



DEREGULATION OF NATURAL GAS IN GEORGIA

Stan Wise, Commissioner
Georgia Public Service Commission

The Natural Gas Competition and Deregulation Act of 1997



- Unbundled local distribution and commodity sales service
- Local distribution companies could elect to participate and exit commodity sales function
- All consumers would have to select a gas marketer to receive service
- The gas company would retain responsibility for distribution services



PSC Obligations

- The Public Service Commission is charged by law to:
 - Regulate Rates of the EDC
 - Adopt Rules Governing Marketer Service Quality
 - Protect Consumers from Deceptive or Unfair Practices
 - Assist in Resolving Customer Complaints



EDC Service Obligations

- Under the Georgia model, the EDC is required to provide:
 - Local Distribution Service
 - Capacity Planning
 - Meter Reading
 - Turn-On and Turn-Off Service
 - Customer Switches



EDC System Obligations

- The EDC is also obligated to operate the distribution system to provide:
 - System Integrity
 - Pipeline Safety and Maintenance
 - Electronic Bulletin Board
 - Database Maintenance
 - Pipeline Extensions



Marketer Obligations

- Under the Georgia Model, Marketers are required to provide:
 - Natural Gas Commodity
 - Customer Service
 - Billing



The Emerging Competitive Marketplace

- The Act established a new regulatory model for natural gas service in Georgia, initiating a transition to market-based competition.
- The PSC took a very pro-active role in the implementation of the Act.
- The PSC utilized Rulemakings, Marketer Workshops, and Commission orders to assist in the implementation of the Act.



The Dawn of Competition

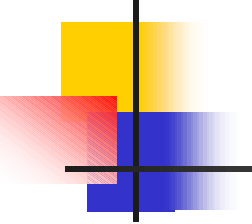
- PSC action since implementation of the Act:
 - Approved the following rules:
 - Marketer Rules for Certificates of Authority (Marketer Applications) - December 31, 1997
 - Methodology to determine Random Assignment of Customers
 - Universal Service Fund



The Dawn of Competition (continued)

- PSC action (continued)
 - Approved a Date Certain schedule for Random Assignment.
 - Randomly Assigned 289,986 customers who had not chosen a marketer by August 11, 1999.

Marketer Certificates

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- The PSC has the authority to issue certificates to applicants upon a showing that the marketer:
 - Possesses satisfactory financial and technical capability to render service;
 - Has significant gas supply to meet the requirements of such service; and
 - Will offer such service pursuant to rules and contract terms the PSC finds economically viable.



Marketer Workshops

- In order to balance a wide range of interests, the PSC hosted several workshops.

Sample topics:

