

ORIGINAL

GT96-2-20

PUBLIC SERVICE COMMISSION OF THE DISTRICT OF COLUMBIA  
717 14<sup>TH</sup> STREET, N.W., WASHINGTON, D.C. 20005

ORDER

January 20, 1998

GT96-2, IN THE MATTER OF THE APPLICATION OF WASHINGTON GAS LIGHT COMPANY, DISTRICT OF COLUMBIA DIVISION, FOR AUTHORITY TO ESTABLISH RATE SCHEDULE NO. 2A AND RATE SCHEDULE NO. 5, Order No. 11132

I. INTRODUCTION

On February 5, 1996, Washington Gas Light Company, District of Columbia Division, ("WG" or "Company") filed a request<sup>1</sup> with the Public Service Commission of the District of Columbia ("Commission") to offer firm delivery service to large non-residential or commercial customers under new Rate Schedule No. 2A, and to implement a Firm Delivery Service Gas Supplier Agreement specifying the obligations of third-party suppliers to firm delivery service customers under new Rate Schedule No. 5.

A Notice of Proposed Rulemaking was published in the D.C. Register on March 8, 1996,<sup>2</sup> and the comment period was subsequently extended to May 3, 1996.<sup>3</sup> On April 18, 1996, comments were filed by the Office of the People's Counsel ("OPC")<sup>4</sup> and by the Apartment and Office Building Association of Metropolitan Washington ("AOBA").<sup>5</sup> WG filed its reply comments on May 3, 1996.<sup>6</sup>

Letter from Excetral K. Caldwell to Jesse P. Clay, Jr. (dated February 5, 1996) ("WG Application").

43 D.C. Reg. 1233-1234 (March 8, 1996).

GT96-2, Order No. 10788 (April 12, 1996). See also, The Office of the People's Counsel's Motion for Extension of Time in Which to File Comments, filed March 27, 1996; Response of Washington Gas Light Company, District of Columbia Division, filed March 29, 1996; and Response of Washington Gas Light Company, District of Columbia Division, (corrected copy), filed April 1, 1996.

Initial Comments of the Office of the People's Counsel of the District of Columbia, filed April 18, 1996 ("OPC Comments").

Letter from Frann G. Francis to Jesse P. Clay, Jr. (dated (continued...))

On April 18, 1996, OPC filed a motion<sup>7</sup> to consolidate this proceeding with GT95-4, GT96-1, and GT96-3.<sup>8</sup> The Commission denied OPC's motion on July 19, 1996.<sup>9</sup> On October 28, 1996, WG was directed to appear before the Commission to respond to certain questions and to give such additional information concerning firm delivery service as the Commission required or deemed relevant.<sup>10</sup> That proceeding was convened November 12, 1996.

## II. PRELIMINARY MATTERS

### A. Motion to Intervene

On May 9, 1996, Gaslantic Corporation ("Gaslantic") filed a motion for leave to intervene in this proceeding.<sup>11</sup> Gaslantic states that it represents natural gas end users as an advisor, consultant, and agent, and that it researches available gas supply and capacity with a view toward acquiring economical and reliable supply and capacity on behalf of its clients. Gaslantic states further that one of its clients is a current customer of WG and a prospective customer under tariff modifications at issue in this proceeding. Therefore, Gaslantic asserts that it has an immediate and direct interest in this proceeding, and that its interest cannot be adequately represented by any other party.<sup>12</sup>

The Commission notes that the D.C. Administrative Procedures

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<sup>5</sup>(...continued)  
April 18, 1996) ("AOBA Comments").

<sup>6</sup> Reply Comments of Washington Gas Light Company, District of Columbia Division, filed May 3, 1996 ("WG Reply Comments").

Motion to Consolidate of the Office of the People's Counsel of the District of Columbia, filed April 18, 1996. See also, Response of Washington Gas Light Company, District of Columbia Division, filed April 29, 1996.

<sup>6</sup> GT95-4, GT96-1, and GT96-3 concern tariff revisions proposed by WG pertaining generally to the unbundling of natural gas service; each docket addresses different aspects of gas service and the unbundling of different rates or services.

<sup>9</sup> GT96-2, Order No. 10821 (July 19, 1996).

