

CAPTION SHEET

CASE MANAGEMENT SYSTEM

1. REPORT DATE: 00/00/00	:	
2. BUREAU: LAW	:	
3. SECTION(S):	:	4. PUBLIC MEETING DATE:
5. APPROVED BY:	:	00/00/00
DIRECTOR:	:	
SUPERVISOR:	:	
6. PERSON IN CHARGE:	:	7. DATE FILED: 05/27/04
8. DOCKET NO: I-00040103	:	9. EFFECTIVE DATE: 00/00/00

PARTY/COMPLAINANT:

RESPONDENT/APPLICANT: INVESTIGATION/COMPETITION NATURAL GAS

COMP/APP COUNTY: UTILITY CODE: 999999

ALLEGATION OR SUBJECT

INVESTIGATION INTO COMPETITION IN THE NATURAL GAS SUPPLY MARKET.

DOCKETED
MAY 27 2004

DOCUMENT
FOLDER

PENNSYLVANIA PUBLIC UTILITY COMMISSION
Uniform Cover and Calendar Sheet

1. REPORT DATE: May 24, 2004	2. BUREAU AGENDA NO. MAY-2004-L-0051* REV
3. BUREAU: LAW	
4. SECTION(S):	5. PUBLIC MEETING DATE: May 27, 2004
6. APPROVED BY: Director: Pankiw, B. R., 7-5000 Mgr/Spvr: Young, R.F., 7-3173 Legal Review:	
7. PERSONS IN CHARGE: P.K. Burket, 7-3463	
8. DOCKET NO.: I-00040103	

DOCKETED
JUN 4 2004

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FOLDER

9. (a) **CAPTION** (abbreviate if more than 4 lines)
 (b) **Short summary of history & facts, documents & briefs**
 (c) **Recommendation**

(a) Investigation into Competition in the Natural Gas Supply Market.

(b) Section 2204(g) of the Natural Gas Choice and Competition Act requires the Commission to initiate an investigation or other appropriate proceeding to determine whether effective competition for natural gas supply services exists in the Commonwealth. The proceeding must be launched five years after the effective date of the Natural Gas Choice and Competition Act. The Act became effective July 1, 1999.

(c) The Law Bureau recommends that the Commission issue the draft order that initiates an investigation into competition in Pennsylvania's natural gas supply service market.

10. MOTION BY: Commissioner Chm. Fitzpatrick	Commissioner Thomas - Yes
SECONDED: Commissioner Bloom	Commissioner Pizzigrilli - Yes
	Commissioner Holland - Yes

CONTENT OF MOTION: Staff recommendation adopted.



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY PLEASE
REFER TO OUR FILE

May 28, 2004

I-00040103

ENERGY ASSOCIATION OF PA
800 NORTH THIRD STREET
SUITE 301
HARRISBURG PA 17102

DOCKETED
JUN 29 2004

Investigation into Competition in the Natural Gas Supply Market

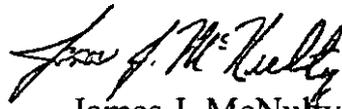
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To Whom It May Concern:

This is to advise you that the Commission in Public Meeting on May 27, 2004 has adopted an Order in the above-entitled proceeding.

An Order has been enclosed for your records.

Very truly yours,


James J. McNulty
Secretary

Enclosure

LJM

See attached list for additional parties of record

**PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA 17105-3265**

Public Meeting held May 27, 2004

Commissioners Present:

Terrance J. Fitzpatrick, Chairman
Robert K. Bloom, Vice Chairman
Glen R. Thomas
Kim Pizzingrilli
Wendell F. Holland

DOCKETED
JUN 29 2004

Investigation into Competition in the Natural Gas
Supply Market

Docket No. I-00040103

**DOCUMENT
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ORDER

BY THE COMMISSION:

Section 2204(g) of the Natural Gas Choice and Competition Act requires the Commission to initiate an investigation or other appropriate proceeding to determine whether effective competition for natural gas supply services¹ exists in the Commonwealth.² The proceeding must be launched five years after the effective date of

¹ The term "natural gas supply services" is defined as (1) the sale or arrangement of the sale of natural gas to retail gas customers; and (2) services that may be unbundled by the Commission under section 2203(3) (relating to standards for restructuring of the natural gas utility industry.) 66 Pa. C.S. §2202.

² § 2204(g) **Investigation and report to General Assembly**

Five years after the effective date of this chapter, the commission shall initiate an investigation or other appropriate proceeding, in which all interested parties will be given a chance to participate, to determine whether effective competition for natural gas supply services exists on the natural gas distribution companies' systems in this Commonwealth. The commission shall report its findings to the General Assembly. Should the commission conclude that effective competition does not exist, the commission shall reconvene the stakeholders in the natural gas industry in this Commonwealth to explore avenues, including legislative, for encouraging increased competition in this Commonwealth.

66 Pa. C.S. § 2204(g).

the Natural Gas Choice and Competition Act. The Act became effective July 1, 1999. Thus, we must initiate our investigation on, or shortly after July 1, 2004 to comply with the directive of the General Assembly. With this order, we initiate this investigation.

