income customer shopping, expanded consumer education on shopping or other initiatives would translate well to the retail natural gas market; whether NGDCs and NGSs should be encouraged to explore for and produce natural gas in order to take advantage of Marcellus shale opportunities; and whether the Commission should address standardized supplier tariffs and business practices such as imbalance trading, tolerance bands, cash out and penalties, nominations and capacity.

After summarizing the comments, the Commission then discussed the disposition of the comments in the context of: next steps for the Pennsylvania retail gas market; SOLR service;

NGDC rate unbundling; capacity assignment and use of NGDC storage assets; non-discriminatory access to points on NGDC systems; system balance, tolerances and penalties; creditworthiness requirements; seamless move and instant connects; accelerated switching timeframes; standard offer programs; low-income customer shopping; expanded customer education about shopping; purchase of receivables programs; disclosure requirements; joint NDGC and NGS billing; mechanisms for account number access; migration riders; and electronic data protocols.

With the substantial information it received from the comments on the status of the retail gas market in Pennsylvania, the Commission has decided not to make an express assessment of the status of the market and will directly charge OCMO with examining the issues identified in the September 12, 2013 Order and in the Tentative Order and issues raised in comments on the Tentative Order.

### **III. Additional Issues**

WGES believes that a thorough examination of the issues identified in the September 12, 2013 Order and in the Tentative Order will result in a significant improvement of the competitiveness of retail gas supply markets in Pennsylvania. WGES would add the following additional issues to those that OCMO will be charged with examining:

- the improvement of the Commission's PAGasSwitch web site for customer shopping;
- consolidated billing with POR and rules that allow suppliers to bill non-commodity products and services;
- the encouragement of NGSs to offer diversified products with green attributes such as carbon offsets;

- tariff provisions that would provide NGDCs with incentives to expand their distribution infrastructure;
- NGS consolidated billing rules;
- rules that would phase out NGDCs as SOLR providers and phase in qualified NGSs to assume that role so that competition would be enhanced and NGDCs can concentrate on improving the reliability of gas delivery and storage operations;
- NGDC recovery of costs to implement retail gas choice enhancements through surcharges that are reasonable;
- rules that do not mandate that NGSs take the assignment of NGDC pipeline capacity as a condition of participating in the market if NGSs can demonstrate they have the necessary capacity under contract; and
- procedures for NGDCs to insure that firm interstate pipeline capacity, firm pipeline storage and NGDC storage assets are sufficient to serve firm loads on their systems during peak demand periods for each upcoming winter season.

#### **IV. Conclusion**

WGES supports the Commission's initiative and investigation to develop rules which will encourage the entry of NGSs into retail gas supply markets in Pennsylvania, improve the competitiveness of these markets and protect consumers as the markets become increasingly competitive. Such rules will enable consumers in Pennsylvania to experience the greater benefits and savings that competitive natural gas supply markets can provide.

WGES appreciates the opportunity to provide these comments and looks forward to further participation in this investigation.

Respectfully Submitted:

Washington Gas Energy Services

Richard H. Moore, COO

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