Post & Schell P.C.
ATTORNEYS AT LAW

17 North Second Street
12th Floor
Harrisburg, PA 17101-1601
717-731-1970 Main
717-731-1985 Main Fax
www.postschell.com

Lindsay A. Berkstresser
Principal

lberkstresser@postschell.com
717-612-6021 Direct
717-731-1977 Direct Fax
File #: 193132

September 2, 2022

VIA ELECTRONIC FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17105-3265

Re: PA Public Utility Commission v. Columbia Gas of Pennsylvania, Inc.
Docket No. R-2022-3031211

Dear Secretary Chiavetta:

Attached for filing is the Joint Petition for Non-Unanimous Settlement Regarding Revenue Allocation and Rate Design, along with all Statements in Support thereof, on behalf of Columbia Gas of Pennsylvania, Inc. in the above-referenced proceeding. Copies will be provided per the Certificate of Service.

Respectfully submitted,

Lindsay A. Berkstresser
Lindsay A. Berkstresser
Principal

LAB/kls
Attachments

cc: Honorable Christopher P. Pell *(via email; w/att.)*
Honorable John M. Coogan *(via email; w/att.)*
Certificate of Service

CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing have been served upon the following persons, in the manner indicated, in accordance with the requirements of § 1.54 (relating to service by a participant).

VIA E-MAIL ONLY

Erika McLain, Esquire
Bureau of Investigation and Enforcement
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120
ermclain@pa.gov

Steven C. Gray, Esquire
Office of Small Business Advocate
555 Walnut Street
1st Floor, Forum Place
Harrisburg, PA 17101
sgray@pa.gov

Aron J. Beatty, Esquire
Lauren E. Guerra, Esquire
Barrett C. Sheridan, Esquire
Harrison W. Breitman, Esquire
Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923
abeatty@paoca.org
lguerra@paoca.org
bsheridan@paoca.org
hbreitman@paoca.org

John W. Sweet, Esquire
Ria M. Pereira, Esquire
Lauren N. Berman, Esquire
Elizabeth R. Marx, Esquire
Pennsylvania Utility Law Project
118 Locust Street
Harrisburg, PA 17101
pulp@pautilitylawproject.org
Counsel for CAUSE-PA

Jerome D. Mierzwa
Exeter Associates, Inc.
10480 Little Patuxent Parkway
Suite No. 300
Columbia, MD 21044
jmierzwa@exeterassociates.com

Robert D. Knecht
Industrial Economics Incorporated
5 Plymouth Road
Lexington, MA 02421
rdk@indecon.com

Mark D. Ewen
Industrial Economics, Incorporated
2067 Massachusetts Avenue
Cambridge, MA 02140
mewen@indecon.com

Joseph L. Vullo, Esquire
Burke Vullo Reilly Roberts
1460 Wyoming Avenue
Forty Fort, PA 18704
jlvullo@bvrrlaw.com
Counsel for PA Weatherization Providers Task Force, Inc.

Todd S. Stewart, Esquire
Hawke McKeon & Sniscak LLP
100 North Tenth Street
Harrisburg, PA 17101
tsstewart@hmslegal.com
Counsel for RESA/NGS Parties

Thomas J. Sniscak, Esquire
Whitney E. Snyder, Esquire
Phillip D. Demanchick, Jr., Esquire
Hawke McKeon & Sniscak LLP
100 North Tenth Street
Harrisburg, PA 17101
tjsniscak@hmslegal.com
wesnyder@hmslegal.com
pddemanchick@hmslegal.com
Counsel for The Pennsylvania State University

Andrew J. Karas, Esquire
Fair Shake Environmental Legal Services
600 Superior Avenue East
Cleveland, OH 44114
akaras@fairshake-els.org

Jennifer E. Clark, Esquire
Fair Shake Environmental Legal Services
100 South Juniper Street, 3rd Floor
Philadelphia, PA 19107
jclark@fairshake-els.org

Mark C. Szybist, Esquire
Natural Resources Defense Council
1152 15th Street NW, Suite 300
Washington, DC 20005
mszybist@nrdc.org

Charis Mincavage, Esquire
Kenneth R. Stark, Esquire
McNees, Wallace & Nurick
100 Pine Street
P.O. Box 1166
Harrisburg, PA 17108
cmincavage@mcneeslaw.com
kstark@mcneeslaw.com
Counsel for Columbia Industrial Intervenors

James L. Crist, P.E.
Lumen Group, Inc.
4226 Yarmouth Drive, Suite 101
Allison Park, PA 15101
JLCrist@aol.com

Constance Wile
922 Bebout Road
Venetia, PA 15367
cjazdrmr@yahoo.com

Jose A. Serrano
2667 Chadbourne Drive
York, PA 17404
Serranoj2@upmc.edu

Richard C. Culbertson
1430 Bower Hill Road
Pittsburgh, PA 15243
richard.c.culbertson@gmail.com

Date: September 2, 2022

Lindsay A. Berkstresser
Lindsay A. Berkstresser

23776600v1

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	Docket No.	R-2022-3031211
Office of Small Business Advocate	:		C-2022-3031632
Office of Consumer Advocate	:		C-2022-3031767
Pennsylvania State University	:		C-2022-3031957
Columbia Industrial Intervenors	:		C-2022-3032178
Jose A. Serrano	:		C-2022-3031821
Constance Wile	:		C-2022-3031749
Richard C. Culbertson	:		C-2022-3032203

v.

Columbia Gas of Pennsylvania, Inc.

JOINT PETITION FOR NON-UNANIMOUS SETTLEMENT REGARDING REVENUE ALLOCATION AND RATE DESIGN

TO DEPUTY CHIEF ADMINISTRATIVE LAW JUDGE CHRISTOPHER PELL AND ADMINISTRATIVE LAW JUDGE JOHN COOGAN:

I. INTRODUCTION

The Bureau of Investigation and Enforcement ("I&E") of the Pennsylvania Public Utility Commission ("Commission"), the Office of Consumer Advocate ("OCA"), The Pennsylvania State University ("PSU"), Columbia Industrial Intervenors ("CII"),[1] Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA"), Pennsylvania Weatherization Providers Task Force, Inc. ("PA Task Force"), and Columbia Gas of Pennsylvania, Inc. ("Columbia" or the "Company"), parties to the above-captioned proceedings (hereinafter collectively referred to as the "Non-Unanimous Joint Petitioners"), hereby join in this Joint

[1] CII's member is Knouse Foods Cooperative, Inc.

Petition for Non-Unanimous Settlement Regarding Revenue Allocation and Rate Design ("Non-Unanimous Settlement") and respectfully request that Deputy Chief Administrative Law Judge Christopher P. Pell and Administrative Law Judge John M. Coogan (collectively "ALJ Pell and ALJ Coogan" or the "ALJs") and the Commission expeditiously approve the Non-Unanimous Settlement as set forth below. The Non-Unanimous Settlement has been agreed to or unopposed by all active parties in this proceeding, except for the Office of Small Business Advocate ("OSBA") and an individual complainant, Richard C. Culbertson.[2] The Retail Energy Supply Association, Shipley Choice, LLC and NRG Energy, Inc. (collectively, "RESA/NGS Parties") and Natural Resources Defense Council ("NRDC") have indicated that they do not oppose the Joint Petition for Non-Unanimous Settlement.

As fully set forth and explained below, the Non-Unanimous Joint Petitioners have agreed to a settlement of Revenue Allocation and Rate Design in the above-captioned general base rate proceeding (the "2022 Base Rate Filing"). Simultaneous with the filing of this Non-Unanimous Settlement, the parties to this Non-Unanimous Settlement and the OSBA filed a Joint Petition for Partial Settlement ("Partial Settlement"), which, among other provisions, provides for increases in rates to produce $44.5 million in additional base rate revenue based upon the pro forma level of operations for the twelve months ended December 31, 2023. This Non-Unanimous Settlement allocates that revenue increase among customer classes, and designs rates to recover the amounts allocated to the customer classes. In support of the Non-Unanimous Settlement, the Non-Unanimous Joint Petitioners state the following:

[2] The issues raised by Mr. Culbertson are being briefed in accordance with the briefing schedule established by the ALJs' May 3, 2022 Prehearing Order # 1. As indicated on the Certificate of Service, Columbia is serving a copy of the Non-Unanimous Settlement on the customer complainants.

II. BACKGROUND

1. Columbia is a "public utility" and "natural gas distribution company" ("NGDC") as those terms are defined in Sections 102 and 2202 of the Public Utility Code, 66 Pa.C.S. §§ 102, 2202. Columbia provides natural gas distribution, sales, transportation, and/or supplier of last resort services to approximately 440,000 retail customers in portions of 26 counties of Pennsylvania.

2. On March 18, 2022, Columbia filed with the Commission Supplement No. 337 to its Tariff Gas – Pa. P.U.C. No. 9 ("Supplement No. 337" or "base rate filing"). Supplement No. 337, issued March 18, 2022, and to be effective May 17, 2022, proposed an increase in revenues of approximately $82 million based upon a pro forma fully projected future test year ("FPFTY") ending December 31, 2022. The filing was made in compliance with the Commission's regulations, and contained all supporting data and testimony required to be submitted in conjunction with a tariff change seeking a general rate increase.

3. On April 14, 2022, the Commission issued an Order initiating an investigation of Columbia's proposed general rate increase and suspending Columbia's Supplement No. 337 until December 17, 2022, unless otherwise directed by Order of the Commission.

4. On March 18, 2022, Columbia filed Supplement No. 337 to Tariff Gas Pa. PUC No. 9, suspending Columbia's Supplement No. 337 until December 30, 2022.

5. Formal Complaints were filed on behalf of the OSBA (C-2022-3031632), the OCA (C-2022-3031767), CII (C-2022-3032178), PSU (C-2022-3031957), Constance Wile (C-2022-3031749), Richard C. Culbertson (C-2022-3032203), and Jose Serrano (C-2022-3031821).

6. PA Task Force, RESA/NGS Parties, CAUSE-PA, and NRDC filed Petitions to Intervene.

7. I&E filed a Notice of Appearance.

8. On April 26, 2022, Columbia filed Supplement No. 343 to Tariff Gas Pa PUC No. 9, which proposed to add the Green Path Rider to Columbia's tariff. Simultaneous with the filing of Supplement No. 343, Columbia filed a Motion to Consolidate the Green Path Rider with the base rate case.

9. On May 9, 2022, OCA filed an Answer in Opposition to Columbia's Motion to Consolidate the Green Path Rider with the rate case, which was supported by OSBA, CAUSE-PA and NRDC.

10. By Order dated May 12, 2022, the ALJs denied Columbia's Motion to Consolidate.

11. A Prehearing Conference was scheduled for April 29, 2022. Joint Petitioners who participated in the prehearing conference filed prehearing memoranda identifying potential issues and witnesses.

12. The initial Prehearing Conference was held as scheduled on April 29, 2022. At the prehearing conference, ALJ Pell established the litigation schedule. The ALJ also set forth discovery rules, which, pursuant to the Joint Petitioners' agreement, included shorter response times than those provided in the Commission's regulations. See 52 Pa. Code §§ 5.341 *et seq.*

13. On May 2, 2022, Administrative Law Judge John Coogan was assigned to co-preside in this matter.

14. On May 3, 2022, the ALJs issued a Prehearing Order that confirmed the litigation schedule established at the Prehearing Conference.

15. Public Input hearings were held on May 31, 2022, and June 1, 2022.

16. On May 6, 2022, Columbia filed a Motion for a Protective Order. The ALJ granted Columbia's Motion and issued the Protective Order on May 11, 2022.

17. The active parties conducted substantial formal and informal discovery in this proceeding. In accordance with the litigation schedule, various parties filed direct, rebuttal, surrebuttal and rejoinder testimony.

18. An evidentiary hearing was held on August 3, 2022, for the purpose of admitting all parties' evidence into the record and allowing RESA/NGS Parties to conduct cross-examination of Columbia's witness, Ms. Djukic.

19. Numerous settlement discussions were held over the course of this proceeding. As a result of those discussions and the efforts of the Joint Petitioners to examine the issues in the proceeding, the Joint Petitioners were able to advise the ALJs that a settlement in principle of all issues other than revenue allocation and rate design was achieved.

20. Subsequently, the Joint Non-Unanimous Petitioners were able to reach an agreement regarding the allocation of the additional $44.5 million in annual base rate operating revenues among customer classes, and a rate design to recover the additional $44.5 Million.

21. The Non-Unanimous Settlement terms are set forth in the following Section III.

III. NON-UNANIMOUS SETTLEMENT

22. The following terms of this Non-Unanimous Settlement reflect a carefully balanced compromise of the interests of all the Non-Unanimous Joint Petitioners in this proceeding. The Non-Unanimous Joint Petitioners agree that the Non-Unanimous Settlement is in the public interest. The Non-Unanimous Joint Petitioners respectfully request that both the Partial Joint Settlement and the Non-Unanimous Settlement, including the rates set forth in Appendix "B" attached hereto, be approved subject to the terms and conditions of this Non-Unanimous Settlement specified below:

A. REVENUE ALLOCATION AND RATE DESIGN

23. Class revenue allocation will be approximately as shown in Appendix "A". Rate design for all classes shall be as shown in Appendix "B". Revenue allocation and rate design reflect a compromise among the Non-Unanimous Joint Petitioners and do not endorse any particular cost of service study.

24. Nothing herein is intended to modify the settlement terms contained in the Partial Settlement.

IV. NON-UNANIMOUS SETTLEMENT IS IN THE PUBLIC INTEREST

25. This Non-Unanimous Settlement was achieved by the Non-Unanimous Joint Petitioners after an extensive investigation of Columbia's filing, including informal and formal discovery and the submission of direct, rebuttal, surrebuttal and rejoinder testimony by a number of the Non-Unanimous Joint Petitioners that were admitted into the record by stipulation.

26. Non-Unanimous Joint Petitioners have submitted, along with this Non-Unanimous Settlement, their respective Statements in Support setting forth the basis upon which each believes the Non-Unanimous Settlement to be fair, just and reasonable and therefore in the public interest. The Non-Unanimous Joint Petitioners' Statements in Support are attached hereto as Appendices "C" through "H."[3]

V. CONDITIONS OF NON-UNANIMOUS SETTLEMENT

27. This Non-Unanimous Settlement is conditioned upon the Commission's approval of the terms and conditions contained herein without modification. If the Commission modifies the Non-Unanimous Settlement, then any Non-Unanimous Joint Petitioner may elect to withdraw

---

[3] I&E will not be filing a Statement in Support of the Non-Unanimous Settlement as its Statement in Support was contained in its Main Brief filed on August 23, 2022.

from this Non-Unanimous Settlement and may proceed with litigation and, in such event, this Non-Unanimous Settlement shall be void and of no effect. Such election to withdraw must be made in writing, filed with the Secretary of the Commission and served upon all Joint Petitioners within five (5) business days after the entry of any Order modifying the Non-Unanimous Settlement.

28. If the ALJs in their Recommended Decision approve the Joint Petition for Non-Unanimous Settlement in its entirety and without modification, the Joint Petitioners to the Non-Unanimous Settlement waive their rights to file Exceptions to the Recommended Decision on the matters contained in the Joint Petition for Non-Unanimous Settlement. The Joint Petitioners to the Non-Unanimous Settlement reserve their rights to file Exceptions on the matters contained in the Joint Petition for Non-Unanimous Settlement if the ALJs in their Recommended Decision do not approve the Non-Unanimous Settlement in its entirety or if the Recommended Decision modifies the Non-Unanimous Settlement. The Joint Petitioners to the Non-Unanimous Settlement reserve their rights to file Reply Exceptions to any Exceptions that may be filed whether filed by a Joint Petitioner to the Non-Unanimous Settlement or other party to the proceeding.

29. The Non-Unanimous Joint Petitioners acknowledge and agree that this Non-Unanimous Settlement, if approved, shall have the same force and effect as if the Non-Unanimous Joint Petitioners had fully litigated these proceedings resulting in the establishment of rates that are Commission-made, just and reasonable rates.

30. This Non-Unanimous Settlement and its terms and conditions may not be cited as precedent in any future proceeding, except to the extent required to implement this Non-Unanimous Settlement.

31. The Commission's approval of the Non-Unanimous Settlement shall not be construed to represent approval of any Non-Unanimous Joint Petitioner's position on any issue,

except to the extent required to effectuate the terms and agreements of the Non-Unanimous Settlement in these and future proceedings involving Columbia.

32. It is understood and agreed among the Non-Unanimous Joint Petitioners that the Non-Unanimous Settlement is the result of compromise and does not necessarily represent the position(s) that would be advanced by any Non-Unanimous Joint Petitioner in these proceedings if they were fully litigated.

33. This Non-Unanimous Settlement is being presented only in the context of these proceedings in an effort to resolve the proceedings in a manner that is fair and reasonable. The Non-Unanimous Settlement is the product of compromise between and among the Non-Unanimous Joint Petitioners. This Non-Unanimous Settlement is presented without prejudice to any position that any of the Non-Unanimous Joint Petitioners may have advanced and without prejudice to the position any of the Non-Unanimous Joint Petitioners may advance in the future on the merits of the issues in future proceedings except to the extent necessary to effectuate the terms and conditions of this Non-Unanimous Settlement. This Non-Unanimous Settlement does not preclude the Non-Unanimous Joint Petitioners from taking other positions in proceedings involving other public utilities under Section 1308 of the Public Utility Code, 66 Pa.C.S. § 1308, or any other proceeding.

34. The Non-Unanimous Joint Petitioners recognize that the proposed Non-Unanimous Settlement does not bind OSBA or Formal Complainants that do not choose to join herein. A copy of the proposed Non-Unanimous Settlement and attached Appendices hereto, including Statements in Support, are simultaneously being served upon all parties, including Formal Complainants, in this proceeding.

