BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

IN THE MATTER OF	)	
Investigation Into Competition	)	
In the Natural Gas Supply	)	**Docket No. I-00040103**
Market	)	

VOLUME I OF I: DIRECT TESTIMONY OF PEPCO ENERGY SERVICES' WITNESS MARK S. KUMM

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August 27, 2004

PEPCO ENERGY SERVICES, INC.

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

DIRECT TESTIMONY OF MARK S. KUMM

DOCKET NO. I-00040103

Q. PLEASE STATE YOUR NAME AND POSITION WITH PEPCO ENERGY SERVICES.

A. My name is Mark S. Kumm. I am President, Asset Management Group. My business address is 1300 North 17th Street, Suite 1600, Arlington, Virginia. A statement of my occupational and educational history and qualifications is appended to my testimony.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. On May 28, 2004 the Commission entered an Order establishing a proceeding to investigate the level of competition in the natural gas supply market in Pennsylvania. Pursuant to the Commission's Order providing interested parties an opportunity to submit testimony, I am sponsoring this direct testimony on behalf of Pepco Energy Services, Inc. (PES). In this testimony I will first provide an overview of Pepco Energy Services' natural gas supply operations in Pennsylvania, and then address two of the seven topics identified by the Commission in its May 28th Order. My testimony will be focused on information that is required to assess the level of competition in the natural gas supply market in Pennsylvania, and on avenues for encouraging competition in the gas supply market in Pennsylvania.

Q. PLEASE SUMMARIZE YOUR CONCLUSIONS.

- With the exception of data collected for the residential customer segment by the Pennsylvania Office of Consumer Advocate, information on the level of competition in the Pennsylvania natural gas supply market is largely not publicly available. Without this basic information, an assessment of the level of competition cannot be effectively performed by outside observers. The Commission has made a good first start toward compiling this information by directing the natural gas distribution companies (LDCs) to provide historical information that can be used to calculate the market share served in aggregate by competitive suppliers. However, this directive should be modified to be an ongoing reporting requirement, and the Commission should post the information that it receives from the LDCs on its web site, by class.
- The Commission should adopt a number of changes to the natural gas market for all of the LDCs in Pennsylvania, and for all classes, including the adoption of electronic data interchange (EDI) for all customer classes, the implementation of an Administrative Charge component of the LDC commodity price, and the adoption of more standardization of the design of individual LDC markets.
- The Commission should also modify certain operational methods that some LDCs are currently using for competitive suppliers. For example, to assist competitive suppliers in better matching gas deliveries to customer usage, the Commission should direct Dominion Peoples, Columbia Gas of

Pennsylvania, and UGI to provide suppliers with daily estimates of the usage of customers served as soon a practicable after the completion of each gas day. The Commission should also direct Dominion Peoples to improve its methods for customer enrollments and drops. These will help reduce prices to consumers and encourage further competitive activity in these service territories.

Q. PLEASE DESCRIBE PEPCO ENERGY SERVICES' NATURAL GAS OPERATIONS.

A. PES is a licensed competitive supplier of natural gas and electricity in Pennsylvania, as well as in New York, New Jersey, Maryland, Virginia, and the District of Columbia. PES also provides natural gas to retail customers in Ohio, Delaware, and North Carolina where licensing is not required. In the Maryland, District of Columbia, and Virginia jurisdictions, PES provides natural gas to all classes of customers, including residential and small commercial. However in Pennsylvania, our supply operations to date have focused only on commercial and industrial (C&I) customers. PES currently supplies approximately 3.5 million Dekatherms per month to retail customers located in the mid-Atlantic region.

PES has been supplying natural gas to retail customers in Pennsylvania since approximately 1999, and currently supplies gas to both firm and interruptible C&I customers located in the following Pennsylvania LDC service territories:

- Columbia Gas of Pennsylvania
- PPL Gas

- Equitable
- UGI
- Peco Energy
- Dominion Peoples

As a result, PES has experience with supplying natural gas to customers located in six of the seven largest (in terms of residential customers served) LDCs in the Commonwealth.