<sup>10</sup> GT96-2, Order No. 10868 (October 28, 1996).

<sup>11</sup> Motion to Intervene of Gaslantic Corporation, filed May 9, 1996 ("Gaslantic Motion").

<sup>12</sup> Gaslantic Motion at 2.

Act does not provide for "intervention" in a rulemaking proceeding by interested persons.<sup>13</sup> Instead, any interested person may file comments and reply comments within the time prescribed by the Notice of Proposed Rulemaking. Accordingly, the Commission denies Gaslantic's motion to intervene and notes that Gaslantic did not file comments in this proceeding.

#### B. Modification of Application

In its reply comments, WG proposes certain modifications to its original filing that the Company says reflect the outcome of discussions between WG and OPC. WG states that if its proposal is approved by the Commission, the Company will submit tariff compliance pages that reflect the modifications proposed by OPC as well as any specific conditions and corrections ordered by the Commission.<sup>14</sup> Thus, WG contends that no party opposes adoption of its proposed tariff revisions and that, because WG endorses each of the modifications proposed by OPC, there is no record evidence in opposition to the Company's proposal.<sup>15</sup>

### III. PROPOSED TARIFF AMENDMENTS

The Company states that its request to establish firm delivery service for large commercial customers and to adopt a concomitant supplier agreement continues its efforts to expand the energy service choices available to customers in the District of Columbia through the "unbundling" of gas service occasioned by deregulation, increased competition, and heightened customer preferences and expectations.<sup>16</sup> Under WG's proposed firm delivery service, commercial customers would purchase gas directly from a producer or third-party supplier and arrange for transportation of the gas to WG's city gate for delivery through WG's facilities to a specific customer location.<sup>17</sup> WG proposes initially to limit the new firm delivery service to large commercial customers; if the Company's request is approved, large commercial customers would be able to choose between bundled firm sales service under existing Rate Schedule No. 2<sup>18</sup> or firm delivery service under Rate Schedule No.

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<sup>13</sup> D.C. Code Ann. § 1-1506 (1990 Repl.).

<sup>14</sup> WG Reply Comments at 3, n. 1, and 4.

<sup>15</sup> *Id.* at 2.

<sup>16</sup> WG Application at 2.

<sup>17</sup> *Id.*, n.1.

<sup>18</sup> Gas service currently provided by WG under Rate Schedule  
(continued...)

2A. WG states that its request to establish new Rate Schedule Nos. 2A and 5 is revenue neutral because the proposed delivery service and supplier agreement would have no impact on the rates charged to WG customers.<sup>19</sup>

OPC predicts potential cost benefits for customers who purchase gas from third-party sellers and contract separately with WG for transportation of the gas over WG's distribution system to the customer's meter. However, OPC also notes that those customers would face economic risks as they begin — for the first time — to acquire a supply of natural gas from unregulated sellers, marketers, and aggregators. Moreover, OPC concludes that retail unbundling could expose WG's remaining bundled sales customers — and in particular its core, residential market — to potential rate increases and degradation of service reliability.<sup>20</sup>

AOBA expresses its support for the adoption of WG's proposed tariff modifications, which AOBA describes as "a positive and necessary next step" toward the unbundling of gas service. AOBA states that it fully supports moving carefully and cautiously toward the unbundling of gas rates and expanding customer eligibility to firm customers, but cautions that the results and impacts must be carefully evaluated during each step in the process.<sup>21</sup>

The Commission must ensure that every public utility in the District of Columbia furnishes services and facilities that are reasonably safe, adequate and in all respects just and reasonable.<sup>22</sup> Further, the charge made by any such public utility for any services rendered must be reasonable, just, and nondiscriminatory.<sup>23</sup> In its Application, WG seeks permission to offer firm delivery service to large non-residential or commercial customers under new Rate Schedule No. 2A, and to implement a Firm Delivery Service Gas Supplier Agreement specifying the obligations of third-party suppliers to firm delivery service customers under new Rate

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<sup>18</sup>(...continued)

No. 2, "Firm Service Other than Residential," generally refers to bundled firm gas service offered to non-residential customers that anticipate no interruption in service. WG Application at 2.

<sup>19</sup> WG Application at 1.

