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September 2, 2022

VIA ELECTRONIC FILING

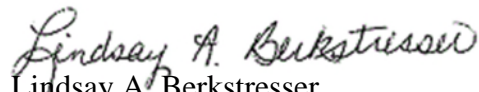
Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17105-3265

**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 Partial Settlement, 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
Principal

LAB/kl
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).

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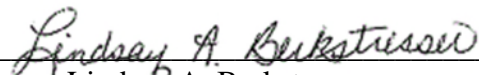
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Date: September 2, 2022


Lindsay A. Berkstresser

**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 PARTIAL SETTLEMENT

**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 Small Business Advocate (“OSBA”), the Office of Consumer Advocate (“OCA”), The Pennsylvania State University (“PSU”), Columbia Industrial Intervenors (“CII”),¹ Retail Energy Supply Association, Shipley Choice, LLC and NRG Energy, Inc. (collectively, “RESA/NGS Parties”), 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”),

¹ CII’s member is Knouse Foods Cooperative, Inc.

parties to the above-captioned proceedings (hereinafter collectively referred to as the “Joint Petitioners”), hereby join in this Joint Petition for Partial Settlement (“Partial 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 Partial Settlement as set forth below. The Partial Settlement has been agreed to or not opposed by all active parties in this proceeding, except for an individual complainant, Richard C. Culbertson.² The Natural Resources Defense Council (“NRDC”) has indicated that it does not oppose the Partial Settlement.

As fully set forth and explained below, the Joint Petitioners have agreed to a settlement of all issues among them, exclusive of Rate Structure and Rate Design, in the above-captioned general base rate proceeding (the “2022 Base Rate Filing”). Among other provisions, the Partial Settlement provides for increases in rates designed 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. In support of the Partial Settlement, the Joint Petitioners state the following:

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 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 Partial Settlement on the customer complainants.

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 \$82.2 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 April 22, 2022, Columbia filed Supplement No. 342 to Tariff Gas Pa. PUC No. 9, suspending Columbia’s Supplement No. 337 until December 17, 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 Joint Petitioners 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. The Joint Petitioners held numerous settlement discussions 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 most issues was achieved.

20. The Joint Petitioners have agreed to a base rate increase, as well as other issues that were raised in this proceeding, excluding the allocation of that revenue increase to the rate classes and a rate design for all rate classes to recover the portion of the rate increase allocated to such classes. Also, Mr. Culbertson's right to submit briefs on issues he properly preserved, and other parties' right to respond, is retained.

21. In the Partial Settlement, the Joint Petitioners have proposed that rates be designed to produce an additional \$44.5 million in annual base rate operating revenues instead of the Company's filed increase request of approximately \$82.2 million.

22. The Partial Settlement terms are set forth in the following Section III.

III. PARTIAL SETTLEMENT

23. The following terms of this Partial Settlement reflect a carefully balanced compromise of the interests of all the Joint Petitioners in this proceeding. The Joint Petitioners unanimously agree that the Partial Settlement is in the public interest. The Joint Petitioners respectfully request that the 2022 Base Rate Filing, including those tariff changes included in Supplement No. 337 and specifically identified in Appendix "A" attached hereto, be approved subject to the terms and conditions of this Partial Settlement specified below:

A. REVENUE REQUIREMENT

24. Rates will be designed to produce an increase in operating revenues of \$44.5 million over current base rates based upon the pro forma level of operations for the twelve months ended December 31, 2023.

25. The state income tax rate in this proceeding will be set at 8.99% and has been reflected in the settlement revenue requirement. The Company will reflect subsequent state tax adjustments to the state income tax rate for the post-2023 tax years through the Company's State Tax Adjustment Surcharge, currently Tariff Gas – Pa.P.U.C. No. 9, page 165, or future base rate proceedings.

26. As of the effective date of rates in this proceeding, Columbia will be eligible to include plant additions in the DSIC upon attaining total FPFTY plant in service of \$4,061,081,498 as projected by Columbia at December 31, 2023 per Exhibit No. 108, Schedule 1. The foregoing provision is included solely for purposes of calculating the DSIC and is not determinative for future ratemaking purposes of the projected additions to be included in rate base in a FPFTY filing.

27. For purposes of calculating its DSIC, Columbia shall use the equity return rate for gas utilities contained in the Commission's most recent Quarterly Report on the Earnings of Jurisdictional Utilities and shall update the equity return rate each quarter consistent with any changes to the equity return rate for gas utilities contained in the most recent Quarterly Earnings Report, consistent with 66 Pa. C.S. § 1357(b)(3), until such time as the DSIC is reset pursuant to the provisions of 66 Pa. C.S. § 1358(b)(1).

28. Columbia will be permitted to continue to use normalization accounting with respect to the benefits of the tax repairs deduction.

29. Columbia also will be permitted to continue to use normalization accounting with respect to the tax treatment of Section 263A mixed service costs.

30. Columbia will be permitted to recover the amortization of costs related to the following:

(i) Blackhawk Storage – Continuation of the previously-approved 24.5-year amortization of the total amount of \$398,865 to be included on books and in rate base as a regulatory asset to reflect the total original cost that began on October 28, 2008.

(ii) Corporate Services OPEB-Related Costs – Continuation of the previously-approved amortization of the regulatory asset of \$903,131 associated with the transition of NiSource Corporate Services Company from a cash to accrual basis for Other Post-Employment Benefits (“OPEBs”), over a ten-year period that began July 1, 2013. As amortization is scheduled to end during the fully projected future test year, the Company will spread the remaining balance over the full 12-month period.

(iii) Pension Prepayment – Continuation of the previously-approved ten-year amortization of \$8,449,772.00 that began December 16, 2018.

(iv) COVID-19 Related Uncollectible Accounts Expense – Total deferral of COVID-19 related Uncollectibles Account Expense has been revised to the amount of \$3,948,212 comprised of \$5,164,212 representing deferrals through December 31, 2021, less a billing charge-off correction of \$1,216,000. Amortization started January 1, 2022, and \$1,115,849 will have been expensed through December 31, 2022, leaving a balance of \$2,832,363, which shall be amortized over a four-year period beginning January 1, 2023, or \$708,091 annually. The Company agrees to cease the recording of any increases to the deferral and to provide an accounting of the yearly amortizations in its next base rate proceeding.

31. As established in the settlement of Columbia’s base rate proceeding at R-2012-2321748, Columbia will be permitted to continue to defer the difference between the annual OPEB

expense calculated pursuant to FASB Accounting Standards Codification (“ASC”) 715, “Compensation – Retirement Benefits (SFAS No. 106) and the annual OPEB expense allowance in rates of \$0. Only those amounts attributable to operation and maintenance would be deferred and recognized as a regulatory asset or liability. To the extent the cumulative balance recorded reflects a regulatory asset, such amount will be collected from customers in the next base rate proceeding over a period to be determined in that rate proceeding. To the extent the cumulative balance recorded reflects a regulatory liability, there will be no amortization of the (non-cash) negative expense and the cumulative balance will continue to be maintained.

32. Commencing with the effective date of rates, Columbia will deposit amounts in the OPEB trusts when the cumulative gross annual accruals calculated by its actuary pursuant to ASC 715 are greater than \$0. If annual amounts deposited into OPEB trusts, pursuant to this Partial Settlement, exceed allowable income tax deduction limits, any income taxes paid will be recorded as negative deferred income taxes, to be added to rate base in future proceedings.

33. On or before April 1, 2023, Columbia will provide the Commission’s Bureau of Technical Utility Services (“TUS”), I&E, OCA and OSBA an update to Columbia Exhibit No. 108, Schedule 1, which will include actual capital expenditures, plant additions, and retirements by month for the twelve months ending December 31, 2022. On or before April 1, 2024, Columbia will update Exhibit No. 108, Schedule 1 filed in this proceeding for the twelve months ending December 31, 2023. In Columbia’s next base rate proceeding, the Company will prepare a comparison of its actual revenue, expenses and rate base additions for the twelve months ended December 31, 2023. However, it is recognized by the Joint Petitioners that this is a black box settlement that is a compromise of Joint Petitioners’ positions on various issues.

34. Columbia will preserve and provide to I&E, OCA and OSBA as a part of its next base rate case the following: (1) all documentation supporting debt issued between this base rate case and the next base rate case; and (2) for each issuance the prevailing yield on U.S. utility bonds as reported by Bloomberg Finance L.P. for companies with a credit risk profile equivalent to that of NiSource Finance Corp.

35. Tariff rates will go into effect on December 17, 2022.

36. The Residential customer charge will not increase.

37. For informational purposes, the Company shall continue to maintain and provide to the OCA, I&E and OSBA by October 1 of each year all reports and records supporting the operation of its WNA for the preceding year, including the Company's monthly computation of the WNA and all data underlying the Company's monthly WNA computation.

38. Columbia will maintain its current method of collecting the full monthly customer charge from all customers in the months when service begins and service ends. Parties reserve the right to address this in future base rate cases.

39. Columbia's Revenue Normalization Adjustment ("RNA") proposal is withdrawn without prejudice.

B. ENERGY EFFICIENCY AND CONSERVATION (EE&C)

40. Columbia's proposed Residential Energy Efficiency ("EE") program is approved as a three-year pilot, with actual, incurred costs not to exceed \$4,000,000 recovered through Rider EE. Columbia agrees to a collaborative with the parties to discuss the scope of the program. Columbia will leverage the Residential EE program to increase awareness of and participation in the Company's LIURP and Audits & Rebates programs. Specifically, the EE program staff will work with the Universal Service team to ensure that low-income customers are steered to the program that maximizes their benefit level.

41. Columbia will increase the annual budget for its Audits & Rebates program, from \$750,000 to \$1,000,000 and will increase the maximum benefit level per customer household from \$1,800 to \$3,600 for energy efficiency measures.

42. Columbia agrees to increase the annual budget for its Emergency Repair Program from \$700,000 to \$1,000,000 to be funded by Rider USP.

C. LOW INCOME USAGE REDUCTION PROGRAM (LIURP)

43. Columbia's proposal to spread any LIURP budget carryover from calendar year 2022 evenly over the next three calendar years, 2023 through 2025, is approved.

44. Columbia will increase its annual LIURP budget from \$5,075,000 to \$5,425,000 beginning in January 2024 or sooner if 2022 carryover results in a year's annual budget being less than \$5,425,000. The LIURP budget will remain at \$5,075,000 until the increase takes effect. Columbia will expend the 2022 LIURP budget carryover before adjusting the Rider USP for the increase.

D. HARDSHIP FUND

45. Columbia agrees to make a one-time donation of \$75,000 to the Company's Hardship Fund.

E. CUSTOMER ASSISTANCE PROGRAM (CAP)

46. Columbia will conduct quarterly evaluations of CAP customer bills and will make adjustments to the customer's CAP payment plan to ensure that they are getting the lowest rate. By December 31, 2023, Columbia will automate a process to conduct quarterly evaluations of CAP customer bills and will make adjustments to the customer's CAP payment plan to ensure that they are getting the lowest rate. Upon implementation of the automated process, Columbia will include all CAP customers in its quarterly CAP rate review. No other exclusions will be used unless explicitly approved by the Commission in a subsequent proceeding. IT costs related to the

automation process will be recovered through Rider USP. By July 30, 2023, Columbia will file a progress report to the docket for this rate case (No. R-2022-3031211) explaining its progress toward implementing the automated process.

F. WEATHERIZATION PARTNERS

47. The Company agrees to continue to partner with CBOs including member agencies of CAAP and Pennsylvania Weatherization providers in the development, implementation and administration of its LIURP program.

G. LTIIP

48. Columbia's currently-effective Long Term Infrastructure Improvement Plan ("LTIIP") will expire on December 31, 2022. Prior to the expiration of its currently-effective LTIIP, Columbia will seek approval of a new LTIIP, with a proposed effective date of January 1, 2023. Prior to filing for such approval, Columbia will meet with the Commission's Gas Safety Division to preview the filing and seek the Gas Safety Division's input and to discuss the issues raised in I&E witness Merritt's testimony in this base rate proceeding. All parties reserve the right to intervene and participate in that proceeding and any other proceeding. As part of that LTIIP filing, Columbia will provide an estimation of the rate impact of LTIIP-eligible investments over the approved LTIIP period.

H. NATURAL GAS SUPPLIER ISSUES

49. Effective upon approval of the Partial Settlement, the Company agrees to increase the number of rate ready billing codes from 50 to 125 per NGS, subject to the right of Columbia to seek recovery of potential implementation costs, including potential automation costs, in a future rate case. The Company will continue to manage new rate code requests under the Company's existing process which requires 45 days advance notice for requests of additional rate codes. The Company will process requests for as many as 10 rate codes per request. The Company will

perform a review of active rate codes to assess whether there are existing rate codes that can be used before new rate codes and will work with NGSs to ensure they have sufficient rate codes to serve their current and future customers.

50. In its next base rate case, in anticipation of RESA/NGS Parties submitting a proposal for the implementation of Bill Ready Billing, Columbia's initial filing will include testimony regarding the costs to implement Bill Ready Billing and a timeline associated with such implementation. All parties reserve their rights to support or oppose Bill Ready Billing in that case.

51. The RESA/NGS Parties Proposal that the Company provide for confirmations on all five cycles is withdrawn.

IV. RESERVED ISSUES FOR LITIGATION

52. Simultaneous with the filing of this Partial Settlement, a separate Joint Petition for Non-Unanimous Settlement Regarding Revenue Allocation and Rate Design has been filed, with joinder or non-objection from all active parties other than OSBA and Mr. Culbertson. Issues regarding revenue allocation and rate design, other than the residential customer charge, are reserved for briefing. Also, Mr. Culbertson's right to submit briefs on issues he properly preserved, and other parties' right to respond, are retained.

V. PARTIAL SETTLEMENT IS IN THE PUBLIC INTEREST

53. This Partial 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 that were admitted into the record by stipulation.

54. Acceptance of the Partial 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.

55. Joint Petitioners have submitted, along with this Partial Settlement, their respective Statements in Support setting forth the basis upon which each believes the Partial Settlement to be fair, just and reasonable and therefore in the public interest. The Joint Petitioners' Statements in Support are attached hereto as Appendices "B" through "J."

VI. CONDITIONS OF PARTIAL SETTLEMENT

56. This Partial Settlement is conditioned upon the Commission's approval of the terms and conditions contained herein without modification. If the Commission modifies the Partial Settlement, then any Joint Petitioner may elect to withdraw from this Partial Settlement and may proceed with litigation and, in such event, this Partial 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 Partial Settlement.

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

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

59. The Commission's approval of the Partial Settlement shall not be construed to represent approval of any Joint Petitioner's position on any issue, except to the extent required to

effectuate the terms and agreements of the Partial Settlement in these and future proceedings involving Columbia.

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

61. This Partial 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 Partial Settlement is the product of compromise between and among the Joint Petitioners. This Partial Settlement is presented without prejudice to any position that any of the Joint Petitioners may have advanced and without prejudice to the position any of the 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 Partial Settlement. This Partial Settlement does not preclude the 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.

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

63. If the ALJs adopt the Partial Settlement without modification, the Joint Petitioners waive their individual rights to file exceptions with regard to the Partial Settlement. Joint Petitioners retain their rights to file briefs, exceptions and replies to exceptions with respect to the issues that are reserved for litigation.

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

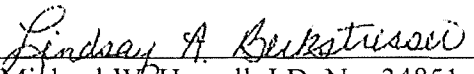
1. That the Honorable Administrative Law Judges Christopher P. Pell and John M. Coogan and the Commission approve this Partial Settlement including all terms and conditions thereof, without modification;

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 ruling on the issues reserved for litigation.

4. 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.

Respectfully submitted,


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Dated: September 2, 2022

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Dated: Sept. 2, 2022

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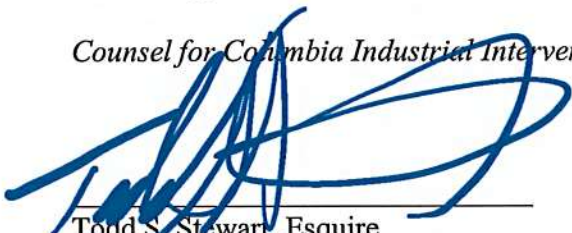
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Dated: 9-2-2022

APPENDIX A

COLUMBIA GAS OF PENNSYLVANIA, INC.

121 Champion Way, Suite 100

Canonsburg, Pennsylvania

RATES AND RULES

FOR

FURNISHING GAS SERVICE

IN

THE TERRITORY AS DESCRIBED HEREIN

ISSUED: ~~December 22, 2021~~

EFFECTIVE: ~~January 1, 2022~~

ISSUED BY: MARK KEMPIC, PRESIDENT
121 CHAMPION WAY, SUITE 100
CANONSBURG, PENNSYLVANIA 15317

NOTICE

This Tariff Supplement Makes Changes to the Existing Tariff - See List of Changes Made by This Tariff Supplement on Pages No. 2 and 2a.

Columbia Gas of Pennsylvania, Inc.

Canceling ~~Seventy-second and Seventy-third~~
 Revised Page No. 4

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(C)

(C) Indicates Change

RIDER MFC – MERCHANT FUNCTION CHARGE

APPLICABILITY

This Rider shall be applicable to residential customers taking service under Rate Schedules RSS, or CAP (unless an NGS is serving the CAP aggregation) and commercial or industrial customers taking service under Rate Schedule SGSS.

CHARACTER OF RATE

This Rider was established in compliance with the Pennsylvania Public Utility Commission's Revised Final Rulemaking Order dated June 23, 2011 in Docket No. L-2008-2069114 and is addressed in the PA Code Title 52, § 62.223.

The Merchant Function Charge reflects the cost of uncollectibles associated with natural gas costs billed to applicable customers by the Company.

RATE

The MFC is a component of the Price-to-Compare calculation as described in the Definitions section of this tariff.

The uncollectible expense ratios as specified below and determined in the most recent base rate case are used in the calculation of the MFC rate:

Residential uncollectible expense ratio	1.52077 <u>1.44397</u> %
Non-residential uncollectible expense ratio	0.30875 <u>0.42117</u> %

(D)
(I)

The current MFC rates may be found in the Rate Summary pages of this Tariff.

CALCULATION OF RATE

The Rider MFC rate is calculated as follows:

$$\text{MFC} = \text{PGCC} \times \text{the uncollectible expense ratio}$$

where:

PGCC is the current Purchased Gas Commodity Cost as detailed in the Purchased Gas Cost Rider of this tariff.

RIDER EE - ENERGY EFFICIENCY RIDER

(C)

APPLICABILITY

Throughout the territory served under this Tariff.

AVAILABILITY

The Energy Efficiency Rider ("EE Rider") shall recover costs related to the Company's Energy Efficiency Plan ("EE Plan"). The EE Rider shall be applicable to all residential customers except customers in the Company's Customer Assistance Plan ("CAP").

CHARACTER OF RATE

The EE Rider has been established to recover costs related to the Company's EE Plan.

RATE

The monthly charges for service to customers for which this Rider is applicable shall be a separate line item on the bill calculated by multiplying the customer's usage by the rate set forth below.

