

PENNSYLVANIA PUBLIC UTILITY COMMISSION  
HARRISBURG, PENNSYLVANIA 17105-3265

Re: PAPUC et al. v. Columbia Gas  
of Pennsylvania, Inc.

Public Meeting: May 23, 2013  
2321748-ALJ  
Docket No. R-2012-2321748

STATEMENT OF COMMISSIONER CAWLEY

Before us is the base rate case of Columbia Gas of Pennsylvania, Inc. (Columbia), Supplement No. 190 to Tariff Gas – Pa. P.U.C. No. 9, as amended by the Joint Petition for Settlement (Settlement), and the Recommended Decision of Administrative Law Judges Mark A. Hoyer and Jeffrey A. Watson dated April 4, 2013.

The parties should be commended for their cooperation in fashioning a lengthy settlement of numerous complex issues. Many of the components of the Settlement are likely to result in clear benefits to customers.

In particular, the parties should be commended for their efforts to help provide a more stable revenue stream for Columbia, one designed to help stabilize the revenue effects of weather through a Weather Normalization Adjustment (WNA). As noted in the Settlement, the WNA helps reduce risk for the purposes of determining an adequate return on equity (ROE).<sup>\*</sup> Reducing the ROE enhances Columbia's ability to invest more in its infrastructure, with less reliance on risk capital.

The parties should also be commended for achieving this revenue stability without increasing customer charges. Under the Settlement, Residential customer charges are reduced to \$16.75, bucking a recent trend of ever increasing fixed charges for service. As noted by the Office of Consumer Advocate, lower fixed charges allow customers to control the volumetric portion of their distribution bill through conservation. Similarly, I&E witness Hubert noted that the Settlement also respects traditional Commission concerns such as maintaining reasonable monthly fixed charges that continue to provide customers the ability to recognize the benefits of energy efficiency. In a similar vein, the Settlement also includes an increase in funding for the low income energy efficiency program. As intended by Act 129 of 2008, energy efficiency plays one of the most important roles in controlling future energy prices, enhancing future energy availability for future business expansion, and reducing prices for low income customers.

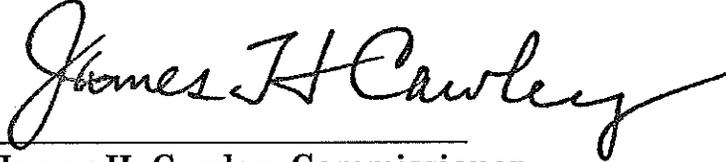
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<sup>\*</sup> Settlement at 12, paragraph 42.

The parties also committed to pursuing further discussions on a means of removing barriers to new service extensions by entering into an informal collaborative with Columbia to attempt to develop a program to extend service to new areas. As a result, Columbia may file a tariff in the near future for our review that represents a new and creative method that balances the needs and concerns of existing and prospective customers.

Lastly, Columbia has agreed to engage in a collaborative with Natural Gas Suppliers to discuss ways to improve the competitiveness of the retail market. It is my hope that remaining barriers will be expeditiously removed as a result of this quarterly meeting process.

May 23, 2013  
Date

  
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James H. Cawley, Commissioner