GT 2013-01 - 13
RECEIVED 2014 JAN 10 9:46 AM (E)

AOBA
APARTMENT and OFFICE BUILDING ASSOCIATION

APARTMENT AND OFFICE BUILDING
ASSOCIATION OF
METROPOLITAN WASHINGTON

January 10, 2014

Brinda Westbrook-Sedgwick
Commission Secretary
D.C. Public Service Commission
1333 H Street, N.W.
Second Floor, West Tower
Washington, DC 20005

Re: GT 2013-01
In the Matter of the Application of Washington Gas Light Company for Authority to Amend Rate Schedule No. 4 and Adopt Rate Schedule No. 7
AOBA Comments

Dear Ms. Westbrook-Sedgwick:

Enclosed please find an original and twenty-five (25) copies of the Comments of the Apartment and Office Building Association of Metropolitan Washington's ("AOBA").

Also, enclosed is an additional copy. Please stamp the additional copy and return it to me in the enclosed envelope. Please call me if you have any questions. Thank you for your attention in this matter.

Sincerely,

Frann G. Francis

Frann G. Francis
Senior Vice-President and General Counsel

cc: All parties of record

BOMA International
1050 17th Street, NW, Washington, DC 20036
Phone: 202-296-3390 • Fax: 202-296-3399 • Email: webmaster@aoba-metro.org
URL: http://www.aoba-metro.org
NAA National Apartment Association

CERTIFICATE OF SERVICE
GT 2013-01

I hereby certify on this 10th day of January, 2014, that the attached Comments were filed electronically on behalf of the Apartment and Office Building Association of Metropolitan Washington in GT 2013-01 and an original and twenty-five (25) copies of the above Comments were sent by Federal Express to Brinda Westbrook-Sedgwick, Commission Secretary, District of Columbia Public Service Commission, 1333 H Street, N.W., 2nd Floor, West Tower, Washington, D.C. 20005, and copies were mailed first class, postage prepaid to the service list below.

Brinda Westbrook-Sedgwick
Commission Secretary
Public Service Commission
Of the District of Columbia
1333 H Street, NW, 2nd Floor
Washington, DC 20005

Richard D. Beverly, Esq.
Office of the General Counsel
DC Public Service Commission
1333 H Street, NW, 7th Floor East Tower
Washington, DC 20005

Christopher Lipscombe, Esq.
Kimberly Lincoln-Stewart, Esq.
DC Public Service Commission
1333 H Street, NW, 7th Floor East Tower
Washington, DC 20005

Dr. Phylicia Fauntleroy-Bowman
DC Public Service Commission
1333 H Street, NW, 7th Floor East Tower
Washington, DC 20005

Donald Hayes, Esq.
Washington Gas Light Company
101 Constitution Avenue, NW, 3rd Floor
Washington, DC 20080

Sandra Mattavous-Frye, Esq.
Office of the People's Counsel
1133 15th Street, NW, Suite 500
Washington, DC 20005

Frann G. Francis

Frann G. Francis, Esquire

BEFORE THE
PUBLIC SERVICE COMMISSION
OF THE DISTRICT OF COLUMBIA

IN THE MATTER OF THE	)	
	)	
Application of Washington Gas Light Company	)	GT-2013-01
For Authority to Amend Rate Schedule No. 4	)	
And Adopt Rate Schedule No. 7	)	

COMMENTS OF
THE APARTMENT AND OFFICE BUILDING ASSOCIATION
OF METROPOLITAN WASHINGTON

The Apartment and Office Building Association of Metropolitan Washington ("AOBA"), pursuant to the Commission's Notice of Inquiry ("NOI") at 60 D.C. Reg. 17134-35 (December 20, 2013), hereby files these comments. In paragraph 2 of the NOI, the Commission seeks comments on public safety issues raised by the Washington Gas Light Company ("Washington Gas" or "Company") proposed tariff revision. 60 D.C. Reg. 17134-35. As summarized in the NOI, the Company's September 13, 2013 tariff proposal requests:

> *authority to revise Rate Schedule No. 4, Developmental Natural Gas Vehicles, and to adopt a new Rate Schedule No. 7, Compressed Natural Gas ("CNG") Service. Under the new Rate Schedule No.7, WGL proposes to provide two new service offerings, CNG Fueling Service and CNG Compression Service. According to WGL's Application, CNG Fueling Service will involve WGL providing natural gas at cost-based rates from a WGL owned and operated facility, to corporate or government fleet vehicles and to members of the public who own and operate natural gas vehicles. WGL would also provide natural gas to combined heat and power facilities and operators of natural gas vehicle fueling stations.* 60 D.C. Reg. at 17134.

AOBA supports the Commission's examination of the public safety issues raised by the Company's filing. The questions in paragraph 2 of the NOI directly relates to Retail Suppliers involvement in providing competitive CNG service which AOBA does not oppose. Competitive services, like those provided by the Company's unregulated affiliate company, Washington Gas Energy Services ("WGES"), are not funded by WG customers.

