

Appendix I

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	Docket Nos.	R-2010-2215623
Office of Small Business Advocate	:		C-2010-2208133
Office of Consumer Advocate	:		C-2011-2224941
	:		C-2011-2224944
Complainants	:		C-2011-2225050
	:		C-2011-2225828
and	:		C-2011-2225878
	:		C-2011-2227004
Shipley Energy Company, Dominion	:		C-2011-2227222
Retail, Inc. and Interstate Gas Supply, Inc.	:		C-2011-2231015
	:		C-2011-2230067
Intervenors	:		
	:		
v.	:		
	:		
Columbia Gas of Pennsylvania, Inc.	:		
Pennsylvania Public Utility Commission	:	Docket Nos.	R-2010-2201974
Office of Small Business Advocate	:		C-2010-2208133
Office of Consumer Advocate	:		C-2010-2208503
	:		(Consolidated)
	:		
v.	:		
	:		
Columbia Gas of Pennsylvania, Inc.	:		

**STATEMENT OF NATURAL GAS SUPPLIER PARTIES
IN SUPPORT OF JOINT PETITION FOR PARTIAL SETTLEMENT**

AND NOW come Shipley Energy Company, Dominion Retail, Inc., and Interstate Gas Supply, Inc. (“NGS Parties”), Intervenors in the above-captioned matter, and hereby offer the following Statement in Support of the Joint Petition for Partial Settlement (“Settlement”) filed simultaneously herewith in this matter. The NGS Parties have participated actively in this proceeding and believe that the Settlement is a reasonable compromise that satisfactorily addresses the issues raised by them in this proceeding. The NGS Parties ask the Commission to

approve the Settlement as presented, without modification. In support of the Settlement, the NGS Parties state and avers as follows:

I. Background.

1. On or about January 14, 2011 Columbia Gas of Pennsylvania (“Columbia”) filed the above captioned base rate proceeding along with Supplement No. 163 to its Tariff Gas - PA P.U.C. No. 9 (“Supplement No. 163”). The Base Rate filing sought approximately \$37.8 million in increased annual revenue.

2. On February 15, 2011 the NGS Parties filed a Petition to Intervene in the base rate proceeding.

3. A Prehearing Conference was scheduled, and was held on March 23, 2011, at which time the NGS Parties’ Intervention was granted and a litigation schedule was established.

4. The parties began to engage in settlement discussions early on in the process, and those discussions have proven to be fruitful for most of the issues presented by the parties to this matter, resulting in the Settlement. The Settlement resolves all issues in the case except for two that have been reserved for litigation: 1) the residential rate design; and, 2) the PCOC’s challenge to Columbia’s existing customer assistance program, CAP plus. The NGS Parties take no position on the reserved issues and have not submitted briefs on those issues.

5. The NGS Parties, through their witness Mr. James L. Crist, presented a number of issues, some of which have been ongoing, that were encompassed within Columbia’s rate filing. In particular, Mr. Crist addressed the following:

- ◆ Rate NSS;
- ◆ Penalties and cash in/out for transportation and Choice service,
- ◆ Customer Choice program eligibility limits;

- ◆ The need to modify certain operational rules on Columbia's system; and,
- ◆ two recent revisions to Columbia's tariff, one of which would allow distribution customers to be returned to sales service if the supplier failed for five (5) consecutive days to deliver gas for that customer and a change made previously by Columbia that reduced the daily gas supply nomination by maximum from one hundred and twenty percent (120%) to one hundred percent (100%).

6. As part of the Settlement, Columbia has agreed:

a) to raise the volumetric limit under its small commercial distribution ("SCD") rate to six thousand (6,000) MCF per year, it was 4,000 MCF per year (Settlement Joint Petition ¶ 58);

b) to provide natural gas suppliers with a rescind a file which will notify suppliers if a newly enrolled customer decides to terminate their enrollment within the ten (10) days of signing up with a natural gas supplier (Joint Petition ¶ 59);

c) to provide suppliers with a synchronization list on a monthly basis (Joint Petition ¶ 60);

d) to discuss with the NGS Parties' the remaining administrative issues in a separate collaborative process which will begin as soon as practical (Joint Petition ¶ 61);

e) to revise the cash-in cash-out adjustment factors for transportation service (Joint Petition ¶ 62), which should significantly decrease the amount of money that natural gas suppliers will be required to pay, or not receive, in addition to penalties, in the event that the supplier would have over or under delivery in any particular month; and,

f) to limit its use of rate NSS only to competitive situations and to transition existing non-competitive customers to other services by July 1, 2012 (Joint Petition ¶ 63).

7. In exchange, the NGS Parties agree to withdraw their other proposals in this proceeding and have agreed not to re-raise those withdrawn proposals for a period of thirty (30) months from the effective date of the final order in this case.

8. The NGS Parties submit that the Settlement is a reasonable and appropriate resolution of these issues. As discussed more fully below, the resolution achieved here provides incremental improvement on a number of issues that have been of concern to the NGS parties. Accordingly, the NGS Parties ask that the Settlement be approved.

9. The Settlement constitutes a significant step toward improving the competitiveness of Columbia's service territory, which already is competitive, and should enhance both Choice and Transportation service on Columbia's system by making the administrative process smoother and by making the fees more market based. Moreover, with Columbia's further adjustment of the purchase of receivables discount, by again lowering it, the NGS Parties believe that competition on the Columbia's system should expand at an even greater rate, all things being equal.

10. Increasing the eligibility of limit for choice to 6,000 MCF per year will allow a greater number of small customers to have a choice between Choice and Small Distribution Service. This is important because for certain customers the rules for SDS can seem onerous and Choice is a more simplified approach for the customer. This change should allow for a more comfortable transition from sales of service to competitive service and should assist in expanding that market in the Columbia service territory.

11. The modifications listed in Settlement paragraphs 59 and 60, where Columbia has agreed to provide certain files, will adjust certain current concerns NGSs have had with the day to day data exchanges between Columbia and the suppliers which should allow the suppliers to

have better understanding of which customers are theirs, and provide greater certainty about enrollments. The synchronization file will allow natural gas suppliers to know exactly which customers remain as their customers on the system and should allow for them to better plan for their deliveries and service. Moreover, the potential to modify further the operational rules and administrative processes on Columbia's system through a collaborative process, as provided in ¶ 61, should allow the natural gas suppliers a fair forum in which to address the additional issues with Columbia.

12. The modifications to the cash-out cash-in adjustment factors as provided in ¶ 62 are a significant concession on Columbia's part and will reduce the cost of over and under deliveries, which often result from unavoidable circumstances and not from nefarious or even negligent behavior on the part of suppliers. These cash-in cash-out fees can at times be fairly punitive, depending upon the relative size of the infraction. The adjustments agreed-to by Columbia should reduce those fees going forward--making Columbia's market more attractive to suppliers.

13. The agreement with regard to Rate NSS in ¶63 is a significant step in the direction of bringing to a close the long saga of the NGS Parties concerns with Columbia's rate NSS sales service; which they have always viewed as a competitive sale service. Columbia's agreement to limit the availability of Rate NSS to customers that are in an actual competitive situation, and to phase-out the availability of NSS for other customers is a substantial step. While the NGS Parties continue to believe that NGDCs should not engage in competitive sales in the first instance, limiting NSS in this way will allow it to be used in circumstances where it will have very little potential to do competitive harm.

14. In the light of the foregoing, the NGS Parties believe that the Settlement is in the public interest and ask that the Commission approve it with all due haste.

WHEREFORE, the NGS Parties respectfully request that the Joint Petition for Partial Settlement be approved without modification.

Respectfully submitted,



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