WHEREFORE, the Non-Unanimous Joint Petitioners, by their respective counsel, respectfully request as follows:

1. That the Honorable Administrative Law Judges Christopher P. Pell and John M. Coogan and the Commission approve this Non-Unanimous Settlement including all terms and conditions thereof, without modification;

2. That the Commission's investigation at Commission Docket R-2022-3031211, and the Complaints of the OCA (C-2022-3031767), CII (C-2022-3032178), PSU (C-2022-3031957), Constance Wile (C-2022-3031749), and Jose Serrano (C-2022-3031821) be marked closed.

3. That the Commission enter an Order authorizing Columbia Gas of Pennsylvania, Inc. to file a tariff or tariff supplement in compliance with the Commission's Order, effective for service rendered on and after December 17, 2022, containing the rates set forth in Appendix "B".

Respectfully submitted,

Lindsay A. Berkstresser

Michael W. Hassell, I.D. No. 34851
Lindsay A. Berkstresser, I.D. No. 318370
Post & Schell, P.C.
17 North Second Street, 12th Floor
Harrisburg, PA 17101-1601

Theodore J. Gallagher, I.D. No. 90842
Columbia Gas of Pennsylvania, Inc.
121 Champion Way, Suite 100
Canonsburg, PA 15317

Dated: September 2, 2022

Amy. E. Hirakis, I.D. No. 310094
Candis A. Tunilo, I.D. No. 89891
800 North 3rd Street, Suite 204
Harrisburg, PA 17102

Counsel for Columbia Gas of Pennsylvania, Inc.

________________________ Dated: 09/02/22

Aron J. Beatty, Esquire
Lauren E. Guerra, Esquire
Barrett C. Sheridan, Esquire
Harrison W. Breitman, Esquire
Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923

Counsel for the Office of Consumer Advocate

________________________ Dated: ____________________

Erika L. McLain, Esquire
Bureau of Investigation & Enforcement
Commonwealth Keystone Building
400 North Street, 2nd Floor West
Harrisburg, PA 17105-3265

Counsel for Bureau of Investigation & Enforcement

Amy. E. Hirakis, I.D. No. 310094
Candis A. Tunilo, I.D. No. 89891
800 North 3rd Street, Suite 204
Harrisburg, PA 17102

Counsel for Columbia Gas of Pennsylvania, Inc.

________________________ Dated: ____________________

Aron J. Beatty, Esquire
Lauren E. Guerra, Esquire
Barrett C. Sheridan, Esquire
Harrison W. Breitman, Esquire
Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923

Counsel for the Office of Consumer Advocate

Erika L. McLain Dated: September 2, 2022

Erika L. McLain, Esquire
Bureau of Investigation & Enforcement
Commonwealth Keystone Building
400 North Street, 2nd Floor West
Harrisburg, PA 17105-3265

Counsel for Bureau of Investigation & Enforcement

Charis Mincavage

Dated: September 2, 2022

Charis Mincavage, Esquire
Kenneth R. Stark, Esquire
McNees Wallace & Nurick LLC
100 Pine Street
PO Box 1166
Harrisburg, PA 17108-1166

Counsel for Columbia Industrial Intervenors

Dated:

John Sweet, Esquire
Ria Pereira, Esquire
Pennsylvania Utility Law Project
118 Locust Street
Harrisburg, PA 17101

Counsel for CAUSE-PA

Dated:

Charis Mincavage, Esquire
Kenneth R. Stark, Esquire
McNees Wallace & Nurick LLC
100 Pine Street
PO Box 1166
Harrisburg, PA 17108-1166

Counsel for Columbia Industrial Intervenors

Dated: September 2, 2022

John Sweet, Esquire
Ria Pereira, Esquire
Lauren Berman, Esquire
Elizabeth Marx, Esquire
Pennsylvania Utility Law Project
118 Locust Street
Harrisburg, PA 17101

Counsel for CAUSE-PA

Dated: 9-2-2022

Thomas J. Sniscak, Esquire
Whitney E. Snyder, Esquire
Phillip D. Demanchick Jr., Esquire
Hawke McKeon & Sniscak LLP
100 North Tenth Street
Harrisburg, PA 17101

Counsel for The Pennsylvania State University

Dated: ________________

Joseph L. Vullo, Esquire
Burke Vullo Reilly Roberts
1460 Wyoming Avenue
Forty Fort, PA 18704

Counsel for Pennsylvania Weatherization Providers Task Force

Dated: ______________________

____
Thomas J. Sniscak, Esquire
Whitney E. Snyder, Esquire
Bryce R. Beard, Esquire
Hawke McKeon & Sniscak LLP
100 North Tenth Street
Harrisburg, PA 17101

Counsel for The Pennsylvania State University

Dated: 2/7/2020

____
Joseph L. Vullo, Esquire
Burke Vullo Reilly Roberts
1460 Wyoming Avenue
Forty Fort, PA 18704

Counsel for Pennsylvania Weatherization Providers Task Force

APPENDIX A

Appendix A

Columbia Gas of Pennsylvania, Inc.
Comparison of Increased Settlement Revenue Allocation by Class by Party
For the Twelve Months Ending December 31, 2023

	Total	RS/RDS	SGSS1/SCD1/SGDS1	SGSS2/SCD2/SGDS2	SDS/LGSS	LDS/LGSS	MDS/NSS	FLEX
Settlement Increase	$44,500,000	$26,500,019	$4,537,000	$6,030,000	$4,627,000	$2,800,000	$0	$5,981

APPENDIX B

Allocation of Proposed Annual Revenues by Rate Schedule Based on Revenue Requirement

Schedule No. 8
Page 1 of 9
Witness: K. L Johnson

Line No.	Description	Adjusted Bills (1) (Exh. 103, Sch. 2)	Adjusted Volumes (2) DTH (Exh. 103, Sch. 3)	Revenue @ Current Rates (3) $ (Exh. 103, Sch. 1)	Proposed Revenue Increase (4) $	Total Proposed Revenue (5 = 3 + 4) $ (Exh. 103, Sch. 7)	Proposed Increase by Rate Schedule (6) %	Proposed Increase by Rate Class (7) %
1	**Total Revenues**							
2	Residential Sales - RS, CAP	4,419,986	31,030,925.3	$542,461,125	$23,140,480	$565,601,605	4.27%	4.42%
3	Small General Service (≤ 6,440 Therms Annually) - SGSS	280,415	4,107,510.7	$56,551,402	$3,162,373	$59,713,775	5.59%	6.17%
4	Small General Service (> 6,440 to ≤ 64,400 Therms Annually) - SGSS	32,889	3,914,531.7	$44,093,290	$2,678,323	$46,771,613	6.07%	7.95%
5	Large General Sales Service (≤ 540,000 Therms Annually) - LGSS	971	1,011,865.2	$10,027,261	$680,818	$10,708,079	6.79%	12.97%
6	Large General Sales Service (> 540,000 Therms Annually) - LGSS	38	50,862.6	$507,826	$26,648	$534,474	5.25%	11.56%
7	Negotiated Sales Service - NSS	12	72,000.0	$561,302	$0	$561,302	0.00%	0.00%
8	Residential Distribution Service (Choice) - RDS	546,145	4,066,034.4	$55,749,563	$3,328,862	$59,078,425	5.97%	4.42%
9	Small Commercial Distribution Service (Choice ≤ 6,440 Therms Annualy) - SCD	92,327	1,491,857.2	$14,709,366	$1,148,580	$15,857,946	7.81%	6.17%
10	Small Commercial Distribution Service (Choice > 6,440 to ≤ 6,440 Therms Annualy) - SCD	12,843	1,538,990.9	$11,609,638	$1,052,978	$12,662,616	9.07%	7.95%
11	Small General Distribution Service (≤ 6,440 Therms Annually) - SGDS	11,388	292,512.7	$2,236,119	$221,052	$2,457,171	9.89%	6.17%
12	Small General Distribution Service (> 6,440 to ≤ 64,400 Therms Annually) - SGDS	16,924	3,419,854.5	$20,022,013	$2,291,303	$22,313,316	11.44%	7.95%
13	Small Distribution Service - SDS	4,581	5,985,617.2	$25,599,949	$3,940,879	$29,540,828	15.39%	12.97%
14	Large Distribution Service - LDS	877	11,285,600.2	$23,678,893	$2,769,931	$26,448,824	11.70%	11.56%
15	Main Line Distribution Service Class I - MLDS	48	609,000.0	$87,747	$0	$87,747	0.00%	0.00%
16	Main Line Distribution Service Class II - MLDS	86	2,513,113.6	$1,319,579	$0	$1,319,579	0.00%	0.00%
17	Flexible Rate Provisions and Negoitiated Contract Services	264	11,978,033.0	$4,265,890	$7,654	$4,273,544	0.18%	0.18%
18	Other Gas Department Revenue			$1,024,476	$50,107	$1,074,583	4.89%	4.89%
19	Total Revenues	5,419,794	83,368,309.2	$814,505,439	$ 44,499,988	$ 859,005,427	5.46%	5.46%
20	**Base Rates Revenue Only**							
21	Residential Sales - RS, CAP	4,419,986	31,030,925.3	$333,226,776	$21,317,393	$354,544,169	6.40%	6.48%
22	Small General Service (≤ 6,440 Therms Annually) - SGSS	280,415	4,107,510.7	$33,876,299	$3,162,373	$37,038,672	9.34%	9.44%
23	Small General Service (> 6,440 to ≤ 64,400 Therms Annually) - SGSS	32,889	3,914,531.7	$22,483,508	$2,678,323	$25,161,831	11.91%	12.05%
24	Large General Sales Service (≤ 540,000 Therms Annually) - LGSS	971	1,011,865.2	$4,456,336	$680,818	$5,137,154	15.28%	15.38%
25	Large General Sales Service (> 540,000 Therms Annually) - LGSS	38	50,862.6	$227,797	$26,648	$254,445	11.70%	11.70%
26	Negotiated Sales Service - NSS	12	72,000.0	$38,534	$0	$38,534	0.00%	0.00%
27	Residential Distribution Service (Choice) - RDS	546,145	4,066,034.4	$43,110,295	$3,066,603	$46,176,898	7.11%	6.48%
28	Small Commercial Distribution Service (Choice ≤ 6,440 Therms Annualy) - SCD	92,327	1,491,857.2	$12,019,100	$1,148,580	$13,167,680	9.56%	9.44%
29	Small Commercial Distribution Service (Choice > 6,440 to ≤ 6,440 Therms Annualy) - SCD	12,843	1,538,990.9	$8,834,376	$1,052,978	$9,887,354	11.92%	12.05%
30	Small General Distribution Service (≤ 6,440 Therms Annually) - SGDS	11,388	292,512.7	$2,130,878	$221,052	$2,351,930	10.37%	9.44%
31	Small General Distribution Service (> 6,440 to ≤ 64,400 Therms Annually) - SGDS	16,924	3,419,854.5	$18,678,488	$2,291,303	$20,969,791	12.27%	12.05%
32	Small Distribution Service - SDS	4,581	5,985,617.2	$25,599,949	$3,940,879	$29,540,828	15.39%	15.38%
33	Large Distribution Service - LDS	877	11,285,600.2	$23,678,893	$2,769,931	$26,448,824	11.70%	11.70%
34	Main Line Distribution Service Class I - MLDS	48	609,000.0	$87,747	$0	$87,747	0.00%	0.00%
35	Main Line Distribution Service Class II - MLDS	86	2,513,113.6	$1,319,579	$0	$1,319,579	0.00%	0.00%
36	Flexible Rate Provisions and Negoitiated Contract Services	264	11,978,033.0	$4,265,890	$7,654	$4,273,544	0.18%	6.31%
37	Total Base Rates Revenues	5,419,794	83,368,309.2	534,034,445	42,364,535	576,398,980	7.93%	7.93%
38	**STAS**							
39	Residential Sales - RS, CAP			$0	$0	$0	0.00%	0.00%
40	Small General Service (≤ 6,440 Therms Annually) - SGSS			$0	$0	$0	0.00%	0.00%
41	Small General Service (> 6,440 to ≤ 64,400 Therms Annually) - SGSS			$0	$0	$0	0.00%	0.00%
42	Large General Sales Service (≤ 540,000 Therms Annually) - LGSS			$0	$0	$0	0.00%	0.00%
43	Large General Sales Service (> 540,000 Therms Annually) - LGSS			$0	$0	$0	0.00%	0.00%
44	Negotiated Sales Service - NSS			$0	$0	$0	0.00%	0.00%
45	Residential Distribution Service (Choice) - RDS			$0	$0	$0	0.00%	0.00%
46	Small Commercial Distribution Service (Choice ≤ 6,440 Therms Annualy) - SCD			$0	$0	$0	0.00%	0.00%
47	Small Commercial Distribution Service (Choice > 6,440 to ≤ 6,440 Therms Annualy) - SCD			$0	$0	$0	0.00%	0.00%
48	Small General Distribution Service (≤ 6,440 Therms Annually) - SGDS			$0	$0	$0	0.00%	0.00%
49	Small General Distribution Service (> 6,440 to ≤ 64,400 Therms Annually) - SGDS			$0	$0	$0	0.00%	0.00%
50	Small Distribution Service - SDS			$0	$0	$0	0.00%	0.00%
51	Large Distribution Service - LDS			$0	$0	$0	0.00%	0.00%
52	Main Line Distribution Service Class I - MLDS			$0	$0	$0	0.00%	0.00%
53	Main Line Distribution Service Class II - MLDS			$0	$0	$0	0.00%	0.00%
54	Flexible Rate Provisions and Negoitiated Contract Services			$0	$0	$0	0.00%	0.00%
55	Total STAS			$0	$0	$0	0.00%	0.00%

Allocation of Proposed Annual Revenues by Rate Schedule Based on Revenue Requirement

Line No.	Description	Adjusted Bills (1) (Exh. 103, Sch. 2)	Adjusted Volumes (2) DTH (Exh. 103, Sch. 3)	Revenue @ Current Rates (3) $ (Exh. 103, Sch. 1)	Proposed Revenue Increase (4) $	Total Proposed Revenue (5 = 3 + 4) $ (Exh. 103, Sch. 7)	Proposed Increase by Rate Schedule (6) %	Proposed Increase by Rate Class (7) %
1	Rider CC							
2	Residential Sales - RS, CAP			$28,265	$0	$28,265	0.00%	0.00%
3	Small General Service (≤ 6,440 Therms Annually) - SGSS			$4,108	$0	$4,108	0.00%	0.00%
4	Small General Service (> 6,440 to ≤ 64,400 Therms Annually) - SGSS			$3,915	$0	$3,915	0.00%	0.00%
5	Large General Sales Service (≤ 540,000 Therms Annually) - LGSS			$0	$0	$0	0.00%	0.00%
6	Large General Sales Service (> 540,000 Therms Annually) - LGSS			$0	$0	$0	0.00%	0.00%
7	Negotiated Sales Service - NSS			$0	$0	$0	0.00%	0.00%
8	Residential Distribution Service (Choice) - RDS			$4,066	$0	$4,066	0.00%	0.00%
9	Small Commercial Distribution Service (Choice ≤ 6,440 Therms Annualy) - SCD			$1,492	$0	$1,492	0.00%	0.00%
10	Small Commercial Distribution Service (Choice > 6,440 to ≤ 6,440 Therms Annualy) - SCD			$1,539	$0	$1,539	0.00%	0.00%
11	Small General Distribution Service (≤ 6,440 Therms Annually) - SGDS			$293	$0	$293	0.00%	0.00%
12	Small General Distribution Service (> 6,440 to ≤ 64,400 Therms Annually) - SGDS			$3,420	$0	$3,420	0.00%	0.00%
13	Small Distribution Service - SDS			$0	$0	$0	0.00%	0.00%
14	Large Distribution Service - LDS			$0	$0	$0	0.00%	0.00%
15	Main Line Distribution Service Class I - MLDS			$0	$0	$0	0.00%	0.00%
16	Main Line Distribution Service Class II - MLDS			$0	$0	$0	0.00%	0.00%
17	Flexible Rate Provisions and Negoitiated Contract Services			$0	$0	$0	0.00%	0.00%
18	Total Rider CC			$47,098	$0	$47,098	0.00%	0.00%
19	Gas Procurement Charge							
20	Residential Sales - RS, CAP			$350,649	$0	$350,649	0.00%	0.00%
21	Small General Service (≤ 6,440 Therms Annually) - SGSS			$46,415	$0	$46,415	0.00%	0.00%
22	Small General Service (> 6,440 to ≤ 64,400 Therms Annually) - SGSS			$44,234	$0	$44,234	0.00%	0.00%
23	Large General Sales Service (≤ 540,000 Therms Annually) - LGSS			$11,434	$0	$11,434	0.00%	0.00%
24	Large General Sales Service (> 540,000 Therms Annually) - LGSS			$575	$0	$575	0.00%	0.00%
25	Negotiated Sales Service - NSS			$0	$0	$0	0.00%	0.00%
26	Residential Distribution Service (Choice) - RDS			$0	$0	$0	0.00%	0.00%
27	Small Commercial Distribution Service (Choice ≤ 6,440 Therms Annualy) - SCD			$0	$0	$0	0.00%	0.00%
28	Small Commercial Distribution Service (Choice > 6,440 to ≤ 6,440 Therms Annualy) - SCD			$0	$0	$0	0.00%	0.00%
29	Small General Distribution Service (≤ 6,440 Therms Annually) - SGDS			$0	$0	$0	0.00%	0.00%
30	Small General Distribution Service (> 6,440 to ≤ 64,400 Therms Annually) - SGDS			$0	$0	$0	0.00%	0.00%
31	Small Distribution Service - SDS			$0	$0	$0	0.00%	0.00%
32	Large Distribution Service - LDS			$0	$0	$0	0.00%	0.00%
33	Main Line Distribution Service Class I - MLDS			$0	$0	$0	0.00%	0.00%
34	Main Line Distribution Service Class II - MLDS			$0	$0	$0	0.00%	0.00%
35	Flexible Rate Provisions and Negoitiated Contract Services			$0	$0	$0		
36	Total Gas Procurement Charge			$453,307	$0	$453,307	0.00%	0.00%