Q. PLEASE DISCUSS THE FIRST TOPIC IDENTIFIED IN THE COMMISSION'S MAY 28TH ORDER BY PROVIDING YOUR ASSESSMENT OF THE LEVEL OF COMPETITION IN PENNSYLVANIA'S NATURAL GAS SUPPLY SERVICE MARKET.

A. PES' experience has been that prospective C&I customers located in the LDC service territories in which we compete have several options of suppliers. Unfortunately, it is difficult to assess the extent to which competitive suppliers are providing natural gas supply service to customers in Pennsylvania because, with the exception of the residential class, PES is not aware of any up-to-date publicly available information on either the number of customers served or volumes delivered to commercial and industrial (C&I) customers in Pennsylvania by competitive suppliers. This information is vital to determining the extent of competition in Pennsylvania. The availability of this information will also benefit Pennsylvania consumers by lowering the entry costs to competitive suppliers and improving the ability of suppliers to tailor price and service offerings to consumers, thus leading to lower prices.

PES applauds the Commission's initiative to collect historical data from the LDCs on the number of customers and the volumes of natural gas supplied by competitive suppliers in this proceeding through the use of Annex A to the May 28th Order. This information will permit the calculation of the share of each LDC's customer population and total deliveries that are provided on an aggregate basis by all competitive suppliers (sometimes referred to as switching rates).[1] However, PES recommends the Commission modify its directive so that the LDCs are required to provide data separately for individual rate classes of customers, or, at a minimum, aggregations of rate classes. PES makes this recommendation because it anticipates that the customer- and volume-based switching rates are likely to be significantly different between the various rate classes. For example, based of our experience in other energy markets, I would anticipate that switching rates for C&I interruptible customers are higher than for C&I firm customers, and both are likely to be higher than for residential customers. PES reads the description of the information contained in Annex A to not require the separate reporting of information by rate class, or rate class aggregations.

PES submits that at a minimum, the LDCs should be required to provide the information identified in Annex A separately for: 1) residential customers, 2) C&I firm customers - separated by small and large if possible, 3) C&I interruptible customers, and 4) all other rate classes. This information will permit the calculation of switching rates by customer class, which will be helpful in assessing the development of the competitive market for each major customer

[1] PES is not recommending identifying the share held by individual competitive suppliers.

segment.

PES also recommends that the information collected from the LDCs in Annex A be compiled into a report that is posted on the Commission's web site, and that the Commission establish a requirement for the LDCs to report this information to the Commission on a monthly basis. These monthly updates would be the source information for a monthly update of the switching report that would be posted on the Commission's web site. The posting of this information will help foster a competitive market for natural gas supply by providing information on the market potential for sales to retail customers, by class, for each of the Pennsylvania LDCs. Currently, PES is not aware of an up-to-date and accurate public source of this information. As a consequence, should a competitive supplier desire to enter a natural gas market, it must incur significant costs in collecting first hand information on the potential for new sales within an LDC service territory. By reducing these information search costs, the Commission can reduce the cost of market entry for competitive suppliers, which can be anticipated to increase competitive supplier entry, thereby increasing the competitive options available to consumers. This information will also allow competitive supplies to identify areas (both geographically and by customer type) where consumer needs exist, and tailor price and product offerings to meet those needs.

Q. PLEASE DISCUSS RESIDENTIAL CLASS SWITCHING DATA THAT ARE AVAILABLE FOR PENNSYLVANIA.

A. The Pennsylvania Office of Consumer Advocate (OCA) surveys residential natural gas consumers on a monthly basis and prepares a report that is posted on the OCA's web site. The most recent of these reports contains information as of July 1, 2004, and is provided as PES Exhibit (MSK-1). The report shows: 1) the number of residential customers taking gas distribution service within each LDC service territory, 2) the number of residential customers served by competitive suppliers, and 3) the switching rate calculated by dividing the number of customers served by competitive suppliers by the total number of customers. The report shows that only 7.3% of all Pennsylvania residential customers are served by a competitive supplier, and that there is significant variation in the number of customers who have switched by LDC. The table below shows the information in the report for the largest seven LDCs in terms of the number of residential customers.