AOBA opposes the imposition of unregulated business costs on ratepayers. The Company's customers should not be required to bear any costs surrounding the CNG competitive services, including costs associated with the public safety issues in paragraph 2 of the Commission's NOI.[1] If WGL Holdings, Inc., the parent company for both WG and WGES, wishes to enter into the CNG fueling services business it can do so through a competitive, unregulated business.[2] The Company cannot be permitted to finance or recover the cost for investments already made in the CNG fueling service through District of Columbia ratepayers. As WG acknowledged during cross-examination of Company witness Paul Buckley, in its most recent Maryland rate case, there are competitive providers of CNG fueling service:

> Q. Were you aware of companies, private entities, unregulated, that build these facilities?
>
> A. Yes. I identified those in my testimony … three national firms and now I would add IGS.[3]

---

[1] MD Case No. 9322, *In the Matter of the Application of Washington Gas Light Company for Authority to increase its Existing Rates and Charges and to Revise its Terms and Conditions for Gas Service*, WG Rate Case, AOBA Initial Brief at 44-46 (September 10, 2013).
[2] MD Case No. 9322, *In the Matter of the Application of Washington Gas Light Company for Authority to increase its Existing Rates and Charges and to Revise its Terms and Conditions for Gas Service*, AOBA Reply Brief at 25-26 (September 20, 2013).
[3] MD Case No. 9322, *In the Matter of the Application of Washington Gas Light Company for Authority to increase its Existing Rates and Charges and to Revise its Terms and Conditions for Gas Service*, Tr. at 1004, lines 1-6.

The Maryland People's counsel also opposed WG's use of ratepayer funding for the Company's CNG fueling service. In its Initial Brief, the Maryland People's Counsel framed the seminal issue for consideration by regulators namely, "WGL has failed to explain why a regulated natural gas distribution company should be permitted to engage in a competitive service using WGL facilities."[4] In support of its objections to the Company's CNG fueling service proposal, Maryland's People's Counsel opined:

> *Moreover, WGL has indicated that no projections of investment, revenues and expenses for this new service exist. Because this service will entail customers dispensing CNG into their own vehicles, there is a distinct possibility of liability claims arising out of this service. Without knowing anything about the projected revenue from this service, it is impossible to assess witness Arndt illustrates by his discussion of Questar Gas in his Surrebuttal Testimony, the operation of CNG stations is a major, costly undertaking. It is inappropriate for a regulated natural gas distribution company to be involved in such a high-stakes, competitive venture*.[5]

AOBA agrees with the arguments of the Maryland People's Counsel in opposition to ratepayer funding of WG's CNG fueling services. The Company fails to provide compelling justification for why this service should be funded by its utility ratepayers in the District of Columbia. CNG fueling services are being provided by competitive service providers. WGL Holdings, Inc. shareholders, through an unregulated company, can finance CNG fuelling services on a competitive basis. AOBA, however, objects to WG's proposal to build facilities and engage in the retail marketing of CNG fueling services with ratepayers funding the Company's unregulated enterprise. AOBA submits that the Company's proposal is not an appropriate business activity for a regulated

[4] MD Case No. 9322, *In the Matter of the Application of Washington Gas Light Company for Authority to increase its Existing Rates and Charges and to Revise its Terms and Conditions for Gas Service*, MD OPC Initial Brief at 64 (September 9, 2013).
[5] MD Case No. 9322, *In the Matter of the Application of Washington Gas Light Company for Authority to increase its Existing Rates and Charges and to Revise its Terms and Conditions for Gas Service*, MD OPC Initial Brief at 64-65 (September 9, 2013).

distribution utility, nor should the costs associated with this competitive business be imposed on District of Columbia ratepayers.

Furthermore, there is no linkage or connection established between utility customers' use of natural gas for traditional Heating and Non-heating purposes and usage of CNG. Therefore, charging existing utility natural gas customers for support of WG's CNG fueling facilities has no cost causative foundation.

Moreover, WG's proposed tariff raises significant issues regarding the definition of cost-based services and what services should be provided by the Company and funded by ratepayers. These fundamental ratemaking issues, in addition to the public safety questions raised in the Commission's NOI, are among the issues that require a thorough review. The Company is proposing to capitalize on its ratepayer-funded facilities to enter into the competitive CNG fueling service market. WG's CNG fueling service tariff proposal is made while the Company seeks Commission approval of a ratepayer funded accelerated pipe replacement plan ("APRP") surcharge estimated to cost ratepayers $1 billion with an initial $110 million requested by the Company in first five years of this proposal.[6] The Company's requested APRP surcharge is in addition to the recent natural gas distribution rate increase of $8.38 million approved by the Commission in Formal Case No. 1093.[7] In addition, the Commission is considering WG's Weather Normalization Adjustment request that can add additional cost to distribution rates paid by ratepayers.[8] These revenue requests from WG that impose, or have the potential of imposing, significant increases on distribution rates should not be

[6] DC Formal Case No. 1093, WG Revised Accelerated Pipe Replacement Plan, Attachment A at 2 (August 15, 2013).
[7] Formal Case No 1093, Order No. 17132 (May 15, 2013); Order on Reconsideration (July 31, 2013).
[8] DC Formal Case No. 1110, WG Application for a WNA (November8, 2013).

compounded by Commission approval of WG's adventures into competitive services that impose ratepayer funding obligations on the Company's District of Columbia customers.

Should the Commission determine that competitive CNG fueling services would benefit the District of Columbia, a rulemaking or other proceeding could be initiated to determine how best to encourage the development of competitive CNG fueling services in the District of Columbia. As with competitive services in general, WG's ratepayers should not be required to fund unregulated competitive service offerings.

Dated: January 10, 2014

Respectfully submitted,

Frann G. Francis

Frann G. Francis, Esq.
Senior Vice President & General Counsel
Apartment and Office Building
Association of Metropolitan Washington
1050 17th Street, N.W., Suite 300
Washington, DC 20036
(202) 296-3390
DC Bar Number # 210385

W. Shaun Pharr, Esq.
DC Bar Number # 362595
Nicola Y. Whiteman, Esq.
DC Bar # 468051