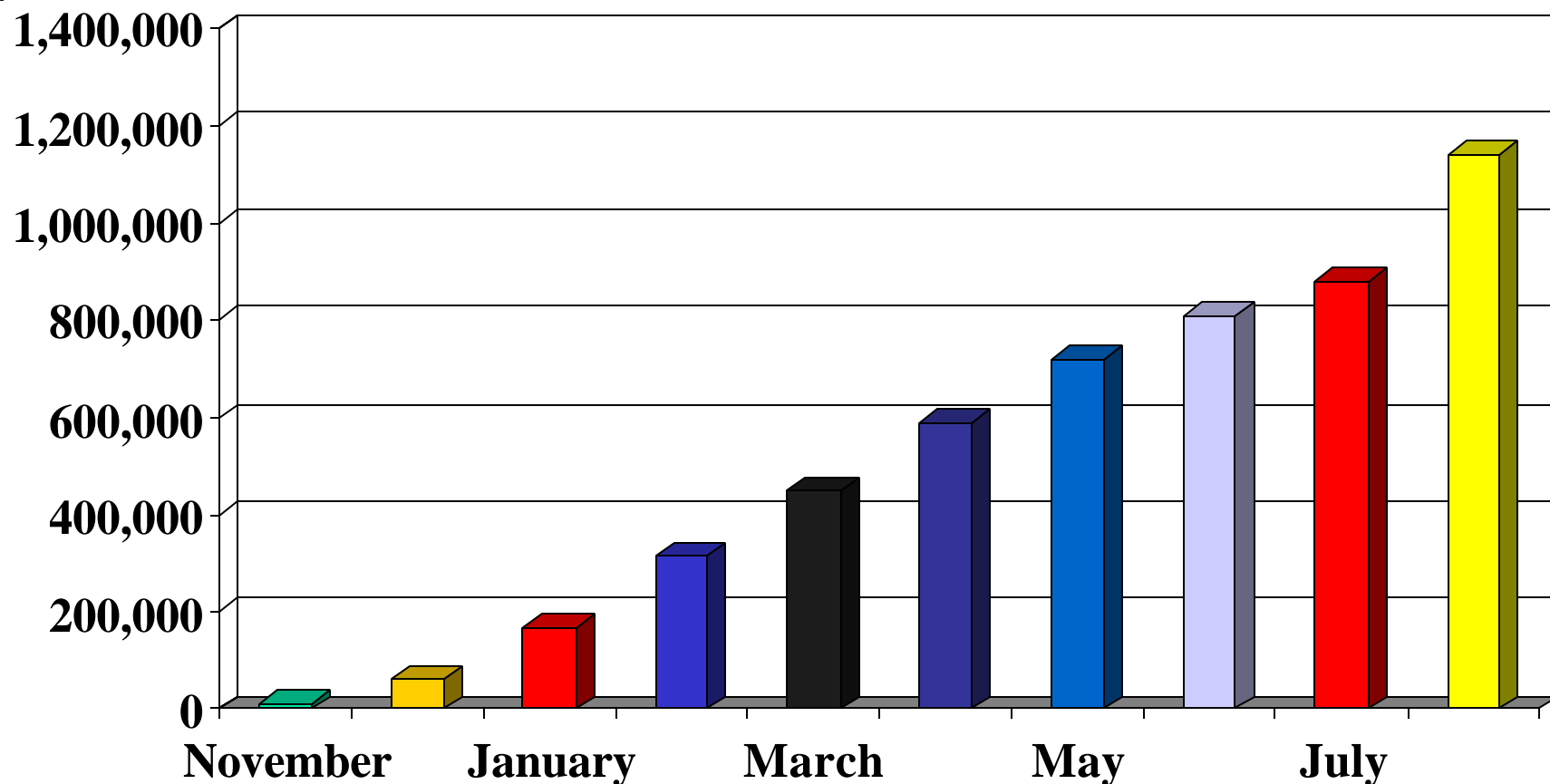
- Electronic Bulletin Board
- Marketer Rules
- Slamming Issues
- Operational Issues
- Customer Service Issues
- Pending Commission Action
- Random Assignment Readiness



Natural Gas Marketers

- On or before July 16, 1998, 28 applications for certificates of authority were filed at the PSC.
- On October 6, 1998, the PSC certified 19 natural gas marketers. (Currently, there are 8 marketers)
- On November 1, 1998, marketers began to sign up customers in all of the nine delivery groups.
- On a system-wide basis, marketers were signing up AGL's customers at a rate of approximately 10% per month. (See chart)

Customer Migration to Marketers (1998-99)