LDC	Total Residential Customers	Residential Customers Served Competitively	Switch Rate
Philadelphia Gas Works	481,000	0	0.0%
Peco	418,168	1,732	0.4%
Columbia Gas PA	343,706	74,918	21.8%
Dominion Peoples	329,091	86,614	26.3%
UGI Gas	268,391	2,995	1.1%
Equitable Gas	240,660	19,902	8.3%
National Fuel Gas	199,904	0	0.0%
Total	2,280,920	186,161	8.2%

These data show that there is almost no residential sector competitive supply activity in the two largest LDCs. Virtually all of the competitive activity is occurring in three LDCs (Columbia Gas, Dominion Peoples, and Equitable Gas), and overall the switch rate is only 8.2% for the seven largest LDCs.

Q. PLEASE DISCUSS YOUR RECOMMENDATIONS FOR ENCOURAGING INCREASED COMPETITION IN PENNSYLVANIA, WHICH IS THE SEVENTH TOPIC IDENTIFIED IN THE COMMISSION'S MAY 28TH ORDER.

A. My recommendations can be placed into two categories. The first category consists of recommendations that apply to all the LDCs in Pennsylvania. The second category consists of recommendations that apply only to individual LDCs.

I have three recommendations that apply to all LDCs:

1. The Commission should require all LDCs to adopt electronic data interchange for all classes of customers.
2. The Commission should adopt a revenue neutral administrative charge that applies to the gas commodity rate offered by the LDCs.
3. The Commission should identify the most successful competitive market design within the various LDCs and direct all LDCs to implement that design to the maximum extent practicable.

Q. PLEASE DISCUSS WHY THE ADOPTION OF ELECTRONIC DATA INTERCHANGE WILL ENCOURAGE COMPETITION IN PENNSYLVANIA.

A. Currently there is little standardization of the means for exchanging important information concerning customer enrollments, customer drops, and billing information between the LDCs and competitive suppliers. Although electronic data interchange, or EDI, standards have been adopted for the residential customer class for some LDCs, these requirements do not apply to other customer classes. As a result, information concerning customer enrollments and drops are exchanged between the LDCs and competitive suppliers either by telephone, fax, or through email. These means of communication are more cumbersome than EDI, and far more prone to errors than if EDI transactions were used.

For example, if a supplier agrees to begin service for a customer at a specific rate starting in a specific month, and due to a communication error the enrollment is completed a month later than anticipated, the supplier is frequently responsible for ensuring that the customer pays no more than the contracted price for the missed enrollment month. A similar problem occurs if communication errors on a customer drop transaction prevent the customer from either being returned to commodity service from the LDC or switching to another supplier. The current supplier is typically required to serve the customer at the existing contract price, regardless of the cost of supply for this unanticipated month to the supplier. Errors such as these not only reduce customer satisfaction with the restructured gas market, they also can result in financial harm to competitive suppliers.

In addition, billing information for all customer classes other than those for which EDI has been adopted is typically exchanged through the LDC's electronic bulletin board or gas management system. Since these systems are usually tailored specifically for the LDC, there is little standardization on the format of the billing data that is to be downloaded from the site, which prevents competitive suppliers from gaining efficiencies through automation.

The lack of a standardized transaction exchange system reduces customer satisfaction with competition, frequently causes financial harm to competitive suppliers, and results in inefficiencies that keep the administrative cost of serving customers high for both competitive suppliers and LDCs. Adoption of EDI would provide a standard means of exchanging enrollment, drop, and billing information electronically between LDCs and competitive suppliers. In addition, by exchanging information electronically, transaction error rates are likely to be reduced and the data exchange process will become more efficient.

