Resolution Opposing Proposed Merger between Washington Gas Light and AltaGas

Whereas, Canadian energy company AltaGas has applied to the DC Public Service Commission (PSC) for permission to merge with Washington Gas Light (WGL), the holding company for Washington Gas, the public utility company that supplies natural gas service to customers in Washington, DC;

Whereas, the quality and cost of utility services are important to the quality of life for residents in our city and community, and ANC3B has taken a close interest in the utility rates and services to consumers in our area and has submitted comments on recent utility merger and rate requests before the PSC;

Whereas, the legal standard for the PSC to approve a utility merger is whether the proposal will be “in the public interest,” according to seven specific factors included in city regulations and to grant approval for a utility merger, the PSC requires that the proposed transaction will produce tangible benefits to ratepayers—direct and traceable effects that will result from the acquisition;

Whereas, the AltaGas/WGL application offered only a $50 one-time rate credit for each District customer ($12.25 million), which represents a very small fraction of the annual gas bill for most households, even with any increases resulting from a settlement agreement in the related case before the Maryland PSC under the “most favored nation” policy; and the other customer benefits in the application (energy efficiency improvements for low-income households and assistance with paying gas bills) would be considerably smaller per household than the rate credit whether or not the applicants raise the promised benefits as part of settlement terms;

Whereas, the AltaGas/WGL application makes no commitments to reducing rates to District customers or improving service reliability or efficiency as a result of the merger and there is no evidence that AltaGas would provide new capital for investment in Washington Gas infrastructure to benefit customers;

Whereas, the application does not offer to bring any synergy savings, innovations or “best practices” to Washington Gas as a result of the merger, probably because AltaGas currently has only very limited municipal gas distribution companies among its current holdings;

Whereas, AltaGas has a significantly lower credit rating than WGL (BBB versus A), which could mean that WGL’s costs for borrowing would go up in the future under AltaGas, WGL would also be paying a premium interest rate as part of the overhead costs AltaGas collects from its subsidiaries, and Washington Gas would therefore have higher costs to pass along to ratepayers;

Whereas, AltaGas expects to benefit substantially from the stable “guaranteed” rate of return it could earn by owning Washington Gas, but AltaGas appears to be in shaky financial condition itself;

Whereas, both the DC Office of People’s Counsel and the Office of the Attorney General have testified to serious objections to the proposed merger under the PSC’s legal standards and are recommending that the PSC reject the transaction;

Therefore, BE IT RESOLVED that the Commission urges the PSC to deny the proposed AltaGas/Washington Gas merger as not in the public interest;
BE IT FURTHER RESOLVED that Commissioner Ann Mladinov (ANC3B01) and her designee are authorized to represent the Commission on this matter.

This resolution was APPROVED by a vote of 5-0 at a duly noticed public meeting of ANC3B on January 18, 2018, at which a quorum was present (3 of the 5 members constitute a quorum).

Brian Turmail, Chairman

Ann Lane Mladinov, Secretary