The rate information is detailed on Pages 21 and 21b of this Tariff.

CALCULATION OF RATE

The EE Rider is calculated as follows:

Costs to be recovered shall include Company incurred costs to implement its Commission approved EE Plan during each plan year, January-December ("Plan Year"), including all costs incurred to develop and administer the Company's EE Plan.

The EE Rider shall be calculated in accordance with the formula below and shall be rounded to the fourth decimal:

$$\underline{\text{EE Rider} = (\text{Cr} / \text{Sr}) - (\text{Er} - \text{Sr}) \text{ where}}$$

Cr = Projected Residential EE Plan Costs

Sr = Projected Residential Class Sales

Er = Net over or under collection of the residential EE Rider resulting from the difference between the EEC Rider revenues received and the EE Plan costs incurred.

PAGE 164 INTENTIONALLY LEFT BLANK

FOR FUTURE USE

(C) Indicates Change

RIDER EE - ENERGY EFFICIENCY RIDER (Continued)

(C)

ANNUAL RECONCILIATION

Any over or under collection at the end of the plan period shall be recovered or refunded either through a subsequent EE Plan approved by the Commission or through continuation of the EE Rider until full recovery or refunding has occurred.

On or before April 1 each year, the Company shall file with the Commission data showing the reconciliation of actual revenues received under this Rider and actual recoverable costs incurred for the preceding twelve months ended December. The resulting over/undercollection (plus interest calculated at 6% annually) will be reflected in the annual rate adjustment to be effective April 1.

ANNUAL UPDATES

The EE Rider will be updated annually and will be filed with the Commission on one day's notice to be effective January 1 of each year. The Company reserves the right to make an interim reconciliation filing to adjust the EE Rider.

(C) Indicates Change

Issued:

Mark Kempic
President

Effective:

RIDER DSIC - DISTRIBUTION SYSTEM IMPROVEMENT CHARGE

In addition to the net charges provided for in this Tariff, a charge of 0.00% will apply consistent with the Commission Order dated March 14, 2013 at Docket No. P-2012-2338282, approving the DSIC.

GENERAL DESCRIPTION

Purpose

To recover the reasonable and prudent costs incurred to repair, improve, or replace eligible property which is completed and placed in service and recorded in the individual accounts, as noted below, between base rate cases and to provide the Utility with the resources to accelerate the replacement of aging infrastructure, to comply with evolving regulatory requirements and to develop and implement solutions to regional supply problems.

The costs of extending facilities to serve new customers are not recoverable through the DSIC.

Eligible Property

The DSIC-eligible property will consist of the following:

- Piping (account 376);
- Couplings (account 376);
- Gas services lines (account 380) and insulated and non-insulated fittings (account 378);
- Valves (account 376);
- Excess flow valves (account 376);
- Risers (account 376);
- Meter bars (account 382);
- Meters (account 381);
- Unreimbursed costs related to highway relocation projects where a natural gas distribution company or city natural gas distribution operation must relocate its facilities; and
- Other related capitalized costs.

Effective Date

~~The DSIC will become effective for bills rendered on and after October 1, 2021.~~

(D) Indicates Decrease (C) Indicates Change

Issued: ~~December 17, 2021~~

Mark Kempic
President

Effective: ~~December 29, 2021~~

APPENDIX B

**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 PARTIAL SETTLEMENT**

**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 Partial Settlement (“Partial Settlement”) entered into by Columbia, the Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”), the Office of Small Business Advocate (“OSBA”), the Office of Consumer Advocate (“OCA”), The Pennsylvania State University (“PSU”), Columbia Industrial Intervenors (“CII”),¹ Retail Energy Supply Association, Shipley Choice, LLC and NRG Energy, Inc. (collectively, “RESA/NGS Parties”), Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”), and Pennsylvania Weatherization Providers Task Force, Inc. (“PA Task Force”) (hereinafter collectively referred to as the “Joint Petitioners”

¹ CII’s member is Knouse Foods Cooperative, Inc.

or “Parties”), parties to the above-captioned proceedings. The Natural Resources Defense Council (“NRDC”) has indicated that it does not oppose the Partial 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 Partial Settlement, including the terms and conditions thereof, without modification.

The Partial Settlement, if approved, will resolve all issues raised by the Joint Petitioners in this proceeding, exclusive of Rate Structure and Rate Design.² The settled issues include revenue requirement, energy efficiency, universal service matters, natural gas supplier issues, and other issues. The Partial 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 Partial Settlement was achieved only after a comprehensive investigation of Columbia’s claims and operations. In addition to informal discovery, Columbia responded to over 760 formal discovery requests, not including subparts. The Joint Petitioners filed multiple rounds of testimony and accompanying exhibits, including direct, rebuttal, surrebuttal and rejoinder testimony. Moreover, the Joint Petitioners participated in numerous settlement discussions and formal negotiations, which ultimately led to the Partial Settlement.

Finally, the Joint Petitioners in this proceeding, and their counsel and experts, have considerable experience in rate proceedings. Their knowledge, experience, and ability to evaluate the strengths and weaknesses of their litigation positions provided a strong foundation upon which

² Simultaneous with the filing of this Partial Settlement, a separate Joint Petition for Non-Unanimous Settlement Regarding Revenue Allocation and Rate Design (“Non-Unanimous Settlement”) has been filed, with joinder or non-objection from all active parties other than OSBA and 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.

to build a consensus on the settled issues. Nearly all of the Joint Petitioners and/or their counsel were active in Columbia's last base rate proceeding and are therefore, familiar with many of the issues that are addressed in this case.

The Partial Settlement reflects a carefully balanced compromise of the interests of the Joint Petitioners to this proceeding. For these reasons and the reasons set forth below, the Partial Settlement is just and reasonable and should be approved.

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). As explained in the next section of this Statement in Support, Columbia believes that the Partial Settlement is just, reasonable, in the public interest, and should be approved without modification.

III. SPECIFIC SETTLEMENT TERMS

A. REVENUE REQUIREMENT

1. Reasonableness of Revenue Allowance

The Partial Settlement provides for rates to be designed to produce an increase in operating revenues of \$44.5 million over current base rates based upon the pro forma level of operations for the twelve months ended December 31, 2023. (Partial Settlement ¶ 24.) The \$44.5 million increase in tariff rates will go into effect on December 17, 2022, which is the effective date of rates under the Commission's April 14, 2022 suspension order. (Partial Settlement ¶¶ 3, 35.) The Settlement increase is approximately 54% of Columbia's original request of \$82.2 million. (Columbia Exhibit 102, Sch. 3, p. 3.) The \$44.5 million increase, although less than that requested by the Company, will enable the Company to continue to provide safe and reliable service to its customers.

As explained by Mark Kempic, President of Columbia, one primary reason in support of the revenue increase is to provide the Company with an opportunity to earn a return on the significant capital investments made to its distribution system. (Columbia Statement No. 1, pp. 6.) Columbia has made, and continues to make, substantial capital investments in its system. (Columbia Statement No. 1, pp. 5-8.) Since Columbia started its accelerated pipeline replacement program in 2007, Columbia has replaced over 1,234 miles of cast iron and bare steel ("CIBS") pipe. (Columbia Statement No. 1, p. 7.) Columbia plans to increase its capital expenditures in the 2022 to 2026 timeframe, with a planned spending program ranging between \$359 and \$468 million budgeted annually over the 5-year period. (Columbia Statement No. 1, p. 13; Columbia Gas Statement No. 7, p. 3; SDR GAS-ROR-014 Att. A.)

In addition to capital costs associated with Columbia's accelerated pipeline replacement effort, the Company is incurring operating and maintenance ("O&M") costs associated with

maintaining pipeline safety on its system. For example, as explained by Columbia witness Mr. Anstead, Columbia is expanding its focus in several critical areas, including cross bore identification, Abnormal Operating Condition (“AOC”) remediation, enhanced leak detection and repairs using the Picarro leak detection system, improved worker safety through the use of Blackline gas detection safety monitors, and increased occupational safety and health staffing. (Columbia Statement No. 14, pp. 27-32.) These costs support the level of the revenue increase reached by the Partial Settlement.

In this proceeding, Columbia, I&E and OCA presented testimony on Columbia’s overall revenue requirement and related issues. The Partial Settlement revenue increase of \$44.5 million reflects a reasonable compromise of Joint Petitioners’ positions in this proceeding. Columbia notes that in its rebuttal testimony, it took issue with virtually all of the proposed adjustments advanced by I&E and OCA. The Joint Petitioners, while supporting their revenue requirement positions for litigation purposes, recognized that the Commission likely would have accepted certain adjustments proposed by Joint Petitioners, but would not have accepted all of the adjustments.

Under the Partial Settlement, with only a few select exceptions further explained herein, the settlement revenue requirement is a “black box” amount. In a “black box” settlement, parties do not specifically identify revenues, expenses and return that are allowed or disallowed. Columbia believes that “black box” settlements facilitate agreements, as parties are not required to identify a specific return on equity or identify specific revenues and/or expenses that are allowed or disallowed.

One expense item specifically identified in the Partial Settlement is the Pennsylvania Corporate Net Income Tax Rate (“CNIT”) reflected in the determination of revenue allowance.

On July 8, 2022, Pennsylvania House Bill 1342 was signed into law as Act 53 of 2022. Act 53 will lower the current 9.99% CNIT rate to 8.99% effective January 1, 2023 (the beginning of the Company's claimed Fully Projected Future Test Year ("FPFTY")). (I&E Statement No. 1-SR, p. 48.) In surrebuttal testimony, I&E proposed to reflect this new CNIT rate in its recommended revenue allowance. (I&E Statement No. 1-SR, p. 49.) In rejoinder testimony, Columbia agreed that the revenue requirement in this case should reflect the use of an 8.99% CNIT rate. (Columbia Statement No. 10-RJ, p. 2.) The Partial Settlement reflects the adoption of the 8.99% CNIT rate (Partial Settlement ¶ 25.) The Partial Settlement acknowledges that future changes to the CNIT in subsequent years will either be reflected in the Company's State Tax Adjustment Surcharge ("STAS") or future rate cases. This provision is in the public interest as it reduces the amount of the settled rate increase and avoids the need to implement a STAS adjustment for this tax rate change effective January 1, 2023.

Given the entire Partial Settlement, Columbia believes that the revenue requirement is reasonable and will provide the Company with the additional revenues that are necessary to provide reliable service to customers. In addition, Columbia believes that the Partial Settlement appropriately balances the need of the Company to have an opportunity to earn a reasonable rate of return with its customers' need for reasonable rates.

2. Distribution System Improvement Charge ("DSIC")

The Commission approved Columbia's DSIC by Order entered May 22, 2014, at Docket No. P-2012-2338282. With the DSIC, plant additions not included in base rates may be reflected in the DSIC calculation. Therefore, for future DSIC purposes, it is necessary to establish relevant plant balances for the Company out of this proceeding. The Partial Settlement provides that following the effective date of rates in this proceeding, Columbia will be eligible to include plant additions in the DSIC upon attaining total FPFTY plant in service of \$4,061,081,498 as projected

by Columbia at December 31, 2023 per Exhibit No. 108, Schedule 1. (Partial Settlement ¶ 26.) The Joint Petitioners agree that this provision is included solely for purposes of calculating the DSIC and is not determinative for future ratemaking purposes of the projected additions to be included in rate base in a FPFTY filing. (Partial Settlement ¶ 26.)

The Partial Settlement also provides that, for purposes of calculating its DSIC, Columbia shall use the equity return rate for gas utilities contained in the Commission's most recent Quarterly Report on the Earnings of Jurisdictional Utilities and shall update the equity return rate each quarter consistent with any changes to the equity return rate for gas utilities contained in the most recent Quarterly Earnings Report, consistent with 66 Pa. C.S. § 1357(b)(3), until such time as the DSIC is reset pursuant to the provisions of 66 Pa. C.S. § 1358(b)(1). (Partial Settlement ¶ 27.)³

These provisions are consistent with terms in prior settlements and are necessary provisions in the context of a settlement, in order to ensure that the DSIC is properly implemented in the future. Therefore, these provisions are in the public interest and should be approved.

3. Tax Repair Allowance and Mixed Service Cost Normalization Treatment

In 2008, Columbia sought and obtained permission from the Internal Revenue Service to change its definition of "unit of property" for tax purposes. Beginning October 18, 2011, (the effective date of rates as established in Columbia's 2010 rate case) the federal repairs deduction is being normalized under deferred tax accounting. (Columbia Statement No. 10, p. 7). Under the Partial Settlement, Columbia will continue to use normalization accounting with respect to the

³ In the Order entered December 10, 2014, approving the settlement in Columbia's 2014 base rate proceeding at Docket No. R-2014-2406274, the Commission stated that base rate settlements must stipulate a Return on Equity ("ROE") for DSIC purposes. (Order at p. 15.) The Commission noted that one option is to stipulate that the ROE for DSIC purposes will track the equity return rate from the most recent Commission staff Quarterly Report.

benefits of the tax repairs deduction. (Partial Settlement ¶ 28.) The Partial Settlement acknowledges the Parties' agreement that the existing treatment of the repairs deduction is in the public interest and should continue.

The Joint Petitioners have also agreed that Columbia will continue to use normalization accounting with respect to the tax treatment of Internal Revenue Code Section 263A mixed service costs ("MSC"). (Partial Settlement ¶ 29.) This is similar to the treatment of book versus tax timing differences for the repairs deduction. (Columbia Statement No. 10, p. 7.) This treatment was established in the settlement of Columbia's 2012 rate case at Docket No. R-2012-2321748, and was unopposed in this proceeding. (Columbia Statement No. 10, p. 13; Columbia Exhibit 107, p. 16, ln. 20). No party objected to the continuation of the previously approved normalization accounting treatment for MSC. The Parties' agreement that such treatment will continue is in the public interest and should be approved.

4. Amortizations

i. Blackhawk Storage

The Partial Settlement specifies the continued amortization of costs related to Blackhawk Storage. This amortization was established in Columbia's 2008 rate case settlement at Docket No. R-2008-2011621 and will continue. (Partial Settlement ¶ 30(i).) No party objected to the Company's inclusion of this amortization amount in its rate filing.

This amortization is a continuation of a previously approved amortization and was unopposed by any party. The amortization is in the public interest and should be approved.

ii. Corporate Services Other Post-Employment Benefits ("OPEB") Expense

Pursuant to the Opinion and Order entered on May 24, 2012, at Docket No. P-2011-2275383, Columbia deferred, for accounting and financial reporting purposes, the one-time

expense of \$903,131 associated with its allocated share of NiSource Corporate Services Company's ("NCSC") OPEB regulatory asset resulting from NCSC's transition from cash basis to accrual. In the settlement of the 2012 Columbia base rate case at Docket No. R-2012-2321748, Columbia was allowed to recover the total deferred amount of \$903,131 over a ten-year period that began on July 1, 2013. This Partial Settlement notes that the amortization is scheduled to end during the fully projected future test year, so Columbia will spread the remaining balance over the full 12-month period. This slight change to the previously-approved amortization is reasonable and should be approved. (Partial Settlement ¶ 30 (ii).)

iii. Pension Prepayment

The Final Order approving the Settlement of the Company's 2018 Base Rate Filing, at Docket No. R-2018-2647577, permitted Columbia to amortize and recover the deferred prepaid pension O&M expense of \$8.45 million over a ten-year period starting December 16, 2018. (Columbia Statement No. 4, p. 9.) The Partial Settlement in this case provides for the continuation of the previously approved ten-year amortization of \$8.45 million that began December 16, 2018. (Partial Settlement ¶ 30 (iii).) No party opposed this provision. This Partial Settlement term is reasonable and should be approved because it continues the agreement established in the Commission-approved Settlement of the Company's 2018 Base Rate Filing.

iv. COVID-19 Related Uncollectible Accounts Expense

As explained by Columbia witness Miller, the Final Order approving the Settlement of the Company's 2021 Base Rate Filing authorized Columbia to defer and amortize incremental Uncollectible Accounts Expense related to COVID-19. (Columbia Statement No. 4, pp. 40-41). In this proceeding, the Company updated the balance of deferred COVID-19 related Uncollectibles Account Expense to reflect a billing charge off correction of \$1,216,000 and amortization since January 1, 2022, of \$1,115,849, leaving a remaining unamortized balance of \$2,832,363. The

Partial Settlement provides for the amortization of that amount over a four-year period beginning January 1, 2023, or \$708,091 annually. (Partial Settlement ¶ 30(iv).) The Partial Settlement further provides that the Company agrees to cease the recording of any increases to the deferral and to provide an accounting of the yearly amortizations in its next base rate proceeding.

This Partial Settlement term is in the public interest and should be approved because it continues the previously-approved amortization of incremental COVID-19 related Uncollectibles Account Expense updated to reflect the current balance.

5. OPEBs

The Partial Settlement includes provisions concerning accounting for Columbia's ongoing contributions to trusts for OPEBs, which were established in the settlement of Columbia's 2012 base rate case at Docket No. R-2012-2321748. (Columbia Statement No. 4, p. 10.) These provisions were unopposed by any party and are in the public interest as they confirm the ongoing treatment of OPEB expense. Columbia will continue to defer the difference between the annual OPEB expense calculated pursuant to FASB Accounting Standards Codification ("ASC") 715, "Compensation – Retirement Benefits" (SFAS No. 106) and the annual OPEB expense allowance in rates of \$0. Only those amounts attributable to operation and maintenance would be deferred and recognized as a regulatory asset or liability. To the extent the cumulative balance recorded commencing with the effective date of rates reflects a regulatory asset, such amount will be collected from customers in the next rate proceeding over a period to be determined in that rate proceeding. In addition, to the extent the cumulative balance recorded commencing with the effective date of rates reflects a regulatory liability, there will be no amortization of the (non-cash) negative expense, and the cumulative balance will continue to be maintained. (Partial Settlement ¶ 31.) The Partial Settlement provides that Columbia will deposit amounts in the OPEB trusts when the cumulative gross annual accruals calculated by its actuary pursuant to ASC 715 are

greater than \$0. If annual amounts deposited into OPEB trusts, pursuant to this Partial Settlement, exceed allowable income tax deduction limits, any income taxes paid will be recorded as negative deferred income taxes, to be added to rate base in future proceedings. (Partial Settlement ¶ 32.)

6. Reporting on Actual Capital Expenditures, Plant Additions, and Retirements

I&E witness Cline recommended that the Company provide certain updates to Exhibit No. 108. (I&E Statement No. 3, pp. 3-4.) Columbia did not oppose this recommendation. Accordingly, Columbia has agreed in the Partial Settlement that on or before April 1, 2023, it will provide the Commission's Bureau of Technical Utility Services ("TUS"), I&E, OCA and OSBA with an update to Columbia Exhibit No. 108, Schedule 1, which will include actual capital expenditures, plant additions, and retirements by month for the twelve months ending December 31, 2022. (Partial Settlement ¶ 33.) On or before April 1, 2024, Columbia will update Exhibit No. 108, Schedule 1 for the twelve months ending December 31, 2023. (Partial Settlement ¶ 33.) Also, as part of the Company's next base rate proceeding, the Company will prepare a comparison of its actual revenue, expenses and rate base additions for the twelve months ended December 31, 2023. (Partial Settlement ¶ 33.) However, as explained above, it is recognized by the Joint Petitioners that this is a black box settlement that is a compromise of Joint Petitioners' positions on various issues.

