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October 14, 2014

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2<sup>nd</sup> Floor  
Harrisburg, Pennsylvania 17120

**RE: TENTATIVE ORDER INVESTIGATION OF PENNSYLVANIA'S RETAIL  
NATURAL GAS SUPPLY MARKET Docket No. I-2013-2381742**

Dear Secretary Chiavetta:

Enclosed for filing please find the Comments of the Energy Association of Pennsylvania in the above-referenced docket.

Sincerely,

A handwritten signature in black ink, appearing to read "Donna M. J. Clark", written in a cursive style.

Donna M. J. Clark  
Vice President and General Counsel

Enc.

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Investigation of Pennsylvania's  
Retail Natural Gas Supply Market

I-2013-2381742

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**Comments of the  
Energy Association of Pennsylvania  
to the  
Tentative Order Dated August 21, 2014**

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**I. INTRODUCTION**

On September 12, 2013, the Pennsylvania Public Utility Commission (“PUC” or “Commission”) issued an Order initiating an investigation of Pennsylvania’s retail natural gas supply market, *Investigation of Pennsylvania’s Retail Natural Gas Supply Market*, I-2013-2381742 (“September 12 Order”), pursuant to the Natural Gas Choice and Competition Act, 66 Pa. C.S. §§ 2201-2212, which requires the Commission to periodically convene stakeholders and explore avenues to encourage increased competition in the natural gas supply market. See 66 Pa. C.S. § 2204(g). The September 12 Order sought comments on eight specific questions regarding the status of gas competition and how it might be improved. Initially, the Commission provided that the gas retail market investigation would proceed in two phases: the first phase would assess the current status of the market and explore what changes may be needed to assure that customers realize the benefits of choosing supply from an entity other than the natural gas utility; and the second phase, headed by the Commission’s Office of Competitive Market Oversight (“OCMO”), would examine how to resolve issues identified in the first phase and implement reasonable changes to improve choice for retail customers participating in the natural gas competitive market in Pennsylvania.

Based upon the information supplied in the comments to the September 12 Order, in its August 21, 2014 Tentative Order, the Commission determined to forego the first phase of the investigation and proceed directly “to an examination of the issues identified in the September 12 Order, issues identified in this Tentative Order and additional issues that may be raised in comments to this Tentative Order.” Tentative Order at p. 29. In addition, the Commission provided OCMO with direction regarding certain topics and issues to be pursued with stakeholders, and also invited interested parties to provide further comments to the Tentative Order on any issues or market enhancements that have not already been discussed and/or identified as matters to be addressed in this investigation.

The Energy Association of Pennsylvania (“EAP” or “Association”) represents and promotes the interests of electric and natural gas distribution companies (“NGDC”) operating in the Commonwealth. EAP respectfully submits these general comments to the Tentative Order on behalf of its NGDC members.<sup>1</sup> EAP will offer general comments, and defers to its members on further technical matters.

## **II. GENERAL COMMENTS**

In the Tentative Order, the Commission states:

“Upon review of those comments and based on OCMO’s recommendations, we find that specific avenues should be explored in our collective stakeholder effort to improve and encourage competition in the marketplace. Through this Tentative Order, we will dispose of some issues, identify issues which OCMO will be directed to examine and seek comments on additional issues not previously identified in the September 12 Order or this Tentative Order.”<sup>2</sup>

Initially, and to the extent not explicitly identified, EAP requests that the issues of cost and cost recovery be included as part of the discussion for each of the issues or market enhancements identified for examination during this investigation of the retail natural gas

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<sup>1</sup> Columbia Gas of Pennsylvania, Inc.; Pike County Light & Power Company; National Fuel Gas Distribution Corp.; PECO Energy Company; Peoples Natural Gas Company LLC; Peoples TWP LLC; Philadelphia Gas Works; UGI Central Penn Gas, Inc.; UGI Penn Natural Gas, Inc.; UGI Utilities Inc.; and, Valley Energy Inc.

<sup>2</sup> Tentative Order, Docket No. I-2013-2381742, p. 8.

market. EAP further generally supports discussion on additional issues not previously identified in the September 12 Order which may be raised in comments filed to the Tentative Order. The Association's comments here are focused on the methods and processes which may be used for stakeholder collaboration and discussion during the course of the investigation.

The Association acknowledges, as stated in the Tentative Order, that OCMO is not "required to achieve consensus on every recommendation submitted."<sup>3</sup> However, EAP believes the most effective collaboration among stakeholders is best achieved by a thorough discussion, one achieved by a rigorous review of the issues identified for examination through a variety of methods, including, but not limited to, in-person meetings, conference calls, working (sub)groups, and the submission of comments and/or white papers on specific topics. EAP requests that the next step in this investigation include an outline of the contemplated processes and a framework for resolution.

The Commission can and should borrow from the processes used in its investigation into Pennsylvania's electric retail market investigation (*Investigation into Pennsylvania's Retail Electricity Market* at Docket No. I-2011-2237952). However, EAP notes that there continues to be key substantive differences between the gas and electric utilities in terms of their operations, business practices, customer bases, and territories that warrant particular evaluation in lieu of wholesale adoption of orders or Secretarial Letters previously issued during the electric retail market investigation. Therefore, EAP recommends that the investigation into Pennsylvania's gas retail market address each issue set forth in the Tentative Order individually, as some will inherently be more complex than others, avoiding a one-size-fits-all mentality.

Each NGDC has its own unique set of operational characteristics and constraints, supply options, and capabilities. To the extent there is commonality, standardization may be appropriate, but can only be properly determined by a robust discussion. Further, EAP cautions

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<sup>3</sup> Tentative Order, Docket No. I-2013-2381742, p. 51.

against setting any targeted completion dates for any aspect of this investigation at this time. Before setting target completion dates, it is vital that preliminary individual issue-based discussions be held among all stakeholders to clearly identify all issues and to assess the appropriate scope of a solution. Indeed, all potential changes to the marketplace must be thoroughly vetted against other system goals, such as reliability, replacing of aging infrastructure, expansion of existing systems, energy efficiency and affordability to ratepayers, particularly those participating in NGDCs' customer assistance programs (CAP). These and other program designs are continuously examined, discussed, and reviewed by PUC staff with input from NGDCs and other stakeholders resulting in a crucial balance of interests as reflected in existing Commission Orders, regulation and policy.

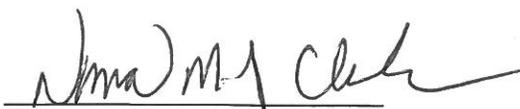
EAP and its member companies are committed to improving Pennsylvania's retail gas market in a manner that is efficient without being hurried, thorough without being overly complex, and maximizes benefit to all parties and stakeholders while minimizing burden, cost, and compromise to overall system reliability.

### III. CONCLUSION

EAP respectfully requests that the Commission consider the above comments as it establishes a process and determines the schedule for this investigation.

Respectfully submitted,

  
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Dated: October 14, 2014