The purpose of the investigation is to determine the level of competition that exists currently in the natural gas supply service market in Pennsylvania. A party that wishes to submit written testimony shall file ten copies of his or her written testimony at this docket with the Commission's Secretary no later than Friday, August 27, 2004. An electronic copy of the testimony on a diskette must also be provided so that testimony can be posted at the Commission's website.

Parties are asked to address the following topics in their written testimony:

1. The assessment of the level of competition in Pennsylvania's natural gas supply service market.
2. The effect of the price of natural gas on competition.
3. The effect of consumer education on competition.
4. The effect of customer information/service on competition.
5. The effect of supplier financial security requirements on competition.
6. The effect of natural gas distribution company penalties and other costs on competition.
7. Discuss any avenues, including legislative, for encouraging increased competition in Pennsylvania.

Note that the list of topics is not all inclusive. Other topics that are relevant to assessing competition in the Pennsylvania natural gas supply service market may also be addressed.

Additionally, the Commission will direct all natural gas distribution companies and licensed natural gas suppliers to provide the information requested in Annex A. The

receipt of this current and historical data should provide a more accurate and complete picture of competition in the Pennsylvania market.

Following receipt of the written testimony, the Commission will hold an *en banc* hearing to further explore the level of competition in Pennsylvania. The *en banc* hearing will be held on September 30, 2004. The Commission will issue a Secretarial Letter addressing further procedural details for this hearing on or before September 10, 2004. The Commission wishes to remind interested parties are invited to contribute other relevant data and statistics related to this investigation; **THEREFORE,**

IT IS ORDERED:

1. That an investigation into competition in Pennsylvania's natural gas supply service market is initiated.
2. That a copy of this order shall be served upon all Pennsylvania natural gas distribution companies, the Philadelphia Gas Works, the Office of Consumer Advocate, the Office of Small Business Advocate, all licensed natural gas suppliers, the Energy Association of Pennsylvania, the Independent Oil and Gas Association and the Industrial Energy Consumers of Pennsylvania.
3. That a person wishing to submit written testimony addressing the issues presented in this order shall do so no later than August 27, 2004. An original and ten (10) copies of the written testimony and one diskette containing an electronic version of the written testimony shall be filed with the Commission's Secretary. Testimony should be addressed to James J. McNulty, Secretary, Pennsylvania Public Utility Commission, P.O. Box 3265, Harrisburg, PA 17105-3265.

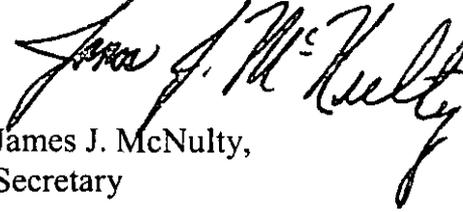
5. That the natural gas distribution companies, the Philadelphia Gas Works, and the natural gas companies shall file the answers to the questions appearing in Annex A shall be filed no later than August 27, 2004. An original and ten copies of the answers and an electronic version of the answer on a diskette shall be filed with the Commission's Secretary.

6. That an *en banc* hearing will be held on September 30, 2004. The Commission will issue a Secretarial Letter addressing the procedural aspects for this hearing on or before September 10, 2004.

7. That the contact persons for this investigation are: Robert Bennett, Fixed Utility Services at 717- 787-5553 (robennett@state.pa.us) and Patricia Krise Burket, Assistant Counsel at (717) 787-3464 (pburket@state.pa.us).

8. That this Order shall be published in the *Pennsylvania Bulletin* and that the Order and the written testimony submitted shall be posted at the Commission's website at www.pucpaonline.com.

BY THE COMMISSION:


James J. McNulty,
Secretary

(SEAL)

ORDER ADOPTED: May 27, 2004

MAY 28 2004

ORDER ENTERED:

ANNEX A

Natural Gas Distribution Companies

Each natural gas distribution company is directed to provide specific information about its system.

- (1) For each quarter of the years 1999 to 2004, provide the following:
 - (a) Number of natural gas suppliers operating on its distribution system;
 - (b) Number of residential, industrial and commercial customers purchasing gas from alternative suppliers;
 - (c) Volume of natural gas transported on its distribution system;
 - (d) Volume of natural gas transported for suppliers on its distribution system.
 - (e) Numbers of customer complaints/disputes regarding slamming or unauthorized change of supplier; changing a supplier; selecting a supplier; confusion regarding a bill on which charges appear for natural gas from an alternative supplier, error in billing for a supplier; and any other issue competition-related issue.

- (2) Provide the following information about security requirements that natural gas suppliers are required to maintain for licensure (66 Pa. C.S. § 2208(c)(1)(i)):
 - (a) Security requirement as posted in the distribution company's initial supplier tariff.
 - (b) Each change that was made to this security requirement to date.

Natural Gas Suppliers

Natural gas suppliers are directed to provide specific information regarding sales volume and customer number. For each of the quarters of the years 1999 to 2004, provide the following:

- (1) Number of customers (by class) for each distribution system on which the supplier operates.
- (2) Volume of natural gas delivered to customers (by class) on each system on which the supplier operates.
- (3) Numbers of customer complaints/disputes regarding slamming or unauthorized change of supplier; changing a supplier; selecting a supplier; confusion regarding a bill on which charges appear for natural gas from an

alternative supplier, error in billing for a supplier; and any other issue
competition-related issue.