This Partial Settlement term is in the public interest and should be approved because it will provide the statutory parties and TUS with ongoing information concerning Columbia's capital investments. This information can be used as a metric to gauge Columbia's actual capital investment, plant additions, retirements and expenses in future base rate proceedings.

7. Future Debt Issuances

As part of the Partial Settlement, Columbia agreed that it will preserve and provide to I&E, OCA and OSBA as a part of its next base rate case the following: (1) all documentation supporting debt issued between this base rate case and the next base rate case; and (2) for each issuance the prevailing yield on U.S. utility bonds as reported by Bloomberg Finance L.P. for companies with a credit risk profile equivalent to that of NiSource Finance Corp. (Partial Settlement ¶ 34.) This Settlement term is in the public interest and should be approved because it provides the statutory parties with important information to evaluate the Company's debt issuances in a future rate case.

8. Bill Proration

I&E Witness Cline proposed that Columbia begin to prorate the customer charge for customers who begin or end service prior to the end of a billing period. (I&E Statement No. 3, pp 23-25.) In rebuttal, Columbia explained a number of problems with I&E's recommendation. Columbia explained that its current practice of not prorating customer charges is a long-standing practice, consistent with the practice of most Pennsylvania utilities. I&E's recommendation also failed to take into consideration the cost of starting and terminating service, thereby shifting recovery of those costs from the customers starting or terminating service to other customers (Columbia Statement No. 6-R, p. 31). In addition, I&E's recommendation failed to take into account both the significant financial impact to Columbia, in the form of unbilled revenues, and the revenue requirement impact in this case. Specifically, initiating proration would reduce pro forma revenues at present rates by over \$1.2 million, which would increase revenue requirement by that amount. (Columbia Statement No. 3-R, p. 2.) Columbia would also have to record a \$4.3 million reduction to unbilled revenue from I&E's recommended change in billing. (Columbia Statement No. 3-R, pp. 5-6.)

As part of the Partial Settlement, the Joint Petitioners agreed not to adopt I&E's recommendation. (Partial Settlement ¶ 38.) The Joint Petitioners reserved their right to address the issue in future rate cases. This provision is in the public interest and should be adopted. Through the Partial Settlement, the Joint Petitioners have agreed to accept and reject various proposals in compromise. As Columbia explained, this proposal would increase the revenue requirement in this case and have a substantial detrimental effect on Columbia's per book revenues by reducing unbilled revenue.

B. REVENUE ALLOCATION AND RATE DESIGN

The Partial Settlement does not resolve issues concerning revenue allocation and rate design, with limited exceptions described below. As noted in Footnote 2, above, certain parties have entered into a Non-Unanimous Settlement that resolves remaining revenue allocation and rate design issues. Columbia has submitted a separate Statement in Support of that Non-Unanimous Settlement.

1. Rate Design

a. Residential Rate Design

In this proceeding, Columbia proposed to increase the customer charges for residential customers from \$16.75 to \$25.47 per month. (Columbia Statement No. 6, p. 23.) I&E proposed a residential customer charge of \$20.61 per month. (I&E Statement No. 3, pp. 22.) However, the requested increase was opposed by OCA, CAUSE-PA, and the Task Force. (OCA Statement No. 3, p. 15; CAUSE-PA Statement No. 1, pp. 33-36; Task Force Statement No. 1, pp. 4-6.) As part of the Partial Settlement, the Joint Petitioners have agreed that the residential customer charge will remain at the current rate of \$16.75/month. (Partial Settlement ¶ 36.)

b. Other Charges and Riders

Consistent with the Commission's June 23, 2011 Final Rulemaking Order at Docket No. L-2008-2069114, Columbia designed a gas procurement charge ("GPC") in order to remove natural gas procurement costs from base rates and to recover those fuel acquisition costs as part of the "price to compare," on a revenue neutral basis via an automatic adjustment charge only to be recalculated in a base rate case. No changes were proposed to the currently-effective GPC. (Columbia Statement No. 6, pp. 41-42; Columbia Exhibit KLJ-6).

The Merchant Function Charge ("MFC") is a component of the "price to compare." Columbia proposed a MFC of \$0.0474 per Dth for residential customers and \$0.0138 per Dth for non-residential customers, which represents an increase from the currently effective MFC rates. (Columbia Exhibit No. JLS-1.) No party opposed Columbia's MFC as filed in this proceeding, and Columbia therefore submits that this settlement provision is reasonable and should be approved.

The Company proposed a Revenue Normalization Adjustment ("RNA") in this proceeding. The RNA proposed by the Company would provide benchmark distribution revenue levels regardless of changes in customers' actual usage levels and would adjust actual non-gas distribution revenue for the non-CAP residential customer class. (Columbia Statement No. 6, p. 29-41.) The OCA, I&E, CAUSE-PA and OSBA opposed the concept of implementing Rider RNA in this proceeding. (OCA Statement No. 3, pp. 16-25; I&E Statement No. 3, pp. 5-8; CAUSE-PA Statement No. 1, pp. 36-38; OSBA Statement No. 1, p. 30-34.) In the interest of resolving the issues in this proceeding through settlement, the Company has agreed to withdraw the RNA proposal without prejudice. (Partial Settlement ¶ 39.)

Columbia also proposed in this proceeding a Residential Energy Efficiency Plan ("EE Plan"). The Company further proposed that costs of the EE Plan be recovered through a new

Energy Efficiency Rider, applicable to residential customers excluding customers participating in CAP. (Columbia Statement No. 12, pp. 7-9.) As explained later in this Statement in Support, the Joint Petitioners have agreed to a modified EE Plan. The costs of the modified EE Plan shall be recovered through the Energy Efficiency Rider, which is included in Appendix “A” to the Partial Settlement.

C. ENERGY EFFICIENCY AND CONSERVATION (“EE&C”)

As the natural gas industry continues to evolve as a result of societal concerns in general and its customers’ concerns in particular related to reductions to carbon emissions, Columbia has focused on developing solutions. In its 2021 base rate case, Columbia sought and obtained approval to add Renewable Natural Gas (“RNG”) quality standards to its tariff. These standards facilitate the introduction of RNG on the Company’s system, while protecting the Company’s facilities and customer’s equipment from potentially harmful impurities. (Columbia Statement No. 1, pp. 9-10.) In continuation of these sustainability efforts, the Company proposed in this case a new EE Plan.

Columbia’s proposed residential EE Plan is a three-year plan with two programs. (Columbia Statement No. 16, pp. 2-3.) The first program is the Residential Prescriptive (“RP”) program. The RP program provides incentives for furnaces, boilers, combination space and water heating boilers, tankless water heaters and WIFI-enabled thermostats. The eligible equipment uses ENERGY STAR ® criteria as a minimum efficiency level, when available. (Columbia Statement No. 16, p. 10-11.) The second program is the Online Audit Kit (“OAK”). The OAK Program provides residential customers with a free online audit that will provide targeted information to customers on how to reduce energy usage. Customers who complete the audit will be provided free, targeted energy savings kits. (Columbia Statement No. 16, p. 12.) Further details of the RP and OAK programs are provided in Columbia Exhibit TML-2. (Columbia Statement No. 16, p. 4.)

As proposed, the EE Plan was projected to provide lifetime savings of 3.3 million Dths, at a cost of \$8.1 million over three years. (Columbia Statement No. 16, p. 4, 6.) Additionally, the proposed EE Plan was projected to save 8,724 MWh of electricity and 146 million gallons of water over the life of the measures installed, with reduced emission of over 201,597 short tons of CO₂. (Columbia Statement No. 16, p. 5.) Under the Total Resource Cost (“TRC”) test, Columbia’s proposed EE Plan was projected to provide net benefits of \$16.2 million. (Columbia Statement No. 16, p. 9.)

I&E opposed the Company’s proposed EE Plan. I&E witness Patel expressed several objections to the Plan, including concerns about the level of costs, questions about the accuracy of projected benefits, and the need for the Plan. (I&E Statement No. 1, pp. 61-63.) Witnesses for OCA and CAUSE-PA also submitted testimony concerning the EE Plan. Neither witness opposed the EE Plan, but both expressed concerns about how low-income customers can be provided benefits from energy efficiency programs. (OCA Statement No. 4, p. 32-35; CAUSE-PA Statement No. 1, pp. 29-33.) Columbia submitted rebuttal testimony responsive to I&E, OCA and CAUSE-PA. (Columbia Statement No. 14-R, pp. 1-10; Columbia Statement No. 13-R, pp. 7-10).

The Partial Settlement approves Columbia’s EE Plan as a three-year pilot, with a limit of \$4 million in recoverable costs. (Partial Settlement ¶ 40.) This is responsive to I&E’s concerns about the size of the pilot. Columbia also agreed to a collaborative with parties to discuss the scope of the program. In response to concerns of OCA and CAUSE-PA, Columbia agrees to leverage the residential EE Plan to increase awareness and participation in the Company’s Low Income Usage Reduction Program (“LIURP”) and Audits & Rebates (“A&R”) program.⁴ The EE Plan staff will work with the Company’s Universal Service staff to steer low-income customers to

⁴ The A&R program is already available to customers earning 250% or less of the Federal Poverty Income Guidelines (“FPIG”). The program offers a free audit and free programmable or smart thermostat. (Columbia Statement No. 13-R, p. 12.)

the program that maximizes their benefit level. Columbia further agreed to increase the annual budget for the A&R program from \$750,000 to \$1,000,000 and increase the maximum energy efficiency benefit per household from the current \$1,800 to \$3,600. (Partial Settlement ¶ 41.)

Columbia also explained in testimony that it offers an Emergency Repair Program to assist low-income customers who need repair or replacement of faulty heating equipment, gas lines or hot water tanks, which may include replacement with energy efficient equipment. (Columbia Statement No. 13-R, p. 9.) Under the Partial Settlement, Columbia agrees to increase the annual budget for the Emergency Repair Program from \$700,000 to \$1,000,000, funded by Columbia's Rider USP – Universal Service Program. (Partial Settlement ¶ 42.)

The EE&C provisions contained in the Partial Settlement are in the public interest and should be approved. The EE programs are patterned off EE programs offered by other natural gas utilities in Pennsylvania and other jurisdictions. (Columbia Statement No. 16-R, p. 3.) The pilot will provide important information on the benefits, both economic and environmental, of the EE Plan. In addition, Columbia is increasing its budgets for several low-income programs that currently assist low-income customers to reduce usage, which is in the public interest as it can reduce the bills of customers who may have difficulty paying their bills.

D. UNIVERSAL SERVICE

In direct testimony, OCA, CAUSE-PA and the PA Task Force expressed concern with the effect of a rate increase on low-income customers and proposed a number of efforts that Columbia could undertake to mitigate the effects of a rate increase on low-income customers. (OCA Statement No. 4; CAUSE-PA Statement No. 1; PA Task Force Statement No. 1.) Columbia has agreed to undertake several initiatives to address the OCA's, CAUSE-PA's and PA Task Force's concerns, and the Partial Settlement includes several provisions related to Columbia's Universal Service Programs. Columbia is an industry leader in programs to assist low-income customers.

The commitments to Universal Service contained in the Partial Settlement reflect the Company's continued support for these programs, are in the public interest and should be approved.

1. LIURP

The Partial Settlement contains several terms related to Columbia's Low Income Usage Reduction Program ("LIURP"). LIURP provides weatherization and conservation services to low-income households with high usage.

Columbia currently has a base LIURP annual budget of \$5,075,000. If Columbia is unable to spend its budget in a year, the amount is rolled over to future years. In direct testimony, Columbia witness Davis explained that the COVID-19 pandemic has adversely affected Columbia's ability to spend its entire annual LIURP budget. For several months in 2020, Columbia ceased all in-home weatherization efforts. Even after that, many customers were hesitant to have contractors enter their homes to provide services. Contractors also experienced staffing shortages that have limited their ability to provide weatherization services. (Columbia Statement No. 13, pp. 11-12.) As of the end of 2021, Columbia had carry-over funds of \$3,857,244. (Columbia Statement No. 13, p. 10.)

Columbia continues to be concerned that it will be unable to spend its full 2022 budget, and the carry-over funds, in 2022. Contractors have been unwilling or unable to commit to higher levels of production, due in part to shortages of experienced workers and increased funding for other projects from the federal government. (Columbia Statement No. 13, pp. 11-12.) Based upon these concerns, Columbia proposed to spread any carryover from 2022 evenly over the next three calendar years. This will better enable Columbia to project spending each year, and not set unrealistic expectations of work that actually can be performed. (Columbia Statement No. 13, p. 13.)

Witnesses for OCA, CAUSE-PA and PA Task Force proposed that Columbia increase its LIURP budget. (OCA Statement No. 4, pp. 44-45; CAUSE-PA Statement No. 1, pp. 25-29; PA Task Force Statement No. 1, pp. 6-8.) In rebuttal, Columbia explained that, while it has a history of increasing its LIURP spending, it opposed increasing its current budget due to the existing carryover balance and difficulties in engaging contractors to provide increased services. (Columbia Statement No. 13-R, pp. 2-6.)

The Partial Settlement approves Columbia's proposal to spread the remaining carryover LIURP balance at the end of 2022 evenly over the years 2023-2025. (Partial Settlement ¶ 43.) The Partial Settlement further provides that Columbia will increase its annual LIURP budget from \$5,075,000 to \$5,425,000 beginning in January 2024 or sooner if 2022 carryover results in a year's annual budget being less than \$5,425,000. The LIURP budget will remain at \$5,075,000 until the increase takes effect. Columbia further agrees that it will expend the 2022 LIURP budget carryover before adjusting the Rider USP for the increase. (Partial Settlement ¶ 44.) These terms recognize the need to spend the 2022 carryover balance, while also increasing the annual LIURP budget beginning in 2024. These terms are in the public interest and should be approved.

2. Hardship Fund

The PA Task Force recommended that Columbia increase its voluntary contribution to its Hardship Fund (PA Task Force Statement No. 1, p. 8.) As part of the Partial Settlement, Columbia agreed to make a one-time donation of \$75,000 to the Hardship Fund. (Partial Settlement ¶ 45.)

3. CAP

Witnesses for OCA and CAUSE-PA offered various recommendations related to Columbia's CAP. (OCA Statement No. 4; CAUSE-PA Statement No. 1.) Columbia submitted substantial rebuttal testimony responding to these recommendations (Columbia Statement No. 13-R.) Among these recommendations, CAUSE-PA proposed that Columbia revise its process for

reviewing CAP customer bills to ensure they are receiving the lowest rate from a bi-annual review to a monthly review. (CAUSE-PA Statement No. 1, p. 25.) Columbia opposed this recommendation, explaining that the current bi-annual process already ensures that CAP customers are receiving the lowest payment, and that customers may always contact Columbia to request a payment review whenever circumstances change. Columbia also explained that the review process is done manually and would be costly to undertake monthly. (Columbia Statement No. 13-R, pp. 28-29)

In compromise, the Partial Settlement provides that Columbia will conduct quarterly evaluations of CAP customer bills and will make adjustments to the customer's CAP payment plan to ensure that they are getting the lowest rate. Because a review of all CAP customers' bills manually is not feasible, Columbia commits that by December 31, 2023, it will automate a process to conduct quarterly evaluations of CAP customer bills and will make adjustments to the customer's CAP payment plan to ensure that they are getting the lowest rate. Upon implementation of the automated process, Columbia will include all CAP customers in its quarterly CAP rate review. No other exclusions will be used unless explicitly approved by the Commission in a subsequent proceeding. The Partial Settlement further provides that IT costs related to the automation process will be recovered through Rider USP. By July 30, 2023, Columbia will file a progress report to the docket for this rate case explaining its progress toward implementing the automated process. (Partial Settlement ¶ 46.)

This provision is in the public interest and should be approved. The provision represents a compromise between the current bi-annual review process, and the monthly process proposed by CAUSE-PA. It also provides for an automation of the process, which will enable Columbia to

review all CAP customers payment provisions on a quarterly basis. Thus, these settlement terms should be approved.

4. Weatherization Partners

Community Based Organizations (“CBOs”) are important partners in providing weatherization services under Columbia’s low-income programs. Columbia currently contracts with six county weatherization providers, and continually seeks out more CBOs. (Columbia Statement No. 13-R, p. 11.) Under the Partial Settlement, Columbia agrees to continue to partner with CBOs including member agencies of the Community Action Association of Pennsylvania (“CAAP”) and Pennsylvania Weatherization providers in the development, implementation and administration of its LIURP program. (Partial Settlement ¶ 47.) This provision is in the public interest, as it confirms Columbia’s continued efforts to partner with CBOs for LIURP weatherization services.

E. LTIP

I&E Witness Merritt expressed various concerns about the pace of Columbia’s replacement of cast iron and bare steel pipe, and recommended that Columbia increase its pipeline replacement efforts. (I&E Statement No. 4, pp. 10-19.) In rebuttal, Columbia witness Anstead explained that Columbia intended to continue to replace bare steel, cast iron and wrought iron pipe at an accelerated pace in order to retire those remaining facilities as soon as possible. However, Mr. Anstead further explained that the Company has identified first generation plastic pipe as a top ten risk in its Distribution Integrity Management Plan (“DIMP”) due to the current and potential risk of brittle like cracking. (Columbia Statement No. 14-R, pp. 6-7.) Mr. Anstead further explained that, first and foremost, the selection of pipeline segments for replacement is based upon risk. (Columbia Statement No. 14-R, p. 7.) Once a particular segment or segments have been identified for replacement, Columbia’s engineers examine surrounding pipelines, and define the project area

based upon various criteria, including age and condition, leakage history, material type, operating pressures, planned municipal street improvements and other factors. This is done to ensure a cost-effective approach to main replacement. (Columbia Statement No. 14-R, p. 7.) This approach maximizes risk elimination, while minimizing inefficient replacement of at-risk pipe in the same area over a period of several years. (Columbia Statement No. 14-R, p. 7.) Columbia already plans to continue to increase its capital budget to eliminate risky pipe as much as reasonably possible. (Columbia Statement No. 14-R, p. 12.)

The Company's Commission-approved Long Term Infrastructure Improvement Plan ("LTIIIP") sets forth a projected five-year plan for replacement of certain infrastructure, including in particular mains, services, valves and meters. Columbia's current LTIIIP expires on December 31, 2022. In response to I&E's concerns, Columbia commits, in the Partial Settlement, that prior to the expiration of its currently-effective LTIIIP, Columbia will seek approval of a new LTIIIP, with a proposed effective date of January 1, 2023. Prior to filing for such approval, Columbia will meet with the Commission's Gas Safety Division to preview the filing and seek the Gas Safety Division's input and to discuss the issues raised in I&E witness Merritt's testimony in this base rate proceeding. All parties reserve the right to intervene and participate in that proceeding and any other proceeding. As part of that LTIIIP filing, Columbia will provide an estimation of the rate impact of LTIIIP-eligible investments over the approved LTIIIP period. (Partial Settlement ¶ 48.)