Q. HOW SHOULD AN EDI SYSTEM BE ADOPTED?

A. PES recommends that EDI standards be adopted for all gas customers. However, there should probably be some differences in the customer enrollment and drop EDI rules to reflect the differences in these customers. For example, many interruptible customers are billed on a calendar month basis and they arrange for their gas supply on a month-by-month basis, frequently choosing the source of their supply during the last week of the month prior to the coming calendar month. Firm customers on the other hand are more frequently billed on a billing cycle basis, and they less typically arrange for supply on a month-by-month basis. Where EDI systems have been implemented previously in Pennsylvania and elsewhere, there typically is a required minimum number of days that an enrollment be submitted prior to the enrollment becoming effective. To ensure that interruptible customers can switch to a new supplier by the first day of each new month, this lead time for enrollments should be much shorter than for firm customers.

Q. PLEASE DISCUSS WHY AN ADMINISTRATIVE CHARGE SHOULD BE ADOPTED BY THE GAS LDCs.

A. Competitive suppliers of natural gas must compete for customers not only with other competitive suppliers, but also with the gas LDCs. Unfortunately, the commodity prices offered by gas LDCs do not always reflect all the costs of providing commodity service to customers, and as a result, an economic inefficiency is created that biases customer choice away from competitive suppliers toward the LDCs.

Q. PLEASE DESCRIBE THE TYPES OF COSTS THAT COMPETITIVE SUPPLIERS MUST INCUR TO SERVE CUSTOMERS THAT MAY NOT BE REFLECTED IN THE COMMODITY PRICES CHARGED BY LDCs.

A. To obtain customers to serve, a competitive supplier typically must incur costs to convince potential customers to select it as the customer's supplier. This can be accomplished in a variety of ways, including the use of advertising, direct customer contact, or solicitations using telephone, door-to-door, or direct mail methods. The costs incurred to obtain customers to serve are referred to as customer acquisition costs. Once customers are obtained, the supplier must obtain a sufficient quantity of natural gas commodity to meet the expected usage of the customers, and arrange for the delivery of that commodity using transportation methods that meet the requirements of the LDC to which the commodity is delivered. The supplier may also be required to obtain storage and peaking capacity resources to ensure that the customer does not experience any interruptions in service during severe weather. The costs associated with these functions include both the commodity and capacity costs (including transportation, storage, and peaking costs), as well as the personnel and information system infrastructure costs associated with identifying the correct amount of commodity and capacity resources to purchase, and to track the supplier's supply position relative to its obligations to customers. In addition to these costs, the supplier incurs a variety of operational and administrative costs that are directly related to providing service to customers, which include costs associated with:

- Providing a call center and representatives who can assist customers when required;
- Processing customer enrollments and customer drops with the LDC;
- Billing costs;
- Bad debt;
- Contract management – which consists of processes to ensure that renewal notices are sent on a timely basis, and contract terms are fulfilled;
- Regulatory compliance requirements and filings; and
- Applicable taxes and assessments.

Several of these cost categories consist not only of personnel costs but also of information and business system infrastructure costs.

Finally, a competitive supplier must earn a margin on its sales to cover other business expenses not described above and to earn a profit to remain in business. To continue to attract customers and to retain the customers that are acquired, the supplier must ensure that when all of the components of its price are added together, including the margin, the resulting commodity price is less than the commodity price offered by the LDC. If all of the components of a supplier's price exceeds the price offered by the LDC, the supplier will find itself "out of the market," meaning that its offerings are generally not competitive with the prices offered by the LDC.

As a consequence, it is vitally important for the LDC's commodity price to include all of the appropriate components. If the LDC's commodity service price is set too low, by excluding certain cost components that ought to be included or placing these costs in the distribution charge rather than the commodity charge, for example, competitive suppliers can find it difficult, if not impossible, to compete against the LDC, and the competitive market will wither.