Exhibit No. 103
Schedule No. 8
Page 3 of 9
Witness: K. L Johnson

Allocation of Proposed Annual Revenues by Rate Schedule Based on Revenue Requirement

Line No.	Description	Adjusted Bills (1) (Exh. 103, Sch. 2)	Adjusted Volumes (2) DTH (Exh. 103, Sch. 3)	Revenue @ Current Rates (3) $ (Exh. 103, Sch. 1)	Proposed Revenue Increase (4) $	Total Proposed Revenue (5 = 3 + 4) $ (Exh. 103, Sch. 7)	Proposed Increase by Rate Schedule (6) %	Proposed Increase by Rate Class (7) %
1	Universal Service Plan Rider							
2	Residential Sales - RS			$36,891,356	$1,823,087	$38,714,443	4.94%	4.94%
3	Small General Service (≤ 6,440 Therms Annually) - SGSS			$0	$0	$0	0.00%	0.00%
4	Small General Service (> 6,440 to ≤ 64,400 Therms Annually) - SGSS			$0	$0	$0	0.00%	0.00%
5	Large General Sales Service (≤ 540,000 Therms Annually) - LGSS			$0	$0	$0	0.00%	0.00%
6	Large General Sales Service (> 540,000 Therms Annually) - LGSS			$0	$0	$0	0.00%	0.00%
7	Negotiated Sales Service - NSS			$0	$0	$0	0.00%	0.00%
8	Residential Distribution Service (Choice) - RDS			$5,306,988	$262,259	$5,569,247	4.94%	4.94%
9	Small Commercial Distribution Service (Choice ≤ 6,440 Therms Annualy) - SCD			$0	$0	$0	0.00%	0.00%
10	Small Commercial Distribution Service (Choice > 6,440 to ≤ 6,440 Therms Annualy) - SCD			$0	$0	$0	0.00%	0.00%
11	Small General Distribution Service (≤ 6,440 Therms Annually) - SGDS			$0	$0	$0	0.00%	0.00%
12	Small General Distribution Service (> 6,440 to ≤ 64,400 Therms Annually) - SGDS			$0	$0	$0	0.00%	0.00%
13	Small Distribution Service - SDS			$0	$0	$0	0.00%	0.00%
14	Large Distribution Service - LDS			$0	$0	$0	0.00%	0.00%
15	Main Line Distribution Service Class I - MLDS			$0	$0	$0	0.00%	0.00%
16	Main Line Distribution Service Class II - MLDS			$0	$0	$0	0.00%	0.00%
17	Flexible Rate Provisions and Negoitiated Contract Services			$0	$0	$0		
18	Total Universal Service Charge			$42,198,344	$2,085,346	$44,283,690	4.94%	4.94%
19	Merchant Function Charge							
20	Residential Sales - RS, CAP			$1,470,866	$0	$1,470,866	0.00%	0.00%
21	Small General Service (≤ 6,440 Therms Annually) - SGSS			$56,684	$0	$56,684	0.00%	0.00%
22	Small General Service (> 6,440 to ≤ 64,400 Therms Annually) - SGSS			$54,021	$0	$54,021	0.00%	0.00%
23	Large General Sales Service (≤ 540,000 Therms Annually) - LGSS			$0	$0	$0	0.00%	0.00%
24	Large General Sales Service (> 540,000 Therms Annually) - LGSS			$0	$0	$0	0.00%	0.00%
25	Negotiated Sales Service - NSS			$0	$0	$0	0.00%	0.00%
26	Residential Distribution Service (Choice) - RDS			$0	$0	$0	0.00%	0.00%
27	Small Commercial Distribution Service (Choice ≤ 6,440 Therms Annualy) - SCD			$0	$0	$0	0.00%	0.00%
28	Small Commercial Distribution Service (Choice > 6,440 to ≤ 6,440 Therms Annualy) - SCD			$0	$0	$0	0.00%	0.00%
29	Small General Distribution Service (≤ 6,440 Therms Annually) - SGDS			$0	$0	$0	0.00%	0.00%
30	Small General Distribution Service (> 6,440 to ≤ 64,400 Therms Annually) - SGDS			$0	$0	$0	0.00%	0.00%
31	Small Distribution Service - SDS			$0	$0	$0	0.00%	0.00%
32	Large Distribution Service - LDS			$0	$0	$0	0.00%	0.00%
33	Main Line Distribution Service Class I - MLDS			$0	$0	$0	0.00%	0.00%
34	Main Line Distribution Service Class II - MLDS			$0	$0	$0	0.00%	0.00%
35	Flexible Rate Provisions and Negoitiated Contract Services			$0	$0	$0	0.00%	0.00%
36	Total Merchant Function Charge			$1,581,571	$0	$1,581,571	0.00%	0.00%
37	Gas Cost							
38	Residential Sales - RS, CAP			$170,493,213	$0	$170,493,213	0.00%	0.00%
39	Small General Service (≤ 6,440 Therms Annually) - SGSS			$22,567,896	$0	$22,567,896	0.00%	0.00%
40	Small General Service (> 6,440 to ≤ 64,400 Therms Annually) - SGSS			$21,507,612	$0	$21,507,612	0.00%	0.00%
41	Large General Sales Service (≤ 540,000 Therms Annually) - LGSS			$5,559,491	$0	$5,559,491	0.00%	0.00%
42	Large General Sales Service (> 540,000 Therms Annually) - LGSS			$279,454	$0	$279,454	0.00%	0.00%
43	Negotiated Sales Service - NSS			$522,768	$0	$522,768	0.00%	0.00%
44	Residential Distribution Service (Choice) - RDS			$7,328,214	$0	$7,328,214	0.00%	0.00%
45	Small Commercial Distribution Service (Choice ≤ 6,440 Therms Annualy) - SCD			$2,688,774	$0	$2,688,774	0.00%	0.00%
46	Small Commercial Distribution Service (Choice > 6,440 to ≤ 6,440 Therms Annualy) - SCD			$2,773,723	$0	$2,773,723	0.00%	0.00%
47	Small General Distribution Service (≤ 6,440 Therms Annually) - SGDS			$104,948	$0	$104,948	0.00%	0.00%
48	Small General Distribution Service (> 6,440 to ≤ 64,400 Therms Annually) - SGDS			$1,340,105	$0	$1,340,105	0.00%	0.00%
49	Small Distribution Service - SDS			$0	$0	$0	0.00%	0.00%
50	Large Distribution Service - LDS			$0	$0	$0	0.00%	0.00%
51	Main Line Distribution Service Class I - MLDS			$0	$0	$0	0.00%	0.00%
52	Main Line Distribution Service Class II - MLDS			$0	$0	$0	0.00%	0.00%
53	Flexible Rate Provisions and Negoitiated Contract Services			$0	$0	$0	0.00%	0.00%
54	Total Gas Cost			$235,166,198	$0	$235,166,198	0.00%	0.00%

Allocation of Proposed Annual Revenues by Rate Schedule Based on Revenue Requirement

Exhibit No. 103
Schedule No. 8
Page 4 of 9
Witness: K. L Johnson

Line No.		Description	Total (1)	RS/RDG/RGSS RDS/ RDGDS/RC2 (2)	SGSS1/SCD1/SGDS1 (3)	SGSS2/SCD2/SGDS2 (3)	SDS/LGS (4)	LDS/LGS (5)	MDS/NSS (6)	Flex/NCS (7)
1		Determination of Revenue Distribution								
2		Rate Base (Exhibit 111, Schedule 2, Page 2, Line 12)	$2,958,295,014	$1,748,524,511	$259,742,831	$287,859,226	$192,761,937	$233,132,653	$549,766	$235,724,089
3										
4		Unitized Return @ Current Rates (Exhibit 111, Schedule 2, Page 2, Line 14)	1.00000	1.30016	1.09168	1.08923	0.87928	0.27357	29.29445	(0.68548)
5		Proposed Unitized Return	1.00000	1.26700	1.06000	1.04800	0.94500	0.40346	22.22458	(0.51950)
6		Change in Unitized Return	0.00000	(0.03316)	(0.03168)	(0.04123)	0.06572	0.12989	(7.06987)	0.16598
7		Rate of Return Requested	8.080%	10.237%	8.565%	8.468%	7.636%	3.260%	179.575%	-4.198%
8		Net Operating Income @ Requested Return (Line 2 x Line 7)	$239,030,237	$178,996,454	$22,246,973	$24,375,919	$14,719,302	$7,600,041	$987,245	($9,895,697)
9		Net Operating Income @ Current Rates (Exhibit 111, Sch. 2, Page 2, Line 11)	$181,346,268	$139,359,450	$17,383,042	$19,221,654	$10,389,934	$3,909,100	$987,244	($9,904,157)
10		Income Deficiency (Line 8 - Line 9)	$57,683,969	$39,637,004	$4,863,931	$5,154,265	$4,329,368	$3,690,941	$1	$8,460
11		Gross Converstion Factor	1.42417301	1.42417301	1.42417301	1.42417301	1.42417301	1.42417301	1.42417301	1.42417301
12		Revenue Required Increase (Exhibit 102 Sch. 3 Page 3)	82,151,952	56,449,951	6,927,079	7,340,565	6,165,768	5,256,538	2	12,049
13		Revenue Requirement Change Due to Settlement	(37,651,952)	(29,949,932)	(2,390,079)	(1,310,565)	(1,538,768)	(2,456,538)	(2)	(6,068)
14		Revenue Required Increase per Settlement	44,500,000	26,500,019	4,537,000	6,030,000	4,627,000	2,800,000	0	5,981
15		Percent Distribution to Rate Classes	100.00%	68.71%	8.43%	8.94%	7.51%	6.40%	0.00%	0.01%
16	Less:	Proposed Change in STAS (Page 1 Line 40 through Line)	0	0	0	0	0	0	0	0
17	Less:	Proposed Change Other Gas Department Revenue (Page 1 Line 19)	50,107	29,838	5,109	6,790	5,210	3,153	0	7
18	Less:	Proposed Change in Rider CC (Page 2 Line 3 through Line 19)	0	0	0	0	0	0	0	0
19	Less:	Proposed Change in Gas Procurement Revenue (Page 2 Line 25 through Line)	0	0	0	0	0	0	0	0
20		Proposed Increase to Base Revenue	$44,449,893	$26,470,181	$4,531,891	$6,023,210	$4,621,790	$2,796,847	$0	$5,974
21		Percent Distribution to Rate Classes	100.00%	59.55%	10.20%	13.55%	10.40%	6.29%	0.00%	0.01%
22		Current Base Revenue	$534,034,445	$376,337,071	$48,026,277	$49,996,372	$30,056,285	$23,906,690	$1,445,860	$4,265,890
23		Current Percent Distribution of Rate Classes	100.00%	70.47%	8.99%	9.36%	5.63%	4.48%	0.27%	0.80%
24		Proposed Base Revenue	$578,484,338	$402,807,252	$52,558,168	$56,019,582	$34,678,075	$26,703,537	$1,445,860	$4,271,864
25		Proposed Percent Distribution of Rate Classes	100.00%	69.63%	9.09%	9.68%	6.00%	4.62%	0.25%	0.74%

0
Allocation of Proposed Annual Revenues by Rate Schedule Based on Revenue Requirement
0

Line No.			Bills	Dth	Proposed Rate $	Proposed Revenue $	Current Revenue $	Percent of Current Revenue %	Current Rate $	Proposed Inc. (Dec.) $
1		**Residential Rate Design (RS, RDS, RC2)**								
2		Total Revenue @ Current Rates				$598,210,688				
3	Less:	STAS				0				
4	Less:	Gas Cost Revenue				177,821,427				
5	Less:	Gas Procurement Charge				350,649				
6	Less:	Rider CC				32,331				
7	Less:	Merchant Function Charge				1,470,866				
8	Less:	Rider USP				42,198,344				
9	Plus:	Proposed Increase to Base Rates				26,470,181				
10		Proposed Base Revenue				$402,807,252				
11	Less:	Customer Charge Revenue (Exhibit 103, Sch. 1)	4,966,131		16.75	83,182,694	83,182,695	22.10%	16.75	(1)
12		Net Volumetric Gas Revenue				$319,624,558				
13		All Gas Consumed (Exhibit 103, Sch. 1)		35,096,959.7	9.1069	$319,624,502	$293,154,376	77.90%	8.3527	26,470,126
14		Total Base Revenue Charge						100.00%		$26,470,125
15		**Rider USP - Universal Service Plan**								
16		Universal Service Plan Rider @ Current Rate				42,198,344				
17	Plus:	Redistribution of CAP shortfall resulting from proposed rates				2,086,131				
18		Expected Change in Universal Service Plan Rider Rate		32,330,941.3	1.3697	$44,284,475			1.3052	

0
Allocation of Proposed Annual Revenues by Rate Schedule Based on Revenue Requirement
0

Line No.			Bills	Dth	Proposed Rate $	Proposed Revenue $	Current Revenue $	Percent of Current Revenue %	Current Rate $	Proposed Inc. (Dec.) $
1		**Small General Service Rate Design ≤ 6,440 Thms Annually (SGSS1, SCD1, SGDS1)**								
2		Total Revenue @ Current Rates				$73,496,887				
3	Less:	STAS				0				
4	Less:	Gas Cost Revenue				25,361,616				
5	Less:	Gas Procurement Charge				46,415				
6	Less:	Rider CC				5,893				
7	Less:	Merchant Function Charge				56,684				
8	Less:	Rider USP				0				
9	Plus:	Proposed Increase to Base Rates				4,531,891				
10		Proposed Base Revenue				$52,558,168				
11	Less:	Customer Charge Revenue (Exhibit 103, Sch. 1) ≤ 6,440 Thms	384,130		29.92	11,493,170	11,493,170	23.93%	29.92	-
12		Net Volumetric Gas Revenue				$41,064,998				
13		All Gas Consumed Rate		5,891,880.6	6.9698	41,065,229				
14		SGSS1,SCD1 @ uniform rate		5,599,367.9	6.9698	39,026,474				
15		SGDS1 @ uniform rate		292,512.7	6.9698	2,038,755				
16		Intra-Class Adjustment - SGDS1 to SGSS1/SCD1 (Exhibit KLJ-4)				27,553				
17		Less Than 6,440 Therms Annually - SGSS1, SCD1		5,599,367.9	6.9747	39,054,027	34,742,958	72.34%	6.2046	4,311,069
18		Less Than 6,440 Therms Annually - SGDS1		292,512.7	6.8756	2,011,202	1,790,149	3.73%	6.1199	221,053
						52,558,399	$48,026,277	100.00%		
19		Total Base Revenue Charge								$4,532,122

0
Allocation of Proposed Annual Revenues by Rate Schedule Based on Revenue Requirement
0

Exhibit No. 103
Schedule No. 8
Page 7 of 9
Witness: K. L Johnson

Line No.			Bills	Dth	Proposed Rate $	Proposed Revenue $	Current Revenue $	Percent of Current Revenue %	Current Rate $	Proposed Inc. (Dec.) $
1		**Small General Service Rate Design > 6,440 to ≤ 64,400 Thms Annually (SGSS2, SCD2, SGDS2)**								
2		Total Revenue @ Current Rates				$75,724,941				
3	Less:	STAS				0				
4	Less:	Gas Cost Revenue				25,621,440				
5	Less:	Gas Procurement Charge				44,234				
6	Less:	Rider CC				8,874				
7	*Less:*	*Merchant Function Charge*				54,021				
8	Less:	Rider USP				0				
9	Plus:	Proposed Increase to Base Rates				6,023,210				
10		Proposed Base Revenue				$56,019,582				
11	Less:	Customer Charge Revenue (Exhibit 103, Sch. 1) > 6,440 to ≤ 64,440 Thms	62,656		57.00	3,571,392	3,571,392	7.14%	57.00	-
12		Net Volumetric Gas Revenue				$52,448,190				
13		All Gas Consumed Rate		8,673,377.1	5.9107	52,447,870				
14		SGSS2,SCD2 @ uniform rate		5,453,522.6	5.9107	32,234,136				
15		SGDS2 @ uniform rate		3,419,854.5	5.9107	20,213,734				
16		Intra-Class Adjustment - SGDS2 to SGSS2/SCD2 (Exhibit KLJ-4)				208,505	236,058			
17		6,440 - 64,400 Therms Annually - SGSS2, SCD2		5,453,522.6	5.9489	32,442,641	28,711,160	57.43%	5.2647	3,731,481
18		6,440 - 64,400 Therms Annually - SGDS2		3,419,854.5	5.8497	20,005,229	17,713,820	35.43%	5.1797	2,291,409
						$52,447,870	*$46,424,980*	*100.00%*		
19		Total Base Revenue Charge								6,022,890