This provision of the Partial Settlement is in the public interest and should be approved. The LTIIIP proceeding is the most appropriate proceeding to examine and establish future plans to replace critical infrastructure. Before filing its next LTIIIP, Columbia will seek input from the Gas Safety Division regarding planned replacements. While safety is of paramount importance, Columbia recognizes that accelerated replacements will contribute to the need for future rate cases,

as expressed in direct testimony from OSBA. (OSBA Statement No. 1, pp. 3-4.) Therefore, the Partial Settlement also provides for Columbia to provide an estimate of the rate impact of the LTIIP-eligible investments proposed by Columbia for the approved LTIIP period.

F. NATURAL GAS SUPPLIER ISSUES

Witnesses sponsored by RESA/NGS Parties raised several issues. The first issue concerned Rate Ready customer billing. When an NGS chooses to have Columbia bill customers for gas supply services, Columbia assigns the NGS 50 rate codes.⁵ A rate code is the gas supply charge, expressed in dollars and cents per therm, that is to be billed to a customer or group of customers by Columbia. Columbia applies the rate code as directed by an NGS to the therms of gas measured by Columbia to determine the supplier portion of the bill. An initial limit of 50 rate codes is imposed because the number of rate codes available through Columbia's billing system is not unlimited. (Columbia Statement No. 18-R, pp. 5.) The NGS can assign a separate rate to each rate code and can reuse rate codes. If an NGS exceeds their 50-code allotment, Columbia will assign additional codes when needed, after confirming that the NGS has no unused codes that can be recycled.⁶ Columbia requests that NGSs provide 45 days advance notice of the need for additional rate codes because the process for assigning rate codes is manual.

RESA/NGS Parties proposed two changes. First, RESA/NGS proposed that the 50-rate code limit be eliminated. (RESA/NGS Parties Statement No. 1, p. 7.) Second, RESA/NGS Parties proposed that Columbia offer Bill Ready Billing. Under Bill Ready Billing, the utility must supply usage to the NGS, who then computes the amount owed to the NGS. The NGS provides the total

⁵ An NGS also may choose to bill its customers directly for gas supply services. (Columbia Statement No. 18-R, p. 3.)

⁶ Currently, three NGSs have more than 50 assigned rate codes. (Columbia Statement No. 18-R, p. 4.)

amount to be charged to the customer for NGS services, which the utility would print on the customer's bill. (RESA/NGS Statement No. 1, pp. 5-7.)

Columbia opposed both of these changes. First, Columbia explained that an expansion of the initial number of rate codes is unnecessary, as Columbia offers NGSs the ability to increase the number of rate codes as needed. (Columbia Statement No. 18-R, p. 6.) Second, Columbia opposed the implementation of Bill Ready Billing as unnecessary, potentially costly and offers no benefits to customers. (Columbia Statement No. 18-R, pp. 7-11.) Other parties also expressed concerns regarding Bill Ready Billing. (OCA Statement No. 3R, p. 7; CAUSE-PA Statement No. 1R.)

Another issue raised by RESA/NGS Parties concerned schedule confirmations. NGSs schedule gas on Columbia's Electronic Bulletin Board ("EBB"). There are a total of five scheduling cycles: Timely, Evening, Intraday-1, Intraday-2 and Intraday-3. (Columbia Statement No. 19-R, p. 4.) Scheduling confirmation involves a comparison of volumes scheduled by an NGS on Columbia's EBB to the volumes actually scheduled for delivery on the relevant interstate pipeline. Columbia currently provides confirmation for the Timely and Intraday-2 cycles. (Columbia Statement No. 19-R, p. 5.) RESA/NGS Parties proposed that Columbia confirm all five cycles (RESA/NGS Parties Statement No. 2, p. 5.) In rebuttal, Columbia witness Djukic explained that most of the current confirmation process is a manual process. A Columbia employee must download data from the interstate pipeline's EBB and compare that data to the volumes scheduled on Columbia's EBB for each NGS. (Columbia Statement No. 19-R, p. 6.) Columbia explained that it would incur substantial expense to confirm all 5 cycles. Columbia further explained that NGSs already had the tools to confirm scheduled volumes, through the

upstream pipelines or via the NGS's contracts with its gas suppliers. (Columbia Statement No. 19-R, p. 5, 6.)

The Partial Settlement resolves all the RESA/NGS Parties' issues. In the Partial Settlement, Columbia agrees to increase the number of rate ready billing codes from 50 to 125 per NGS, subject to the right of Columbia to seek recovery of potential implementation costs, including potential automation costs, in a future rate case. Columbia will continue to manage new rate code requests under the Company's existing process which requires 45 days advance notice for requests of additional rate codes. The Company will process requests for as many as 10 rate codes per request. The Company will perform a review of active rate codes to assess whether there are existing rate codes that can be used before new rate codes are issued and will work with NGSs to ensure they have sufficient rate codes to serve their current and future customers. (Partial Settlement ¶ 49.) Columbia further agrees that, as part of the initial filing in its next base rate case, it will provide testimony regarding the costs to implement Bill Ready Billing and a timeline associated with such implementation. This information will be provided in anticipation that the RESA/NGS Parties will make a proposal to implement Bill Ready Billing. All parties reserve their rights to support or oppose Bill Ready Billing in that case. In exchange for these agreements by Columbia, RESA/NGS Parties agree to withdraw their proposal concerning schedule confirmations. (Partial Settlement ¶ 50.)

These terms are in the public interest and should be adopted. They represent a compromise of the parties' positions on the RESA/NGS Parties issues. NGSs will be provided a substantial increase in the number of initial billing codes for Rate Ready billing, with the right to request further codes if needed. RESA/NGS Parties will also be provided cost and implementation timeline information for Bill Ready Billing in Columbia's next base rate case. However, Columbia

is not committing to endorse Bill Ready Billing in the next rate case, and all other parties reserve the right to support or oppose a Bill Ready Billing proposal in the future.

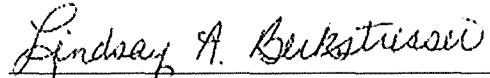
G. OTHER ISSUES

The Company's proposed tariff changes, excluding specific tariff rates that are not part of this Partial Settlement, are set forth in Appendix "A" to the Partial Settlement. (Partial Settlement ¶ 23.) In this proceeding, Columbia proposed several non-substantive tariff changes, which were unopposed. (Columbia Statement No. 12, p. 4.) Columbia also proposed a recalculated rate for the MFC, which also was unopposed. Finally, the Partial Settlement approves, as modified, Columbia's EE Plan and rate recovery mechanism. The new Energy Efficiency Rider is included in the tariff changes.

IV. CONCLUSION

The Partial 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 Partial Settlement. Columbia believes that fair and reasonable compromises have been achieved on the settled issues in this case. Columbia fully supports this Partial Settlement and respectfully requests that the ALJs and the Commission review and approve the Partial Settlement in its entirety without modification.

Respectfully submitted,



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Date: September 2, 2022

APPENDIX A

Proposed Findings of Fact in Support of the Partial Settlement

1. The Partial Settlement provides for rates to be designed to produce an increase in operating revenues of \$44.5 million over current base rates based upon the pro forma level of operations for the twelve months ended December 31, 2023. (Partial Settlement ¶ 24.)

2. The \$44.5 million increase in tariff rates will go into effect on December 17, 2022, which is the effective date of rates under the Commission's April 14, 2022 suspension order. (Partial Settlement ¶¶ 3, 35.)

3. The revenue increase agreed to in the Partial Settlement is approximately 54% of Columbia's original request of \$82.2 million. (Columbia Exhibit 102, Sch. 3, p. 3.)

4. Columbia has made, and continues to make, substantial capital investments in its system. (Columbia Statement No. 1, pp. 5-8.)

5. Since Columbia started its accelerated pipeline replacement program in 2007, Columbia has replaced over 1,234 miles of cast iron and bare steel ("CIBS") pipe. (Columbia Statement No. 1, p. 7.)

6. Columbia plans to increase its capital expenditures in the 2022 to 2026 timeframe, with a planned spending program ranging between \$359 and \$468 million budgeted annually over the 5-year period. (Columbia Statement No. 1, p. 13; Columbia Gas Statement No. 7, p. 3; SDR GAS-ROR-014 Att. A.)

7. Columbia is expanding its safety focus in several critical areas, including crossbore identification, Abnormal Operating Condition ("AOC") remediation, enhanced leak detection and repairs using the Picarro leak detection system, improved worker safety through the use of Blackline gas detection safety monitors, and increased occupational safety and health staffing. (Columbia Statement No. 14, pp. 27-32.)

8. On July 8, 2022, Pennsylvania House Bill 1342 was signed into law as Act 53 of 2022. Act 53 will lower the current 9.99% Pennsylvania Corporate Net Income Tax Rate (“CNIT”) rate to 8.99% effective January 1, 2023. (I&E Statement No. 1-SR, p. 48.)

9. Columbia and I&E agreed that the revenue requirement in this case should reflect the use of an 8.99% CNIT rate. (Columbia Statement No. 10-RJ, p. 2; I&E Statement No. 1-SR, p. 49.)

10. I&E witness Mr. Cline recommended that the Company provide certain updates to Exhibit No. 108, as described on pages 3-4 of I&E Statement No. 3, which the Company did not oppose. (I&E Statement No. 3, pp. 3-4.)

11. Prorating the customer charge would reduce pro forma revenues at present rates by over \$1.2 million, which would increase revenue requirement by that amount, and would result in a \$4.3 million reduction to unbilled revenue. (Columbia Statement No. 3-R, pp. 2, 5-6.)

12. Columbia’s current residential customer charge is \$16.75 per month. (Columbia Statement No. 6, p. 23.)

13. Columbia did not propose to change the currently effective Gas Procurement Charge. (Columbia Statement No. 6, pp. 41-42; Columbia Exhibit KLJ-6).

14. Columbia proposed a Merchant Function Charge of \$0.0474 per Dth for residential customers and \$0.01385 per Dth for non-residential customers, which was unopposed. (Columbia Exhibit No. JLS-1.)

15. The Residential Energy Efficiency Plan is applicable to residential customers excluding customers participating in the Company’s Customer Assistance Program. (Columbia Statement No. 12, pp. 7-9.)

16. As of the end of 2021, Columbia had Low-Income Usage Reduction Program (“LIRUP”) carry-over funds of \$3,857,244. (Columbia Statement No. 13, p. 10.)

17. Columbia has identified first generation plastic pipe as a top ten risk in its Distribution Integrity Management Plan (“DIMP”). (Columbia Statement No. 14-R, pp. 6-8.)

18. In order to maintain a cost-effective pipeline replacement approach, once a particular segment or segments have been identified for replacement, Columbia’s engineers examine surrounding pipelines, and define the project area based upon various criteria, including age and condition, leakage history, material type, operating pressures, planned municipal street improvements and other factors. (Columbia Statement No. 14-R, p. 7.)

19. The Company’s next Long Term Infrastructure Improvement Plan is scheduled to be filed in the second quarter of 2022. (Columbia Statement No. 14, pp. 12-13.)

20. The number of rate codes available to natural gas suppliers through Columbia’s billing system is not unlimited. (Columbia Statement No. 18-R, pp. 4-5.)

21. Most of the current confirmation process for the five gas day scheduling cycles is a manual process performed by Columbia employees. (Columbia Statement No. 19-R, p. 6.)

APPENDIX C

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

**BUREAU OF INVESTIGATION AND ENFORCEMENT
STATEMENT IN SUPPORT OF
JOINT PETITION FOR PARTIAL SETTLEMENT
OF RATE INVESTIGATION**

I. INTRODUCTION

The Bureau of Investigation and Enforcement ("I&E") of the Pennsylvania Public Utility Commission ("Commission"), by and through its Prosecutor Erika L. McLain, hereby submits that the terms and conditions of the foregoing *Joint Petition For Partial Settlement* ("Joint Petition" or "Settlement") are in the public interest and represent a reasonable and equitable balance of the interests of Columbia Gas of Pennsylvania, Inc. ("Columbia" or "Company"), Columbia's customers, and the parties to the Settlement Agreement. The parties have conducted extensive formal and informal discovery and have participated in numerous settlement conferences. The extensive and open discussions culminated in the attached Settlement Agreement. I&E requests approval of the Joint Petition based on I&E's determination that the Partial Settlement Agreement meets all the legal and regulatory standards necessary for approval. "The prime determinant in the consideration of a proposed Settlement is whether or not it is in the

public interest."¹ The Commission has recognized that a settlement "reflects a compromise of the positions held by the parties of interest, which, arguably fosters and promotes the public interest."² As a product of negotiation and compromise between multiple parties, this Partial Settlement Agreement reflects concessions from Columbia's original rate request. Accordingly, the Bureau of Investigation and Enforcement believes that the terms and conditions of the Joint Petition are in the public interest.

II. STANDARDS FOR APPROVAL OF SETTLEMENT

A. Legal Landscape on Public Utilities

A business may acquire "public utility status" when that business is the sole organization that maintains the infrastructure utilized in providing an essential service to the public for compensation.³ As duplicating the vast and costly fixed physical infrastructure (e.g., substations, poles, lines, etc.) and allowing multiple businesses to provide the essential service would be wasteful, the public utility obtains a natural monopoly as the sole service provider in the extended geographic service territory.⁴ In order to protect consumers, the public utility's rates and services are regulated.⁵ Price regulation strives to replicate the results of effective competition.⁶

As a public utility, a natural gas distribution company ("NGDC") shall provide just and reasonable rates to customers receiving service in the Commonwealth of

¹ *Pennsylvania Public Utility Commission v. Philadelphia Electric Company*, 60 PA PUC 1, 22 (1985).

² *Pennsylvania Public Utility Commission v. CS Water and Sewer Associates*, 74 PA PUC 767, 771 (1991).

³ James C. Bonbright, *Principles of Public Utility Rates*, Columbia University Press: New York (1961), at 3-14; 66 Pa. C.S. § 102.

⁴ *See id.*; 66 Pa. C.S. § 2802 (it is in the public interest for the distribution of electricity to be regulated as a natural monopoly by the Commission).

⁵ *See id.*; 66 Pa. C.S §§ 1301, 1501.

⁶ *See Cantor v. Detroit Edison*, 428 U.S. 579, 595-6, fn. 33 (1976).

Pennsylvania.⁷ A public utility is entitled to a rate that allows it to recover those expenses that are reasonably necessary to provide service to its customers and allows the utility an opportunity to obtain a reasonable rate of return on its investment.⁸ A public utility shall also provide safe and reliable service by furnishing and maintaining adequate facilities and reasonable services and by making the necessary improvements thereof.⁹

B. I&E's Role

Through its bureaus and offices, the Commission has the authority to take appropriate enforcement actions that are necessary to ensure compliance with the Public Utility Code and Commission regulations and orders.¹⁰ The Commission established I&E to serve as the prosecutory bureau to represent the public interest in ratemaking and utility service matters, and to enforce compliance with the Public Utility Code.¹¹ By representing the public interest in rate proceedings before the Commission, I&E works to balance the interest of customers, utilities, and the regulated community as a whole to ensure that a utility's rates are just, reasonable, and nondiscriminatory.¹²

C. History of the Proceeding

On March 18, 2022, Columbia Gas of Pennsylvania, Inc. (“Columbia” or “Company”) filed Supplement No. 337 to Columbia’s Gas Service Tariff – Pa. P.U.C. No. 9 (“Supplement No. 337”) in which Columbia seeks an increase in annual distribution revenues of \$82.2 million, to become effective May 17, 2022.

⁷ 66 Pa. C.S. §§ 102, 1301; *Federal Power Comm 'n v. Hope Natural Gas Co.*, 320 U.S. 591, 602-603 (1944).

⁸ *City of Lancaster v. Pa. P.U.C.*, 793 A.2d 978, 982 (Pa. Cmwlth. 2002); *see Hope*, 320 U.S. at 602-603.

⁹ 66 Pa. C.S. § 1501.

¹⁰ Act 129 of 2008, 66 Pa. C.S. § 308.2(a)(J I); 66 Pa. C.S. §§ 101 *et seq.*; 52 Pa. Code §§ 1.1 *et seq.*

¹¹ *Implementation of Act 129 of 2008; Organization of Bureaus and Offices*, Docket No. M-2008-2071852 (Order entered August 11, 2011).

¹² *See* 66 Pa. C.S. §§ 1301, 1304.

On March 22, 2022, the Bureau of Investigation and Enforcement (“I&E”) filed a Notice of Appearance. The Office of Small Business Advocate (“OSBA”) filed a Notice of Appearance, Public Statement and formal Complaint on March 28, 2022. The Office of Consumer Advocate (“OCA”) filed a Notice of Appearance, Public Statement, and formal Complaint on April 5, 2022, and Petitions to Intervene were filed by the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”), the Pennsylvania Weatherization Provider’s Task Force, Inc. (“PWPTF”), and the Retail Energy Supply Association, Shipley Choice, LLC, and NRG Energy, Inc. (“RESA/NRG Parties”). The Pennsylvania State University (“PSU”) filed a formal Complaint on April 15, 2022, Columbia Industrial Intervenors (“CII”) filed a formal Complaint on April 27, 2022, and Richard C. Culbertson filed a formal Complaint on April 28, 2022.

On April 14, 2022, the Commission issued an Order suspending Columbia’s filing by operation of law until December 17, 2022.

On April 20, 2022, Administrative Law Judge Christopher P. Pell (“ALJ Pell”) issued a Prehearing Conference Order scheduling a telephonic prehearing conference on April 29, 2022.

A telephonic prehearing conference was held on April 29, 2022 with ALJ Pell presiding. The Parties agreed upon a procedural schedule in this matter which was presented to ALJ Pell at the prehearing conference. On May 3, 2022, ALJ Pell and Administrative Law Judge John Coogan¹³ (“ALJ Coogan”) issued a Prehearing Order that memorialized the agreed upon procedural schedule along with discovery modifications.

¹³ ALJ Coogan was assigned to co-preside in this matter on May 2, 2022.

A total of four telephonic Public Input Hearings were scheduled to take place, two on May 31, 2022 scheduled for 1:00 p.m. and 6:00 p.m. and two on June 1, 2022 scheduled for 1:00 p.m. and 6:00 p.m. The ALJs were notified prior to the Public Input Hearings that no witnesses had signed up to testify at either 1:00 p.m. hearing and both 1:00 p.m. Public Input Hearings were cancelled. At the 6:00 p.m. Public Input Hearing on June 1, 2022, two Columbia customers testified.

