

Appendix J

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	Docket Nos. R-2010-2215623
Office of Consumer Advocate	:	C-2011-2224941
Office of Small Business Advocate	:	C-2011-2224985
Columbia Industrial Intervenors	:	C-2011-2227004
The Pennsylvania State University	:	C-2011-2230067
Pennsylvania Communities Organizing for Change d/b/a ACTION United, Nettie Pelton and Carol Collington	:	C-2011-2232186
James Landis	:	C-2011-2224944
Marie Weaver	:	C-2011-2225050
Margaret Sentz	:	C-2011-2225828
Albert Jochen	:	C-2011-2225878
Patsy Orlando	:	C-2011-2227222
Maureen A. Doerr-Roman	:	C-2011-2231015
and	:	
Shiple Energy Company, Dominion Retail, Inc., Interstate Gas Supply, Inc., 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
and	:	
Columbia Industrial Intervenors Intervenors	:	
	:	
v.	:	
	:	
	:	
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”) hereby submits this Statement in Support of the Joint Petition for Partial Settlement (“Settlement”) filed by the Office of Trial Staff (“OTS”) of the Pennsylvania Public Utility Commission (“Commission”), the Office of Consumer Advocate (“OCA”), the Office of Small Business Advocate (“OSBA”), Columbia Industrial Intervenors (“CII”),¹ Dominion Retail, Inc. (“Dominion”), Shipley Energy Company (“Shipley”), Interstate Gas Supply, Inc. (“IGS”), The Pennsylvania State University (“PSU”), Pennsylvania Communities Organizing for Change d/b/a ACTION United, Nettie Pelton and Carol Collington (“PCOC”) and Columbia Gas of Pennsylvania, Inc. (“Columbia” or the “Company”), parties to the above-captioned proceedings (hereinafter collectively referred to as the “Joint Petitioners”). As indicated below, the Settlement resolves all issues concerning PSU in this proceeding except paragraph 66 involving a future flex rate proceeding, which PSU opposes. Accordingly, except for paragraph 66, PSU offers its support for the Settlement, and requests that the Presiding Administrative Law Judge and the Commission approve the Settlement. In support thereof, PSU avers as follows:

I. INTRODUCTION

1. On January 14, 2011, Columbia filed the above-captioned 2011 Base Rate Filing, together with Supplement No. 163 to its Tariff Gas – Pa. P.U.C. No. 9 (“Supplement No. 163”), responses to Commission filing requirements and standard data requests, and supporting direct testimony and exhibits. In the 2011 Base Rate Filing, Columbia proposed new tariff rules and regulations and proposed increased rates designed to produce an overall revenue increase of approximately \$37.8 million annually based upon the *pro forma* level of operations for the twelve months ending September 30, 2011.

¹ CII’s members are Glen-Gery Corporation, Harley-Davidson Motor Company, Knouse Foods Cooperative, Inc. and World Kitchen, LLC.

2. On September 29, 2010 at Docket No. R-2010-2201974, Columbia filed with the Commission Supplement No. 156 to Tariff Gas – Pa. P.U.C. No. 9 (“BTU factor proceeding”), which proposed a BTU adjustment factor to Mcf billing. On January 20, 2011, Columbia filed a Motion to Consolidate Supplement No. 156 with the base rate filing. Further, Columbia agreed to voluntarily extend the effective date for Supplement No. 156 to coincide with the Company’s base rate filing.

3. On January 24, 2011, Administrative Law Judge Katrina L. Dunderdale issued an order consolidating the BTU factor proceeding with the 2011 Base Rate Filing.

4. PSU takes service primarily under Columbia’s Large Distribution Service (“LDS”) rate category. On March 4, 2011, PSU filed a Complaint against the proposed rate increase alleging that the proposed rate increase may be unreasonable, primarily with the affect it might have on Columbia’s LDS rate category. In subsequent testimony filed by PSU, it also opposed Columbia’s request for a distribution system improvement charge (“DSIC”) and requesting Columbia use 1.073 Btu/mcf as its heat content instead of the proposed 1.097 Btu/mcf.

5. Under the Settlement, the Parties have proposed that rates be designed to produce additional annual revenues of approximately \$17 million. Of this overall increase, approximately \$200,000, or 1.18%, would be allocated to the LDS class.

6. Consistent with the Commission’s policy to encourage settlements, 52 Pa. Code § 5.231(a), the parties engaged in discussions to try to achieve a settlement of some or all of the issues in this case. As a result of those negotiations, the Joint Petitioners were able to reach a settlement.

II. SUPPORT FOR THE SETTLEMENT

In lieu of full litigation of contested proceedings, the Commission encourages parties to settle all or as many issues as possible in order to preserve the time and resources of all involved. 52 Pa. Code §§ 5.231(a) and 69.391(a). 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 settlement, taken as a whole, is in the public interest and should be approved. The following addresses certain facets² of the settlement that specifically benefit or are of particular interest to PSU.

A. Revenue Allocation and Rate Design

7. PSU fully supports the revenue allocation and the rate design as set forth in paragraphs 41-46 of the Settlement and Appendix A and Appendix B. This revenue allocation and rate design, specifically with regard to rate LDS, represents a compromise among the parties and satisfies PSU's concern regarding the reasonableness of the rate increase affecting PSU. The revenue allocation and rate design should be approved by Your Honor and the Commission.

B. Dth Billing

8. PSU fully supports Columbia's proposal to build base rates and commodity costs on a Dth basis with the Dth per Mcf conversion to be determined for each Pipeline Scheduling Point ("PSP") area on a monthly basis. Columbia's agreement to use 1.073 Dth/Mcf for its heat content addresses that concern as raised by PSU in its testimony. As such, PSU asserts that paragraph number 47 is in the public interest and should be approved by Your Honor and the Commission.

² PSU's addressing certain terms of the settlement should not be construed as suggesting the other terms of the Settlement are contrary to the public interest. PSU believes the entire settlement is in the public interest.

C. DSIC

9. PSU supports Columbia's withdraw of its Rider DSIC proposal from this proceeding. PSU opposed a DSIC proposal in its testimony and, as such, approves of its removal from this proceeding. Therefore, paragraph 57 is in the public interest and should be approved by Your Honor and the Commission.

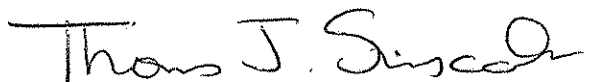
D. Flexed Rates

10. PSU strongly opposes Columbia's proposal in paragraph 66 for Columbia to join with OTS, OCA, and/or OSBA in a request that the Commission institute a generic investigation or rule making to address whether flex discounts, solely as a result of competition from other NGDCs, should be permitted to continue and, if permitted to continue, under what circumstances it will be considered appropriate. PSU believes that under the current economic conditions, flex rates are warranted, a vehicle to keep large customers on the system, and thus are in the public interest. Abandonment of flex rates will hinder economic recovery and job growth in Pennsylvania. This is not a direction in which Columbia and the Commission should be moving and PSU will oppose any such request in the future. As stated in paragraph 66, however, PSU agrees that the remaining terms of the settlement proposal are in no way conditioned upon the Commission commencing the requested generic investigation or rule making.

III. CONCLUSION AND RELIEF REQUESTED

The settlement contained in the Joint Petition is in PSU's and the public's interest. For all of the foregoing reasons in support, and for those in the record as well as in the Joint Petition itself, PSU requests that the settlement be approved as soon as reasonably possible by the Commission.

Respectfully submitted,



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DATED: June 30, 2011