

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Investigation into the Natural Gas Supply  
Market: Report to the General Assembly  
On Competition in Pennsylvania's Retail  
Natural Gas Supply Market

Docket Nos. I-00040103  
I-00040103 F0002

Response of Constellation NewEnergy-Gas Division, LLC  
in Response to the January 20, 2006 Notice Regarding the  
Natural Gas Stakeholders Working Group

**I. INTRODUCTION**

On October 6, 2005 the Pennsylvania Public Utility Commission (“Commission”) issued its Report to the General Assembly (“Report”) regarding competition in the retail natural gas supply market. As a result of its conclusion that “effective competition” does not exist statewide the Commission elected to reconvene the Natural Gas Stakeholders group (“Working Group”). The Commission’s December 30, 2005 Secretarial Letter asked Stakeholders to examine the issues in the Report, develop recommendations for changes that should be made to market structure and operation, the Public Utility Code and Commission regulations to enhance statewide competition.

In its January 20, 2006 Notice (“Notice”), the Commission established the date for the first meeting of the Stakeholders. The Notice also included the issues from the Commission’s Report, which Commission Staff assigned to three Subgroups. In response to the Notice, Stakeholders were requested to provide the following information: by notice, indicate whether the Stakeholder intends to participate in the

Working Group; provide feedback on the issues tentatively assigned to each Subgroup, including any suggested changes to how issues are assigned; indicate whether the respondent is volunteering to participate in any of the Subgroup discussion; and, if choosing to participate list any pending Commission proceedings involving the Stakeholder, and any pending proceedings in any Court or administrative agency in which both the Stakeholder and the Commission are parties.

## **II. Background**

Constellation NewEnergy-Gas Division, LLC (“CNE-Gas”) is a wholly owned subsidiary of Constellation Energy Group, Inc. (“Constellation”), a Baltimore-based Fortune 500 company that traces its history through almost two centuries. Constellation is a family of companies whose members include: Constellation Energy Commodities Group, Inc. (wholesale sales and risk management); Constellation New Energy, Inc. (“CNE”), competitive retail sales of electricity); Constellation Generation Group, LLC (generation owner, developer, and operator); and, Baltimore Gas and Electric Company (regulated natural gas and electricity utility in central Maryland).

In Pennsylvania, CNE is a licensed electricity generation supplier that provides customized energy solutions and comprehensive energy services to commercial and industrial customers. CNE has served electricity customers in the Duquesne, Penn Power, PECO, Penelec, Metropolitan Edison, and PPL service territories in Pennsylvania. CNE is also licensed as a competitive retail supplier in each state and Canadian province that allows retail choice to customers for electricity supply, and operates out of 10 regional offices.

CNE-Gas is a licensed natural gas supplier in Pennsylvania and serves commercial and industrial customers in the Columbia Gas of Pennsylvania (“Columbia”), UGI, National Fuel, and Peoples service territories in Pennsylvania. In addition to its customers in the Pennsylvania markets, CNE-Gas supplies natural gas and related services to over 2,800 accounts located in 36 states, 5 Canadian provinces, and Mexico, including industrial customers, municipalities, local distribution companies, and cogeneration facilities. CNE-Gas has provided gas supply to customers for over 14 years. In an average month CNE-Gas transports between 28 and 30 Bcf of natural gas, and on any given day CNE-Gas ships gas through more than 25 interstate pipelines and more than 70 local gas distribution utilities. CNE-Gas operates out of its headquarters in Louisville, Kentucky and 10 regional offices.

CNE-Gas offers the following Response in accordance with the Commission’s January 20, 2006 Notice.

### **III. Pending and Anticipated Proceedings**

CNE-Gas is currently participating as one of nine complainants, collectively referred to as the Natural Gas Supplier Group, in R-00049783C001-C007. This proceeding is a complaint against Columbia concerning proposed tariff changes wherein Columbia requests Commission approval to offer two new fixed-rate sales service riders: Rider PPS-Price Protection Service, a firm sales service option for residential and small commercial customers and; Rider OSS-Optional Sales Service, a firm or interruptible sales service for customers with annual usage of 600 Mcf or greater.

CNE-Gas does not presently anticipate entering other proceedings before the Commission. If a subsequent case comes before the Commission during the Working

Group process in which CNE-Gas intends to participate, it will notice the Commission and Commission Staff assigned to the Working Group.

#### **IV. Participation in the Working Group and Subgroups**

Through this Response, CNE-Gas respectfully provides notice to the Commission that CNE-Gas intends to participate in the Working Group in Docket No. I-00040103 F0002 and volunteers to participate in the Subgroups designated below. CNE-Gas requests Commission approval to designate the following two company representatives as participants in the Working Group, and who wish to participate in the Subgroup listed:

- A.** Ralph E. Dennis  
Director, Regulatory Affairs  
Constellation NewEnergy-Gas Division  
9960 Corporate Campus Drive, Suite 2000  
Louisville, Kentucky 40223  
502-214-6378 (T)  
502-426-7673 (F)  
[ralph.dennis@constellation.com](mailto:ralph.dennis@constellation.com)

Subgroup - Other Miscellaneous Issues

- B.** Jonathan Freedman  
Regional Director, Sales  
Constellation NewEnergy-Gas Division  
111 Market Place, 7<sup>th</sup> Floor  
Baltimore, Maryland 21202  
410-230-4783 (T)  
[jon.freedman@constellation.com](mailto:jon.freedman@constellation.com)

Subgroup – Inter-Company Activity

CNE-Gas respectfully requests the right to propose additional company representatives during the course of the Working Group process.

## **V. Additional Comments**

At this time, CNE-Gas has no comments to submit regarding the list of Subgroups or the issues assigned to each. However, this should not be construed to mean that CNE-Gas does not believe there are changes that can be made that would help produce effective competition in Pennsylvania's gas supply market. CNE-Gas intends to actively participate in the Working Group and offer constructive comments on issues when warranted, and it will provide substantive recommendations as the discussions unfold.

CNE-Gas does, however, respectfully provide the following suggestion to the Commission and Commission Staff assigned to the Working Group. The Commission's January 20, 2006 Notice provided a date for the first meeting and indicated that in the afternoon of that day the Subgroups would begin their discussions. However, the Commission's Notice did not provide a point in time when it expects the Working Group to complete its work and present its recommendations. In its December 30, 2005 Secretarial Letter reconvening the Working Group, the Commission expressed the notion that a plan should be developed to proceed with the discussions, and the Commission indicated a desire for the work to be completed in an orderly manner. CNE-Gas respectfully suggests that during the first meeting a timeframe be identified which includes a specific date for the Working Group's recommendations to be submitted to the Commission.

## **VI. Conclusion**

CNE-Gas appreciates the opportunity to participate in the Working Group and looks forward to the discussion with other Stakeholders to identify constructive actions

that can be taken to produce effective competition in Pennsylvania's natural gas supply market.

CNE-Gas has sent electronically a copy of this Response to the Commission's Assistant Counsel Patricia Krise Burket.

Respectfully Submitted,

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February 17, 2006