Q. PLEASE DESCRIBE CONCEPTUALLY HOW AN ADMINISTRATIVE CHARGE SHOULD BE DETERMINED.

A. To ensure a level playing field between the LDC's commodity price and offerings from competitive suppliers, all of the incremental costs for an LDC that are associated with providing commodity service, over and above the cost of providing distribution service, should be included in an administrative charge that will become a component of the LDC's commodity rate. Among the largest of these costs are:

- Personnel and infrastructure costs associated with purchasing gas and capacity resources;
- Advertising or customer education expenses associated with commodity

service;

- Incremental call center representatives and infrastructure associated with providing customer service to LDC commodity customers;
- Incremental billing costs;
- Incremental bad debt and collections expenses;
- Incremental regulatory costs associated with commodity service; and
- Applicable taxes and assessments associated with commodity service.

Q. HOW SHOULD THESE COSTS BE INCORPORATED INTO AN ADMINISTRATIVE CHARGE?

A. To the extent that these costs are not currently reflected in the LDC's commodity price, but instead are reflected in distribution rates, a method is required to remove them from distribution rates and reflect them in an administrative charge that would be included in the LDC's commodity rate. This process should be undertaken on a revenue neutral basis, so that the LDC continues to have the opportunity to recover the same amount of costs, except the costs would be recovered through the LDC's commodity rate instead of through distribution rates. If the costs associated with these functions have been tracked historically by the LDC through a direct assignment process, the costs can be removed from distribution rates and incorporated into the administrative charge. However, if these costs have not been directly assigned, an allocation of costs using allocators that are reasonable and consistent with the LDC's cost allocation methods is the next best solution. However, the LDC should be directed to begin to track these costs so that they can be directly assigned in the future. The overall impact would be to reduce distribution rates and increase the administrative charge component of the LDC commodity rate.

Q. ARE THERE OTHER COSTS THAT SHOULD BE INCORPORATED INTO THE ADMINISTRATIVE CHARGE?

A. Yes. Although competitive suppliers are required to incur customer acquisition costs to obtain customers, the LDC is not required to incur these costs in light of its obligation as the provider of last resort. To ensure a level playing field between the competitive price offerings and the commodity price the LDC charges, an amount associated with customer acquisition should be included in the administrative charge.

In addition, the LDC should be permitted to earn a reasonable return on each Dth sold to reflect the service the LDC is providing and the risks it is incurring for which it should be compensated. I understand that currently many, if not all, LDCs in Pennsylvania earn a return on the investment they have made in gas in storage. This return should be counted toward the total return the LDC should receive, however, since the gas in storage comprises less than 100% of the total volumes of gas delivered by and LDC, an additional return is probably also required. Failure to incorporate a reasonable return on every Dth sold in the administrative charge will cause the LDC's commodity price to be too low (and not reflective of the cost of service), resulting in a bias against competitive supply options.

Q. HOW DOES PES PROPOSE THAT THE ADMINISTRATIVE CHARGE BE IMPLEMENTED?

A. The Commission should identify the incremental costs currently incorporated into distribution rates that are associated with providing commodity service and incorporate these into an administrative charge that would become a component of the LDC's commodity charge. In addition, the Commission should determine an additional amount of cost to cover customer acquisition costs and a return that should also be incorporated into the administrative charge. On a periodic basis, the amount by which collections from this administrative charge exceeds actual costs, should be credited to the distribution rates paid by customers taking commodity service from the LDC.

Q. HAVE ADMINISTRATIVE CHARGES SIMILAR TO YOUR PROPOSAL BEEN ADOPTED ELSEWHERE?

A. Yes. The Maryland Public Service Commission has adopted a settlement agreement in Case No. 8908 that establishes an administrative charge similar to the one I have proposed for the provision of standard offer electricity service by the electric distribution companies. Similarly, the District of Columbia Public Service Commission has also adopted an administrative charge similar to the one proposed for the provision of standard offer electricity service by the electric distribution company (Potomac Electric Power Company). In addition, the Maryland Public Service Commission has recently docketed a proceeding (Case No. 8991) to investigate the establishment of an administrative charge for Washington Gas Light Company, an LDC providing gas distribution service in Maryland.