<sup>20</sup> OPC Comments at 2-3.

<sup>21</sup> AOBA Comments.

<sup>22</sup> D.C. Code Ann. § 43-402 (1990 Repl.); see also, D.C. Code Ann. § 43-501(a) (1990 Repl.).

<sup>23</sup> *Id.*

Schedule No. 5. The Commission finds that the Company's proposal is in the public interest, subject to the modifications discussed below. WG's request to establish firm delivery service for large commercial customers is reasonable as a continuation of the Company's efforts to expand the energy service choices available to customers in the District of Columbia. Implementation of new Rate Schedule No. 2A will mean that large commercial customers can elect to purchase gas from a supplier other than WG, or they can opt to continue to receive the bundled firm sales service currently offered by WG.

**A. Rate Schedule No. 2A**

**1. Availability of Firm Delivery Service**

As proposed, Rate Schedule No. 2A would be available for firm delivery service to any non-residential customer that elects to purchase gas directly from a third-party supplier and arranges for transportation of the gas to WG's city gate, subject to certain conditions. The conditions are that the customer must have a minimum annual requirement for delivery service of 60,000 therms at a single delivery point, and must execute a service agreement with WG for an initial term of one year.<sup>24</sup> The Company has also indicated its intention to lower the threshold for customer eligibility as it gains experience with the new delivery service.<sup>25</sup>

The Commission approves the eligibility threshold of 60,000 therms as proposed in WG's Application and encourages the Company to consider reducing that threshold as WG gains experience with the new service. A lower eligibility threshold would further enhance customer choice by allowing a greater number of non-residential customers to elect to receive firm delivery service, if they desire.

**2. Rate Components of Firm Delivery Service**

The Company proposes to calculate the rate for firm delivery service using the following charges:

- (1) a customer charge of \$25.19 per customer for heating

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<sup>24</sup> WG Application, Attachment I, Original Page No. 13A.

<sup>25</sup> Transcript of Public Hearing, November 12, 1996 ("Tr.") at 18.

<sup>26</sup> The "customer charge" is a measure of the costs to WG to provide and maintain the service pipe, meter, and other facilities located on the customer's property as well as the monthly meter reading, billing, and accounting costs that do not vary with the amount of gas the customer consumes. WG Application, Attachment I, (continued...)

- and/or cooling during the billing months of September to May, inclusive, or \$10.70 per customer during all billing months for Non-Heating and Non-Cooling service;
- (2) a distribution charge<sup>27</sup> of 37.33¢ per therm for all gas delivered during the billing month;
  - (3) a peak usage charge<sup>28</sup> of 2.39¢ per therm of usage in the maximum billing month<sup>29</sup> for the billing months of November through April, inclusive; and
  - (4) a balancing charge<sup>30</sup> of 4.5¢ per therm for all therms delivered during the billing month.

WG states that the proposed rate components for firm delivery service mirror the unbundled rate components previously proposed for Rate Schedule No. 2 in GT95-4,<sup>31</sup> except that the balancing

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<sup>26</sup> (...continued)  
Original Page 13A.

<sup>27</sup> The "distribution charge" is the amount WG charges for delivering each therm of purchased gas consumed by the customer, and is a measure of the costs to WG to provide, maintain, and operate a system of underground piping to distribute purchased gas to the service piping located on the customer's property. WG Application, Attachment I, Original Page 13B.

<sup>28</sup> The "peak usage charge" reflects a measure of the amount of gas delivered to a customer on the coldest days of the year, for which WG incurs costs for investment, operation, and maintenance of gas production and additional distribution facilities to accommodate customers' increased gas deliveries on the coldest days. WG Application, Attachment I, Original Page 13B.

<sup>29</sup> The "maximum billing month" is defined as the month in which the maximum average daily consumption (total therms/cycle billing days) occurs. WG Application, Attachment I, Original Page 13B.

<sup>30</sup> The "balancing charge" is the amount charged by WG for the use of its storage assets and gas production to deliver the customer's daily requirements, as compared to the customer's uniform daily contract quantity ("DCQ") transported to WG's city gate by the customer's gas supplier. WG Application, Attachment I, Original Page 13C.