Exhibit No. 103
Schedule No. 8
Page 8 of 9
Witness: K. L Johnson

0
Allocation of Proposed Annual Revenues by Rate Schedule Based on Revenue Requirement
0

Line No.			Bills	Dth	Proposed Rate $	Proposed Revenue $	Current Revenue $	Percent of Current Revenue %	Current Rate $	Proposed Inc. (Dec.) $
1		**Small Distribution Service Rate Design (SDS/LGSS)**								
2		Total Revenue @ Current Rates				$35,627,210				
3	Less:	STAS				0				
4	Less:	Gas Cost Revenue				5,559,491				
5	Less:	Gas Procurement Charge				11,434				
6	Plus:	Proposed Increase to Base Rates				4,621,790				
7		Proposed Base Revenue				$34,678,075				
8	Less:	Customer Charge Revenue (Exhibit 103, Sch. 1) > 64,400 to ≤ 110,000 Thms	2,641		267.11	705,438	699,865		285.00	5,573
9	Less:	Customer Charge Revenue (Exhibit 103, Sch. 1) > 110,000 to ≤ 540,000 Thms	2,911		1,211.59	3,526,938	3,056,870		1,050.11	470,068
10		Net Volumetric Gas Revenue				$30,445,699				
11		> 64,400 to ≤ 110,00 Therms Annually (Exhibit 103, Sch. 1)		1,918,359.3	4.5681	8,763,239	7,569,846	28.78%	3.946	1,193,393
12		> 110,000 to <= 540,000 Therms Annually (Exhibit 103, Sch. 1)		5,063,392.4	4.2709	21,625,353	18,680,374	71.03%	3.6893	2,944,979
13		Rider EDS - > 110,000 to ≤ 540,000 Therms Annually		15,730.7	3.6303	57,107	49,330	0.19%	3.1359	7,777
						30,445,699	$26,299,550	100.00%		4,146,149
14		Total Base Revenue Charge								$4,621,790
15		**Large Distribution Service Rate Design (LDS/LGSS)**								
16		Total Revenue @ Current Rates				$24,186,719				
17	Less:	STAS				0				
18	Less:	Gas Cost Revenue				279,454				
19	Less:	Gas Procurement Charge				575				
20	Plus:	Proposed Increase to Base Rates				2,796,847				
21		Proposed Base Revenue				$26,703,537				
22	Less:	Customer Charge Revenue (Exhibit 103, Sch. 1)								
23		> 540,000 to ≤ 1,074,000 Thms	516		2,986.82	1,541,199	1,379,779		2,673.99	161,420
24		> 1,074,000 to ≤ 3,400,000 Therms Annually	327		4,645.73	1,519,154	1,360,042		4,159.15	159,112
25		> 3,400,000 to ≤ 7,500,000 Therms Annually	60		8,959.14	537,548	481,247		8,020.79	56,301
26		> 7,500,000 Therms Annually	12		13,272.55	159,271	142,589		11,882.42	16,682
27		Net Volumetric Gas Revenue				$22,946,365				
28		Usage Charge (Exhibit 103, Sch. 1)								
29		> 540,000 to ≤ 1,074,000 Thms		3,246,930.5	2.3433	7,608,641	6,811,735	33.16%	2.0979	796,906
30		> 1,074,000 to ≤ 3,400,000 Therms Annually		4,991,532.3	2.0785	10,374,877	9,288,244	45.21%	1.8608	1,086,633
31		> 3,400,000 to ≤ 7,500,000 Therms Annually		2,018,000.0	1.8652	3,764,098	3,369,858	16.40%	1.6699	394,240
32		> 7,500,000 Therms Annually		1,080,000.0	1.1099	1,198,749	1,073,196	5.22%	0.9937	125,553
						$22,946,365	$20,543,033	100.00%		$2,403,332
33		Total Base Revenue Charge								$2,796,847

0
Allocation of Proposed Annual Revenues by Rate Schedule Based on Revenue Requirement
0

Line No.			Bills	Dth	Proposed Rate $	Proposed Revenue $	Current Revenue $	Percent of Current Revenue %	Current Rate $	Proposed Inc. (Dec.) $
1		Main Line Service Rate Design - Class I (NSS and MLDS-I) and MDS Class II								
2		Total Revenue @ Current Rates				$1,968,628				
3	Less:	STAS				0				
4	Less:	Gas Cost Revenue				522,768				
5	Plus:	Proposed Increase to Base Rates				0				
6		Proposed Base Revenue				$1,445,860				
7	Less:	MDS I Customer Charge Revenue (Exhibit 103, Sch. 1)								
8		> 274,000 to ≤ 540,000 Thms	36		469.34	16,896	16,896		469.34	0
9		> 540,000 to ≤ 1,074,000 Therms Annually	24		1,149.00	27,576	27,576		1,149.00	0
10		> 1,074,000 to ≤ 3,400,000 Therms Annually	0		2,050.00	0	0		2,050.00	0
11		> 3,400,000 to ≤ 7,500,000 Therms Annually	0		4,096.00	0	0		4,096.00	0
12		> 7,500,000 Therms Annually	0		7,322.00	0	0		7,322.00	0
13	Less:	MDS II Customer Charge Revenue (Exhibit 103, Sch. 1)								
14		> 2,146,000 to ≤ 3,400,000 Therms Annually	25		2,050.00	51,250	51,250		2,050.00	-
15		> 3,400,000 to ≤ 7,500,000 Therms Annually	61		4,096.00	249,856	249,856		4,096.00	-
16		> 7,500,000 Therms Annually	0		7,322.00	0	0		7,322.00	-
17		Net Volumetric Gas Revenue				$1,100,282				
18		MDS I Usage Charge (Exhibit 103, Sch. 1)		609,000.0	0.0937	57,063	57,063	5.19%	0.0937	-
19		NSI Usage Charge (exhibit 103, Sch. 1)		72,000.0	0.3437	24,746	24,746	2.25%	0.3437	-
20		MDS II Usage Charge (Exhibit 103, Sch. 1)								
21		> 2,146,000 to ≤ 3,400,000 Therms Annually		733,722.4	0.4481	328,781	328,781	29.88%	0.4481	0
22		> 3,400,000 to <= 7,500,000 Therms Annually		1,779,391.2	0.3876	689,692	689,692	62.68%	0.3876	0
23		> 7,500,000 Therms Annually		0.0	0.3355	0	0	0.00%	0.3355	0
24								100.00%		
25		Total Base Revenue Charge								-
26		Flexible Rate and Negotiated Contract Services								
27		Total Revenue @ Current Rates				4,265,890				
28	Less:	STAS				0				
29	Less:	Gas Cost Revenue				0				
30	Plus:	Proposed Increase to Base Rates				$5,974				
31		Proposed Base Revenue				$4,271,864				
32	Less:	Negotiated Contract Service Customer Charge				$1,324,432				
33	Less:	Commodity All Gas Consumed				$2,741,919				
34	Less:	Flex Customer Charge Revenue (Exhibit 103, Sch. 1)								
35		SGDS-1 Less Than 6,440 Therms Annually	0		29.92	0	0		29.92	0
36		SGDS-2 >6,440 to ≤ 64,400 Therms Annually	36		57.00	2,052	2,052		57.00	0
37		SDS > 64,400 to ≤ 110,000 Therms Annually	12		267.11	3,205	3,180		265.00	25
38		SDS > 110,000 to ≤ 540,000 Therms Annually	24		1,211.59	29,078	25,203		1,050.11	3,875
39		LDS > 540,000 to ≤ 1,074,000 Therms Annually	12		2,986.82	35,842	32,088		2,673.99	3,754
40		LDS >1,074,000 to ≤ 3,400,000 Therms Annually	0		4,645.73	0	0		4,159.15	0
41		LDS > 3,400,000 to ≤ 7,500,000 Therms Annually	0		8,959.14	0	0		8,020.79	0
42		LDS > 7,500,000 Therms Annually	0		13,272.55	0	0		11,882.42	0
43		MDS-I > 274,000 to ≤ 540,000 Therms Annually	0		469.34	0	0		469.34	0
44		MDS-I > 540,000 to ≤ 1,074,000 Therms Annually	0		1,149.00	0	0		1,149.00	0
45		MDS-I > 1,074,000 to ≤ 3,400,000 Therms Annually	0		2,050.00	0	0		2,050.00	0
46		MDS-I > 3,400,000 to ≤ 7,500,000 Therms Annually	0		4,096.00	0	0		4,096.00	0
47		MDS-I > 7,500,000 Therms Annually	12		7,322.00	87,864	87,864		7,322.00	0
48		MDS-II > 2,146,000 to ≤ 3,400,000 Therms Annually	0		2,050.00	0	0		2,050.00	0
49		MDS-II > 3,400,000 to ≤ 7,500,000 Therms Annually	12		4,096.00	49,152	49,152		4,096.00	0
50		MDS-II > 7,500,000 Therms Annually	0		7,322.00	0	0		7,322.00	0
		Total Flex Customer Charge				207,193				
51		Total Base Revenue Charge								7,654

APPENDIX C

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	Docket No.	R-2022-3031211
Office of Consumer Advocate	:		C-2022-3031632
Office of Small Business Advocate	:		C-2022-3031767
Pennsylvania State University	:		C-2022-3031957
Columbia Industrial Intervenors	:		C-2022-3032178
Jose A. Serrano	:		C-2022-3031821
Constance Wile	:		C-2022-3031749
Richard C. Culbertson	:		C-2022-3032203

v.

Columbia Gas of Pennsylvania, Inc.

STATEMENT OF COLUMBIA GAS OF PENNSYLVANIA, INC.
IN SUPPORT OF THE JOINT PETITION FOR NON-UNANIMOUS SETTLEMENT
ON REVENUE ALLOCATION AND RATE DESIGN

TO DEPUTY CHIEF ADMINISTRATIVE LAW JUDGE CHRISTOPHER PELL AND ADMINISTRATIVE LAW JUDGE JOHN COOGAN:

I. INTRODUCTION

Columbia Gas of Pennsylvania, Inc. ("Columbia" or the "Company") hereby submits this Statement in Support of the Joint Petition for Non-Unanimous Settlement on Revenue Allocation and Rate Design ("Non-Unanimous Settlement") entered into by Columbia, the Bureau of Investigation and Enforcement ("I&E") of the Pennsylvania Public Utility Commission ("Commission"), the Office of Consumer Advocate ("OCA"), The Pennsylvania State University ("PSU"), Columbia Industrial Intervenors ("CII"),[1] Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA"), and the Pennsylvania Weatherization Providers Task Force, Inc. ("PA Task Force") (hereinafter collectively referred to as the "Joint Petitioners" or "Parties"), parties to the above-captioned proceedings. The Retail Energy Supply

[1] CII's member is Knouse Foods Cooperative, Inc.

Association, Shipley Choice, LLC and NRG Energy, Inc. (collectively, "RESA/NGS Parties") and the Natural Resources Defense Council ("NRDC") have indicated that they do not oppose the Non-Unanimous Settlement. Columbia respectfully requests that Deputy Chief Administrative Law Judge Christopher Pell and Administrative Law Judge John Coogan (collectively "ALJ Pell and ALJ Coogan" or the "ALJs") recommend approval of, and the Commission approve, the Non-Unanimous Settlement, including the terms and conditions thereof, without modification.

The Non-Unanimous Settlement, if approved, will resolve the Revenue Allocation and Rate Design issues raised by the Joint Petitioners in this proceeding.[2] The Non-Unanimous Settlement is in the best interest of Columbia, its customers, and the Joint Petitioners, and is in the public interest. Accordingly, it should be approved.

The Non-Unanimous Settlement was achieved only after a comprehensive review and evaluation of the parties' respective positions on the revenue allocation and rate design issues in this proceeding. The Joint Petitioners filed multiple rounds of testimony and accompanying exhibits, including direct, rebuttal, surrebuttal and rejoinder testimony regarding these issues. Moreover, the Joint Petitioners participated in numerous settlement discussions and formal negotiations, which ultimately led to the Non-Unanimous Settlement.

The Non-Unanimous Settlement reflects a carefully balanced compromise of the interests of the Joint Petitioners. For these reasons and the reasons set forth below, the Non-Unanimous Settlement is just and reasonable and should be approved.

---

[2] The Office of Small Business Advocate ("OSBA") and Mr. Culbertson are not parties to the Joint Petition for Non-Unanimous Settlement. Simultaneous with the filing of this Non-Unanimous Settlement, a separate Joint Petition for Partial Settlement regarding all other issues in this proceeding ("Partial Settlement") is being filed, with joinder or non-objection from all active parties other than Mr. Culbertson. Columbia addressed OSBA's and Mr. Culbertson's issues in its Main Brief submitted on August 23, 2022, and the Company is filing a Reply Brief concurrently with the Partial Settlement and the Non-Unanimous Settlement to respond to the arguments raised in OSBA's and Mr. Culbertson's Main Briefs.

II. STANDARDS FOR APPROVAL OF SETTLEMENT

Commission policy promotes settlements. *See* 52 Pa. Code § 5.231. Settlements lessen the time and expense that the parties must expend litigating a case, and at the same time, conserve precious administrative resources. The Commission has indicated that settlement results are often preferable to those achieved at the conclusion of a fully litigated proceeding. *See* 52 Pa. Code § 69.401. The Commission has explained that parties to settled cases are afforded flexibility in reaching amicable resolutions, so long as the settlement is in the public interest. *Pa. PUC v. MXenergy Electric Inc.*, Docket No. M-2012-2201861, 2013 Pa. PUC LEXIS 789 (Opinion and Order entered Dec. 5, 2013). In order to accept a settlement, the Commission must first determine that the proposed terms and conditions are in the public interest. *Pa. PUC v. Windstream Pennsylvania, LLC*, Docket No. M-2012-2227108, 2012 Pa. PUC LEXIS 1535 (Opinion and Order entered Sept. 27, 2012); *Pa. PUC v. C.S. Water and Sewer Assoc.*, Docket No. R-881147, 74 Pa. PUC 767 (Opinion entered July 22, 1991).

The Commission's policy permits parties to enter "partial" or "non-unanimous" settlements. *See* 52 Pa. Code § 69.401. *See also* 52 Pa. Code § 5.232, § 69.406. As with full settlements, partial settlements, whether involving a partial settlement of issues or a partial settlement of the parties involved (non-unanimous), must be reasonable and in the public interest. *See Pa. PUC v. City of Bethlehem – Water Department*, Docket No. R-2020-3020256, 2021 Pa. PUC LEXIS 116 (April 15, 2021) ("*City of Bethlehem Water*"). The Commission has approved non-unanimous settlements as being just and reasonable and in the public interest and has not rejected or disfavored settlements because they are non-unanimous. *See, e.g. City of Bethlehem Water*; *Pa. PUC v. Pike County Light and Power Company – Electric*, Docket No. R-2020-3022135 (Recommended Decision May 5, 2021; Order entered June 23, 2021) ("*Pike County*");

Pa. PUC v. Pennsylvania-American Water Company, Docket No. R-2020-3019369 (Order entered Feb. 25, 2021).

The standards for approving the terms of non-unanimous settlements are the same as those for deciding a fully contested case, *i.e.* the parties to the non-unanimous settlement must demonstrate that the proposed settlement is supported by substantial evidence and that the rates agreed to are just and reasonable and in conformity with the Commission's orders and regulations. *See* 66 Pa C.S. § 1301; *Pike County*, Docket No. R-2020-3022135. Also relevant to the Commission's approval of a non-unanimous settlement is the due process afforded to non-settling parties, such as whether non-settling parties were provided an opportunity to object to the settlement and to present their positions on the issues, and the range of interests represented in the non-unanimous settlement. *City of Bethlehem Water*, 2021 Pa. PUC LEXIS 116. In this case, the non-settling parties to the Joint Petition for Non-Unanimous Settlement were given an opportunity to submit briefs on the issues addressed in the Non-Unanimous Settlement. In addition, the Non-Unanimous Settlement will be served on all parties to the proceeding, and the ALJs have established procedures for filing comments thereto. The Joint Petition for Non-Unanimous Settlement represents a range of interests in this proceeding, including residential customers, low-income customers, large industrial customers, and the Company. As explained in the next section of this Statement in Support, Columbia believes that the Non-Unanimous Settlement is just, reasonable, in the public interest, and should be approved without modification.

III. SPECIFIC NON-UNANIMOUS SETTLEMENT TERMS

A. REVENUE ALLOCATION

Appendix A to the Non-Unanimous Settlement sets forth the agreed to revenue allocation to the classes. (Non-Unanimous Settlement ¶ 23.) The revenue allocation assigns to the various classes portions of the $44.5 million revenue increase contained in the Partial Settlement. (Partial

24392023v1

Settlement ¶ 24.) As described below, revenue allocation was the subject of extensive litigation and negotiation and reflects a compromise of the positions of all the Joint Petitioners. The Non-Unanimous Settlement strikes a balance that is in the best interest of all of Columbia's customers, and the revenue allocation and rate design Non-Unanimous Settlement terms should be approved.

As in many base rate cases, the revenue allocation issues were among the most contentious issues in this proceeding. The parties to this proceeding proposed a variety of class cost of service studies and cost allocation methodologies. Moreover, even to the extent certain parties agreed on the basic overall methodology, *i.e.* the Customer/Demand study versus the Peak & Average methodology, these parties still disagreed on how to allocate certain other costs to the different rate classes, as well as how much movement toward cost of service was appropriate. Despite the fact that the Joint Petitioners were not able to agree on a specific class "cost of service" in the Non-Unanimous Settlement, they were able to agree to a revenue allocation that is within the range of revenue allocations proposed by the parties in this proceeding. Moreover, the resulting class allocations are supportable by the results of proposed allocations by parties that relied upon the Peak & Average methodology.

