



Summary of Washington Gas
Light Company (WGL) Rate Case
Formal Case No. 1093
Filed February 29, 2012

District of Columbia Public Service Commission
(PSC)



Agenda

- Overview of the PSC
- Background
- Key WG Proposals
- Issues
- Other Features
- Impacts
- Nature of the Proceeding
- Questions and Answers



PSC Mission

The mission of the PSC is to serve the public interest by ensuring that financially healthy electric, natural gas, and local telecommunications companies provide **safe, reliable** and **quality services at reasonable rates** for DC residential, business and government consumers.

The PSC was established by Congress in 1913 with authority to function as a quasi-judicial agency which regulates electric, natural gas, and local telephone utility companies.



Who We Are

The PSC is comprised of a Chairman, two Commissioners, and 73 staff positions*.



Betty Ann Kane
Chairman



Joanne Doddy Fort
Commissioner

*Currently, there is a vacant Commissioner position.



Which Rates are Regulated by the PSC



Washington Gas

- The PSC sets the rates for the **distribution** portion of Washington Gas' bills through rate cases.
- The PSC audits Washington Gas's **commodity** gas costs called the Purchased Gas Costs ("PGC") on customers' bills.



- The PSC sets the rates for the **distribution** portion of Pepco's bills through rate cases.
- The PSC oversees Pepco's competitive bidding procurement for **generation** rates serving Standard Offer Service "SOS" customers who do not choose an alternative supplier.



- The PSC sets the rates for Verizon's **Basic Residential Services**: Unlimited Flat Rate Service, Message Rate "B" Service, Economy I Service, Economy II Service/Lifeline, Flat Rate Message Rate Service, & Basic Business Service through Price Cap Plans.



Background

- WGL's rates are generally divided into distribution service and the natural gas commodity.
- WGL is the sole distributor of natural gas to homes and businesses in the District; hence the PSC sets WGL's distribution service rates in a rate case.
- All consumers can choose their commodity natural gas supplier. Currently, in addition to WGL, two alternative natural gas suppliers are serving new residential customers. They are:
 - **NOVEC Energy Solutions**
 - **Washington Gas Energy Services**



Key WGL Rate Case Proposals

- WGL proposes a revenue requirement increase of \$29.0 million, or an overall increase of approximately 14%.
- WGL's requests authority to earn an 8.91% allowed Rate of Return, including a Return on Equity of 10.90%.
- WGL proposes a rate base of \$209.3 million.
- WGL is seeking to amortize pension and Other Post Employment Benefits (OPEB) costs over a three-year period, consistent with the Commission's past treatment of these costs to minimize the level of total bill impact on customers.
- WGL is proposing to expand an existing program for replacing and encapsulating certain old mechanical couplings, which was approved by the Commission in Formal Case No. 1027, to include the accelerated replacement of pipes in its system that are nearing the end of their useful life.



Issues

- WGL maintains that, with a rapidly aging pipeline system and an expectation for more stringent federal and industry standards for pipeline safety, the Company must replace and reinforce its infrastructure more rapidly and in a manner that does not financially burden the Company or its customers. WGL plans to invest approximately \$119 million to replace aging distribution pipes in the District over the next five years, and the Company requests approval in this proceeding of the expenditures over the next five years, as well as cost recovery.
- WGL has continued to track and defer the collection of pensions and Other Post-Employment Benefits (OPEB) costs, consistent with the terms of a settlement agreement approved in Formal Case No. 1054 and prior Commission rulings. WGL claims that these costs have significantly risen since the last base rate case and contribute to an increased revenue requirement in this case.



Nature of the Proceeding

- A Pre-hearing conference was held on April 12, 2012.
- The fully litigated proceeding will include initial testimony from the parties, rebuttal testimony, and discovery (data requests and responses).
- On April 26, 2012, the PSC issued Order No. 16770 that designated the issues and established a procedural schedule.
- Evidential hearings will be held on October 4-5 and 15-17, 2012.
- Community hearings will be held in September 2012.
- Briefs will be due in November 2012.



WGL's Rate Design Proposal

1. WGL proposes to increase the average monthly residential sales service bill for a heating/cooling customer by 14.9%.
2. WGL proposes to increase the average monthly residential sales service bill for a non-heating/non-cooling customer in individually metered apartments by 18.3%.
3. WGL proposes to increase the average monthly residential sales service bill for other non-heating/non-cooling customers by 12.6%.



Bill Impacts of WGL's Proposals

Under WGL's proposals:

- the typical bill for a residential heating/cooling customer using 761 therms of natural gas per year would increase by \$11.79 per month.
- bills for non-heating/non-cooling customers in individually metered apartments, assuming average annual usage of 57 therms, would increase \$1.76 per month.
- bills for other non-heating/non-cooling residential customers, who on average use 342 therms of natural gas per year, would increase \$4.79 per month.



Your Current Residential Natural Gas Bill is Composed of the Following:



Distribution Service

Distribution: Cost to deliver natural gas to homes and businesses (Rates set by the PSC.)

Natural Gas Supply Service

Cost of the Commodity Natural Gas (Market-Based); Audited by the PSC & consumers can choose supplier

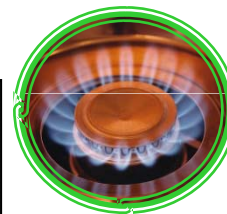


Taxes & Surcharges

Taxes & Surcharges (Set By DC Council)

Usage

Calculates the amount of natural gas used in the current billing period





Additional Information

- According to 2011 data, the average monthly total residential WGL bill is about \$80.
- The \$80 includes two components of the bill: the commodity natural gas and distribution.
- Commodity costs amount to \$46 monthly, or roughly 57% of the total bill.
- Distribution costs account for 43% of the total bill, roughly \$34.
- Within this \$34, costs regulated by the PSC represent about \$27 of the total average distribution bill.
- The remaining amount of \$7 includes surcharges and taxes which are the costs established by the D.C. Council , not the PSC.