<sup>31</sup> See GT95-4, Order No. 10918 (January 31, 1997), in which WG was authorized to restructure Rate Schedule No. 2 by replacing the "commodity" charge with separate "distribution" and "purchased gas" charges. The tariff modification approved in GT95-4 did not alter the "peak usage" or "customer" charges already included in Rate Schedule No. 2.

charge would be imposed in place of a purchased gas charge<sup>32</sup> to reflect the Company's balancing of deliveries of gas by third-party suppliers to WG's city gate against actual daily customer usage. WG indicates that the peak usage charge and customer charge proposed for Rate Schedule No. 2A would not change from the level currently in effect under Rate Schedule No. 2.<sup>33</sup>

The proposed balancing charge would be determined by establishing a daily contract quantity ("DCQ")<sup>34</sup> for each firm delivery service customer, and using the DCQ as a surrogate to determine the volume of gas to be provided daily by the third-party supplier. The Company notes that the DCQ is an estimate and thus the volume of gas provided by the third-party supplier would not match the exact daily customer usage requirements. To prevent the mismatch between the amount supplied and the amount required from causing an interruption of customer service or otherwise materially affecting WG's system supply, the Company proposes to manage or "balance" the daily difference between the customer's DCQ and actual daily usage. The balancing would occur by use of WG's storage and peak sharing resources, for which the customer would initially be assessed a balancing charge of \$0.045 per therm. The balancing charge would be updated annually to reflect Company resources used for balancing purposes. All charges collected by WG would be returned to firm customers through the Purchased Gas Adjustment/Charge provision.<sup>35</sup>

According to OPC, WG also proposes to collect from Rate Schedule No. 2A customers a "transitional cost charge"<sup>36</sup> to recover WG's upstream pipeline transition costs resulting from the

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<sup>32</sup> The "purchased gas charge" approved in Order No. 10918 is not necessary for the calculation of charges for firm delivery service, because firm delivery service customers would obtain gas directly from a third-party supplier and thus would not pay WG for the cost of purchased gas. See, WG Application at 3.

<sup>33</sup> WG Application at 3.

<sup>34</sup> The daily contract quantity ("DCQ") is calculated by dividing a customer's weather-normalized historical annual usage by 365. WG Application at 4.

<sup>35</sup> WG Application at 4.

<sup>36</sup> OPC states that Proposed Rate Schedule No. 2A provides for imposition of a transitional cost charge (a charge equal to the amount per therm included in the calculation of the current month's Purchased Gas Adjustment Charge) to recover WG's supplier transitional costs. OPC Comments, Appendix A, Original Page No. 13C.

unbundling of interstate pipeline services.<sup>37</sup> The transitional cost charge would be calculated to collect from Rate Schedule No. 2A customers the same level of upstream transition costs as WG presently collects from Rate Schedule No. 2 customers. Revenue derived from the transitional cost charge would be credited 100% to firm sales customers through the Commodity Credit Adjustment/Distribution Credit Adjustment ("CCA/DCA").<sup>38</sup> WG agrees with OPC that the transitional cost charge was inadvertently omitted from the Company's original filing.<sup>39</sup>

OPC states that the preservation of revenue neutrality to avoid rate increases to firm sales customers is one of its chief concerns with respect to WG's unbundling proposals.<sup>40</sup> According to OPC, WG's new rate schedules should not merely maintain current net revenue levels, but the rate schedules and WG's treatment of the revenues they generate must not cause firm sales customers to subsidize WG's transportation customers. OPC notes that proposed Rate Schedule No. 2A mirrors the relevant rate components of Rate Schedule No. 2, thereby maintaining the revenue neutrality of those rate components.<sup>41</sup>

The Commission approves the implementation of the customer, distribution, peak usage, and balancing charges proposed by WG for inclusion in Rate Schedule No. 2A. These rate components for firm delivery service for large commercial customers mirror the unbundled rate components approved by the Commission in Order No.

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<sup>37</sup> OPC Comments at 25, citing Appendix A, Original Page 13C. OPC states that WG "inadvertently did not include a transitional cost charge in its filed version of Rate Schedule No. 2A but agreed to revise Rate Schedule No. 2A, as set forth in Appendix A, to include this provision." OPC Comments at 26, n. 52.