All parties supported their respective cost of service studies for litigation purposes. However, the Joint Petitioners were willing to compromise in order to achieve a non-unanimous settlement of the revenue allocation issues. Therefore, the revenue allocation set forth in the Non-Unanimous Settlement is not based upon a specific agreed to formulaic approach. Moreover, the Non-Unanimous Settlement rates are not based upon any specific cost of service study results. Instead, the Non-Unanimous Settlement reflects a compromise of the Joint Petitioners' revenue allocation and rate design proposals. (Non-Unanimous Settlement ¶ 23; Appendices A and B.) The resulting class increases, as compared to the Company's as-filed increases, are as follows:

Customer Group	As Filed	Percentage of Proposed Increase[3]	As Settled	Percentage of Settled Increase
Residential (RS/RDS)	$56,386,460	68.71%	$26,500,019	59.55%
Small General Service 1 (SGSS1/SGDS1/SCD1)	$6,919,288	8.43%	$4,537,000	10.20%
Small General Service 2 (SGSS2/SGDS2/SCD2)	$7,332,309	8.94%	$6,030,000	13.55%
Small Distribution Service (SDS/LGSS)	$6,158,833	7.51%	$4,627,000	10.40%
Large Distribution Service (LDS/LGSS)	$5,250,626	6.40%	$2,800,000	6.29%
Mainline Distribution Service (MLDS/NSS)	$2	0%	$0	0%
Flex	$12,035	0.01%	$5,981	0.01%
Total	$82,059,553	100%	$44,500,000	100%

As noted above, the revenue allocation under the Non-Unanimous Settlement represents a compromise and falls within the litigation positions of the parties as scaled back to the agreed upon $44.5 million revenue increase. The revenue allocation agreed to by the Joint Petitioners to the Non-Unanimous Settlement is consistent with cost causation principles and meets the "cost of service" standards adopted by the Courts and the Commission in tandem with secondary considerations, including gradualism, value of service, efficiency, and fairness. *See Lloyd v. Pa. P.U.C.*, 904 A.2d 1010, 1020 (Pa. Cmwlth. 2006) *appeal denied*, 591 Pa. 676, 916 A.2d 1104

[3] Columbia Exhibit No. 103, Schedule 8, p. 4.

(2007); *Pa. Publ. Util. Comm'n, et al. v. PPL Electric Utilities Corporation*, Docket Nos. R-00049255, et al., 2007 Pa. PUC LEXIS 55 (Order on Remand entered July 25, 2007). The revenue allocation agreed to in the Joint Petition for Non-Unanimous Settlement represents a range of interests, including residential customers, low-income customers, large industrial customers, and Columbia. The Joint Petition for Non-Unanimous Settlement strikes a balance that is in the best interest of all of Columbia's customers, and the revenue allocation terms should be approved, for the reasons explained herein and in Columbia's Main Brief and Reply Brief.

B. RATE DESIGN

Appendix B to the Settlement sets forth the agreed to rate design for the customer classes. (Settlement ¶ 23.)

1. Residential Rate Design

The Partial Settlement provides for no increase to the current residential customer charge. The residential customer charge is addressed in Columbia's Statement in Support to the Partial Settlement.

2. Small Commercial and Industrial Rate Design

The customer charges provided for in the Non-Unanimous Settlement are $29.92/month for SGSS/SCD/SGDS customers using up to 6,440 therms and $57.00/month for SGSS, SCD, and SGDS using more than 6,440 therms annually. (Non-Unanimous Settlement Appendix B). Columbia proposed monthly customer charges of $34.23 for the SGSS/SCD/SGDS customers using up to 6,440 therms and $65.36 for SGSS, SCD, and SGDS using more than 6,440 therms annually. (Columbia Statement No. 6, pp. 24-25). I&E proposed monthly customer charges of $28.36 for SGSS/SCD/SGDS customers using up to 6,440 therms and $57.00 for SGSS, SCD, and SGDS using more than 6,440 therms annually. (I&E Statement No. 3, p. 23). The customer charges for the Small C&I classes as provided for in the Non-Unanimous Settlement maintain the existing customer charges for these classes and fall between the customer charges proposed by Columbia and I&E. The customer charge of $57.00/month for SGSS, SCD, and SGDS customers using more than 6,440 therms annually is also consistent with the OSBA recommendation. (OSBA Statement No. 1, p. 29). Accordingly, the proposed customer charges for these classes represent a reasonable compromise between the positions of the parties and should be approved.

3. Large Commercial and Industrial Rate Design

The Non-Unanimous Settlement provides for a customer charge for the SDS/LGSS class of $1,211.59. Columbia proposed a customer charge of $1,265.29 for the SDS/LGSS class based on the full amount of its requested revenue increase as supported by the Company's customer cost analysis. (Columbia St. 6, p. 26). I&E agreed with Columbia's proposal. (I&E St. 3, p. 23). The customer charge proposed in the Joint Petition for Non-Unanimous Settlement represents a proportionate scale back of the Company's and I&E's proposed SDS/LGSS customer charge based on the settled revenue requirement of $44.5 million. The proposed customer charge for the SDS/LGSS class as scaled back proportionately to the amount of the settled revenue increase is reasonable and should be approved.

4. Conclusions as to Rate Design

The proposed changes to the rate design for all customer classes, as set forth in Appendix B to the Non-Unanimous Settlement, reflect an accord reached between the Joint Petitioners to the Non-Unanimous Settlement as to the rate design to be used to recover the rate increases allocated under the Partial Settlement to the Company's customers. Columbia submits that the Non-Unanimous Settlement reflects an acceptable compromise of the competing litigation positions of the Joint Petitioners to the Non-Unanimous Settlement relative to rate design, is supported by the record, and should be approved.

IV. CONCLUSION

The Non-Unanimous Settlement is the result of a detailed examination of Columbia's proposals, multiple rounds of discovery, direct, rebuttal, surrebuttal, and rejoinder testimony, and compromise by all active parties to this Non-Unanimous Settlement. Columbia believes that fair and reasonable compromises have been achieved on the settled issues in the Non-Unanimous Settlement. Columbia fully supports this Non-Unanimous Settlement and respectfully requests that the ALJs and the Commission review and approve the Non-Unanimous Settlement in its entirety without modification.

Respectfully submitted,

Lindsay A. Berkstresser

Michael W. Hassell (ID # 34851)
Lindsay A. Berkstresser (ID # 318370)
Post & Schell, P.C.
17 North Second Street
12th Floor
Harrisburg, PA 17101
Phone: 717-731-1970
Fax: 717-731-1985
E-mail: mhassell@postschell.com
E-mail: lberkstresser@postschell.com

Theodore Gallagher (ID # 90842)
Columbia Gas of Pennsylvania, Inc.
121 Champion Way, Suite 100
Phone: 724-416-6355
Fax: 724-416-6384
E-mail: tjgallagher@nisource.com

Amy E. Hirakis (ID # 310094)
Candis A. Tunilo (I.D. # 89891)
800 North 3rd Street
Suite 204
Harrisburg, PA 17102
Phone: 717-233-1351
E-mail: ahirakis@nisource.com
E-mail: ctunilo@nisource.com

Date: September 2, 2022

APPENDIX A

Proposed Findings of Fact in Support of the Non-Unanimous Settlement

1. The revenue allocation set forth in the Joint Petition for Non-Unanimous Settlement is within the range of the allocations of those parties who supported the use of the peak and average studies, as scaled back to the revenue increase agreed to in the Joint Petition for Partial Settlement. (Columbia Exhibit 103, Sch. 8; I&E Exhibit 3, Sch. 6; OCA St. 3-SR, Table 1-SR; OSBA St. 1-SR, Table IEc-S3; PSU Exhibit SR-1).

2. The Joint Petition for Non-Unanimous Settlement allocates effectively the same percentage of the revenue increase to the Residential class as that proposed by OSBA. (OSBA St. 1-SR, Table IEc-S3).

3. The LDS class allocation in the Joint Petition for Non-Unanimous Settlement is comparable to Columbia's scaled back recommendation. (Columbia Exhibit 103, Sch. 8).

4. The SGS1 class allocation in the Joint Petition for Non-Unanimous Settlement is consistent with I&E's scaled back recommendation. (I&E Exhibit 3, Sch. 6).

5. The SGS2 class allocation in the Joint Petition for Non-Unanimous Settlement is consistent with the OCA's scaled back recommendation. (OCA St. 3-SR, Table 1-SR).

6. The Joint Petition for Non-Unanimous Settlement allocates revenue increases to the SGS-2 and SDS classes that are comparable to that proposed by OSBA, as scaled back to the revenue requirement agreed to in the Partial Settlement. (OSBA St. 1-SR, Table IEc-S3).

7. Columbia presented three allocated cost of service studies: the customer-demand study, the peak and average study, and the average study. (Columbia Exhibit 111, Schedules 1, 2 and 3).

8. Columbia used the results of the peak and average study as the primary guide for the Company's proposed allocation of the revenue increase. (Columbia St. 6, pp. 4, 17).

9. I&E and OCA supported Columbia's use of the peak and average study as the primary basis for revenue allocation. (I&E St. 3, p. 12; OCA St. 3, p. 8).

10. OSBA disagreed with the peak and average methodology but accepted the peak and average study "for reasons of Commission precedent." (OSBA St. 1, p. 15).

11. PSU and CII recommended that the results of the customer-demand study be used for allocating revenue. (PSU St. 1, p. 18; CII St. 1, p. 7).

12. Columbia proposed customer charges of $34.23 for the SGSS/SCD/SGDS customers using up to 6,440 therms and $65.36 for SGSS, SCD, and SGDS using more than 6,440 therms annually. (Columbia Statement No. 6, pp. 24-25).

13. I&E proposed customer charges of $28.36 for SGSS/SCD/SGDS customers using up to 6,440 therms and $57.00 for SGSS, SCD, and SGDS using more than 6,440 therms annually. (I&E Statement No. 3, p. 23).

14. The customer charges for the Small C&I classes as provided for in the Non-Unanimous Settlement maintain the existing customer charges for these classes. (Columbia Statement No. 6, pp. 24-25; I&E Statement No. 3, p. 23).

15. Columbia proposed a customer charge of $1,265.29 for the SDS/LGSS class based on the full amount of its requested revenue increase as supported by the Company's customer cost analysis. (Columbia St. 6, p. 26).

16. I&E agreed with Columbia's proposed customer charge of $1,265.29 for the SDS/LGSS class. (I&E St. 3, p. 23).

17. The Non-Unanimous Settlement provides for a scaled back customer charge of $1,211.59 for the SDS/LGSS class. (Non-Unanimous Settlement ¶ 23; Non-Unanimous Settlement Appendix B).

APPENDIX D

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	Docket No. R-2022-3031211
Office of Small Business Advocate	:	C-2022-3031632
Office of Consumer Advocate	:	C-2022-3031767
Pennsylvania State University	:	C-2022-3031957
Columbia Industrial Intervenors	:	C-2022-3032178
Jose A. Serrano	:	C-2022-3031821
Constance Wile	:	C-2022-3031749
Richard C. Culbertson	:	C-2022-3032203

v.

Columbia Gas of Pennsylvania, Inc.

SUPPLEMENTAL STATEMENT IN SUPPORT
OF NON-UNANIMOUS SETTLEMENT
REGARDING REVENUE ALLOCATION AND RATE DESIGN
OF THE OFFICE OF CONSUMER ADVOCATE

The Office of Consumer Advocate (OCA), one of the signatory parties to the Joint Petition for Non-Unanimous Settlement Regarding Revenue Allocation and Rate Design by Columbia Gas of Pennsylvania, Inc. ("Revenue Allocation Petition" or "Petition"), finds the terms and conditions of the Petition to be in the public interest for the following reasons:

I. INTRODUCTION

On March 18, 2022, Columbia Gas of Pennsylvania, Inc. (Columbia) filed Supplement No. 337 to Tariff Gas – Pa. P.U.C. No. 9 (Supplement No. 337) with the Pennsylvania Public Utility

Commission (Commission) to become effective May 17, 2022. In Supplement No. 337, Columbia is seeking an increase in annual distribution revenues of $82.2 million for a fully projected future test year (FPFTY) ending on December 31, 2023. According to Columbia's filing, the total monthly bill for residential customers using 70 therms per month, will increase from $123.24 to $135.67.

The OCA opposed the increase to Columbia's rates and its rate design as producing unjust and unreasonable rates. Through negotiation and after extensive litigation, however, the OCA and other parties were able to achieve significant reductions in the requested revenue requirement, as well as rate design issues, including significant concessions from Columbia regarding its customer charge and changes to its programming to assist economically vulnerable customers. As a result of these concessions, as well as compromise intended to produce certainty, the OCA and other parties have agreed on a settlement of almost all of the issues in this proceeding including the required revenue, rate design, and other customer benefits. This settlement is reflected in Joint Petition for Partial Settlement that is being filed simultaneously with the Revenue Allocation Petition. The OCA is separately filing a Statement in Support of the Joint Petition for Partial Settlement. Thus, the issues outlined here concern only the OCA's support of the Revenue Allocation Petition.

On the issue of revenue allocation and rate design, the OCA notes that several parties[1] have agreed to a revenue allocation that is consistent with the Cost of Service Studies (COSS) presented in this case, and is consistent with applicable revenue allocation precedent and practice.

[1] The following parties have jointed and support the Revenue Allocation Petition: The Bureau of Investigation and Enforcement ("I&E") of the Pennsylvania Public Utility Commission ("Commission"), the Office of Consumer Advocate ("OCA"), The Pennsylvania State University ("PSU"), Columbia Industrial Intervenors ("CII"),[1] Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA"), Pennsylvania Weatherization Providers Task Force, Inc. ("PA Task Force"), and Columbia Gas of Pennsylvania, Inc. ("Columbia" or the "Company"). In addition, The Retail Energy Supply Association, Shipley Choice, LLC and NRG Energy, Inc. (collectively, "RESA/NGS Parties") and Natural Resources Defense Council ("NRDC") have indicated that they do

As discussed in below, the OCA recommends that the Commission approve the revenue allocation agreed to by Columbia, the OCA, I&E, CII, and PSU as being consistent with cost of service, rate gradualism, and the law.

II. REVENUE ALLOCATION PETITION TERMS AND CONDITIONS

A. Revenue Allocation and Rate Design (¶¶23-24)

In its initial filing, the Company included three cost of service studies: Peak & Average, Customer-Demand, and an Average COSS which averaged both the Peak & Average and Customer-Demand COSSs. The Company used its Peak & Average allocated cost study as a guide for developing its revenue allocation and rates in this proceeding. OCA St. 3 at 5. In his review of the Company's filing, OCA witness Jerome D. Mierzwa noted that Columbia's reliance on the Peak & Average Study as the basis of its proposed revenue distribution was consistent with Commission precedent. The Commission's decision in Columbia's last litigated base rate proceeding adopted the Peak & Average methodology to be used as the basis for revenue allocation. OCA St. 3 at 5-7 *citing* Pa. PUC v. Columbia Gas, Docket No. R-2020-3018835, Order at 217-28 (Feb. 19, 2021).

The following table shows the results of Columbia's Peak & Average Study at present rates:

---

not oppose the Joint Petition for Non-Unanimous Settlement. The Office of Small Business Advocate ("OSBA") and Mr. Richard C. Culbertson have not joined the Non-Unanimous Settlement.

Table 1.
Class Rates of Return
Columbia Peak & Average ACOS Study
Results at Present Rates

Class	Rate of Return	Index
RSS/RDS	7.97%	1.30
SGSS/DS-1	6.69	1.09
SGSS/DS-2	6.68	1.09
SDS/LGSS	5.39	0.88
LDS/LGSS	1.68	0.27
MLDS	179.58	29.29
FLEX	(4.202)	(0.69)
Overall:	**6.181%**	**1.00**

OCA St. 3 at 7.

Columbia's Peak & Average study shows certain customer classes are paying more than the cost of providing service to those customers within the class (as reflected by an index above 1.0), while other classes are paying less than the full cost of providing service to customers under those rate schedules (as reflected by an index that is less than 1.0). At its full revenue requirement request proposed in this proceeding, Columbia made efforts to correct some of these discrepancies.

At its as filed rate increase, Columbia's proposed the following revenue allocation:

Table 2
Summary of Columbia Revenue Allocation at As Filed Rates

			Relative Rate of Return	
Class	Increase	Percent	Present Rates	Proposed Rates
RSS/RDS	$56,453,526	13.4%	1.30	1.27
SGSS/DS-1	6,927,768	14.4%	1.09	1.06
SGSS/DS-2	7,340,348	14.6%	1.09	1.05
SDS/LGSS	6,162,892	20.5%	0.88	0.94
LDS/LGSS	5,253,499	21.9%	0.27	0.40
MLDS	225	0.0%	29.29	22.23
FLEX	13,651	0.3%	(0.69)	(0.52)
Total:	**$82,151,909**	**14.2%**	**1.00**	**1.00**

See OCA St. 3 at 9. As these two tables indicate, the Company's proposed allocation moved classes somewhat closer to providing service at the costs indicated by the Company's COSS.

In testimony, OCA witness Mierzwa recommended a revenue distribution at proposed rates for the Company's claimed revenue deficiency based on Columbia's Peak & Average ACOSS, that more accurately reflected cost of service. OCA St. 3 at 11. The OCA filed testimony challenging the revenue allocation proposal provided by the Company. OCA St. 3 at 9-10. OCA witness Mierzwa's testimony provided for a reasonable movement toward cost-based rates and adequately accounts for the subsidies provided to certain customers. See OCA St. 3SR at 4.

The OCA's testimony noted that the Company's originally proposed revenue allocation, while based on the results of the Company's Peak & Average Study, did not reflect adequate movement toward cost-based rates for each customer class. Specifically, OCA witness Mierzwa testified that the Company allocation did not adequately account for the significant subsidies provided to LDS/LGSS and Flex rate customers that receive service at less than cost of service rates. OCA St. 3 at 9-10.