Current Format of Natural Gas Bill

Usage	Service Address: [REDACTED]		Gas Use					
Distribution Service	Mailed	03/23/12	Current Reading	7123	03/20/12	READ BY CO.		
	Account Number	[REDACTED]	Previous Reading	6831	02/17/12	READ BY CO.		
	Meter ID No.	H11228	CCF of Gas Used	292				
	Rate Class	RESIDENTIAL HEAT/COOL	Unmetered Gas Light (CCF) +					
	Level	1	Total CCF of Gas Used	292				
	Next Meter Reading Date	04/18/12	Conversion Factor	X 1.018				
	Days in This Billing period	32	Total Therms (TH) Used	297.3				
Usage History: Tracks energy usage for the year for comparison purposes	13-MONTH ENERGY USE HISTORY				GAS USAGE DETAIL		CHARGES	
	Mo/Yr	Temp	Th	Days	TOTAL THERMS USED	297.3	PREVIOUS BILL AMOUNT	217.05
	02/12	39	189	29	DISTRIBUTION SERVICE		PAYMENTS RECEIVED	217.05
	01/12	42	247	34	DISTRIBUTION CHARGE		CHARGES THIS PERIOD	
	12/11	50	127	31	297.3 TH @ \$.3218	95.81	GAS USAGE	305.16
	11/11	60	124	32	CUSTOMER CHARGE	7.95	TOTAL THIS PERIOD	305.16
	10/11	65	20	29	DC RIGHTS-OF-WAY FEE	9.10	TOTAL DUE	\$ 305.16
	09/11	65	9	30	NATURAL GAS SUPPLY SERVICE		TO AVOID LATE PAYMENT CHARGES, FULL PAYMENT MUST BE RECEIVED BY 04/11/12.	
	08/11	65	10	29	PGC @ \$.5588	165.54		
	07/11	65	10	32	SUSTAINABLE ENERGY TRUST FUND	4.16		
	06/11	63	10	30	ENERGY ASSISTANCE TRUST FUND	1.78		
	05/11	57	10	29	STATE & LOCAL			
	04/11	48	89	31	DELIVERY TAX @ .070700	21.02		
03/11	41	151	29					
02/11	33	257	28					
	Total TH		1,253	TOTAL GAS CHARGES	\$ 305.16			

Natural Gas Supply Service

Taxes & Surcharges

**Contact the PSC
(On back of Washington Gas bill)**

REGULATORY AGENCY NOTICE:
Washington Gas is regulated by the **Public Service Commission of the District of Columbia** and will furnish rate schedules and bill data upon request. Visit the Public Service Commission's Web site at www.dcpsc.org or write to: 1333 H Street, NW, Suite 200, West Tower, Washington, DC 20005. Tel: 202-626-5100.





Current Format of Alternative Supplier Natural Gas Bill

Service Address: [REDACTED] Account [REDACTED] of 2 Page 2 of 3
 WASHINGTON, DC 20010

Usage

Meter Number	Current Reading Date	Prior Reading Date	Current Meter Reading	Prior Meter Reading	CCF Of Gas Used	Unmetered Gas Light (CCF)	Total CCF Of Gas Used	Conversion Factor	Total Therms Used
	03/20/12	02/17/12			0		181	X 1.018	184.3

Payments and Adjustments
 Payment 03/02/2012 \$314.02 CR
Payments and Adjustments Total \$314.02 CR
 Thank you for your payment.

Distribution Service from Washington Gas

Natural Gas Utility
 Washington Gas
 Distribution Service
 Rate Class: RESIDENTIAL HEAT/COOL
DISTRIBUTION CHARGE:
 184.3 therms @ \$.3216/therm \$59.27
 Customer Charge \$7.95
 DC Sustainable Energy Trust Fund \$2.58
 DC Energy Assistance Trust Fund \$1.11
 DC Right of Way Fee \$5.64
 DC Delivery Tax @ \$.0707/therm \$13.03
Washington Gas Sub Total..... \$89.58
Washington Gas Total..... \$89.58

Taxes & Surcharges

Gas Use Profile

Period	03/2012	02/2012	03/2011
Estimated Reading	NO	NO	NO
Total Therms	184	117	88
Days	32	29	29
Therms/Day	5	4	3
Avg Temp	43	25	41

Usage History: Tracks energy usage for the year for comparison.

Contact the PSC

The utility Purchase Gas Charge (PGC) is \$55680 this month which includes a balancing charge.
 Prepare for Winter. For money saving winter tips, visit washingtongas.com
 DC Public Service Commission Address: 1133 H Street, N.W., Suite 200, West Tower, Washington, DC 20008 Phone: 202-676-6100 Fax: 202-393-1399 TTY: 711 for TTY/TDD; voice relay
 Office of People's Counsel (OPC) represents District of Columbia utility ratepayers before the Public Service Commission in matters regarding rates and services provided by utilities in D.C. Visit the OPC Website at www.opc-dc.gov, or write to 1133 15th Street, N.W., Suite 500, Washington, DC 20005, or call (202) 727-3071 for more information.
 Your next meter reading date is 04/18/12

Natural Gas Supply Service from alternative supplier

Washington Gas Energy Services
 Natural Gas Supply Service
 184.3 therms @ \$0.72000/therm \$132.70
 Balancing 184.3 therms @ \$0.01830/therm \$3.37
WGES Total \$136.07
Actual Monthly Distribution and Natural Gas Supply Service Charges \$225.65