<sup>38</sup> OPC Comments at 25-26. (WG was previously authorized to redesignate the Commodity Credit Adjustment ["CCA"] included in Rate Schedule No. 2 as the Commodity/Distribution Credit Adjustment ["CCA/DCA"], in conjunction with the Company's request to replace the existing commodity charge with separate distribution and purchased gas charges. The CCA credited 90% of the net revenues from interruptible gas sales and transportation services to firm rate customers. See, GT95-4, Order No. 10918 [January 31, 1997] at 2-3.)

<sup>39</sup> WG Reply Comments at 6.

<sup>40</sup> OPC Comments at 12.

<sup>41</sup> *Id.* at 12-13.



10918,<sup>42</sup> and are the same as those already in effect in Rate Schedule No. 2, with a balancing charge in place of the purchased gas charge applicable to sales service.

The Commission concurs with OPC that Rate Schedule No. 2A should include a transitional cost charge to recover WG's upstream pipeline transition costs resulting from the unbundling of interstate pipeline services. WG endorses the modifications proposed by OPC, including the transitional cost charge.<sup>43</sup> Therefore, the Commission approves the transitional cost charge submitted with OPC's Comments.<sup>44</sup> That is, the transitional cost charge is set equal to the amount per therm included in the calculation of the current month's Purchased Gas Adjustment Charge to recover WG's supplier transitional costs.

### 3. Return to Sales Service

OPC comments that customers receiving firm delivery service under proposed Rate Schedule No. 2A would have the option of returning to sales service under existing Rate Schedule No. 2 after notifying WG. According to OPC, proposed Rate Schedule No. 2A requires customers to provide notification to WG 12 months prior to the date on which the customer wishes to begin receiving sales service.<sup>45</sup>

The Commission adopts the notification provision set forth in OPC's Comments, which allows a firm delivery service customer to return to sales service after notifying WG 12 months prior to the date on which the customer wishes to begin receiving sales service.<sup>46</sup> It is our conclusion that the 12-month notice requirement will allow customers to return to sales service without causing undue disruption to WG's operations.

### B. Rate Schedule No. 5

WG proposes new Rate Schedule No. 5, the "Firm Delivery Service Gas Supplier Agreement" ("Supplier Agreement Tariff"), to govern the relationship between a third-party supplier and its customers, and to specify the minimum terms and conditions for such

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<sup>42</sup> GT95-4, Order No. 10918 (January 31, 1997).

<sup>43</sup> WG Reply Comments at 2.

<sup>44</sup> See, OPC Comments, Appendix A, Original Page No. 13C.

<sup>45</sup> OPC Comments at 28, citing Appendix A, Original Page No. 13E.

<sup>46</sup> See, OPC Comments, Appendix A, Original Page 13E.

service.<sup>47</sup> WG states that the Supplier Agreement Tariff was designed to ensure that firm delivery service customers are matched with reliable third-party suppliers, a protection that is especially important because firm delivery service is new to District of Columbia customers.<sup>48</sup>

As proposed, Rate Schedule No. 5 would (1) specify the daily and aggregate daily quantities of gas (that is, the DCQ and ADCQ) to be delivered by third-party suppliers to customers; (2) delineate the consequences of and penalties for failure to deliver such quantities; (3) identify the responsibilities of third-party suppliers to WG; and (4) mandate demonstrated "creditworthiness" of third-party suppliers. Therefore, according to WG, Rate Schedule No. 5 would ensure that customer interests are acknowledged and that the public interest is served irrespective of the private interest of a firm delivery customer and a third-party supplier, and regardless of any separate agreement between the customer and the supplier.<sup>49</sup>

The Commission approves Rate Schedule No. 5 with certain modifications discussed below to specify the minimum terms and conditions for service by third-party suppliers. The Commission recognizes the need to ensure that firm delivery service customers are matched with reliable third-party suppliers.

