

**PENNSYLVANIA PUBLIC UTILITY COMMISSION**  
**Harrisburg, PA 17120**

**Columbia Gas of Pennsylvania, Inc.**

**Public Meeting - November 13, 2014**

**2406274 - ALJ**

**Docket No. R-2014-2406274 et al.**

**MOTION OF COMMISSIONER PAMELA A. WITMER**

Before the Public Utility Commission today is the Recommended Decision of Administrative Law Judge Mark A. Hoyer approving a Settlement between Columbia Gas of Pennsylvania, Inc. (Columbia) and various parties related to a tariff supplement filed by Columbia on March 21, 2014. The Settlement includes rates designed to produce an additional \$32.5 million in annual base rate operating revenues.

While I am supportive of the Settlement in this case, I propose a clarification regarding the terms of the agreement. In order to reach agreement, the parties in this case did not identify a specific return on equity (ROE) for Distribution System Improvement Charge (DSIC) computation purposes. However, Act 11 of 2012 requires that companies using a DSIC calculate depreciation using the ROE calculated in the utility's most recent base rate proceeding or, if the proceeding was over two years ago, using the rate calculated by the Commission in the most recent Quarterly Report on the Earnings of Jurisdictional Utilities (Quarterly Report).<sup>1</sup>

Because there is no clear statement of equity return rate for DSIC computation within this base rate proceeding, I recommend that the Company use the rate calculation instituted in our approval of Columbia's DSIC Petition.<sup>2</sup> In that proceeding, Columbia's most recent base rate case also did not contain a specific ROE for DSIC computation purposes. Rather than adopt an estimated return on equity proposed by Columbia, the Commission directed the Company to use the current staff Quarterly Report in order to calculate the ROE for DSIC purposes.

I see no reason to change course here and recommend that Columbia use the most recent Quarterly Report (ending September 30, 2014) in order to set its ROE for DSIC purposes. I also want to clarify that on a going-forward basis, Columbia should update its ROE for DSIC purposes consistent with any changes to the ROE in the Quarterly Report.

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<sup>1</sup> 66 Pa. C.S. § 1357(b)

<sup>2</sup> Petition of Columbia Gas of Pennsylvania, Inc. for Approval of a Distribution System Improvement Charge, P-2012-2338282, pp. 34-37.