Pursuant to the procedural schedule set forth by ALJ Pell and ALJ Coogan's Prehearing Order, the parties exchanged direct, rebuttal, surrebuttal, and written rejoinder testimony. I&E served the following statements of testimony and exhibits:

- I&E Statement No. 1 (Proprietary), I&E Statement No. 1 (Non-Proprietary), I&E Exhibit No. 1 (Proprietary), I&E Exhibit No. 1 (Non-Proprietary), I&E Statement No. 1-R, I&E Exhibit No. 1-R, I&E Statement No. 1-SR (Proprietary), and I&E Statement No. 1-SR (Non-Proprietary) the prepared direct, rebuttal and surrebuttal testimony and exhibits of I&E witness D.C. Patel, who addressed the Company's operating and maintenance expenses, and overall revenue requirement;
- I&E Statement No. 2, I&E Exhibit No. 2 and I&E Statement No. 2-SR, the prepared direct and surrebuttal testimony and exhibit of I&E witness Christopher Keller, who addressed the Company's rate of return request;
- I&E Statement No. 3, I&E Exhibit No. 3, I&E Statement No. 3-R and I&E Statement No. 3-SR the prepared direct, rebuttal and surrebuttal testimony and exhibit of I&E witness Ethan H. Cline, who addressed the Company's rate base and rate structure requests; and
- I&E Statement No. 4, I&E Exhibit No. 4, and I&E Statement No. 4-SR, the prepared direct and surrebuttal testimony and exhibit of I&E witness Tyler Merritt, who addressed the Company's pipeline safety issues.

An evidentiary hearing took place on August 3, 2022. The parties attended the telephonic evidentiary hearing to enter evidence into the record. All cross-examination was waived by the parties except for Columbia witness Djukic who was cross-examined by the RESA/NGS Parties. The evidentiary hearings on August 2, 2022 and August 4, 2022 were

cancelled. On August 17, 2022, Counsel for Columbia Gas informed the ALJs via electronic mail that an agreement in principle had been reached by all active parties, excluding Mr. Culbertson, on all issues excluding revenue allocation and rate design. On August 19, 2022, Counsel for Columbia Gas informed the ALJs via electronic mail that all active parties, excluding the Office of Small Business Advocate and Mr. Culbertson, have reached an agreement in principle to resolve the allocation of the negotiated rate increase among the customer classes.

On August 23, 2022, I&E, Columbia, Penn State, OSBA, and Richard C. Culbertson filed Main Briefs on issues reserved for litigation.

III. SPECIFIC SETTLEMENT TERMS

A. Revenue Requirement

Reasonableness of Revenue Allowance (§ 24)

The Settlement Agreement provides for an increase of a \$44.5 million to the Company's annual overall revenue. This increase is \$37.7 million less than the \$82.2 million initially requested by Columbia, or a reduction of approximately 46% of the amount requested. I&E agreed to settlement in the amount of \$44.5 million only after I&E conducted an extensive investigation of Columbia's filing and related information obtained through the discovery process to determine the amount of revenue Columbia needs to provide safe, effective, and reliable service to its customers. The additional revenue in this proceeding is base rate revenue and has been agreed to in the context of a "Black Box" settlement with limited exceptions. The prior Chairman of the Commission has explained that black box settlements are beneficial in this context because of the difficulties in reaching an agreement on each component of a company's revenue

requirement calculation, when he stated, the "[d]etermination of a company's revenue requirement is a calculation that involves many complex and interrelated adjustments affecting revenue, expenses, rate base and the company's cost of capital. To reach an agreement on each component of a rate increase is an undertaking that in many cases would be difficult, time-consuming, expensive and perhaps impossible. Black box settlements are an integral component of the process of delivering timely and cost-effective regulation."¹⁴

This increased level of "Black Box" revenue adequately balances the interests of ratepayers and Columbia. Columbia will receive sufficient operating funds in order to provide safe and adequate service while ratepayers are protected as the resulting increase minimizes the impact of the initial request. Mitigation of the level of the rate increase benefits ratepayers and results in 'just and reasonable rates' in accordance with the Public Utility Code, regulatory standards, and governing case law.¹⁵

State Income Tax (§ 25)

The Settlement Petition makes clear that the state income tax in this proceeding will be set at 8.99%. The Company will reflect subsequent state tax adjustments to the state income tax rate for post-2023 tax years through the Company's State Tax Adjustment Surcharge or future base rate proceedings. This term memorializes the changes made by Act 53 to lower the corporate net income tax rate to 8.99% in 2023.

¹⁴ See, Statement of Commissioner Robert F. Powelson, *Pennsylvania Public Utility Commission v. Wellsboro Electric Company*, Docket No. R-2010-2172662. See also, Statement of Commissioner Robe11 F. Powelson, *Pennsylvania Public Utility Commission v. Citizens' Electric Company of Lewisburg, PA*, Docket No. R-2010- 2172665.

¹⁵ 66 Pa. C.S. § 1301.

Distribution System Improvement Charge (“DSIC”) (§ 26)

The Settlement addresses Columbia’s eligibility to include plant additions in the DSIC upon attaining total FPFTY plant in service of \$4,061,081,498 as projected by Columbia at December 31, 2023 per Exhibit No. 108, Schedule 1. For purposes of calculating its DSIC, Columbia shall use the equity return rate for gas utilities contained in the Commission’s most recent Quarterly Report on the Earnings of Jurisdictional Utilities and shall update the equity return rate each quarter consistent with any changes to the equity return rate for gas utilities contained in the most recent Quarterly Earnings report, consistent with 66 Pa. C.S. § 1357(b)(3), until such time as the DSIC is reset pursuant to the provisions of 66 Pa. C.S. § 1358(b)(1).

I&E avers that the provisions related to the DSIC are in the public interest and benefits both Columbia and its ratepayers. Columbia benefits because it will have access to DSIC funding for necessary infrastructure improvements which helps to ensure Columbia is able to meet its obligation to provide its customers with safe and reliable service. Customers will benefit from the assurance that improved infrastructure will facilitate safe and reliable service.

Tax Repair Allowance and Mixed Service Cost Normalization Treatment (§§ 28-29)

Columbia, through the Settlement, agrees to continue to use normalization accounting with respect to the benefits of the tax repairs deduction and tax treatment of Section 263A mixed service costs. These items originated from previous settlements and are simply memorialized in the instant Settlement.

Amortizations (¶ 30)

Blackhawk Storage

This term simply memorializes the Columbia’s commitment made in a previous base rate proceeding.

Other Post-Employment Benefits (“OPEB”) Expense

This term simply memorializes the Columbia’s commitment made in a previous base rate proceeding.

Pension Prepayment

This term simply memorializes the Columbia’s commitment made in a previous base rate proceeding.

COVID-19 Related Uncollectible Accounts Expense

This term simply memorializes the Columbia’s commitment made in a previous base rate proceeding.

OPEBs (¶¶ 31-32)

This term simply memorializes the Columbia’s commitment made in a previous base rate proceeding.

Reporting on Actual Capital Expenditures, Plant Additions, and Retirements (¶ 33)

On or before April 1, 2023, Columbia agrees to provide the Commission’s Bureau of Technical Utility Services (“TUS”), I&E, OCA, and OSBA an update to Columbia Exhibit No. 108, Schedule 1, which will include actual capital expenditures, plant additions, and retirements by month for the twelve months ending December 31, 2022 or Columbia’s Future Test Year (“FTY”). On or before April 1, 2024, Columbia agrees to provide the same update for its Fully Projected Future Test Year (“FPFTY”) ending December 31, 2023. In its

next base rate proceeding, Columbia will prepare a comparison of its actual revenue, expenses and rate base additions for the twelve months ended December 31, 2023.

The updates to Columbia Exhibit 108, Schedule 1 are important because there is value in determining how closely Columbia's projected investments in future facility comport with actual investments that are made by the end of the FTY and FPFTY. Furthermore, determining the correlation between Columbia's projected and actual results will help inform the Commission and the parties in Columbia's future rate cases as to the validity of Columbia's projections. I&E avers this term is within the public interest as it allows the parties and Commission to compare actual numbers to the Company's projections to gauge the accuracy of Columbia's projected investments in future proceedings.

Future Debt Issuances (§ 34)

In the Settlement, Columbia agrees to preserve and provide to I&E, OCA, and OSBA as a part of its next base rate case the following: (1) all documentation supporting debt issued between this base rate case and the next base rate case; and (2) for each issuance the prevailing yield on U.S. utility bonds as reported by Bloomberg Finance L.P. for companies with a credit risk profile equivalent to that of NiSource Inc. This term was part of the 2018 Columbia base rate case settlement as a result of I&E's recommendation in that proceeding as such I&E believes this term is within the public interest.

B. Energy Efficiency and Conservation (§§ 40-42)

Columbia's proposed Residential Energy Efficiency ("EE") program is approved as a three-year pilot, with actual, incurred costs not to exceed \$4,000,000 recovered through Rider EE. In addition, Columbia agrees to a collaborative with the parties to discuss the scope of the program. This term reflects a compromise between the Settling Parties as it

allows Columbia to begin its proposed program as a pilot but allows the Parties the opportunity to review the data connected to the pilot to gauge its effectiveness. I&E submits that the three-year timeframe with its cost limit component places reasonable parameters on Columbia's program and is therefore in the public interest.

C. Low Income Usage Reduction Program (¶¶ 43-44)

I&E has no specific comments on the Low Income Usage Reduction Program terms contained in the Settlement.

D. Hardship Fund (¶ 45)

I&E has no specific comments on the Hardship Fund terms contained in the Settlement.

E. Customer Assistance Program (¶ 46)

I&E has no specific comments on the Customer Assistance Program terms contained in the Settlement.

F. Weatherization Partners (¶ 46)

I&E has no specific comments on the Weatherization Partners terms contained in the Settlement.

G. Long Term Infrastructure Improvement Plan (¶ 48)

Columbia's currently-effective Long Term Infrastructure Improvement Plan ("LTIIIP") is set to expire on December 31, 2022. Prior to the expiration of its current LTIIIP, Columbia will seek approval of a new LTIIIP with a proposed effective date of January 1, 2023. Through this Settlement, Columbia agrees to meet with the I&E's Pipeline Safety to preview the filing and seek Pipeline Safety's input and to discuss the issues raised in I&E witness Merritt's testimony in this base rate proceeding. Moreover, all parties reserve the

right to intervene and participate in that proceeding and any other proceeding. Columbia will also provide an estimation of the rate impact of LTIP-eligible investments over the approved LTIP period as part of the LTIP filing.

This term is important to I&E as witness Merritt indicated Pipeline Safety's concern regarding Columbia's pipeline replacement progress.¹⁶ In particular, witness Merritt focused on the replacement of bare steel and cast iron pipe in relation to the goals stated in the Company's current LTIP.¹⁷ This term will allow Pipeline Safety to preview Columbia's filing prior to its submission to the Commission so that issues addressed by witness Merritt can potentially be resolved in that proceeding. Columbia's commitment to meeting with members of Pipeline Safety to discuss issues addressed by I&E witness Merritt in this proceeding will help the Company to understand and implement replacement efforts that will alleviate safety concerns within its next LTIP filing. As this term fosters the collaboration of the Commission's Safety Division and the Company before the filing of its next LTIP, I&E submits this term is within the public interest.

H. Natural Gas Supplier Issues (§§ 49-51)

I&E has no specific comments on the Natural Gas Supplier terms contained in the Settlement.

IV. CONCLUSION

Based on I&E's analysis of the base rate revenue increase requested by Columbia Gas of Pennsylvania, Inc., acceptance of this proposed Joint Petition is in the public interest. Resolution of these issues by settlement rather than continued litigation will avoid the additional time and expense involved in formally pursuing all issues in this

¹⁶ I&E St. No. 4.

¹⁷ I&E St. No. 4, pp. 14-18.

proceeding. Increased litigation expenses may have impacted the increase in revenue agreed to in the Joint Petition. As litigation of this rate case is a recoverable expense, curtailment of these charges is in the public interest.

I&E further submits that acceptance of the foregoing Partial Settlement Agreement will negate the need to engage in additional litigation including the preparation of Main Briefs, Reply Briefs, Exceptions and Reply Exceptions. The avoidance of further rate case expense by settlement of these provisions in this Base Rate Investigation proceeding best serves the interests of Columbia and its customers.

The Partial Settlement Agreement is conditioned upon the Commission's approval of all terms and conditions contained therein and should the Commission fail to approve or otherwise modify the terms and conditions of the Partial Settlement, the Joint Petition may be withdrawn by I&E or any of the signatories.

I&E agrees to settle the disputed issue as to the proper level of additional base rate revenue through a "Black Box" agreement with limited exceptions. I&E's agreement to settle this case is made without any admission or prejudice to any position that I&E might adopt during subsequent litigation or in the continuation of this litigation in the event the Settlement is rejected by the Commission or otherwise properly withdrawn by any of the Joint Petitioners.

If the ALJs recommend that the Commission adopt the Partial Settlement Agreement as proposed, I&E has agreed to waive the right to file Exceptions with respect to the agreed upon terms in the Partial Settlement Petition. However, I&E has not waived its rights to file Exceptions with respect to any modifications to the terms and conditions of the Partial Settlement Agreement, or any additional matters, that may

be proposed by the presiding officer in his Recommended Decision. I&E also reserves the right to file Reply Exceptions to any Exceptions that may be filed by any active party to this proceeding.

WHEREFORE, the Commission's Bureau of Investigation and Enforcement supports the *Joint Petition for Partial Settlement* as being in the public interest and respectfully requests that Deputy Chief Administrative Law Judge Christopher P. Pell and Administrative Law Judge John M. Coogan recommend, and the Commission subsequently approve, the foregoing Partial Settlement Agreement, including all terms and conditions contained therein.

Respectfully submitted,



Erika L. McLain
Prosecutor
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Bureau of Investigation and Enforcement
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APPENDIX D

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	Docket Nos.	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.

**STATEMENT IN SUPPORT OF THE
JOINT PETITION FOR PARTIAL SETTLEMENT
OF THE OFFICE OF CONSUMER ADVOCATE**

The Office of Consumer Advocate (OCA), one of the signatory parties to the Petition for Partial Settlement of Columbia Gas of Pennsylvania, Inc.’s (Columbia or the Company) Rate Investigation (“Partial Settlement”), finds the terms and conditions of the Partial Settlement to be in the public interest for the following reasons:

I. INTRODUCTION

On March 18, 2022, Columbia filed Supplement No. 337 to Tariff Gas – Pa. P.U.C. No. 9 (Supplement No. 337 or “base rate filing”) with the Pennsylvania Public Utility Commission (Commission) to become effective May 17, 2022. The Company, by filing this tariff supplement, sought Commission approval to make changes to Columbia’s rates, rules, and regulations.

In the base rate filing, Columbia requested an increase in annual distribution revenues of \$82.2 million. Under Columbia’s filing, the total monthly bill for residential customers using 70 therms per month would increase from \$123.24 to \$135.67 per month, or by 10.09%. Columbia

also proposed an increase in the residential customer charge from \$16.75 to \$25.47. The Company serves approximately 440,000 residential, commercial, and industrial customers in portions of 26 counties in western, northwestern, southern, and central Pennsylvania.

On April 5, 2022, the OCA filed a Formal Complaint and Public Statement in this proceeding to protect the interests of Columbia's customers and to ensure that Columbia is permitted to implement only a level of rates that is just and reasonable and in accordance with sound ratemaking principles. The Commission's Bureau of Investigation and Enforcement (I&E) filed a Notice of Appearance on March 22, 2022. On March 28, 2022, the Office of Small Business Advocate (OSBA) filed a Formal Complaint, Public Statement, and Verification in this proceeding. On April 11, 2022, the Retail Energy Supply Association (RESA), Shipley Choice, LLC and Interstate Gas Supply, Inc. (collectively RESA/NGS Parties) filed a Petition to Intervene. The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA) filed a Petition to Intervene and Answer on April 12, 2022. The Pennsylvania Weatherization Providers Task Force, Inc. (PA Task Force) filed a Petition to Intervene on April 8, 2022. Pennsylvania State University (PSU) filed a Formal Complaint on April 15, 2022. On April 27, 2022, Columbia Industrial Interveners (CII) filed a Formal Complaint. The Natural Resources Defense Council filed a Petition to Intervene on April 27, 2022. Individual Formal Complaints were also filed by Richard C. Culbertson, Constance Wile, and Jose Serrano.

On April 14, 2022, the Commission entered 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 suspending the effective date of Supplement No. 337 until December 17, 2022, by operation of law.

On April 26, 2022, Columbia filed Tariff Supplement No. 343 to Tariff Gas Pa PUC No. 9, which proposed to add a new “Green Path Rider” to Columbia’s Tariff. That same day, Columbia filed its Motion to Consolidate Columbia Gas of Pennsylvania Inc.’s Proposed Tariff Modifications for Inclusion of the Green Path Rider with the Base Rate Case Filed Pursuant to 66 Pa.C.S. § 1308 at Docket No. R-2022-3031211. Tariff Supplement No. 343 to Tariff Gas Pa PUC No. 9 was docketed at R-2022-3032167. The OCA and other parties opposed the Motion to Consolidate.

The Commission assigned the case to the Office of Administrative Law Judge (OALJ) and further assigned to Chief Deputy Administrative Law Judge Christopher Pell and Administrative Law Judge John Coogan (ALJs). A telephonic prehearing conference was held on April 29, 2022. On May 12, 2022, the ALJs denied Columbia’s motion to consolidate the Green Path Rider with the base rate filing.

After full exchange of testimony and discovery over several months, that parties had a series of discussions related to resolving the rate increase filing. As a result of these discussions, the signatory parties were able to reach this Partial Settlement based on the terms and conditions set forth herein.¹

As discussed below, the OCA submits that the Partial Settlement is in is in the public interest as it resolves the case in a manner that is likely more favorable to consumers than if the case had been fully litigated. For the reasons outlined more fully below, that Partial Settlement should be adopted.

II. STANDARDS FOR APPROVAL OF SETTLEMENT

¹ The Partial Settlement has been agreed to by all of the active parties to the proceeding with the exception of Mr. Richard Culbertson, an individual complainant.

The Commission encourages parties in contested on-the-record proceedings to settle cases. See 52 Pa. Code § 5.231. A settlement, by definition, reflects a compromise of the parties' positions. When active parties in a proceeding reach a settlement, the principal issue for Commission consideration is whether the settlement serves the public interest. Pa. Public Utility Commission v. CS Water and Sewer Associates, 74 Pa. PUC 767, 711 (1991); Pa. Public Utility Commission v. Philadelphia Electric Company, 60 Pa. PUC 1, 21 (1985).

Based on the OCA's analysis of the Company's filing, discovery responses received, and testimony by all parties, the revenue increase under the Partial Settlement represents a result that would be within the range of likely outcomes in the event of full litigation of the case. While the OCA is mindful that any increase in costs for consumers is difficult under the current circumstances, the negotiated increase is far lower than what was requested by Columbia and, is of an amount that is in the public interest, particularly when accompanied by other important conditions contained in the Partial Settlement. The increase agreed to in the Partial Settlement provides adequate funding to allow the Company to continue to provide safe, adequate, reliable, and continuous service. The Partial Settlement also contains other provisions that address the residential customer charge, universal service, and energy conservation. As such, the OCA submits that the Partial Settlement is in the public interest and should be approved by the Commission.