#### 1. Creditworthiness

WG proposes to assess the financial condition of third-party suppliers by requiring participating suppliers to demonstrate — before and during the provision of delivery service — that the supplier meets the creditworthiness criteria of at least one interstate pipeline that delivers natural gas to WG's city gate.<sup>50</sup> OPC agrees with this proposal, noting that the third-party suppliers would perform an essential service currently provided by WG and therefore that WG must "exercise the utmost caution in determining which suppliers will be permitted to undertake this obligation."<sup>51</sup> Both OPC and WG have apparently concluded that assessment of the creditworthiness of prospective third-party suppliers will serve as a means to ensure that suppliers will be able to obtain and deliver gas reliably for delivery service customers.

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<sup>47</sup> WG Application at 4.

<sup>48</sup> *Id.* at 5.

<sup>49</sup> *Id.*

<sup>50</sup> *Id.*, Attachment I, Original Page No. 27C.

<sup>51</sup> OPC Comments at 23.

The Commission agrees that WG must assess the creditworthiness of participating third-party suppliers as an assurance that the suppliers will perform their contractual obligations. This protection would both ensure the provision of reliable service for firm delivery customers and avoid harm to WG's other customers, who could be adversely affected if third-party suppliers fail to obtain the contracted-for quantities of gas for delivery customers. In case of a supplier's failure to deliver gas in accordance with its contract with a customer, WG will take on "supplier of last resort service" and will be required to provide natural gas for that customer.<sup>52</sup>

## 2. Penalty

Proposed Rate Schedule No. 5 includes a penalty provision that subjects third-party suppliers to a penalty of \$25 per dekatherm ("Dth") of transportation underdelivery of the ADCQ, after a 48-hour grace period.<sup>53</sup> According to WG, the \$25 per Dth penalty "is both punitive and recovers fully the cost of the Company having to be in a position to stand by and serve customers should the supplier fail on any particular day."<sup>54</sup> In case of a delivery of more gas than required by the ADCQ, after a 48-hour grace period, WG could refuse to accept transportation deliveries until the overdelivery is eliminated.<sup>55</sup>

In its reply comments, WG addresses the reconciliation of delivery imbalances under the "Determination of the Daily Contract Quantity" contained in proposed Rate Schedule No. 5 and the "Daily Contract Quantity" contained in proposed Rate Schedule No. 2A. As initially filed, the proposed tariffs did not specifically address the scenario in which a supplier provides more natural gas than a customer consumes and, at the expiration of the 12-month contract period, the supplier no longer provides service to the customer. In its reply comments, WG proposes to credit the supplier for any excess natural gas and to compute the credit by weighting the Company's monthly weighted average commodity cost of gas included in the Purchased Gas Charge by the monthly imbalance determinants for the supplier's customer.

The Commission finds that WG's proposed penalty provision is reasonable for inclusion in Rate Schedule No. 5 to encourage third-

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<sup>52</sup> Tr. at 18.

<sup>53</sup> WG Application, Attachment I, Original Page No. 27A.

<sup>54</sup> Tr. at 16-17.

<sup>55</sup> WG Application, Attachment I, Original Page No. 27A.

<sup>56</sup> WG Reply Comments at 5.

party suppliers to deliver the ADCQ, and thus avoid overdeliveries and underdeliveries, and to compensate WG for being in position to serve customers if a supplier fails to do so. The Commission also adopts WG's proposal to reconcile delivery imbalances by means of a credit to the third-party supplier for excess natural gas in cases when a supplier provides more natural gas than a customer consumes and discontinues service to that customer at the end of the contract period. This method is a reasonable means to compensate a supplier for excess gas delivered to a customer who no longer receives service from the supplier, without being administratively burdensome for WG.

### 3. Enforceability

The Company contends that Rate Schedule No. 5 is enforceable as proposed because a violation of the rate schedule would constitute a violation of WG's tariff and possibly a violation of the gas supplier application as well; therefore, the Commission or a District of Columbia court would have subject matter jurisdiction to determine whether a violation had occurred.<sup>57</sup> At the suggestion of OPC, WG proposes to insert in the gas supplier application attached to Rate Schedule No. 5 a provision requiring third-party suppliers "to submit to the jurisdiction of the Commission, all other agencies 'having subject matter jurisdiction,' and the District of Columbia courts."<sup>58</sup>