All of the parties in this proceeding who addressed allocation had different recommendations as to how to close these gaps and whether the Company's Peak & Average COSS was the appropriate measure of cost of service. Rather than litigate the merits of each of these proposals in this proceeding, the settling parties have all agreed that the proposed allocation reasonably allocates the agreed upon revenue increase among customer classes, and designs rates to recover the amounts allocated to the customer classes. It is the OCA's position that the settlement allocation is consistent with precedent and principles of cost causation, and within the range of expected outcomes if this case were fully litigated.

Based on the testimony admitted into the record in this proceeding, the revenue allocation positions for residential customers ranged from a low of 57% of the awarded increase (OCA), to a high of 76% of the awarded increase (PSU). The following table shows the parties' scaled back revenue allocation positions:

Percent of Overall Increase Assigned to Particular Customer Class					
	RS/RD S	SGSS1/SCD1/SGD S1	SGSS2/SCD2/SG D S2	SDS/LGS S	LDS/LGS S
Columbia[2]	68.71%	8.43%	8.94%	7.51%	6.40%
I&E[3]	52.20%	10.09%	10.69%	15.20%	11.81%
OCA[4]	56.66%	11.61%	13.55%	9.92%	8.26%
OSBA[5]	59.55%	8.37%	13.40%	10.40%	8.27%
PSU[6]	76.11%	8.22%	9.86%	3.57%	2.23%
Settlement[7]	59.55%	10.2%	13.55%	10.4%	6.29%

Under the Revenue Allocation Petition, residential customers would be allocated $26.5 million of the total $44.5 million revenue requirement increase contained in the Settlement, or 59.6% of the increase. Petition at Appendix A. This is consistent with the range of outcomes that were likely to result from litigation of this issue based on the parties' positions and is reasonably consistent with the OCA's litigation position.

While the OCA's scale back would have produced a lesser amount allocated to the residential class, the agreed upon allocation of $26.5 million is reasonable, is the product of compromise by the settling parties, and continues to recognize the principles of gradualism. It is important context that the parties had significant differences of opinion about the appropriate cost of service methodology to use in this proceeding and even those parties who shared a methodology arrived at different conclusions about how an allocation should be structured. Thus, this

[2] CPA St. 6 at 20:7-11
[3] I&E St. 3 at 26:13-18. I&E's allocation percentages are derived after applying I&E's proposed scale back methodology to the agreed-upon revenue increase.
[4] OCA St. 3-SR at 4, Table 1-SR.
[5] OSBA St. 1-S at 6, Table IEc-S3.
[6] PSU St. 1-SR, Exh. PSU-SR-1.
[7] Petition Appendix A.

compromise ensures some certainty in the allocation for all parties involved without having to litigate the various cost of service proposals presented.

The settled revenue allocation reflected in Revenue Allocation Petition is also approximately consistent with Company's initial filing. That is, the amount of increase given to residential customers would approximate the increase initially proposed by the Company (scaled down to the $44.5m increase). As a result, the increase would be in line with the amounts proposed by the Company and contained in the public notices that went to consumers.

Given the public input testimony in this case and the ongoing pandemic and associated economic hardship (See, OCA St. 2 at 4-12), the OCA respectfully submits that allocating residential customers a substantially greater percentage of the increase than was initially proposed by the Company would not be prudent or reasonable. The Commission recently acknowledged the impact that the Covid-19 pandemic may have on applying principles of gradualism and rate stability in allocating revenue increases in a base rate proceeding. Pa. PUC v. Columbia Gas of Pennsylvania, Docket No. R-2020-3018835, Opinion and Order at 233-234 (Feb. 19, 2021).

Based on the OCA's analysis of the Company's filing, discovery responses, and the testimony filed by all parties, the revenue allocation contained in the instant Petition represents a result that is within the range of likely outcomes in the event of full litigation of the case. The Settlement and Revenue Allocation Petition, taken together, yields a result that is reasonable and in the public interest. The rate increases supported herein represent a difficult but reasonable result given the extraordinary circumstances resulting from the COVID-19 pandemic.

III. CONCLUSION

The terms and conditions of the proposed revenue allocation contained in the Revenue Allocation Petition, when viewed in conjunction with the Settlement, represents a fair and reasonable resolution of the issues and claims arising in this proceeding. The resulting rates are within the range of anticipated outcomes in this proceeding.

WHEREFORE, for the foregoing reasons, the Office of Consumer Advocate submits that the proposed Revenue Allocation Petition are in the interest of Columbia's ratepayers and the public interest, and should be approved.

Respectfully Submitted,

/s/Harrison W. Breitman
Harrison W. Breitman
Assistant Consumer Advocate
PA Attorney I.D. # 320580
E-mail: hbreitman@paoca.org

Aron J. Beatty
Senior Assistant Consumer Advocate
PA Attorney I.D. # 86625
E-mail: abeatty@paoca.org

Counsel for:
Patrick M. Cicero
Consumer Advocate

Office of Consumer Advocate
555 Walnut Street 5th Floor, Forum Place
Harrisburg, PA 17101-1923
Phone: (717) 783-5048
Fax: (717) 783-7152

DATED: September 2, 2022
00334596.docx

APPENDIX E

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2022-3031211
	:	
Columbia Gas of Pennsylvania, Inc.	:	

STATEMENT OF
THE PENNSYLVANIA STATE UNIVERSITY
IN SUPPORT OF THE
JOINT PETITION FOR NON-UNANIMOUS SETTLEMENT
REGARDING REVENUE ALLOCATION AND RATE DESIGN

The Pennsylvania State University ("PSU" or "Penn State") submits this Statement in Support of the Joint Petition for Non-Unanimous Settlement Regarding Revenue Allocation and Rate Design filed by Columbia Gas of Pennsylvania, Inc. ("Columbia Gas" or the "Company"), the Bureau of Investigation & Enforcement ("I&E"), the Office of Consumer Advocate ("OCA"), the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA"), the Columbia Industrial Intervenors ("CII"), the Pennsylvania Weatherization Providers Task Force ("PWPTF"), and PSU, parties to the above-captioned proceeding (collectively, "Joint Petitioners").

As indicated in the Joint Petition for Non-Unanimous Settlement Regarding Revenue Allocation and Rate Design ("Joint Petition" or "Rate Allocation/Design Settlement"), the Joint Petition has been agreed to or unopposed by all active parties in this proceeding, except for the Office of Small Business Advocate ("OSBA") and an individual complainant, Richard C. Culbertson. In addition to the filing of this Joint Petition, the parties to the Rate Allocation/Design Settlement and the OSBA filed a Joint Petition for Partial Settlement ("Revenue Requirement

Settlement"), which, among other provisions, provides for increases in rates to produce $44.5 million in additional base rate revenue based upon the pro forma level of operations for the twelve months ended December 31, 2023. The Rate Allocation/Design Settlement allocates the revenue increase among the Company's customer classes as set forth in Appendix A of the Joint Petition, and designs rates to recover the amounts allocated to the customer classes as set forth in Appendix B of the Joint Petition. Joint Petition, ¶ 23.

Accordingly, and as discussed more fully below, PSU offers its support for the Joint Petition as it justly and reasonably allocates the agreed upon revenue requirement of $44.5 million, is in the public interest, is a fair and balanced black box approach, and results in just and reasonable rates.[1] Accordingly, PSU requests that the presiding Administrative Law Judges, Christopher P. Pell ("ALJ Pell") and John Coogan ("ALJ Coogan"), and the Commission grant the Joint Petition and approve the Rate Allocation/Design Settlement, without modification. In support thereof, PSU avers as follows:

I. INTRODUCTION

1. On March 18, 2022, Columbia Gas filed Supplement No. 337 to Tariff Gas – Pa. P.U.C. No. 9 ("Supplement No. 337") with the Pennsylvania Public Utility Commission ("Commission") to become effective May 17, 2022. By way of Supplement No. 337, Columbia Gas sought Commission approval to increase its rates to produce additional annual distribution

---

[1] As the Joint Petition is not unanimous, PSU filed a Main Brief and Reply Brief in Support of the Joint Petition for Non-Unanimous Settlement Regarding Revenue Allocation and Rate Design. As discussed more fully in PSU's Main Brief and Reply Brief, the Rate Allocation/Design Settlement is a fair and equitable resolution of the revenue allocation and rate design issues that are the result of extensive negotiations, consideration of each parties' position (including OSBA), and compromise. While OSBA may disagree with the outcome, the public interest is best served by adopting a proposal that best satisfies the competing interests of the parties that collectively represent the public interest, better incorporates principles of gradualism than OSBA's litigated position, and is within the range of likely outcomes based on substantial evidence regarding cost causation in this case. PSU hereby incorporates the arguments in its Main Brief and Reply Brief by reference.

revenues of $82.2 million based on a fully projected future test year ("FPFTY") ending on December 31, 2023.

2. On April 14, 2022, the Commission issued an Order initiating an investigation into the lawfulness, justness, and reasonableness of the proposed rate increase in this filing, in addition to the Company's existing rates, rules, and regulations, and suspended the effective date of Supplement No. 337 until December 17, 2022, by operation of law. The case was assigned to the Office of Administrative Law Judge ("OALJ") and further assigned to ALJ Pell and ALJ Coogan.

3. On April 15, 2022, PSU filed a formal Complaint to the proposed rate increase. PSU is a major sales and distribution customer of Columbia at its University Park Campus and at its Beaver, Fayette, Mont Alto, and York Campuses, as well as at the PSU Fruit Research and Extension Center in Biglerville, Pennsylvania. Formal Complaints were also filed by the OCA and the Office of Small Business Advocate ("OSBA"). Individual consumer complaints were filed by Jose A. Serrano, Constance Wile, and Richard C. Culbertson. Petitions to Intervene were filed by PWPTF, CAUSE-PA, Retail Energy Supply Association, Shipley Choice, LLC, and NRG Energy, Inc. ("RESA/NGS Parties"), the Natural Resources Defense Council ("NRDC"), and CII.

4. In accordance with the litigation schedule in this proceeding, PSU submitted the Direct, Rebuttal, and Surrebuttal Testimonies of James L. Crist, P.E., in support of PSU's position in this matter.[2] Evidentiary Hearings were held on August 3, 2022, where the evidence and testimony of PSU and the other parties was admitted into the evidentiary record.

2 Mr. Crist is a Registered Professional Engineer in the Commonwealth of Pennsylvania, with over 25 years of experience providing consulting services focused on regulated and deregulated energy company strategy, market strategy and regulatory issues. PSU St. 1 at 1:12-18. Prior to his consulting practice, Mr. Crist served as Vice President of Marketing for Equitable Resources, Vice President of Marketing for Citizens Utilities, and Marketing Director at the Peoples Natural Gas Co. PSU St. 1 at 1:20 – 2:11.

5. During this proceeding, the parties engaged in extensive and thorough settlement negotiations. The parties made diligent attempts to settle the issues in this proceeding. As a result of those efforts, the parties were able to reach a unanimous agreement on all issues except rate allocation and rate design. The parties agreed to, among other things, a smaller than requested revenue increase of $44.5 million. Once an agreement was reached relative to revenue requirement and the other issues in the proceeding, the parties begin discussing settlement related to revenue allocation and rate design. Due to the competing positions among the parties, extensive compromise was needed to reach a resolution on revenue allocation and rate design that was acceptable to all parties. After much discussion, the parties reached a resolution on revenue allocation and rate design that was acceptable to all active parties, except for OSBA and Mr. Culbertson.

6. The Joint Petitioners now file the Joint Petition for the Commission's consideration.

II. STANDARDS FOR APPROVAL OF NON-UNANIMOUS SETTLEMENT

7. Section 1301(a) of the Code mandates that "[e]very rate made, demanded, or received by any public utility . . . shall be just and reasonable, and in conformity with [the] regulations or orders of the [C]ommission." 66 Pa. C.S. § 1301(a). Pursuant to the just and reasonable standard, a utility may obtain "a rate that allows it to recover those expenses that are reasonably necessary to provide service to its customers [,] as well as a reasonable rate of return on its investment." *City of Lancaster Sewer Fund v. Pa. Pub. Util. Comm'n*, 793 A.2d 978, 982 (Pa. Cmwlth. 2002) (*City of Lancaster*). Importantly, there is no single way to arrive at just and reasonable rates, and "[t]he [Commission] has broad discretion in determining whether rates are reasonable" and "is vested with discretion to decide what factors it will consider in setting or

evaluating a utility's rates." *Popowsky v. Pa. Pub. Util. Comm'n*, 683 A.2d 958, 961 (Pa. Cmwlth. 1996) (*Popowsky II*).

8. The burden of proof to establish the justness and reasonableness of every element of a public utility's rate increase request rests solely upon the public utility in all proceedings filed under Section 1308(d) of the Code. 66 Pa. C.S. § 1308(d). The standard to be met by the public utility is set forth in Section 315(a) of the Code, 66 Pa. C.S. § 315(a), as follows:

> Reasonableness of rates. – In any proceeding upon the motion of the commission, involving any proposed or existing rate of any public utility, or in any proceedings upon complaint involving any proposed increase in rates, the burden of proof to show that the rate involved is just and reasonable shall be upon the public utility.

9. It is well-established that the evidence adduced by a utility to meet this burden must be substantial. *Lower Frederick Twp. Water Co. v. Pa. Pub. Util. Comm'n*, 409 A.2d 505, 507 (Pa. Cmwlth. 1980) (emphasis added); *see also, Brockway Glass Co. v. Pa. Pub. Util. Comm'n*, 437 A.2d 1067 (Pa. Cmwlth. 1981).

10. In considering settlements, the Commission must determine whether the settlement rates are just and reasonable and whether the settlement is in the public interest. *See* 66 Pa. C.S. § 1301; *Pa. Pub. Util. Comm'n v. C.S. Water and Sewer Associates*, 74 Pa. PUC 767 (1991); *Pa. Pub. Util. Comm'n v. Philadelphia Electric Company*, 60 Pa. PUC 1 (1985).

11. In recognition of its regulation promoting settlements at 52 Pa. Code § 5.231(a), the Commission has set forth settlement guidelines and procedures for major rate cases at 52 Pa. Code § 69.401, including partial settlements, which states:

> In the Commission's judgment, the results achieved from a negotiated settlement or stipulation, or both, in which the interested parties have had an opportunity to participate are often preferable to those achieved at the conclusion of a fully litigated proceeding. It is also the Commission's judgment that the public interest will benefit by the adoption of §§ 69.402-69.406 and this section which establish guidelines and procedures designed to encourage full and

> partial settlements as well as stipulations in major section 1308(d) general rate increase cases. A partial settlement is a comprehensive resolution of all issues in which less than all interested parties have joined.

12. Moreover, the Commission has historically permitted the use of "black box" settlements as a means of promoting settlement:

> We have historically permitted the use of "black box" settlements as a means of promoting settlement among the parties in contentious base rate proceedings. Settlement of rate cases saves a significant amount of time and expense for customers, companies, and the Commission and often results in alternatives that may not have been realized during the litigation process. Determining a company's revenue requirement is a calculation involving many complex and interrelated adjustments that affect expenses, depreciation, rate base, taxes and the company's cost of capital. Reaching an agreement between various parties on each component of a rate increase can be difficult and impractical in many cases.

Pa. Pub. Util. Comm'n v. Peoples TWP, LLC, Docket No. R-2013-2355886, 2013 WL 6835105, at *16 (Opinion and Order entered Dec. 19, 2013) (citations omitted). The Commission has also stated:

> Despite the policy favoring settlements, the Commission does not simply rubber stamp settlements without further inquiry. In order to accept a settlement such as those proposed here, the Commission must determine that the proposed terms and conditions are in the public interest. The focus of the inquiry for determining whether a proposed settlement should be approved by the Commission is whether the proposed terms and conditions foster, promote and serve the public interest. Because the Joint Petitioners request the Commission enter an order in this proceeding approving the Partial Settlement without modification, they share the burden of proof to show that the terms and conditions of the Partial Settlement are in the public interest.

Pa. Pub. Util. Comm'n v. PECO Energy Co., Docket No. R-2018-3000164, *slip op.* at 15 (Order entered Dec. 20, 2018).

13. It is unusual for a proposed settlement in a general base rate case to be rejected. *Pa. Pub. Util. Comm'n, et al. v. Community Utilities of Pa., Inc. – Wastewater Division*, Docket

Nos. R-2021-3025206, *slip op.* at 10 (Opinion and Order entered Jan. 13, 2022) (reversing the presiding officer's order recommending rejection of a joint petition for settlement of a rate case concluding that on balance, the settlement is in the public interest and should be approved); *see also Pa. Pub. Util. Comm'n v. Pike County Light and Power Co. – Electric*, Docket Nos. R-2020-3022135, *et al., slip op.* at 35-37 (Opinion and Order entered Jul. 12, 2021) (approving a rate design settlement notwithstanding OSBA's opposition because the settlement fairly and equitably resolves the issues impacting residential consumers, business customers, and the public interest at large and represents a fair balance of the interests of Pike County Light and Power Co. and its customers).

III. SPECIFIC SETTLEMENT TERMS

14. PSU supports Commission approval of the Rate Allocation/Design Settlement and its terms, without modification. The Rate Allocation/Design Settlement was achieved after extensive scrutiny of Columbia Gas' filing (and data in support thereof), analysis of voluminous interrogatories, the significant testimony and varying positions concerning rate allocation and rate design, and subsequent extensive negotiation representing give and take by the settling parties. The Rate Structure Petitioners were able to come to a just and reasonable rate structure and design, within the broad array of litigation positions of the parties. The Rate Allocation/Design Settlement, taken as a whole, is in the public interest and should be approved by the Commission.