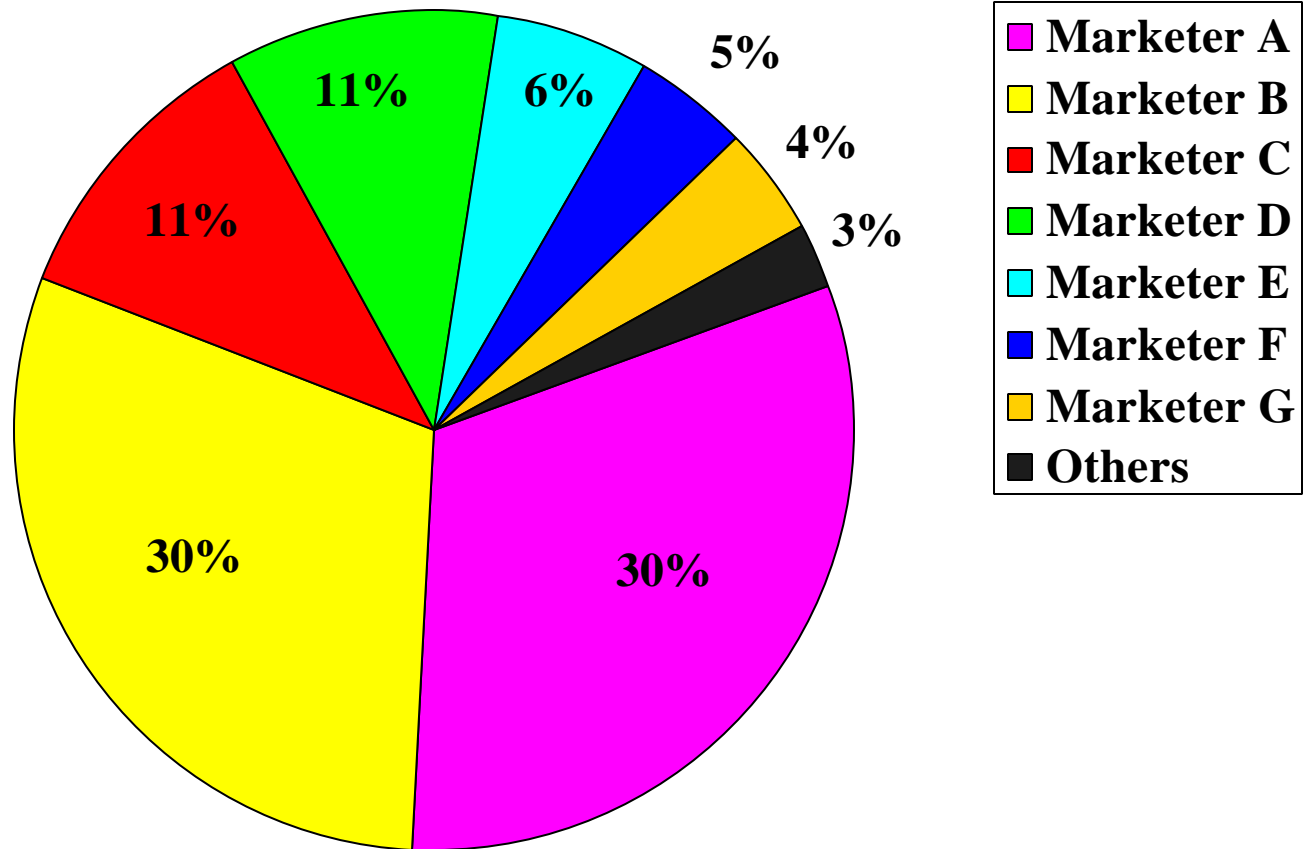




Approximate Number of Residential Customers Served by Marketers

November 1, 1998	9,703
January 1, 1999	169,092
March 1, 1999	450,198
May 1, 1999	717,749
July 1, 1999	878,993
August 1, 1999	960,328
August 11, 1999	1,139,950
CUSTOMER BASE—July 2000	1,476,007
April 2002	1,505,809

286,986 Customers are Randomly Assigned!!!





Marketer Issues

- Billing
 - Inaccurate bills
 - Late bills (45, 60, 90, or more days late)
 - Multiple bills (2-3 months at a time)
- Shut-offs
 - Not giving proper notice as required by the PSC's disconnect rules
- Slamming
 - Switching customers without their consent



Marketer Issues (continued)

- Customer Service
 - Long hold times on the phone
 - CSR's do not understand bills, rates, and/or AGL charges enough to explain to customers
 - Problems take two-three bill cycles for a resolution
 - Not responsive to PSC Consumer Affairs Department

Natural Gas Consumers Relief Act



New legislation that passed during the 2002 Legislative Session to provide additional protections and to increase competition



Natural Gas Consumers Relief Act (2002)

- New Consumer Protections
 - Creates a Regulated Provider to serve low-income customers and customers not able to receive service from a marketer
 - Creates a Bill of Rights for residential customers
 - Requires the Commission to impose service quality standards on the EDC and marketers
 - Prohibits retroactive rate increases



Natural Gas Consumers Relief Act (2002) continued

- Increases Competition
 - Allows a Georgia Electric Cooperative's Gas Affiliate to enter the natural gas market
 - Requires Marketers to present their prices in an apples-to-apples format for ease of comparison for consumers



Additional Commission Responsibility

- Approval of Terms of Service of Marketers
- PSC to hold hearing on assigning interstate assets to marketers
- Determination of a surcharge on interruptible customers to go into the Universal Service Fund
- Allows the Commission to charge interruptible customers for lost and unaccounted for gas