Despite its general support for WG's unbundling proposals, OPC notes some "areas of concern" pertaining to proposed Rate Schedule No. 5.<sup>59</sup> OPC asserts that, optimally, the Commission should be able to enforce the terms of Rate Schedule No. 5 against participating gas suppliers, even though the actual gas sales to customers will not be taking place within the District of Columbia.<sup>60</sup> OPC notes that, in response to its concern, WG agreed to insert a provision in Rate Schedule No. 5 requiring gas suppliers to submit to the jurisdiction of the Commission, all other agencies "having subject matter jurisdiction," and the District of Columbia courts.<sup>61</sup> Further, according to OPC, a gas supplier doing business in the District of Columbia would have sufficient contact to form the

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<sup>57</sup> Tr. at 79.

<sup>58</sup> OPC Comments at 31, citing Appendix C, Gas Supplier Application-Rate Schedule No. 5, Section E, "Jurisdiction." See also, Tr. at 79.

<sup>59</sup> *Id.* at 13, 31-32.

<sup>60</sup> *Id.* at 31.

<sup>61</sup> *Id.*, citing Appendix C, Gas Supplier Application-Rate Schedule No. 5, Section E, "Jurisdiction."

basis for personal jurisdiction in accordance with D.C. Code Ann. §§ 43-203, 43-213, and 43-402 (1990 Repl.).<sup>62</sup>

The Commission is charged with ensuring that public utility services in the District of Columbia are "reasonably safe and adequate and in all respects just and reasonable."<sup>63</sup> Moreover, the Commission's authority shall be liberally construed to accomplish the purposes of its statutory mandate.<sup>64</sup> Accordingly, the Commission adopts OPC's recommendation and directs WG to include in Rate Schedule No. 5 a provision requiring third-party suppliers that offer service in the District of Columbia to consent to the jurisdiction of the Commission, any District of Columbia court, and any other agency of the District of Columbia Government charged with regulating the services or operations of third-party suppliers in any proceeding arising from service provided pursuant to Rate Schedule No. 5 to a customer receiving service pursuant to Rate Schedule No. 2A.

#### 4. Discrimination

OPC expresses concern regarding the possibility that third-party gas suppliers might act in a discriminatory manner when selecting firm delivery customers or when setting the rates and terms of service offered to customers. Therefore, OPC recommends that Rate Schedule No. 5 include a provision prohibiting undue discrimination by third-party suppliers in their rates, charges, or terms and conditions of service.

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<sup>62</sup> Tr. at 94.

<sup>63</sup> D.C. Code Ann. § 43-402 (1990 Repl.).

<sup>64</sup> D.C. Code Ann. § 43-103 (1990 Repl.) provides in part that:

The provisions of Chapters 1-10 of this title shall be interpreted and construed liberally in order to accomplish the purposes thereof, and where any specific power or authority is given the Commission . . . the enumeration thereof shall not be held to exclude or impair any power or authority otherwise . . . conferred on said Commission. The Commission . . . shall have, in addition to the powers in Chapters 1-10 of this title specified, mentioned, and indicated all additional, implied, and incidental power which may be proper and necessary to effect and carry out, perform, and execute all the said powers herein specified, mentioned, and indicated.

<sup>65</sup> OPC Comments at 31-32, citing Appendix C, Gas Supplier Application-Rate Schedule No. 5, Section F, "No Discrimination."

The Commission concurs with OPC, and accordingly directs WG to include in Rate Schedule No. 5 a provision prohibiting any third-party supplier from granting any undue preference or advantage to any customer or subjecting any customer to any undue discrimination in the rates, charges, or terms and conditions of service provided pursuant to Rate Schedule Nos. 2A and 5. WG is also directed to disseminate customer information about the availability of Rate Schedule No. 2A throughout the District of Columbia, so that all eligible customers will have an opportunity to make informed decisions about whether to elect to receive the new delivery service.

**5. Application Form**

According to OPC, WG developed an application form, known as the "Gas Supplier Application" form, for the Company's use in screening gas suppliers; however, the form was not included in WG's Application. OPC asserts that the Commission should require WG to incorporate the application form into Rate Schedule No. 5, with the addition of the provision prohibiting undue discrimination in rates, charges, or terms and conditions of service offered to Rate Schedule No. 2A customers.<sup>66</sup> WG concurs with OPC's assertion that the "Gas Supplier Application" should be attached to and incorporated into Rate Schedule No. 5.<sup>67</sup> The Commission directs WG to incorporate in Rate Schedule No. 5 an application form consistent with the Commission's decision herein.