A. Revenue Allocation

15. The Rate Allocation/Design Settlement allocates the agreed-upon revenue increase of $44.5 million to the customer classes as set forth in Appendix A to the Joint Petition. The revenue increase will be distributed as follows:

Class	Current Base Revenue[3]	Allocation[4]	Percentage Increase[5]
RS/RDG/RDS/RDGDS/ RC2	$376,337,071	$26,500,019	7.04%
SGSS1/SCD1/SGDS1	$48,026,277	$4,537,000	9.45%
SGSS2/SCD2/SGDS2	$49,996,372	$6,030,000	12.06%
SDS/LGS	$30,056,285	$4,627,000	15.39%
LDS/LGS	$23,906,690	$2,800,000	11.71%
MDS/NSS	$1,445,860	$0	0.00%
Flex/NCS	$4,265,890	$5,981	0.14%
Total	$534,034,445	$44,500,000	8.33%

16. Revenue allocation and rate design was a highly contested issue in this proceeding, with parties presenting competing views on the appropriate cost-of-service study, varying allocation proposals among the rate classes, and different rate design concerns. Several of the parties, including Columbia Gas[6], OCA[7], and OSBA[8], relied on the Peak and Average ("P&A") Cost of Service Study ("COSS") as the preferred method for guiding revenue allocation, which would have resulted in significant increases for the SDS/LGSS and LDS/LGSS classes.[9] Conversely, PSU[10], as supported by CII[11], relied on the Customer-Demand COSS because the Customer-Demand study better aligns with cost causation principles and does not over allocate mains investment to the Company's largest customers, unlike the P&A COSS.[12]

---

3 CPA Exh. 103, Sch. 8, Pg. 4, Ln. 20

4 Joint Petition, App. A.

5 Allocation ÷ Current Base Revenue = Percentage Increase

6 CPA St. 6 at 17:17-18.

7 OCA St. 3 at 8:1-4

8 OSBA St. 1 at 15:1-5.

9 *See* CII St. 1 at 7:7-18.

10 PSU St. 1 at 16:37 – 17:2.

11 CII St. 1 at 8:3 – 9:2.

12 CPA St. 6-R at 10:5-8.

17. Ultimately, allocation of a rate increase must be based on cost of service,[13] which entails a collection of wide-ranging, including subjective, judgments.[14] To be clear, no party to this litigation purely relies upon the unadulterated results of one specific cost of service study, but instead, while using a study or studies as a basis, takes the study and makes adjustments to come to a conclusion which in that parties' judgement is just and reasonable. Unsurprisingly, in large part, the selection of study, implementation and execution thereof, and "judgment" for adjustments reflect the allocation that is most beneficial to the class of customers that each party represents.[15]

18. The varying views on the cost-of-service study to be utilized, the correct execution of the study, the implementation of the study, and appropriate adjustments to the study led to a range of revenue allocation recommendations from each of these parties.[16] The litigation positions and outcomes of each of the parties show why the Rate Allocation/Design Settlement is just, reasonable, in the public interest, balanced, and moderate. The table below shows the wide range of outcomes that would result under each of the parties' preferred allocations scaled back based upon the agreed-upon revenue increase compared to the allocation set forth in the Rate Allocation/Design Settlement:

---

13 *Lloyd v. Pa. PUC*, 904 A.2d 1010, 1015 (Pa. Cmwlth. 2006).

14 *Pa. Pub. Util. Comm'n v. Pa. Power and Light Co.*, Docket No. R-842651, et al., 1985 WL 1205434, at *84 (Opinion and Order entered Apr. 25, 1985).

15 The Company and I&E do not represent specific classes of ratepayers.

16 *See* CPA St. 6 at 20:7-11; OCA St. 3-SR at 4, Table 1-SR; OSBA St. 1-S at 6, Table IEc-S3; I&E St. 3 at 26:13-18; PSU St. 1-SR, Exh. PSU-SR-1.

Comparison of Scaled Back Litigation Positions vs. Settlement Revenue Allocation												
	CPA[1]		OCA[2]		OSBA[3]		I&E[4]		PSU[5]		Settlement	
	Allocation	Increase	Allocation	Increase	Allocation	Increase	Allocation	Increase	Allocation	Increase	Allocation	Increase
RS/RDS	$30,577,763	8.13%	$25,212,076	6.70%	$26,498,108	7.04%	$23,230,021	6.17%	$33,867,576	9.00%	$26,500,019	7.04%
SGSS1/SCD1/SGDS1	$ 3,752,254	7.81%	$ 5,166,273	10.76%	$ 3,726,845	7.76%	$ 4,488,601	9.35%	$ 3,656,336	7.61%	$ 4,537,000	9.45%
SGSS2/SCD2/SGDS2	$ 3,976,231	7.95%	$ 6,030,930	12.06%	$ 5,961,404	11.92%	$ 4,755,919	9.51%	$ 4,387,603	8.78%	$ 6,030,000	12.06%
SDS/LGS	$ 3,339,868	11.11%	$ 4,414,844	14.69%	$ 4,627,285	15.40%	$ 6,762,891	22.50%	$ 1,588,393	5.28%	$ 4,627,000	15.39%
LDS/LGS	$ 2,847,357	11.91%	$ 3,675,877	15.38%	$ 3,679,219	15.39%	$ 5,253,498	21.98%	$ 992,576	4.15%	$ 2,800,000	11.71%
MDS/NSS	$ 1	0%	$ -	0%	$ -	0%	$ 224	0.02%	$ 122	0.01%	$ -	0.00%
Flex/NCS	$ 6,526	0.21%	$ -	0%	$ 7,139	0.17%	$ 8,845	0.21%	$ 5,981	0.14%	$ 5,981	0.14%
Total	$44,500,000	8.33%	$44,500,000	8.33%	$44,500,000	8.33%	$44,500,000	8.33%	$44,500,000	8.33%	$44,500,000	8.33%

[1] The CPA allocation was derived by applying the Company's proposed allocation percentages for each class to the to the agreed-upon revenue increase. *See* CPA St. 6 at 20:7-11. Increase percentages were derived by dividing the allocation by the Company's current base revenue. *See* CPA Exh. 103, Sch. 8, Pg. 4, Ln. 20.

[2] The OCA allocation was derived by applying the OCA's proposed scale back methodology to OCA's litigation position on revenue allocation. *See* OCA St. 3-SR at 4, Table 1-SR; *see also* OCA St. 3 at 12:23-25. Increase percentages were derived by dividing the OCA allocation by the Company's current base revenue. *See* CPA Exh. 103, Sch. 8, Pg. 4, Ln. 20.

[3] The OSBA allocation was derived by proportionally scaling back OSBA's litigation position on revenue allocation. *See* OSBA St. 1-S at 6, Table IEc-S3. Increase percentages were derived by dividing the OSBA allocation by the Company's current base revenue. *See* CPA Exh. 103, Sch. 8, Pg. 4, Ln. 20.

[4] The I&E allocation was derived by applying I&E's scaleback methodology to the Company's as-filed revenue allocation. *See* I&E St. 3 at 26:13-18; *see also* I&E Exh. 3, Sch. 6, Pg. 2. Increase percentages were derived by dividing the I&E allocation by the Company's current base revenue. *See* CPA Exh. 103, Sch. 8, Pg. 4, Ln. 20.

[5] The PSU allocation was derived by proportionally scaling back PSU's alternative 3 revenue allocation. *See* PSU St. 1-SR, Exh. PSU-SR-1. Increase percentages were derived by dividing the PSU allocation by the Company's current base revenue. See CPA Exh. 103, Sch. 8, Pg. 4, Ln. 20.

19. Indeed, the non-unanimous settlement not only presents a revenue allocation that is within the range of likely litigated outcomes in this proceeding, but also recognizes principles of gradualism. More specifically, as seen in the table below, allocating the increase in the manner set forth in the Rate Allocation/Design Settlement ensures that no single party receives an increase greater than two times the system average increase:

Class	Current Base Revenue[17]	Allocation[18]	Percentage Increase[19]	Increase Relative To The System Average Inc.[20]
RS/RDG/RDS/RDGDS/ RC2	$376,337,071	$26,500,019	7.04%	0.85
SGSS1/SCD1/SGDS1	$48,026,277	$4,537,000	9.45%	1.13
SGSS2/SCD2/SGDS2	$49,996,372	$6,030,000	12.06%	1.45
SDS/LGS	$30,056,285	$4,627,000	15.39%	1.85
LDS/LGS	$23,906,690	$2,800,000	11.71%	1.41
MDS/NSS	$1,445,860	$0	0.00%	0.00
Flex/NCS	$4,265,890	$5,981	0.14%	0.02
Total:	$534,034,445	$44,500,000	8.33%	1.0

20. As indicated above, almost every class receives an increase that is below 1.5 times the system average increase, and in no event do any of the classes receive an increase greater than two times the system average, which is consistent with principles of gradualism. *Pa. Pub. Util. Comm'n, et al. v. Columbia Gas of Pa., Inc.*, Docket Nos. R-2020-3018835, *et al.*, 2021 WL 757073, at *138 (Opinion and Order entered Feb. 19, 2021) ("The record indicates that although there are no definitive rules for determining what kind of rate increase would violate the principle of gradualism, limiting the maximum average rate increase for any particular class to 1.5 to 2.0 times the system average increase is one common metric that has been used by experts in the Commonwealth.").

21. Moreover, the Commission has repeatedly recognized that no single cost of service study methodology is perfect, and reasonable experts can present unique and defensible methodologies from a wide range of beliefs on cost-of-service study principles which can lead to varying cost of service study results. *See e.g. Pa. Pub. Util. Comm'n v. Philadelphia Elec. Co.*, 31

---

17 CPA Exh. 103, Sch. 8, Pg. 4, Ln. 20

18 Joint Petition, App. A.

19 Allocation ÷ Current Base Revenue = Percentage Increase

20 Class Percentage Increase ÷ Total Percentage Increase = Increase Relative to System Average Increase

PUR 4th 15, 84 (1978). The Commission has likewise stated that "cost-of-service studies are far from being an exact art and are, essentially, a useful tool for testing the reasonableness of the revenue requirement. A considerable amount of judgement is inherent in the development of cost-of-service studies, appropriate rate changes, and the allocation of allowable revenues among the various classes of customers." *Pa. Pub. Util. Comm'n v. Pa. Power and Light Co.*, Docket No. R-842651, *et al.*, 1985 WL 1205434, at *84 (Opinion and Order entered Apr. 25, 1985).

22. As such, the Rate Allocation/Design Settlement is within the range of litigated outcomes supported by the expert testimony of each parties' witnesses, is based upon substantial evidence, and is the result of compromise on varying opinions and judgments based on the wide range of ratemaking principles accepted by the Commission and set forth by the parties on the record.

23. Viewed in its entirety, the Rate Allocation/Design Settlement fairly and equitably resolves the issues impacting residential consumers, business customers, and the public interest at large and represents a fair balance of the interests of Columbia Gas and its customers, which no litigated outcome will achieve. Moreover, the Rate Allocation/Design Settlement serves to focus the proceedings and eliminate the need for extensive litigation before the Commission. Furthermore, the Settlement provides regulatory certainty with respect to the disposition of issues, which benefits all parties.

24. Thus, PSU is generally supportive of the agreed-upon revenue allocation as a compromise of competing positions that results in the LDS/LGSS class being closer to the system average increase than it would under other competing proposals.

B. Rate Design

25. The Rate Allocation/Design Settlement proposes the rate design set forth in Appendix B to the Joint Petition, which is designed to recover each class's portion of the annual revenue increase.

26. As stated above, the Revenue Requirement Settlement reduces the Company's revenue increase in this matter resulting in settlement rates that are less than those initially proposed by the Company. *See* Joint Petition, App. B. For these reasons, PSU supports the Settlement's commercial and industrial rate design, which contains lower rates than those contemplated by Columbia Gas in its initial filing. Thus, the settled rate structure results in just and reasonable rates and is in the public interest.

V. CONCLUSION

27. PSU Supports the Joint Petition because the Rate Allocation/Design Settlement is without prejudice or admission to any position any party, including PSU, may take in any subsequent or different proceeding. In addition, the Rate Allocation/Design Settlement will enable the parties to avoid the expenditure of significant additional time and expense that would have been necessary to fully litigate these issues. This will result in significant savings to all parties, as well as to Columbia Gas's customers.

28. Moreover, the Rate Allocation/Design Settlement is the result of extensive and meaningful settlement discussions between the parties and provides an outcome that is within the range of the varying allocation proposals among the parties. Accordingly, the black box revenue allocation and rate design proposal has received support from a broad array of interests, does not endorse one cost of service methodology over another, achieves an equitable distribution of the revenue increase, and results in just and reasonable rates. The Presiding Officers and the Commission should approve the Rate Allocation/Design Settlement, without modification.

Respectfully submitted,

/s/Whitney E. Snyder

Thomas J. Sniscak, Attorney I.D. No. 33891
Whitney E. Snyder, Attorney I.D. No. 316625
Phillip D. Demanchick Jr., I.D. No. 324761
Hawke McKeon & Sniscak LLP
100 North Tenth Street
Harrisburg, PA 17101
Telephone: (717) 236-1300
Facsimile: (717) 236-4841
tjsniscak@hmslegal.com
wesnyder@hmslegal.com
pddemanchick@hmslegal.com

Counsel for The Pennsylvania State University

Dated: September 2, 2022

APPENDIX F

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2022-3031211
	:	
Columbia Gas of Pennsylvania, Inc.	:	

STATEMENT IN SUPPORT OF THE
COLUMBIA INDUSTRIAL INTERVENORS

I. INTRODUCTION

1. The Columbia Industrial Intervenors ("CII"), by and through its counsel, submit that the terms of the Joint Petition for Non-Unanimous Settlement Regarding Revenue Allocation and Rate Design ("Non-Unanimous Settlement") concurrently filed with the Pennsylvania Public Utility Commission ("PUC" or "Commission") in the above-captioned proceeding reflect a Non-Unanimous Settlement with respect to Revenue Allocation and Rate Design regarding Columbia Gas of Pennsylvania, Inc.'s ("Columbia" or "Company"), March 18, 2022, filing of Supplement No. 337 to Tariff Gas – Pa. P.U.C. No. 9 ("Supplement No. 337").

2. As a result of settlement discussions, the Non-Unanimous Settlement has been agreed to by Columbia, CII, the Bureau of Investigation and Enforcement ("I&E"), the Office of Consumer Advocate ("OCA"), the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA"), the Pennsylvania Weatherization Providers Task Force, Inc. ("PA Task Force"), and The Pennsylvania State University ("PSU") (collectively, "Non-Unanimous Joint Petitioners"). In addition, the Retail Energy Supply Association, Shipley Choice, LLC and NRG Energy, Inc. (collectively, "RESA/NGS Parties") and the Natural Resources Defense Council ("NRDC") have indicated that they do not oppose the Non-

Unanimous Settlement. As a result, the Non-Unanimous Settlement has been agreed to or unopposed by all active parties in this proceeding, except for the Office of Small Business Advocate ("OSBA")[1] and an individual complainant, Richard C. Culbertson.[2] CII offers this Statement in Support to further demonstrate that the Non-Unanimous Settlement is in the public interest and should be approved without modification.

3. On March 18, 2022, Columbia filed with the Commission Supplement No. 337, which contained proposed changes in rates, rules, and regulations calculated to produce an increase of approximately $82.2 million in total operating revenues.

4. On April 27, 2022, CII submitted a Complaint in the above-captioned proceeding. As noted in its Complaint, CII members receive natural gas service from Columbia under both sales and transportation rate schedules, including Rate LDS-Large Distribution Service ("Rate LDS"), and use substantial volumes of natural gas in their manufacturing and operational processes. As a result, CII members were concerned that the proposed increase may have an adverse impact on their costs of operations.

5. By Order entered April 14, 2022, the Commission suspended Supplement No. 337 by operation of law until December 17, 2022, and instituted an investigation into the lawfulness, justness, and reasonableness of the rates, rules, and regulations contained in Columbia's proposed Supplement No. 337. Additionally, the Commission assigned this proceeding to Deputy Chief Administrative Law Judge ("ALJ") Christopher P. Pell and ALJ John Coogan for the purposes of scheduling hearings and issuing a Recommended Decision ("R.D.").

[1] Simultaneous with the filing of the Non-Unanimous Settlement, the parties to the Non-Unanimous Settlement and the OSBA ("Joint Petitioners") filed a Joint Petition for Partial Settlement ("Partial Settlement"), which, among other provisions, provides for increases in rates to produce $44.5 million in additional base rate revenue.
[2] The issues raised by Mr. Culbertson are being briefed in accordance with the briefing schedule in this proceeding.

6. Pursuant to the procedural schedule established in this proceeding, various parties filed Direct, Rebuttal, Surrebuttal, and Rejoinder Testimony. An evidentiary hearing was held on August 3, 2022, for the purposes of presenting testimony and performing cross-examination.

II. STANDARDS FOR APPROVAL OF SETTLEMENT

7. The Commission has a strong policy favoring settlements. As set forth in the Commission's regulations, "[t]he Commission encourages parties to seek negotiated settlements of contested proceedings in lieu of incurring the time, expense and uncertainty of litigation." 52 Pa. Code § 69.391; *see also* 52 Pa. Code § 5.231. In accordance with the Commission's policy encouraging negotiated settlements of contested proceedings, the parties participated in numerous settlement discussions. As a result, of those discussions, a Partial Settlement was achieved regarding all issues except Revenue Allocation and Rate Design. Subsequently, the Non-Unanimous Petitioners were able to reach an agreement regarding the allocation of the additional $44.5 million in annual base rate operating revenues among the customer classes, as well as a rate design to recover the additional $44.5 million. These negotiations resulted in the instant Non-Unanimous Settlement.

III. SPECIFIC SETTLEMENT TERMS

A. REVENUE ALLOCATION AND RATE DESIGN

1. Revenue Allocation

8. Class revenue allocation will be made pursuant to Appendix "A," as attached to the Non-Unanimous Settlement. Pursuant to Columbia's original filing, Columbia proposed to increase Rate LDS by approximately 22%. Under the Non-Unanimous Settlement, Rate LDS would receive an approximate 11.71% increase.