III. SPECIFIC SETTLEMENT TERMS

A. REVENUE REQUIREMENT (PARTIAL SETTLEMENT ¶¶ 24-32).

1. Reasonableness of Revenue Allowance.

In its filing, the Company proposed to increase its total operating revenues by \$82.2 million per year above current rates. Partial Settlement ¶ 2. After reviewing the Company's filing, OCA witness Lafayette Morgan recommended a total revenue decrease of approximately \$16.4 million in his direct testimony. OCA St. No. 1 at 5-6. In Surrebuttal Testimony, Mr. Morgan modified his

recommendation of a revenue decrease to approximately \$15.1 million. OCA St. No. 1-SR at 2. The major adjustments recommended by Mr. Morgan in his testimony concerned the Company's FPFTY plant in service claim, Columbia's additional ratemaking claim of \$14 million in operating and maintenance expense beyond the Company's 2023 approved budget, payroll expense claim for post-FPFTY increases, incentive compensation, outside services expense, and other ratemaking adjustments. Mr. Morgan's revenue requirement recommendation also factored in the cost of capital recommendation of OCA witness David J. Garrett. OCA witness Garrett contested the Company's request for a 11.20% return on equity and an overall return of 8.08%. Mr. Garrett recommended that rates be set based upon an adjusted capital structure, an 8.75% return on equity, and an overall return of 6.53%. OCA St. No. 2 at 4. The most significant drivers of the difference between the OCA's recommended revenue decrease and the Company's requested revenue increase was a difference of view about the appropriate return on equity and capital structure for the company. The OCA believes that its litigation position was supported by the facts and evidence, significant uncertainty existed concerning the outcome that would result in litigation, particularly in light of the evidence and testimony submitted by the other parties in this proceeding including the Company and the Bureau of Investigation and Enforcement.

Under the Partial Settlement, Columbia will be permitted a total annual revenue increase of \$44.5 million over current base rates based upon the pro forma level of operations for the twelve months ending December 31, 2023. Partial Settlement ¶ 21. The overall increase allowed by the Partial Settlement is \$43.7 million less than the amount originally requested by the Company.

The Partial Settlement further specifies that the state income tax rate reflected in the settlement revenue requirement is 8.99%. Partial Settlement ¶ 23. During the rate proceeding, a change in Pennsylvania law resulted in a schedule of decreases to the Pennsylvania Corporate Net

Income Tax (CNIT) rate, starting with the 2023 tax year. The Partial Settlement reflects the reduced 2023 tax year rate of 8.99%. Subsequent state tax rate adjustments for the post-2023 tax year will be addressed through the Company's State Tax Adjustment Surcharge tariff. Id. The clarity produced by this term will allow for future adjustments to the CNIT to flow through to customers automatically each year.

In general, the Partial Settlement represents a "black box" approach to all individual revenue requirement issues. Black box settlements avoid the need for protracted disputes over the merits of individual revenue adjustments, costs of capital and returns on equity. It also avoids the need for a diverse group of stakeholders to attempt to reach a consensus on a variety of financial numbers. OCA Witness Morgan made multiple adjustments to the Company's revenue allowance as detailed above. The OCA submits, however, that it is unlikely that the parties would have been able to reach a consensus on each of the disputed accounting and ratemaking issues raised in this matter, as policy and legal positions can differ widely. As such, the parties have not specified a dollar amount for each issue or adjustment raised in this case. Attempting to reach an agreement regarding each adjustment in this proceeding would likely have prevented any settlement from being reached.

Based on an analysis of the Company's filing, discovery responses received, and testimony by all parties, the revenue increase under the Partial Settlement represents a result that would be within the range of likely outcomes in the event of full litigation of this case. While the OCA's position in litigation would have resulted in a revenue decrease, this diverged significantly from the positions of many of the other parties in the case and thus the range of litigation outcomes varied significantly. When coupled with the other gains achieved in the settlement, the increase is reasonable and yields a result that is in the public interest. As such, the OCA submits that the

increase agreed to in this Partial Settlement is in the public interest, is in the interest of the Company's ratepayers, and should be approved by the Commission.

2. Distribution System Improvement Charge ("DSIC") (Partial Settlement ¶¶ 26-27).

Under the Partial Settlement, as of the effective date of rates in this proceeding, Columbia will be eligible to include plant additions in the DSIC once eligible account balances exceed the levels projected by Columbia at December 31, 2023. Partial Settlement ¶ 26. The Partial Settlement further indicates that when Columbia recalculates its DSIC, Columbia shall use the equity return for gas utilities contained in the Commission's Quarterly earnings Report. Partial Settlement ¶ 27.

3. Tax Repair Allowance and Mixed Service Cost Normalization Treatment (Partial Settlement ¶¶ 28-29).

After a review of the Company's proposal, and subsequent discovery, the OCA did not oppose the Company's position on this issue.

4. Amortizations.

i. Blackhawk Storage (Partial Settlement ¶ 30(i))

As part of the Partial Settlement, Columbia will be permitted to continue to recover the amortization of costs related to Blackhawk Storage. Partial Settlement ¶ 30(i). The Partial Settlement provides that the Company will continue to utilize the previously-approved 24.5 year amortization of the total amount of \$398,865 to be included on books and in rate base as a regulatory asset to reflect the total original cost that began on October 28, 2008. Partial Settlement ¶ 30(i). After a review of the Company's proposal, and subsequent discovery, the OCA did not oppose the Company's position on this issue.

ii. Other Post-Employment Benefits ("OPEB") Expense (Partial Settlement ¶ 24-ii.)

As part of the Partial Settlement, Columbia will be permitted to continue to recover the remaining balance of the ten-year amortization of costs related to Corporate Services OPEB-Related Costs. Partial Settlement ¶ 30 (ii). The ten-year period began July 1, 2013 and would conclude in 2023. The Partial Settlement provides that the remaining balance be spread over 12 months. The provision addresses a previously established amortization and treatment of the last remaining balance. The OCA supports this clarification.

iii. Pension Prepayment (Partial Settlement ¶ 30(iii))

As part of the Partial Settlement, Columbia will be permitted to continue to recover the amortization of costs related to Pension Prepayment. Partial Settlement ¶ 24. The Partial Settlement provides that the Company will continue to utilize the previously approved ten year amortization of the total amount of \$8,449,772 that began on December 16, 2018. Partial Settlement ¶ 30(iii). After a review of the Company's proposal, and subsequent discovery, the OCA did not oppose the Company's position on this issue.

iv. COVID-19 Related Uncollectible Accounts Expense (Partial Settlement ¶ 30(iv))

Under the terms of the Partial Settlement, Columbia will be permitted to recover \$2,832,363 of deferred COVID-19 related Uncollectibles Accounts Expense through an amortization. The \$2,832,363 amount is the balance after adjustment for a billing charge-off and reduction for expensed amounts already recovered. The amortization shall be over a four-year period beginning January 1, 2023 providing for annual recovery of \$708,091. Partial Settlement ¶ 30(iv). The Company agrees to cease the recording of any increases to the deferral and to provide an accounting of the yearly amortization in the next base rate filing. Id. The provision defines the amount and plan for recovery of COVID-19 related Uncollectibles Accounts Expense, is in the public interest, and should be accepted by the Commission.

5. OPEBs (Partial Settlement ¶¶ 31-32).

As part of the Partial Settlement, Columbia will be permitted to continue to defer the difference between the annual OPEB expense calculated pursuant to GASB Accounting Standards Codification 715 (Compensation – Retirement Benefits) and the annual OPEB expense allowance in rates (which is \$0). Partial Settlement ¶¶ 31-32. After a review of the Company’s proposal, and subsequent discovery, the OCA did not oppose the Company’s position on this issue

6. Reporting on Actual Capital Expenditures, Plant Additions, and Retirements (Partial Settlement ¶ 33).

Under the terms of the Partial Settlement, Columbia will provide the Commission’s Bureau of Technical Utility Services (“TUS”), I&E, OCA and OSBA an update to Columbia Exhibit No. 108, Schedule 1, which will include actual capital expenditures, plant additions, and retirements by month for the twelve months ending December 31, 2022. Partial Settlement ¶ 33. In Columbia’s next base rate proceeding, the Company will prepare a comparison of its actual revenue, expenses and rate base additions for the twelve months ended December 31, 2022. *Id.* This provision ensures that the statutory advocates and the Commission receive updated information on the Company’s actual expenditures. As such, the OCA submits that providing the statutory advocates and TUS with an update in order to provide actual capital expenditures, plant additions, and retirements by month for 2022 is in the public interest.

7. Future Debt Issuances (Partial Settlement ¶ 34).

Under the terms of the Partial Settlement, Columbia will preserve and provide to I&E, OCA and OSBA as a part of its next base rate case the following: (1) all documentation supporting debt issued between this base rate case and the next base rate case; and (2) for each issuance the prevailing yield on U.S. utility bonds as reported by Bloomberg Finance L.P. for companies with a credit risk profile equivalent to that of NiSource Inc. Partial Settlement ¶ 34. The Partial

Settlement provision ensures that the statutory advocates and the Commission receive information concerning the Company's debt and debt risk for the next base rate case. As such, the OCA submits that the provision of this documentation is in the public interest and should be approved by the Commission.

B. RATE DESIGN

1. Residential Customer Charge (Partial Settlement ¶¶ 36, 38).

The Partial Settlement provides that the Residential customer charge will not increase. Partial Settlement ¶ 36. In its filing, the Company requested that the residential customer charge increase from \$16.75 per month to \$25.47 per month. The OCA opposed any increase to the customer charge as Columbia's current customer charge remains among the highest among natural gas distribution companies in Pennsylvania. OCA St. No. 3 at 13-14. Additionally, as testified by OCA witness Colton, increasing the residential customer charge would have a disproportionate impact on lower income customers. OCA St. No. 4 at 5-14. Consistent with the OCA's position, under the terms of the proposed Partial Settlement, the residential customer charge will remain at the current level of \$16.75 per month. Partial Settlement ¶ 36. This provision benefits all Columbia residential customers and is in the public interest.

The Partial Settlement also provides that Columbia will maintain its current method of collecting the full monthly customer charge from all customers, including residential customers, in the month when service begins and service ends. Partial Settlement ¶ 38. The Partial Settlement expressly reserves the right of OCA and other parties to address this practice in future base rate cases. *Id.*

2. Other Charges and Riders (Partial Settlement ¶¶ 37-39)

Under the terms of the Partial Settlement, the Company shall continue to maintain and provide to the OCA, I&E and OSBA by October 1 of each year all reports and records supporting

the operation of its WNA for the preceding year, including the Company's monthly computation of the WNA and all data underlying the Company's monthly WNA computation. Partial Settlement ¶37.

The Company also proposed a Revenue Normalization Adjustment (RNA) rider which has been withdrawn without prejudice under the terms of the Partial Settlement. Partial Settlement ¶ 39. In Direct Testimony, OCA witness Mierzwa testified that the RNA was neither needed nor reasonable :

Columbia's current system of rates and charges, which include fixed monthly customer charges, a Purchased Gas Adjustment mechanism, a Weather Normalization Adjustment, and a Distribution System Improvement Charge, provide for revenue stability and Columbia has not demonstrated that this stability is inadequate.

OCA St. No. 3 at 23-24. OCA witness Colton also testified that implementation of Columbia's proposed RNA Rider would adversely affect low-income consumers. OCA St. No. 4 at 15-21.

The Company's agreement to withdraw its RNA proposal as part of the Partial Settlement is consistent with the OCA's positions in this case and maintains an appropriate balance of the risk of future reduced revenue or revenue uncertainty on the Company rather than consumers. These provisions of the Partial Settlement are in the public interest. The OCA and other interested parties will receive information regarding Columbia's existing WNA pilot. Further, residential consumers will not be subject to the contested, proposed RNA rider.

C. UNIVERSAL SERVICE AND ENERGY CONSERVATION.

1. Residential Energy Efficiency (“EE”) Program (Partial Settlement ¶¶ 40-42).

Upon Commission approval of the Partial Settlement, Columbia’s proposed Residential Energy Efficiency (EE) program will take effect as a three-year pilot, with actual, incurred costs not to exceed \$4,000,000 to be recovered through Rider EE. Partial Settlement ¶ 40. Through the pilot, Columbia expects to increase awareness of and participation in the Company’s LIURP and Audits and Rebates program. *Id.* Columbia and the parties will engage in a collaborative to discuss the scope of the program. *Id.* Columbia EE program staff will work with Columbia Universal team members to ensure low-income customers are steered to the program that maximizes their benefit level. *Id.*

This provision of the Partial Settlement addresses certain concerns raised by OCA witness Roger Colton regarding the impact of the proposed EE program on low-income consumers. OCA St. 4 at 31-44. he proposed 3-year pilot, collaborative process, and goals and commitments agreed to as part of the Partial Settlement are in the public interest. Consumers will have additional access to energy efficiency through which they can reduce their consumption and consequently reduce their bills. Furthermore, the cap on program costs and the collaborative process ensures that the program will remain adequately, but not overly, funded.

2. LIURP (Partial Settlement (¶¶ 43-44)).

The Partial Settlement provides a plan to address any LIURP budget carryover from calendar year 2022 and to increase its Columbia’s annual LIURP budget beginning no later than January 2024. Partial Settlement ¶¶ 43-44. Further, the Partial Settlement provides that Columbia will increase the LIURP budget beginning in January 2024 from \$5,075,000 to \$5,425,000, or sooner if certain triggers are met.

The OCA supports these provisions which provide clarity as to the disposition of unspent LIURP budget funds and require an increase in the LIURP budget. OCA witness Colton supported an increase to the LIURP budget as part of an overall approach to help low-income consumers benefit from efforts to improve energy efficiency. OCA St. 4 at 41-46. As Mr. Colton explained, the expenditure of LIURP funds to improve the energy efficiency of housing occupied by low-income Columbia customers has ripple benefits, such as reducing the need for CAP credits. Id. at 45-46.

3. Hardship Fund (Partial Settlement ¶ 45).

The Company commits to make a one-time \$75,000 donation to the Company's Hardship Fund. OCA witness Colton addressed the importance of helping low-income customers, rather than just focusing on CAP customers. OCA St. 4 at 10-14. Mr. Colton also described the challenges of low-income households in meeting utility bills and other necessities, based on a county-by-county self-sufficiency analysis. Id. at 9-14. This Partial Settlement provision will provide some further resource to help those eligible households. The OCA supports this as in the public interest.

4. CAP (Partial Settlement ¶ 46).

The Company commits to conduct quarterly evaluations of CAP customer bills and make adjustment to CAP customer's payment plans to ensure they are getting the lowest rate. Partial Settlement ¶ 46. By December 31, 2023, Columbia will implement a process to automate the process to conduct these quarterly evaluations. Id. The Partial Settlement addresses recovery of the IT costs related to implementation and includes a progress report obligation. Id.

The OCA supports this outcome as designed to improve the effectiveness of the CAP program and help CAP enrolled customers. In evaluating the impact of the full proposed rate increase, Mr. Colton explained that the increase would affect CAP customers differently,

depending on whether the CAP customer was enrolled in the percentage of income or average bill program. OCA St. 4 at 6-8. This Partial Settlement provision should help CAP customers.

5. Weatherization Partners (Partial Settlement ¶ 47).

The Company agrees to continue relationships with CBOs and Weatherization Partners, to advance the LIURP program. As Mr. Colton explained, the expenditure of LIURP funds to improve the energy efficiency of housing occupied by low-income Columbia customers is an important goal, to capture many benefits for the household and the public. OCA St. 4 at 45-46. This Partial Settlement provision confirms the continuation of this key relationship. The OCA supports this provision.

6. Long Term Infrastructure Investment Plan (“LTIIIP”) (Partial Settlement ¶ 46).

The Company commits to certain meetings and provision of information to Commission Gas Safety staff, as part of the Company’s future LTIIIP. As part of that LTIIIP filing, Columbia will provide an estimation of the rate impact of LTIIIP-eligible investments over the approved LTIIIP period. The right of OCA and other parties to intervene and participate in the future LTIIIP proceeding is reserved by the Partial Settlement. This Partial Settlement term is in the public interest, as it should enhance the review process for the Company’s future LTIIIP.

D. NATURAL GAS SUPPLIER ISSUE (PARTIAL SETTLEMENT ¶¶ 49-51).

As part of the Partial Settlement, Columbia agrees to increase the number of “rate ready billing codes.” Partial Settlement ¶ 49. Columbia reserves the right to seek recovery of potential implementation costs in a future rate case. Columbia commits to provide testimony regarding possible “Bill Ready Billing” implementation in its next base rate filing. Partial Settlement ¶ 50. The OCA and other parties reserve the right to oppose or support Bill Ready Billing in that that case. Id.

IV. CONCLUSION

The OCA submits that the terms and conditions of the proposed Partial Settlement of this rate investigation, taken as a whole, represents a fair and reasonable resolution of the issues raised by the OCA in this matter. Therefore, the OCA submits that the Partial Settlement should be approved by the Commission, without modification as being in the public interest and in the interest of Columbia Gas's ratepayers.

Respectfully Submitted,

/s/ Barrett C. Sheridan

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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 OFFICE OF SMALL BUSINESS ADVOCATE
IN SUPPORT OF THE
JOINT PETITION FOR PARTIAL SETTLEMENT**

Introduction

The Small Business Advocate is authorized and directed to represent the interests of the small business consumers of utility services in the Commonwealth of Pennsylvania under the provisions of the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 - 399.50. Pursuant to that statutory authority, the Office of Small Business Advocate (“OSBA”) filed a complaint against the rates, terms, and other provisions of Supplement No. 337 to Tariff Gas Pa. P.U.C. No. 9 (“Tariff No. 9”) which was filed with the Pennsylvania Public Utility Commission (“Commission”) by Columbia Gas of Pennsylvania, Inc. (“Columbia” or the “Company”) on March 18, 2022.

The OSBA actively participated in the negotiations that led to the proposed settlement and is a signatory to the Joint Petition for Partial Settlement (“*Partial Settlement*”). The OSBA submits this statement in support of the *Partial Settlement*.

The Partial Settlement

The *Partial Settlement* sets forth a list of issues that were resolved through the negotiation process. The following issues were of particular significance to the OSBA when it concluded that the *Partial Settlement* was in the best interests of Columbia's small business customers.

Overall Increase

The *Partial Settlement* provides for an overall increase of \$44.5 million, which represents approximately 54 percent of the Company's filed increase of \$82.2 million. As shown in Table IEc-1 at OSBA Statement No. 1, page 2, the settled increase is modestly lower than the average percentage award from the 10 previous Columbia base rates cases of the past 14 years.

Long-Term Infrastructure Improvement Plan ("LTIIIP")

In OSBA Statement No. 1, Messrs. Ewen and Knecht detail (in unrebutted testimony) that Columbia's base rates are now the highest in the Commonwealth, and that there is essentially no end in sight, since nearly 40 percent of the Company's mains plant is in need of replacement. The Company is generally uninterested as to whether the expenditures required to make these replacements will result in an uncompetitive utility with massive levels of stranded cost, and Columbia has resisted any efforts to undertake longer-term competitive analyses.