**6. Certification Form**

OPC asserts that WG should be required to develop a certification form through which suppliers would be certified by the Commission before they are permitted to sell gas to firm delivery service customers. According to OPC, certification would constitute proof that a third-party supplier has met the requirements of Rate Schedule No. 5.<sup>68</sup> However, WG indicates its reluctance to request imposition of a certification requirement on the Commission, and questions whether an additional application is necessary in light of the credit qualifications and legal protections attached to each gas supplier application.<sup>69</sup>

The Commission declines to adopt OPC's certification recommendation at this time. As noted by WG, the additional application is not necessary in light of the credit qualifications

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<sup>66</sup> OPC Comments at 31-32.

<sup>67</sup> WG Reply Comments at 6.

<sup>68</sup> OPC Comments at 32. See also, Tr. at 88.

<sup>69</sup> WG Reply Comments at 6-7.

and legal protections incorporated in Rate Schedule No. 5.

**C. Customer Education and Consumer Protection**

The Commission is concerned about customer education and consumer protection issues associated with the introduction of natural gas delivery service. Accordingly, WG is directed to work with the Commission's Office of Consumer Services to devise and implement an effective customer education program designed to offer complete, accurate information to assist customers in making informed decisions regarding delivery service. Third-party suppliers and marketers are also encouraged to participate in this process.

The Commission also directs WG, the Office of Consumer Services, and any third-party suppliers that wish to participate to establish a process to identify third-party suppliers desiring to do business in the District of Columbia. The Office of Consumer Services will maintain a list of those suppliers, including information about how to contact each supplier. This information will be available from the Commission upon request and through the consumer education process that is established. In addition, third-party suppliers are encouraged to participate in the Commission's consumer dispute resolution procedures. The names of those suppliers that have agreed to participate will also be available from the Commission upon request.

**D. Purchased Gas Adjustment/Charge Modifications**

To reflect the new balancing charges under Rate Schedule No. 2A and any penalty revenues recovered under the proposed Rate Schedule No. 5, WG requests permission to modify the Purchased Gas Adjustment/Charge provision to credit such charges and revenues to firm customers. According to WG, this crediting would maintain the revenue neutrality underlying its various unbundling proposals.<sup>70</sup> Neither OPC nor AOBA objects to WG's proposed modification.

The Commission grants WG's request for permission to modify the Purchased Gas Adjustment/Charge provision to credit to firm customers the new charges under Rate Schedule No. 2A and any penalty revenues recovered under Rate Schedule No. 5. This crediting provision is necessary to maintain the revenue neutrality underlying WG's unbundling proposal.

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<sup>70</sup> WG Application at 5.

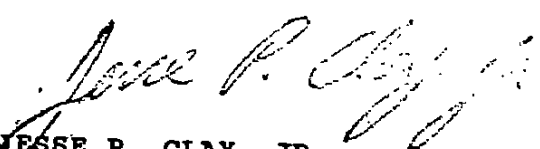
THEREFORE, IT IS ORDERED THAT:

1. The Motion to Intervene of Gaslantic Corporation is denied;
2. The Application of Washington Gas Light Company, District of Columbia Division, to implement a new Rate Schedule No. 2A, "Firm Delivery Service - Other than Residential," and a new Rate Schedule No. 5, "Firm Delivery Service Gas Supplier Agreement," is approved with the modifications discussed herein;
3. Washington Gas Light Company, District of Columbia Division, is directed to contact the Commission's Office of Consumer Services, within ten (10) days, to initiate the development of procedures to address customer education and consumer protection issues;
4. Washington Gas Light Company, District of Columbia Division, is directed to file tariffs in compliance with this Order by February 2, 1998; and
5. This Order is effective upon publication of a Notice of Final Rulemaking in the D.C. Register.

A TRUE COPY:

BY DIRECTION OF THE COMMISSION:

CHIEF CLERK

  
JESSE P. CLAY, JR.  
COMMISSION SECRETARY