Q. PLEASE DISCUSS YOUR THIRD STATE-WIDE RECOMMENDATION THAT

THE COMMISSION ADOPT A MORE STANDARDIZED MARKET DESIGN FOR THE PENNSYLVANIA LDCs.

A. As I have previously discussed, there is wide variation in competitive activity among the seven largest LDCs in Pennsylvania. Currently each of the LDCs has somewhat different market rules and protocols that apply specifically to the operations within each LDC's service territory. Based on the specific market rule changes that I will discuss in the next section of my testimony, it is clear that at least some of the variation in competitive activity within the LDCs is related to the market rules that the LDCs have adopted. As a consequence, the Commission should review the market rules and protocols of each of the LDCs based on their competitive experience to date to identify a design that is most conducive to the development of a competitive market. Once this design is established, the other LDCs should be directed to adopt this design to the maximum extent practicable.

Q. WHY WOULD THE IMPLEMENTATION OF A MORE STANDARDIZED MARKET DESIGN BE BENEFICIAL?

A. The existence of different market rules and protocols makes it more difficult for competitive suppliers to cost effectively develop standardized business systems that are required to operate in the various LDCs in Pennsylvania. More standardization in market design would permit competitive suppliers to develop systems that apply to multiple LDCs, as opposed to tailoring individual systems to handle the peculiarities of the market design of each LDC. This increased standardization can be expected to improve the efficiency of the operations of competitive suppliers and make it easier for competitive suppliers to more actively participate in multiple LDCs. The improvement in efficiency would help lower costs to consumers, and the increase in the number of active competitive suppliers would mean that consumers would benefit from increased competitive options. Adoption of this recommendation, along with the implementation of EDI and of an administrative charge for LDC commodity prices would further the development of the competitive market in Pennsylvania.

Q. PLEASE DISCUSS YOUR RECOMMENDATIONS FOR CHANGES IN THE MARKET RULES AND PROTOCOLS FOR INDIVIDUAL LDCs.

A. In addition to the statewide recommendations discussed previously, I am recommending a change to the current processes used by three LDCs with respect to providing competitive suppliers with information on the usage for their customers. This recommendation will help suppliers better match deliveries with usage, and thereby reduce the risk of imbalance penalties from these two LDCs, which can be expected to further encourage competition in these jurisdictions.

All of the gas LDCs which PES is familiar have rules regarding the matching of deliveries to the usage, including rules that specify cash outs or penalties when imbalances between deliveries and usage become too large. For all of but three of these LDCs, PES receives estimates of the usage of its served customers fairly quickly after the completion of each gas day. This information permits PES to ensure that its deliveries remain within LDC specified tolerances of usage.

However, for Dominion Peoples, no daily estimates of customer usage are provided at any time during a delivery month. Instead, competitive suppliers are provided with the daily usage for their customers only after the completion of a delivery month. In addition, for Columbia Gas of Pennsylvania and UGI, estimates of daily usage are provided for a few customers that have the required tele-metering equipment, which provides these LDCs with the capability to remotely read the meter each day. Unfortunately, not all customers have metering equipment with this capability. For customers without the tele-metering equipment, neither Columbia Gas of Pennsylvania nor UGI provide suppliers with any estimates of the usage of its customers during the delivery month.

The impact of this lack of usage data is that competitive suppliers face a far greater financial risk associated with matching deliveries to usage. The financial risk could take the form of penalties when deliveries are significantly less than usage, or unfavorable cash outs when deliveries are significantly more than usage. Competitive suppliers who decide to continue to serve customers in these territories must ultimately pass the costs associated with this increased risk on to customers in the form of higher prices. Other suppliers may choose to avoid the risk by exiting or not entering these markets.

To further encourage the development of competition in these jurisdictions, the Commission should direct Dominion Peoples, Columbia Gas of Pennsylvania, and UGI to develop processes for providing suppliers with estimates of the usage of customers served on a daily basis as soon after the completion of each gas day as practicable. Failure to address this information deficiency will cause consumers to pay higher prices than necessary and reduce their competitive choices.