The OSBA considers this behavior to be imprudent and irresponsible, and it deems that any stranded costs incurred by the Company associated with non-competitiveness must eventually be paid for by the shareholders. However, as a small step in the right direction, the *Partial Settlement* requires the Company to include the rate impact of its LTIIIP investments when it next updates the plan. *Partial Settlement*, Paragraph 48.

Weather Normalization Adjustment

The OSBA has historically been skeptical of Weather Normalization Adjustment (“WNA”) mechanisms. The OSBA’s concern is mainly focused on small businesses getting the wrong price signals in any given season.

For Columbia, the Commission has historically approved Columbia’s WNA as a pilot program for residential customers only. As such, OSBA does not oppose the mechanism. The *Partial Settlement* continues the residential WNA, and it requires Columbia to continue to provide annual reports to the statutory advocates detailing the results and impacts of the Company’s WNA on Columbia ratepayers. *Partial Settlement*, Paragraph 37. The OSBA uses these annual reports in its continuing evaluation of Columbia’s WNA, in the event the mechanism should be applied to small business customers.

Revenue Normalization Adjustment

In their Direct Testimony, OSBA witnesses Robert D. Knecht and Mark D. Ewen testified, in detail, opposing Columbia’s proposed Revenue Normalization Adjustment (“RNA”) mechanism for the Company’s residential class. As the OSBA witnesses explained, the RNA mechanism would simply shift risk from utility shareholders to ratepayers, with no offsetting compensation in the form of reduced capital costs.

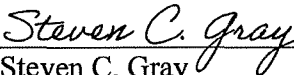
Although the Columbia proposal was proposed only for the residential class, if the camel’s nose is allowed under the tent, there is a reasonable probability that small business customers would eventually be subject to an RNA in the near future.

In response to the overwhelming opposition to Columbia’s proposed RNA mechanism, the *Partial Settlement* withdraws the RNA from this proceeding. *Partial Settlement*, Paragraph 39.

Conclusion

For the reasons set forth in the *Partial Settlement*, as well as the additional factors that are enumerated in this statement, the OSBA supports the proposed *Partial Settlement* and respectfully requests that the ALJ and the Commission approve the *Partial Settlement* in its entirety.

Respectfully submitted,



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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 OF
THE PENNSYLVANIA STATE UNIVERSITY
IN SUPPORT OF THE
JOINT PETITION FOR PARTIAL SETTLEMENT**

The Pennsylvania State University (“PSU” or “Penn State”) submits this Statement in Support¹ of the Joint Petition for Partial Settlement 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 Office of Small Business Advocate (“OSBA”), 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”), Retail Energy Supply Association, Shipley Choice, LLC, and NRG Energy, Inc. (“RESA/NGS Parties”), Natural Resources Defense Council (“NRDC”) and PSU, parties to the above-captioned proceedings (collectively, “Joint Petitioners”).

As indicated in the Joint Petition for Partial Settlement (“Joint Petition” or “Revenue Requirement Settlement”), the proposed Revenue Requirement Settlement has been agreed to by all active parties to the proceeding, except for Richard Culbertson. Accordingly, and as discussed

¹ PSU participated on a limited set of issues and agrees to the settlement terms related to the overall revenue requirement increase. PSU takes no position on the remaining settlement terms, but does not oppose the settlement of the other issues by the settling parties.

more fully below, PSU offers its support for the Revenue Requirement Settlement terms related to the issues in which PSU participated in this proceeding; namely the overall annual revenue increase set forth in Paragraph 24 of the Joint Petition. While PSU takes no position on the remaining Revenue Requirement Settlement terms, it does not oppose the remainder of the Revenue Requirement Settlement. Accordingly, PSU requests that the presiding Administrative Law Judges, Christopher P. Pell (“ALJ Pell”) and John Coogan (“ALJ Coogan”), and the Pennsylvania Public Utility Commission (“Commission”) grant the Joint Petition and approve the Revenue Requirement Settlement as submitted, 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 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 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, RESA/NGS Parties, 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.

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. On August 17, 2022, the parties informed the Presiding Officers that an agreement in principle to settle all issues among the settling parties, excluding revenue allocation and rate design, had been reached.³

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.

³ 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. Accordingly, a separate Joint Petition for Non-Unanimous Settlement Regarding Revenue Allocation and Rate Design has been filed along with the Revenue Requirement Settlement, with joinder or non-objection from all active parties other than OSBA and Mr. Culbertson. Joint Petition, ¶ 52.

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

II. STANDARDS FOR APPROVAL OF SETTLEMENT

7. In order to accept a settlement, the Commission must determine that the proposed terms and conditions are in the public interest. *Pa. Pub. Util. Comm'n v. C.S. Water and Sewer Assoc.*, 74 Pa. PUC 767 (1991); *Pa. Pub. Util. Comm'n v. Philadelphia Electric Co.*, 60 Pa. PUC 1 (1985).

8. Additionally, Commission policy "encourage[s] settlements." 52 Pa. Code § 5.231(a). Settlements lessen the time and expense the parties must expend litigating a case and at the same time conserves the resources of the Commission. The Commission has indicated that settlement results are often preferable to those achieved at the conclusion of a fully litigated proceeding. 52 Pa. Code § 69.401.

III. SPECIFIC SETTLEMENT TERMS

9. PSU generally supports Commission approval of the Revenue Requirement Settlement and its terms, without modification. The parties were able to resolve their differences via the settlement terms that represent a reasonable compromise of the various parties' positions in a manner which is reasonable and in the public interest. The Revenue Requirement Settlement, taken as a whole, is in the public interest and should be approved by the Commission.

10. PSU notes, however, that the Revenue Requirement Settlement resolves many complex issues, some of which PSU did not actively take a position on. Thus, PSU will only

address those areas of the Settlement that are of particular interest to PSU. PSU takes no position on the other provisions of the Revenue Requirement Settlement.⁴

A. Revenue Requirement

11. In the Settlement, the Joint Petitioners have proposed that rates be designed to produce an additional \$44.5 million in annual base rate operating revenues instead of the Company's filed increase request of approximately \$82.2 million. Joint Petition, ¶¶ 21, 24. If approved, Columbia Gas will receive an increase over existing base rate operating revenues of approximately 8.33⁵ percent, instead of the 15.38⁶ percent increase proposed in Columbia Gas's initial filing.

1. Reasonableness of Revenue Increase

12. PSU submits that the reduction to the overall revenue requirement is in the public interest and a reasonable outcome based upon the issues presented in this proceeding. The reduction also serves to lower the overall increase allocated to the SDS/LGSS and LDS/LGSS rate classes, among others. Accordingly, the Commission should approve the agreed-upon revenue increase.

2. State Income Tax Rate – N/A

3. Distribution System Improvement Charge (“DSIC”) – N/A

4. Tax Repair Allowance and Mixed Service Cost Normalization Treatment – N/A

5. Amortizations – N/A

⁴ PSU's addressing certain terms of the Revenue Requirement Settlement should not be construed as suggesting the other terms of the Settlement are contrary to the public interest. PSU believes the entire Revenue Requirement Settlement is in the public interest.

⁵ $\$44,500,000/\$534,034,445 = 8.33\%$. See Columbia Gas Exh. 103, Sch. 8, Pg. 4.

⁶ $\$82,151,952/\$534,034,445 = 15.38\%$. See Columbia Gas Exh. 103, Sch. 8, Pg. 4.

6. OPEBs – N/A
 7. Reporting on Actual Capital Expenditures, Plant Additions, and Retirements – N/A
 8. Future Debt Issuances – N/A
 9. Tariff Effective Date – N/A
 10. Weatherization Normalization Adjustment – N/A
 11. Proration of Customer Charge – N/A
 12. Revenue Normalization Adjustment – N/A
- B. Energy Efficiency and Conservation Plan – N/A
 - C. Low-Income Usage Reduction Program (“LIURP”) – N/A
 - D. Hardship Fund – N/A
 - E. Customer Assistance Program (“CAP”) – N/A
 - F. Weatherization Partners – N/A
 - G. Long-Term Infrastructure Improvement Plan (“LTIIIP”) – N/A
 - H. Natural Gas Supplier Issues – N/A

IV. CONCLUSION

PSU supports the Joint Petition because the Settlement is without prejudice or admission to any position any party, including PSU, may take in any subsequent of different proceeding. In addition, the Settlement will enable the parties to avoid the expenditure of significant additional time and expense that would have been necessary to fully litigate this proceeding to a conclusion. This will result in significant savings to all parties, as well as to the Company's customers.

PSU submits that the Revenue Requirement Settlement is in the public interest and requests that the Commission approve the Revenue Requirement Settlement as presented in the Joint Petition for Settlement.

Respectfully submitted,

/s/ Whitney E. Snyder

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Counsel for The Pennsylvania State University

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.	:	

**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 Partial Settlement ("Joint Petition" or "Partial Settlement") concurrently filed with the Pennsylvania Public Utility Commission ("PUC" or "Commission") in the above-captioned proceeding reflect a Partial Settlement with respect to 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"), which sought to increase Columbia's total annual operating revenues by \$82.2 million, effective May 17, 2022.

2. As a result of settlement discussions, Columbia, CII, the Bureau of Investigation and Enforcement ("I&E"), the Office of Small Business Advocate ("OSBA"), the Office of Consumer Advocate ("OCA"), The Pennsylvania State University ("PSU"), Retail Energy Supply Association, Shipley Choice, LLC and NRG Energy, Inc. (collectively, "RESA/NGS Parties"), Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA"), Pennsylvania Weatherization Providers Task Force, Inc. ("PA Task Force"), and Natural Resources Defense Council ("NRDC") (collectively, "Parties" or "Joint Petitioners") have agreed upon the terms embodied in the foregoing Joint Petition. CII offers this Statement

in Support to further demonstrate that the Partial 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.").

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 Joint Petitioners engaged in discussions in an attempt to resolve the issues raised by the various parties. As a result of those discussions, the Joint Petitioners were able to achieve a settlement in principle regarding most of those issues. Specifically, the Joint Petitioners have agreed to a base rate increase, as well as other issues raised in this proceeding, excluding the allocation of that revenue increase to the rate classes and a rate design for all rate classes to recover the portion of the rate increase allocated to such classes.¹

III. SPECIFIC SETTLEMENT TERMS

8. Columbia's rates will produce an increase in operating revenues of \$44.5 million over current base rates based upon the pro forma level of operations for the twelve months ended December 31, 2023. This term of the Settlement lowers the total revenue increase amount by approximately 50%.

9. In addition, the Joint Petition removes Columbia's proposal for a Revenue Normalization Adjustment; approves Columbia's proposed Residential Energy Efficiency program as a three-year pilot; addresses issues regarding the Company's Low Income Usage Reduction Program, Hardship Fund, and Customer Assistance Program; and resolves issues raised by the RESA/NGS Parties regarding the Company's rate ready billing codes.

IV. STATEMENT IN SUPPORT

10. The Joint Petition reflects compromises on all sides presented without prejudice to any position any Joint Petitioner may have advanced so far in this proceeding with respect to

¹ Mr. Richard Culbertson, a customer complainant, has not joined in this Settlement, but rather, preserved the right to submit Main and Reply Briefs on the issues.

the issues contained in the Partial Settlement. The Joint Petition results in avoiding the necessity of further administrative and possibly appellate proceedings regarding the settled issues at what would have been a cost to the Joint Petitioners and the Commission. For these reasons, CII submits that the revenue requirement for this proceeding is reasonable, is in the public interest, and is in the best interest of the parties involved.

11. CII supports the foregoing Joint Petition because it is in the public interest; however, in the event that the Joint Petition is rejected by the ALJs or the Commission, CII will resume its litigation position, which differs from the terms of the Joint Petition.


12. As set forth above, CII submits that the Partial Settlement is in the public interest and adheres to Commission policies promoting negotiated settlements. The Partial Settlement was achieved after numerous negotiations. Although Joint Petitioners have invested time and resources in the negotiation of the Joint Petition, this process has allowed the parties, as well as the Commission, to avoid expending the substantial resources that would have been required to fully litigate certain issues in this proceeding while still reaching a just, reasonable, and non-discriminatory result. Joint Petitioners have thus reached an amicable resolution to certain disputed issues as embodied in the Partial Settlement. Approval of the Partial Settlement will permit the Commission and Joint Petitioners to avoid incurring the additional time, expense, and uncertainty of further current litigation of these issues 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 Partial Settlement without modification.

Respectfully submitted,

McNEES WALLACE & NURICK LLC

By 

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Counsel to the Columbia Industrial Intervenors

Dated: September 2, 2022

APPENDIX H

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

**THE RETAIL ENERGY SUPPLY ASSOCIATION,
SHIPLEY CHOICE, LLC, AND NRG ENERGY, INC.
STATEMENT IN SUPPORT OF PARTIAL SETTLEMENT**

**TO THE HONORABLE CHRISTOPHER P. PELL:
TO THE HONORABLE JOHN M. COOGAN:**

AND NOW, come The Retail Energy Supply Association (“RESA”), Shipley Choice, LLC d/b/a Shipley Energy (“Shipley”), and NRG Energy, Inc. (“NRG”) (collectively “RESA/NGS Parties”), and hereby submit their Statement in Support of the Joint Petition for Partial Settlement (“Settlement”) being filed simultaneously herewith. The Parties to this matter, with the exception of the Office of Small Business Advocate (“OSBA”), have also agreed to a revenue allocation and rate design to implement the rate increase agreed-to in the Settlement. That filing will be referred to as the Non-Unanimous Settlement. The RESA/NGS Parties do not oppose the Non-Unanimous Settlement and, accordingly, will not be supplying a brief or statement in support of the Non-Unanimous Settlement. RESA/NGS Parties respectfully submit that the Settlement is in the public interest and should be approved by the Pennsylvania Public Utility Commission (“Commission”) in its entirety. In support thereof, RESA/NGS Parties state as follows:

1. 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, 2023.

2. 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.

3. RESA/NGS Parties petitioned to intervene in the above-captioned proceeding.

4. 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. At the prehearing conference, Administrative Law Judge (“ALJ”) Pell established the litigation schedule and granted RESA/NGS Parties’ Petition to Intervene. 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.*

5. In their Prehearing Conference Memorandum, RESA/NGS Parties identified two issues of concern that they intended to pursue in this matter, namely, Columbia’s practice of assigning each supplier only 50 rate codes, and Columbia’s practice of providing confirmations of gas supply transportation schedules for only two of the five daily cycles.

6. RESA/NGS Parties submitted written direct and surrebuttal testimony of two witnesses addressing the issues of concern. Mr. Cusati’s Direct and Surrebuttal Testimony addressed the current operation of Columbia’s billing system as it related to rate ready billing, what he believes are the deficiencies of the present system, and he offers recommendations for

addressing the identified shortcomings. Rate ready billing is where suppliers provide Columbia with the rates they want to charge to customers through the use of rate codes. When a supplier enrolls a new customer, the supplier assigns that customer to the rate code that corresponds to the rate agreed-to with the customer. Then, each month, Columbia calculates the bill for each customer's natural gas usage by multiplying the usage by the rate associated with the customer's assigned rate code. In this manner, Columbia calculates the charges to the customer. (RESA/NGS Parties' Statement 1 & 1-SR). Mr. Cusati also addressed the fact that Columbia already provides Bill Ready Billing, which is his proposed solution to the billing issues, in Ohio and suggests that implementation in Pennsylvania should not be expensive. In Bill Ready Billing, Columbia transmits each customer's usage to each supplier each month and the supplier calculates the commodity portion of the customer's bill and sends that back to Columbia. This process avoids the use of rate codes and allows suppliers to provide more flexible billing arrangements that would otherwise be possible with rate ready billing.

7. Mr. Caravetta's testimony focuses on the confirmation process that occurs as suppliers schedule the delivery gas to Columbia's city gates over interstate pipelines. Mr. Caravetta described that Columbia allows suppliers to schedule gas in any of the 5 periods recognized by the North American Energy Standards Board ("NAESB"), but that Columbia will only confirm schedules submitted on two of the five cycles and the potential for this lack of confirmation to cause suppliers to incur penalties. (RESA/NGS Parties Statement Nos. 2 and 2-SR).

8. The Settlement, as to the RESA/NGS Parties' identified issues (Settlement, ¶'s 49-51), accomplishes a number of positive results that clearly place approval of the Settlement in the public interest. First, as to the billing code issue identified by Mr. Cusati, (¶49) Columbia has

agreed to provide 125 billing codes per supplier where it currently provides only 50. The settlement also obligates Columbia to provide up to 10 rate codes per request where now it typically provides 5 or 6. In the short term, the additional rate codes should help suppliers who serve multiple customers with unique rates to avoid the problem of running out of rate codes and being unable to price a contract for a customer. Second, Columbia has agreed to provide the information regarding expected costs and implementation timeline in its next rate case, that will allow the suppliers to propose, and the Commission to approve, Bill Ready Billing, which is used extensively in the electricity markets, should it choose to do so. (¶ 50) Under the Settlement's terms, all parties retain their rights to support or oppose Bill Ready Billing in that case. Finally, the Settlement withdraws the issue of the multiple cycle confirmations as proposed in Mr. Caravetta's testimony. (¶ 51)

9. The Settlement is in the public interest primarily because it allows customers to better participate in the competitive market and will allow the suppliers who serve them to provide pricing without regard to the uniqueness of any particular rate. This is achieved by more than doubling the number of rate codes available to each supplier, while continuing to make sure that unused rate codes are recycled so as not to burden Columbia's system. This ensures that costs are minimized while at the same time allowing far greater flexibility for suppliers to price deals.

10. The Settlement also preserves the opportunity for the RESA/NGS Parties to propose in Columbia's next rate case, that Columbia adopt Bill Ready Billing. As discussed, Bill Ready Billing does away with rate codes and requires suppliers to calculate the commodity charge on a customer's bill, while still requiring that the rate per unit of gas sold be shown on the customer's bill. For Suppliers, Bill Ready Billing provides even greater flexibility than rate ready billing, because suppliers are able to adopt rate structures that may not fit neatly into the rate code

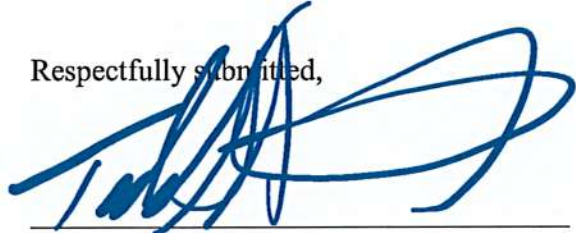
paradigm. In short, without prejudicing any party's ability to oppose Bill Ready Billing, the Settlement provides the key ingredients to allow RESA/NGS Parties to advocate for its adoption in Columbia's next rate case and other parties to address the issue as they see fit. Accordingly, RESA/NGS Parties submit that this provision of the Settlement is in the public interest.