2. Rate Design

9. Rate design for all classes will be made pursuant to Appendix "B," as attached to the Non-Unanimous Settlement. According to Appendix B, the rate increase for Rate LDS will be flowed equally through both the customer charge and the distribution charge. As a result, Rate LDS will receive an approximate 11.71% increase in both its customer charge and its distribution rates.

IV. STATEMENT IN SUPPORT

10. CII supports the Non-Unanimous Settlement as a reflection of compromise of the various litigation positions put forth throughout this proceeding, while also recognizing the public interest. In short, CII submits that the Rate Allocation and Rate Design set forth in the Non-Unanimous Settlement is reasonable, in the public interest, and in the best interest of the parties involved.

11. As discussed more fully in CII's Surrebuttal Testimony filed in this proceeding, currently CII has one member, Knouse Foods Cooperative, Inc. ("Knouse"), which has limited resources available for full litigation of Columbia's perpetual distribution rate cases. Knouse has had to contend with rate increases from Columbia every twelve to eighteen months for the past decade with the increases to Rate LDS approximately doubling (*i.e.*, to approximately 20%) over the past two years. These continued rate increases at such high levels have had a significant and detrimental impact on Knouse's operations, Knouse's workforce, and the Knouse community. Moreover, Knouse has faced several challenges during the course of the COVID-19 pandemic, and Knouse (as well as its end use customers that purchase Knouse's products) must now deal with the results of inflation. *See* Columbia Industrial Intervenors Statement No. 1, Surrebuttal Testimony of Frank Plank ("CII St. 1"), pp. 7-8.

12. As part of this proceeding, Columbia proposed another double-digit rate increase to Rate LDS customers (*i.e.*, 22%), while the OCA and OSBA proposed increases closer to 30% (assuming Columbia received its full $82.2 million rate increase request). While I&E did not object to the allocation proposal of Columbia, I&E recommended that, if Columbia received less than its full requested rate increase, Rate LDS class should not receive the benefit of any scaleback in this proceeding. *See* The Pennsylvania State University Main Brief ("PSU M.B."), pp. 9-10. Conversely, PSU disagreed with the other parties' use of the peak and average Cost of Service Study ("COSS"), and instead recommended that the Commission adopt the customer-demand COSS, which would result in a significantly lower rate increase to Rate LDS. *Id.* at 13-16.

13. While CII's Surrebuttal Testimony did not specifically address the appropriate COSS to be used in this proceeding, CII's testimony did note that the unending and considerable rate increases applied to Rate LDS create innumerable challenges for energy-intensive businesses to weather, including Knouse, which cannot automatically flow these costs through to its customers. *See* CII St. 1, pp. 8-9.

14. While a wide range of outcomes would result from the allocation of the resulting rate increase by the various parties, the Rate Allocation/Rate Design presented in the Non-Unanimous Settlement is within the range of these litigation positions. *See* PSU M.B., pp. 9-10. Specifically, the Rate Allocation and Rate Design set forth in the Non-Unanimous Settlement considered all of the parties' positions and melded them together to come to an amicable resolution of the issues, which presents a mutually acceptable compromise of the positions that is in the public interest. *Id.* As a result, the Non-Unanimous Joint Petition leads to a rate design

that is balanced, moderate, and a reasonable settlement compromise of the competing revenue allocations presented in this proceeding.

15. Moreover, while an 11.71% increase will still significantly impact Knouse's energy expenses, this increase is at least less than that initially proposed by Columbia, while also providing Rate LDS some relief via a scaleback that is being applied to the other customer classes.

16. Because the resulting Rate Allocation/Rate Design is consistent with the record evidence, is a result of compromise on varying positions, and represents the public interest, CII submits that the Rate Allocation/Rate Design set forth in the Non-Unanimous Settlement is reasonable and should be approved without modification.

17. The Non-Unanimous Joint Petitioners agree that approval of the proposed Non-Unanimous Settlement is in the best interest of the parties involved, as the Non-Unanimous Settlement reflects compromises on all sides presented without prejudice to any position any party may have advanced so far in this proceeding.

18. CII supports the foregoing Non-Unanimous Settlement because it is in the public interest; however, in the event that the Non-Unanimous Settlement is rejected by the ALJs or the Commission, CII will resume its litigation position, which differs from the terms of the Non-Unanimous Settlement.

19. As set forth above, CII submits that the Non-Unanimous Settlement is in the public interest and adheres to Commission policies promoting negotiated settlements. The Non-Unanimous Settlement was achieved after numerous negotiations. Approval of the Non-Unanimous Settlement will permit the Commission and Joint Petitioners to avoid incurring the

additional time, expense, and uncertainty of further current litigation in this proceeding. *See* 52 Pa. Code § 69.391.

V. CONCLUSION

WHEREFORE, the Columbia Industrial Intervenors respectfully request that the Administrative Law Judges and the Pennsylvania Public Utility Commission approve the foregoing Joint Petition for Non-Unanimous Settlement Regarding Revenue Allocation and Rate Design without modification.

Respectfully submitted,

McNEES WALLACE & NURICK LLC

By Charis Mincavage

Charis Mincavage (Pa. I.D. No. 82039)
Kenneth R. Stark (Pa. I.D. No. 312945)
100 Pine Street, P.O. Box 1166
Harrisburg, PA 17108-1166
Phone: (717) 232-8000
Fax: (717) 237-5300
cmincavage@mcneeslaw.com
kstark@mcneeslaw.com

Counsel to the Columbia Industrial Intervenors

Dated: September 2, 2022

APPENDIX G

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2022-3031211
	:	
Columbia Gas of Pennsylvania, Inc.	:	

PENNSYLVANIA WEATHERIZATION PROVIDERS TASK FORCE INC.'S STATEMENT IN SUPPORT OF JOINT PETITION FOR NON-UNANIMOUS SETTLEMENT REGARDING REVENUE ALLOCATION AND RATE DESIGN

NOW COMES the Intervenor, the Pennsylvania Weatherization Providers Task Force, Inc. (Providers Task Force) and files this Statement in Support of the Joint Petition or Non-Unanimous Settlement Regarding Revenue Allocation and Rate Design in the above-captioned matter and agrees to its terms based upon the following:

1. The Pennsylvania Weatherization Providers Task Force, Inc. (Providers Task Force), is a Pennsylvania non-profit corporation and a statewide association of thirty-seven (37) organizations providing utility assistance and energy conservation services in each of the Commonwealth's sixty-seven counties

2. The Providers Task Force, through its member agencies, Pennsylvania community-based organizations, administers universal service programs for several utility companies in Pennsylvania.

3. Although the Providers Task Force joins in the settlement of all issues set forth in the Joint Petition for Non-Unanimous Settlement Regarding Revenue Allocation and Rate Design, its testimony did not address revenue allocation and only addressed rate design as it related to the fixed monthly residential customer charge. The parties have agreed in the Petition for Partial Settlement filed in this case that the fixed monthly residential customer charge would not be increased.

4. The Providers Task Force supports the Joint Petition for Non-Unanimous Settlement Regarding Revenue Allocation and Rate Design as it believes it appropriately allocates the rate increase, that it is in compliance with the applicable laws and regulations and serves the public interest.

WHEREFORE, the Pennsylvania Weatherization Providers Task Force respectfully requests that the settlement be approved.

Respectfully submitted,

JOSEPH L. VULLO, ESQUIRE
I.D. No. 41279
Burke Vullo Reilly Roberts
1460 Wyoming Avenue
Forty Fort, PA 18704
Attorney for the Pennsylvania
Weatherization Providers Task Force

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2022-3031211
	:	
Columbia Gas of Pennsylvania, Inc.	:	

CERTIFICATE OF SERVICE

The undersigned certified that he served a copy of the foregoing Pennsylvania Weatherization Providers Task Force Statement in Support upon the following participants this 2nd day of September, 2022, via electronic mail:

Michael W. Hassell, Esquire
Post & Schell, P.C.
17 North Second Street
12th Floor
Harrisburg, PA 17101
mhassell@postschell.com

Erika L. McLain, Esquire
Bureau of Investigation & Enforcement
Commonwealth Keystone Building
400 North Street, 2nd Floor West
Harrisburg, PA 17105-3265
ermclain@pa.gov

Barrett C. Sheridan, Esquire
Harrison Breitman, Esquire
Lauren E. Guerra, Esquire
Aron J. Beatty, Esquire
Consumer Advocate
Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923
bsheridan@paoca.org
hbreitman@paoca.org
lguerra@paoca.org
abeatty@paoca.org

Todd S. Steward, Esquire
Hawke McKeon & Sniscak LLP
100 North Tenth Street
Harrisburg, PA 17101
tsstewart@hmslegal.com

Charis Mincavage, Esquire
Kenneth Stark, Esquire
McNees, Wallace & Nurick, LLC
100 Pine Street
Harrisburg, PA 17101
cmincavage@mcneeslaw.com
kstark@mcneeslaw.com

Steven Gray, Esquire
Office of Small Business Advocate
555 Walnut Street
1st Floor, Forum Place
Harrisburg, PA 17101
sgray@pa.gov

John W. Sweet, Esquire
Ria Pereira, Esquire

Lauren N. Berman, Esquire
Elizabeth R. Marx, Esquire
Pennsylvania Utility Law Project
118 Locust Street
Harrisburg, PA 17101
pulp@palegalaid.net

Amy E. Hirakis, Esquire
NiSource Corporate Services Co.
800 North Third Street
Suite 204
Harrisburg, PA 17102
ahirakis@nisource.com

Thomas J. Sniscak, Esquire
Whitney E. Snyder, Esquire
Phillip D. Demanchick, Esquire
Hawke, McKeon and Sniscak LLP
100 North Tenth Street
Harrisburg, PA 17101
tjsniscak@hmslegal.com
wesnyder@hmslegal.com
pddemanchik@hmslegal.com

Constance Wile
922 Bebout Road
Venetia, PA 15367
cjazdrmr@yahoo.com

Jose Serrano
266 Chadbourne Drive
York, PA 17404
jas673@hotmail.com

Andrew Karas
Mark Szybist
Natural Resource Defense Council
1152 15th St. NW, Suite 300
Washington, DC 20005
akaras@fairshake-els.org
mzybist@nrdc.org

JOSEPH L. VULLO, ESQUIRE
I.D. No. 41279
1460 Wyoming Avenue
Forty Fort, PA 18704
(570) 288-6441
e-mail: jlvullo@bvrrlaw.com
Attorney for Pennsylvania Weatherization Providers Task Force

APPENDIX H

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	
	:	Docket No. 2022-3031211
v.	:	
	:	
Columbia Gas of Pennsylvania, Inc.	:	

STATEMENT OF THE COALITION FOR AFFORDABLE UTILITY SERVICES AND ENERGY EFFICIENCY IN PENNSYLVANIA (CAUSE-PA) IN SUPPORT OF JOINT PETITION FOR NON-UNANIMOUS SETTLEMENT REGARDING REVENUE ALLOCATION AND RATE DESIGN

The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA), one of the signatory parties to the Joint Petition for Non-Unanimous Settlement Regarding Revenue Allocation and Rate Design (Joint Petition or Settlement), respectfully requests that the terms and conditions of the Settlement be approved by the Honorable Deputy Chief Administrative Law Christopher P. Pell and the Honorable Administrative Law Judge John Coogan (ALJs), and the Pennsylvania Public Utility Commission (Commission). For the reasons stated more fully below, CAUSE-PA asserts that the terms and conditions of the Settlement are in the public interest and should be approved.

I. <u>INTRODUCTION</u>

CAUSE-PA intervened in this proceeding to address, among other issues, the detrimental effect of the proposed rate increase on Columbia Gas of Pennsylvania, Inc.'s (Columbia) low income customers to access service under reasonable terms and conditions. CAUSE-PA introduced testimony and evidence that demonstrated that low income customers already struggle to afford service and addressed the financial harm of the rate increase on low-income households.

The parties have entered a separate Join Petition for Partial Settlement, which would allow Columbia to increase operating revenues by $44.5 million, much lower than the Company's proposed increase request of approximately $82.2 million. (See Joint Petition for Partial Settlement, Filed Sept. 2, 2022). However, issues regarding revenue allocation and rate design were reserved for litigation. (Id. at ¶ 52) This Non-Unanimous Settlement attempts to resolve the issues of allocation and rate design and will limit the amount of the agreed upon increase that will be allocated to the residential class, which will, in turn, lessen the amount of the rate increase that will be shouldered by low income customers. (Joint Pet. at 23-24.).

Although CAUSE-PA's positions in litigation were not fully adopted, the Settlement was arrived at through good faith negotiation by all parties. The Settlement is in the public interest in that it (1) addresses low-income customers' ability to access safe and affordable natural gas service, (2) balances the interests of the parties, and (3) fairly resolves a number of important issues raised by CAUSE-PA and other parties. If the Settlement is approved, the parties will also avoid the considerable cost of further litigation and/or appeals.

II. BACKGROUND

For the purposes of this Statement in Support, CAUSE-PA adopts the procedural history as set forth in the attached Joint Petition. (Joint Pet. at ¶¶ 1-21).

III. NON-UNANIMOUS SETTLEMENT

When determining whether a proposed rate increase is just and reasonable, special consideration must be given to impact of the proposed rate increase and the resultant rate structure on ability of the most vulnerable members of society to afford natural gas service. It is both unjust and unreasonable to charge rates, which could force families to do without service that is essential to meet basic human needs. (CAUSE-PA St. 1 at 11-17). Low-income households already struggle to afford necessities. (Id. at 11-14). An increase to cost of natural gas service will only worsen the affordability gap for these customers. (Id.).

CAUSE-PA hereby asserts that this Settlement takes rate affordability into account by limiting the amount of the agreed upon rate increase that will be allocated to the residential class. Thus, these terms are just, reasonable, and in the public interest and should be approved. The reasons each are in the public interest, are discussed in further depth below.

A. REVENUE ALLOCATION AND RATE DESIGN

In this proceeding, CAUSE-PA opposed the proposed rate increase. CAUSE-PA expert witness Harry Geller explained that increasing rates without taking substantial steps to mitigate the impact of the proposed increase, as well as existing unaffordability of current rates, would be unjust, unreasonable, and contrary to the public interest. (CAUSE-PA St. 1 at 11-17). Mr. Geller explained that low-income households already struggle to afford necessities and must often make impossible trade-offs between paying for shelter, food, utilities, or other basic needs, and that any increase in rates will lead to increased payment trouble and terminations for these vulnerable customers. (Id. at 11-18). Mr. Geller further explained that low income customers already have a markedly higher rate of termination compared to average residential customers and that the disparity in termination rates underscores the need for strengthening the assistance provided to low income consumers through its universal service programs. (Id. at 15).

This Settlement will limit the amount of the agreed upon rate increase allocated to the residential class, which will help limit the increased bills for low income residential customers who already struggle to afford service. In turn, limiting the residential rate increase will help limit increased terminations and uncollectible expenses resulting from the rate increase. As such, this term is just, reasonable, and in the public interest and should be approved by the Commission.

IV. NON-UNANIMOUS SETTLEMENT IS IN THE PUBLIC INTEREST

The Commission's regulations declare: "It is the policy of the Commission to encourage settlements."[1] The Commission has explained that the results achieved from a negotiated settlement, in which the interested parties have had an opportunity to participate, "are often preferable to those achieved at the conclusion of a fully litigated proceeding."[2]

This Settlement was achieved by the Joint Petitioners after an extensive investigation of Columbia's filing, including informal and formal discovery and the submission of direct, rebuttal, surrebuttal and rejoinder testimony by a number of the Joint Petitioners. (Joint Pet. at ¶ 49). Approval of this Settlement will avoid the necessity of further administrative and possibly appellate proceedings regarding the settled issues at what would have been a substantial cost to the Joint Petitioners and Columbia's customers. (Id. at ¶ 50).

Although CAUSE-PA's litigation positions were not fully adopted, the Settlement was arrived at through good faith negotiation by all parties. The Settlement is in the public interest in that it (1) addresses the ability of low-income customers' ability to access safe and affordable service, (2) balances the interests of the parties, and (3) fairly resolves critical issues raised by CAUSE-PA and other parties. If the Settlement is approved, the parties will also avoid the considerable cost of further litigation and/or appeals. Thus, CAUSE-PA hereby asserts that the Settlement is just and reasonable and in the public interest and should, therefore, be approved by the Commission.

V. CONCLUSION

[1] 52 Pa. Code § 5.231.
[2] 52 Pa. Code § 69.401.

CAUSE-PA submits that the Settlement, which was achieved by the Joint Petitioners after an extensive investigation of Columbia's filing, is in the public interest. Acceptance of the Settlement avoids the necessity of further administrative and possible appellate proceedings regarding the settled issues at a substantial cost to the Joint Petitioners and Columbia's customers. Accordingly, CAUSE-PA respectfully requests that the Honorable Deputy Chief Administrative Law Christopher P. Pell and the Honorable Administrative Law Judge John Coogan and the Pennsylvania Public Utility Commission approve the Settlement without modification.

Respectfully submitted,
PENNSYLVANIA UTILITY LAW PROJECT
Counsel for CAUSE-PA

John W. Sweet, Esq., PA ID: 320182
Elizabeth R. Marx, Esq., PA ID: 309014
Ria M. Pereira, Esq., PA ID: 316771
Lauren N. Berman, Esq., PA ID: 310116
118 Locust Street
Harrisburg, PA 17101
Tel.: 717-236-9486
Fax: 717-233-4088
pulp@palegalaid.net

Date: September 2, 2022.