Q. PLEASE DISCUSS YOUR RECOMMENDED CHANGE TO THE CUSTOMER ENROLLMENT AND DROP PROCESS FOR DOMINION PEOPLES.

A. Currently, competitive suppliers are required to communicate their customer enrollments and drops to Dominion Peoples using a personal computer based template that is non-user friendly. Suppliers are required to type account numbers and other information into the template and then send it, via email, to Dominion Peoples. PES has found it to be quite easy to make mistakes with this template, and in addition, Dominion Peoples fails to provide suppliers with timely notice of successful and unsuccessful customer enrollments and drops. Notification is frequently provided after there is no opportunity for resubmitting an enrollment or drop transaction for the appropriate month. As I have previously discussed, failed customer enrollments and drops reduce customer satisfaction with gas competition and expose competitive to financial harm caused by mismatches between obligations to serve and hedged supply.

The adoption of EDI for customer enrollments and drops will solve this particular problem. However, PES realizes that the implementation of EDI for gas will not occur overnight. In the interim, therefore, PES requests that the Commission direct Dominion Peoples to improve its method for communicating customer enrollments and drops and develop a process that provides suppliers with notification on a timely basis.

Q. DOES THIS COMPLETE YOUR TESTIMONY?

A. Yes.

Statement of Occupational and Educational
History and Qualifications

Mark S. Kumm

Mark S. Kumm is the President, Asset Management Group, for Pepco Energy Services, which is a full service energy services company providing electricity, natural gas, energy efficiency services, electric equipment testing and maintenance, and building operations and maintenance services. His responsibilities include commodity sales to large commercial and industrial customers, wholesale procurement, and the development and implementation of new commodity-related products and services for the large commercial and industrial customer segment.

Prior to joining Pepco Energy Services in mid-1999, Dr. Kumm worked for then parent company of Pepco Energy Services, Potomac Electric Power Company (Pepco). He began his career at Pepco in 1984, holding a number of analytical and managerial positions, including Manager of the Market Planning and Policy Group. His responsibilities included managing and performing monitoring and verification studies of conservation and load management programs, marginal and avoided cost studies, market and load research, evaluation and planning for DSM programs, and the development and marketing of products and services delivered by the utility.

Dr. Kumm has delivered testimony before the Public Service Commissions of Maryland and the District of Columbia. In Maryland Case No. 8920, Phase II, he testified on the impact on competition of mandatory capacity assignment, and in Case No. 8981 he testified on the consequences of imposing secondary capacity restrictions on deliveries to the WGL city gates. In the District of Columbia Case Nos. 834, Phase II; 917, Phase II; and 939, he testified on the calculation of marginal and avoided costs, the cost effectiveness of demand side management resources, and impact evaluations of demand side resources.

Dr. Kumm is trained as an economist, holding a Bachelor’s degree in Economics from the University of Missouri and a Ph.D. degree in Economics from Duke University.

Mark S. Kumm
Direct Exhibit
Pennsylvania P.U.C. – August 2004

INTRODUCED AS:
Exhibit PES____(MSK-1)

PA Gas Switching Statistics as of 07/01/04			
Company	**Total Residential Customers**	**Residential Customers Served by Alternative Suppliers**	**Percent of Residential Customers Served by Alternative Suppliers**
Columbia Gas	343,706	74,918	21.8
Dominion Peoples	329,091	86,614	26.3
Equitable Gas	240,660	19,902	8.3
National Fuel Gas	199,904	0	0
PECO Gas	418,168	1,732	.4
PG Energy	140,530	0	0
PGW*	481,000	0	0
PPL Gas	65,796	0	0
TW Phillips	55,437	0	0
UGI Gas	268,391	2,995	1.1
Valley Cities, NUI	4,655	0	0
Totals	**2,547,338**	**186,161**	**7.3**

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*PGW opened to natural gas choice on September 1, 2003.