11. As to ¶ 51, and the withdrawal of the proposal to require confirmations for all five NAESB cycles, parties are free to present that issue in a future proceeding..

12. Because the proposals that are included in paragraphs 49-51 of the Settlement further the goals of advancing customer choice and making choice more accessible, RESA/NGS Parties submit that the Settlement is in the public interest and is just and reasonable. The fact that implementation of the sections of importance to RESA/NGS Parties is not likely to impose additional costs on Columbia or its customers is also important. The RESA/NGS Parties take no position on the other specific terms of the Settlement, but do agree that the settlement as a whole is just and reasonable and in the public interest. These considerations, taken as a whole, support the justness and reasonableness of the provisions of paragraphs 49-51 and warrant their adoption by the Commission and Presiding Administrative Law Judges without any modification and with all due haste.

WHEREFORE, the RESA/NGS Parties respectfully submit that the Settlement in this matter, and Paragraphs 49-51, in particular, is in the public interest request that the Presiding Administrative Law Judges and the Commission approve the Joint Petition for Partial Settlement without modification.

Respectfully submitted,



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Counsel for The Retail Energy Supply Association, Shipley Choice, LLC d/b/a Shipley Energy, and NRG Energy, Inc. ("RESA/NGS Parties")

DATED: September 2, 2022

APPENDIX I

5. The Providers Task Force presented the direct testimony of Eugene M. Brady. Mr. Brady's testimony addressed the Company's universal service program and residential customer charge.

6. The Providers Task Force supports the Joint Petition for Partial Settlement and believes that it is in compliance with the applicable laws and regulations and serves the public interest based upon the following:

A. The Company has agreed to increase its annual LIURP budget from \$5,075,000 to \$5,425,000 beginning in January 2024 with the LIURP budget remaining at \$5,075,000 until the LIURP increase take effect;

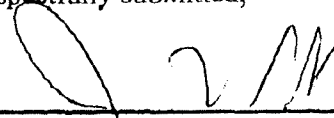
B. The Company has agreed to to make a one-time donation of \$75,000 to its Hardship Fund. This will allow more low-income customers to obtain assistance with their bills;

C. The Company proposed in its initial filing to increase its fixed monthly residential customer charge from \$16.75 to \$24.75. Such an increase in the fixed charge would have lessened the motive and ability of the residential class to conserve energy and reduce their monthly bill. The Settlement provides that the fixed monthly customer charge for residential customers will remain at \$16.75;

D. This settlement is consistent with the Commission's obligation under the Natural Gas Customer Choice and Competition Act to ensure that universal service programs are appropriately funded and available and that energy conservation measures are promoted and available to consumers, particularly low-income consumers. The increase in rates resulting from this case requires an examination of the Company's universal service programs to ensure that universal service programs remain appropriately funded and available. The Providers Task Force joins in the settlement because it believes that it adequately addresses the funding of the Company's universal service programs considering this rate increase.

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

Respectfully submitted,



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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 of Petition for Partial Settlement upon the following participants this 2nd day of September 2022, via electronic mail:

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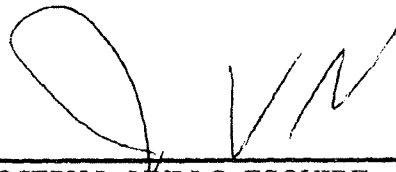
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Providers Task Force

APPENDIX J

**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 PARTIAL SETTLEMENT**

The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA), one of the signatory parties to the Joint Petition for Partial Settlement (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. INTRODUCTION

CAUSE-PA intervened in this proceeding to address, among other issues, whether the proposed rate increase would detrimentally impact the ability of 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 addressed the financial harm of the rate increase on low-income households; the disproportionate impact of the proposed residential (fixed) customer charge on low users and low-income households; the potential erosion of energy efficiency savings through Columbia's proposed Revenue Normalization Adjust Rider (RNA), and

its impact on the low-income households and energy efficiency programming; and the need offset the negative impacts of the proposed rate increase through the adoption of targeted changes to Columbia's universal service programs.

The Settlement 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. (Joint Pet. at ¶ 24). The residential portion of the rate increase will be recovered solely through the volumetric charge, rather than the fixed customer charge – which will not increase. (Joint Pet. at ¶ 36).

The Settlement also provides for several critical changes to Columbia's universal service programs, including improvements to the Customer Assistance Program (CAP) bill review process, Hardship Fund, and Low Income Usage Reduction Program (LIURP). (Joint Pet. at ¶¶ 43-47). The settlement also contains provisions that will allow implementation of the Company's Energy Efficiency program and improve Emergency Repair Fund and Audits and Rebates Program. (Joint Pet. at ¶¶ 40-42).

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 ¶¶ 1-22).

CAUSE-PA submitted Direct, Rebuttal, and Surrebuttal Testimony from Harry S. Geller, Esq. addressing the financial harm of the rate increase on low-income households; the disproportionate impact of the proposed fixed charge and RNA on low-income households, and recommended targeted changes to Columbia's universal service programs. (See generally CAUSE-PA St. 1, CAUSE-PA St. 2; CAUSE-PA St. 3).

III. PARTIAL 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 that 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 using structural rate design to limit the disproportionate burdens on low-income households and through enhancements to Columbia's universal service programs. These enhancements will help ensure that low income households are better served by available assistance. 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 REQUIREMENT

In this proceeding, CAUSE-PA opposed the proposed rate increase. CAUSE-PA expert witness Harry S. 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). He further explained that before increasing rates, Columbia should be required to take steps to remediate rate unaffordability and to ensure that low income households can reasonably afford to maintain natural gas service to their home. (Id.)

As part of this settlement, Columbia has agreed to reduce the amount of the increase to \$44.5 million, much lower than the Company's proposed increase request of approximately \$82.2 million. (Joint Pet. at ¶ 24). Further, the residential rate increase will be recovered solely through the volumetric charge. (Joint Pet. at ¶ 36). Columbia has also agreed to make critical changes to its universal service programs, Emergency Repair Program and its Audits and Rebates Program. (Joint Pet. at ¶¶ 41-47).

As discussed more fully below, CAUSE-PA asserts that these provisions of the Settlement will lessen the amount of the increase shouldered by low-income customers and will help mitigate the impact of the rate increase on vulnerable customers through improvements to the Company's Universal Service Programs. Thus, the Settlement is just, reasonable, and in the public interest and should be approved.

1. Residential Customer Charge

In this proceeding, Columbia proposed to increase its fixed monthly residential customer charge from \$16.75 to \$25.47. CAUSE-PA witness Harry Geller explained that this level of increase to the fixed charge would undermine the goals of the Company's LIURP program and negatively impact the ability for consumers to control costs through energy conservation measures. (CAUSE-PA St. 1 at 33-36). As part of this settlement, Columbia has agreed that the residential (fixed) customer charge will remain at \$16.75 per month. (Joint Pet. at ¶ 36). Maintaining the customer charge at its current level will protect the ability of low-income households to lower their

utility costs by reducing consumption and preserve the Low-Income Usage Reduction Program's ability to effectively reduce customer bills and improve payment behavior. (CAUSE-PA St. 1 at 36). Thus, CAUSE-PA asserts that this provision of the Settlement is just and reasonable and in the public interest and should be approved.

2. Revenue Normalization Adjustment Rider (RNA)

As part of its rate filing, Columbia proposed a Revenue Normalization Adjustment Rider (RNA). Mr. Geller explained that recovering revenue on a per customer basis, rather than a usage basis, negatively impacts low-income households of the ability to control their bill through energy conservation. (CAUSE-PA St. 1 at 36-38). Under the terms of this settlement, Columbia will withdraw its proposed RNA Rider without prejudice. (Joint Pet. at 39). CAUSE-PA asserts that this provision of the settlement is just, reasonable, and in the public interest, thus it should be approved.

B. ENERGY EFFICIENCY AND CONSERVATION (EE&C)

In his Direct Testimony, Mr. Geller responded to the Company's proposed Energy Efficiency (EE) Program. (CAUSE-PA St. 1 at 29-33). Mr. Geller pointed out that, although Columbia based its program on the Act 129 energy efficiency programs utilized by electric distribution companies (EDCs), Columbia's proposed program lacked a dedicated low income component to ensure low income households would receive equitably proportional services through the program. (Id. at 29-30). Mr. Geller recommended that the Commission require Columbia to revise its Plan to include a targeted low income energy efficiency program. (Id. at 30-31). Mr. Geller also recommend that the Company take steps to coordinate its EE program with its LIURP. (Id. at 32-33). In rebuttal, Columbia witnesses Deborah Davis and Theodore Love pointed out that many of the measures that Mr. Geller recommended are provided by Columbia

through its Audits and Rebates (A&R) program and its Emergency Repair program. (CPA St. 13-R at 7-9, CPA St. 16-R at 10). However, Columbia did not advance any proposal to increase the availability of those services to provide proportional access to low income families consistent with the requirements on EDCs contained in Act 129.¹ In response, Mr. Geller explained that having the proposed EE&C program generally available to low income customers is not the same as having a specifically targeted program, and that the cost of participation in rebates programs are not accessible for low income customers – regardless of targeting. (CAUSE-PA St. 1-SR at 31-32).

As a result of this Settlement, Columbia will be allowed to implement its EE Program as a three-year pilot and will leverage the Residential EE program to increase awareness of and participation in the Company's LIURP and Audits & Rebates programs. (Joint Pet. at 40). Columbia will also increase the annual budget for its Audits & Rebates program, from \$750,000 to \$1,000,000 and will increase the maximum benefit level per customer household from \$1,800 to \$3,600 for energy efficiency measures. (Id. at ¶ 41). Columbia will also increase the annual budget for its Emergency Repair Program from \$700,000 to \$1,000,000 to be funded by Rider USP. (Id. at ¶ 42). Taken together, these provisions of the Settlement will help expand availability of energy efficiency measures and furnace repair services to low income customers who would not otherwise be able to afford them and will ensure low income households are more equitably served, in line with the Act 129 model. Thus, they are just, reasonable, and in the public interest and should be approved by the Commission.

C. LOW INCOME USAGE REDUCTION PROGRAM (LIURP)

¹ Act 129 Phase IV Energy Efficiency and Conservation Program, M-2020-3015228, Final Implementation Order at 25 (The SWE determined that low-income customers at or below 150% of the FPIG could achieve approximately 6.5% of statewide portfolio savings).

In testimony, Mr. Geller explained the Columbia's LIURP is a critical universal service program designed to improve bill affordability, reduce arrearages and termination rates over the long term and can help mitigate the disproportionate impact of the proposed rate increase on low-income, high-use households. (CAUSE-PA St. 1 at 25-26). However, he explained that Columbia's LIURP is not funded in a manner to meet the true need for energy efficiency and weatherization services. (Id.) He pointed out that, in a recent presentation to its Universal Services Advisory Council (USAC), the Company indicated that LIURP material costs had increased substantially due to inflation. (Id. at 26-27). To better protect those most vulnerable to Columbia's substantial proposed rate increase, he recommended that, at a minimum, Columbia should increase its overall LIURP budget by a percentage equal to the percentage increase of any approved residential rate increase. (Id. at 27). Mr. Geller also indicated that he did not oppose the Company's proposal to spread any carryover from 2022 evenly over the next three calendar years, 2023 through 2025, provided Columbia's full budget for each subsequent year continues to also roll over to the subsequent year – ensuring that funds allocated to serve identified needs are fully expended to help reduce low income usage and control universal service costs. (Id. at 27-28).

Under the terms of this Settlement, Columbia will increase its annual LIURP budget from \$5,075,000 to \$5,425,000 beginning in January 2024 - or sooner if 2022 carryover results in a year's annual budget being less than \$5,425,000. The LIURP budget will remain at \$5,075,000 until the increase take effect. Columbia will expend the 2022 LIURP budget carryover before adjusting the Rider USP for the increase. Columbia's will be allowed to spread any remaining LIURP budget carryover from calendar year 2022 evenly over 2023 through 2025. (Id. at ¶ 43). Taken together, these terms will help improve the ability of low-income, high-usage households to access comprehensive usage reduction services through LIURP.

Together, these terms will help the Company serve additional homes through LIURP program— helping to mitigate the disproportionate impact of the rate increase on households that otherwise are unable to meaningfully reduce their usage as a result of housing conditions. Thus, CAUSE-PA asserts that these terms are just and reasonable and in the public interest and should be approved by the Commission.

D. HARDSHIP FUND

In testimony, CAUSE-PA witness Harry 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. (CAUSE-PA St. 1 at 11-18). Mr. Geller further pointed to low income customers' markedly higher rate of termination, explaining that despite comprising only 17.5% of residential customers, confirmed low income customers accounted for 56% of residential terminations. (Id. at 15). He explained that the disparity in termination rates underscores the need for strengthening the assistance provided to low income consumers through its universal service programs. (Id.).

Under the terms of this Settlement, Columbia will make a one-time donation of \$75,000 to the Company's Hardship Fund. (Joint Pet. at ¶ 45). These additional funds will help ensure that emergency assistance is available protect low income customers facing payment trouble due to the increase in rates and will better protect low income customers facing acute financial hardship from termination. As such, this term is just reasonable and in the public interest and should be approved by the Commission.

E. CUSTOMER ASSISTANCE PROGRAM (CAP)

In his Direct Testimony, Mr. Geller made several recommendations regarding Columbia's CAP program. Mr. Geller explained that Columbia's CAP rates are already unaffordable, and that

many CAP customers will experience a significant, unmitigated rate increase that will further exacerbate already disproportionate financial burdens on low income families. (CAUSE-PA St. 1 at 18-25). Mr. Geller recommended that Columbia be required to increase CAP participation, permanently adopt its relaxed income verification requirements, and reduce its CAP energy burdens to comply with the Commission's Final CAP Policy Statement. (CAUSE-PA St. 1 at 21-22). Mr. Geller also explained that Columbia currently conducts a bi-annual evaluation of CAP customer bills and makes adjustments to the customer's CAP payment plan but that this can leave CAP customers paying more than necessary for several months. (Id. at 25). He also raised concerns that some subgroups of CAP participants were excluded from Columbia's CAP rate adjustment process. (CAUSE-PA St. 1-SR at 17-20). As such, he recommended that the Company begin conducting monthly evaluation of CAP customer bills to ensure that customers are receiving the most advantageous CAP rate. (Id.)

Under the terms of this Settlement, Columbia will conduct quarterly evaluations of CAP customer bills and will make adjustments to the customer's CAP payment plan to ensure that they are getting the lowest rate. (Joint Pet at ¶ 46). By December 31, 2023, Columbia will automate a process to conduct quarterly evaluations of CAP customer bills and will make adjustments to the customer's CAP payment plan to ensure that they are getting the lowest rate. (Id.) Upon implementation of the automated process, Columbia will include all CAP customers in its quarterly CAP rate review. (Id.) No other exclusions will be used unless explicitly approved by the Commission in a subsequent proceeding. (Id.)

While this provision of the Settlement will not remediate the excessive CAP energy burdens outlined in Mr. Geller's testimony, it will help ensure that CAP customers receive the lowest CAP payment rate available to them and will reduce the amount of time they have to wait

for an adjustment. These revisions are critically important to ensure compliance with section 1303 of the Pennsylvania Utility Code, which requires utilities “to compute bills under the rate most advantageous to the patron.”² It will also help prevent certain CAP customers from being subject to rate discrimination by being excluded from the CAP review process due to arbitrary restrictions. (See CAUSE-PA St. 1-SR at 17-20). As such, this provision of the Settlement is just, reasonable and in the public interest and should be approved by the Commission.

F. WEATHERIZATION PARTNERS

Under the terms of this Settlement, the Company agrees to continue to partner with Community Based Organizations (CBOs) - including member agencies of CAAP and Pennsylvania Weatherization providers - in the development, implementation and administration of its LIURP program. (Joint Pet. at ¶ 47). This provision of the Settlement will help ensure that low income customers can access assistance administered in the communities in which they reside, and will help improve coordination of efficiency and weatherization programming consistent with statutory and regulatory coordination and service delivery priorities and requirements.³ Administration and coordination of universal service programming through CBOs helps to ensure that low income households are holistically served, as CBOs most often administer other programming to help improve energy, food, and housing security. Thus, this provision of the Settlement is just, reasonable, and in the public interest and should be approved.

G. LTIP

CAUSE-PA did not take a position on Columbia’s LTIP.

H. NATURAL GAS SUPPLIER ISSUES

² 66 Pa. C.S. § 1303.

³ See 52 Pa. Code § 58.6, 58.7; 66 Pa. C.S. § 2203(8).

In his Direct Testimony, Mr. Cusati asserts that Columbia's current Bill Ready Billing system is not reasonable because there is a limited number of rate codes available to Natural Gas Suppliers (NGS). (RESA/NGS St. 1 at 2-5). He indicated that Columbia could remedy this problem by increasing the number of available rate codes, but recommends that the Company implement Bill Ready Billing. (*Id.* at 5). In Rebuttal Testimony, Mr. Geller indicated his opposition to Mr. Cusati's recommendation that Columbia implement Bill Ready Billing. (CAUSE-PA St. 1-R at 2-3). He voiced concern that suppliers could place non-basic service charges on the customer's utility bill and that Columbia would not be able to determine whether a suppliers' Bill Ready Billing charges include these types of charges. (*Id.*) He also explained that This also makes it difficult for a shopping customer to make an apples-to-apples rate comparison to ensure they are getting the best rate. (*Id.*)

As a result of this Settlement, Columbia will not implement Bill Ready Billing, but will expand the number of rate codes available to suppliers and will explore the potential cost impacts of Bill Ready Billing in its next rate case filing. (Joint Pet. at ¶¶ 49-50). This provision of the Settlement addresses the concerns of RESA/NGS about billing code limitations without putting consumers at risk due to the potential that non-basic charges will be assessed to their bill through Bill Ready Billing. Thus, this provision of the Settlement is just, reasonable, and in the public interest and should be approved.

IV. RESERVED ISSUES FOR LITIGATION

Under the terms of this Joint Petition for Partial Settlement, issues regarding revenue allocation and rate design, other than the residential customer charge, are reserved for briefing. (Joint Pet. at ¶ 52). However, several of the parties, including CAUSE-PA, have entered into a non-unanimous settlement on allocation, which will be submitted separately. CAUSE-PA will

explain its position on allocation in a separate Statement in Support, which will be included with the submission of that non-unanimous settlement. Regarding the litigated issues, CAUSE-PA did not submit a Main Brief in this proceeding and does not intend to submit a Reply Brief. .

V. SETTLEMENT IS IN THE PUBLIC INTEREST

The Commission's regulations declare: "It is the policy of the Commission to encourage settlements."⁴ 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."⁵

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 appellate proceedings regarding the settled issues at what would have been a substantial cost to the Joint Petitioners, Columbia's customers, and the Commission. (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 a number of 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

⁴ 52 Pa. Code § 5.231.

⁵ 52 Pa. Code § 69.401.

Settlement is just and reasonable and in the public interest and should, therefore, be approved by the Commission.

VI. CONCLUSION

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,
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