

ORDER NO. 89965

In the Matter of the Merger of AltaGas Ltd., and WGL Holdings, Inc.

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BEFORE THE
PUBLIC SERVICE COMMISSION
OF MARYLAND

CASE NO. 9449

Issued: October 15, 2021

ORDER TO SHOW CAUSE

1. On April 4, 2018, the Commission approved AltaGas Ltd.’s (“AltaGas”) acquisition of WGL Holdings, Inc., the parent company of Washington Gas Light Company (“Washington Gas”).¹ In approving this acquisition, the Commission attached 52 separate conditions that the Commission concluded were necessary to satisfy the statutory provisions of *Annotated Code of Maryland*, Public Utilities Article (“PUA”) § 6-105.²

2. Condition 11 of the Merger Order requires AltaGas and Washington Gas to “ensure that Washington Gas will maintain safety and reliability standards and policies that are substantially comparable to, or better than, those standards and policies maintained by Washington Gas at Merger Closing.”³ Additionally, Condition 11F requires Washington Gas to continue to file its Customer Service Quality Metrics on a quarterly basis. Both AltaGas and Washington Gas were further ordered to submit a root

¹ Case No. 9449, Order No. 88631 (“Merger Order”).

² Order No. 88631 at Appendix A.

³ *Id.* at A-8.

cause analysis as well as an action plan to improve Washington Gas's customer satisfaction scores.⁴

3. On September 30, 2021, the Maryland Office of People's Counsel ("OPC") submitted a "Motion to Establish a Corrective Action Plan and Impose Civil Penalties or, Alternatively, to Order Washington Gas Light Company to Show Cause Why the Commission Should Not Impose Civil Penalties."⁵ In its Motion, OPC contends that Washington Gas's Customer Service Quarterly Reports demonstrate that "through the second quarter of 2021...almost every metric that was targeted in the initial 2019 root-cause analysis has worsened."⁶ OPC sets forth eight separate metrics, which it asserts demonstrates that Washington Gas's customer service post-merger is well below its pre-merger metrics as well as industry benchmarks.⁷

4. In addition to failing to comply with Condition 11, OPC claims that Washington Gas's poor customer service has violated several other legal provisions. PUA § 5-303 requires all public service companies to "furnish equipment, services, and facilities that are safe, adequate, just, reasonable, economical and efficient..." COMAR 20.55.04.10 requires Washington Gas to "investigate promptly and thoroughly any complaint concerning its charges, practices, facilities, or service." COMAR 20.55.04.11 requires Washington Gas to "keep such records of customer complaints as will enable it to review and analyze its procedures and actions as an aid in rendering improved service." Finally, COMAR 20.32.01.03 requires Washington Gas to "investigate a customer dispute or

⁴ WGL submitted this assessment (conducted by Dixon Hughes Goodman, LLP) on January 3, 2019. Case No. 9449, Item No. 195.

⁵ Maillog No. 237238 ("OPC Motion").

⁶ *Id.* at 5.

⁷ *Id.* at 6-9.

inquiry and propose a resolution of the dispute to the customer or report its findings to the customer.” OPC alleges that Washington Gas’s poor customer service violated all of these provisions. OPC also alleges that Washington Gas violated Condition 11F by failing to file timely quarterly reports.⁸

5. Based upon these allegations, OPC asks the Commission to “implement a corrective action plan for Washington Gas that includes measurable customer service metric levels consistent with industry standards.”⁹ Additionally, OPC asks the Commission to impose a civil penalty in the amount of \$1,500,000.00 pursuant to the Commission’s authority under PUA § 13-201.

6. Based upon the information set forth in OPC’s motion, the Commission concludes that material issues of fact exist as to whether Washington Gas has violated the provisions of Condition 11 of the Merger Order as well as the PUA and COMAR. The Commission directs Washington Gas to submit a response to OPC’s motion within five business days of the date of this Order. Washington Gas shall include in its response a proposed corrective plan that addresses what appears to be a significant decline in its customer service post-merger. This plan shall allow the Commission to ensure Washington Gas’s customer service complies with Condition 11 of the Merger Order as well as applicable COMAR requirements.

7. Based upon Washington Gas’s response and any subsequent record, the Commission could conclude that Washington Gas’s violations of Condition 11 of the

⁸ *Id.* at 10-11.

⁹ *Id.* at 16.

Merger Order and COMAR warrant a civil penalty pursuant to PUA § 13-201. Therefore, within five business days of the date of this Order, the Commission further orders Washington Gas to show cause why its apparent decline in customer service standards as well as its failure to submit timely quarterly reports as required by Condition 11F do not warrant a civil penalty pursuant to PUA § 13-201.

8. Any interested party may submit written replies to Washington Gas's response within 20 days of Washington Gas's response. Subsequent to receiving all submissions, the Commission will determine appropriate further proceedings.

IT IS THEREFORE, this 15th day of October, in the year Two Thousand and Twenty-One, by the Public Service Commission of Maryland,

ORDERED: (1) That Washington Gas shall respond to the Office of People's Counsel's "Motion to Establish a Corrective Action Plan and Impose Civil Penalties or, Alternatively, to Order Washington Gas Light Company to Show Cause Why the Commission Should Not Impose Civil Penalties" within five business days of the date of this order;

(2) That Washington Gas shall include in its response a proposed corrective plan, which addresses the decline in customer service post-merger and allows the Commission to ensure Washington Gas's customer service metrics comply with the goals set forth in Condition 11 of Order No. 88631 as well as COMAR; and

IT IS FURTHER ORDERED that within five business days:

(3) Washington Gas shall show cause why the Commission should not impose a civil penalty pursuant to Section 13-201 of the Public Utility Article.

By Direction of the Commission,

/s/ Andrew S. Johnston

Andrew S. Johnston
Executive Secretary