

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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June 24, 2015

Rosemary Chiavetta  
Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120

RE: Pennsylvania Public Utility Commission v.  
Columbia Gas of Pennsylvania, Inc. 1307(f)  
Docket Nos. R-2015-2469665

Secretary Chiavetta:

Enclosed please find the Office of Consumer Advocate's Statement in Support of the Joint Petition for Partial Settlement of Rate Investigation Pursuant to 66 Pa. C.S. § 1307(f), in the above-referenced proceeding.

Copies have been served as indicated on the enclosed Certificate of Service.

Respectfully Submitted,

A handwritten signature in black ink that reads "Hobart J. Webster".

Hobart J. Webster  
Assistant Consumer Advocate  
PA Attorney I.D. #314639  
E-Mail: HWebster@paoca.org

Enclosures

cc: Honorable Mark A. Hoyer, ALJ  
Certificate of Service

\*204029

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2015-2469665
	:	
Columbia Gas of Pennsylvania, Inc.	:	

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STATEMENT OF THE OFFICE OF CONSUMER ADVOCATE  
IN SUPPORT OF THE JOINT PETITION FOR PARTIAL SETTLEMENT OF  
RATE INVESTIGATION PURSUANT TO 66 Pa. C.S. § 1307(f)

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The Office of Consumer Advocate (OCA), one of the signatory parties to the proposed Joint Petition for Partial Settlement of the rate investigation pursuant to 66 Pa. C.S. § 1307(f) (Partial Settlement), finds the terms and conditions of the Partial Settlement to be in the public interest for the following reasons:

**I. Background**

On February 27, 2015, Columbia Gas of Pennsylvania (Columbia, CPA, or the Company) submitted its purchased gas cost (PGC) pre-filing information in support of its annual reconciliation of PGC rates pursuant to Section 1307(f) of the Public Utility Code. 66 Pa. C.S. § 1307(f); 52 Pa. Code §§ 53.64, 53.65. On April 1, 2015, Columbia submitted its definitive annual PGC filing, which proposes a rate of \$0.39841/Therm for service rendered on and after October 1, 2015.

The Company's 1307(f) filing was assigned to the Office of Administrative Law Judge and was further assigned to the Honorable Administrative Law Judge Mark A. Hoyer (ALJ) for investigation and scheduling of hearings to determine whether Columbia's gas costs comply with

the standards set forth in the Public Utility Code. On March 11, 2015, the Office of Small Business Advocate (OSBA) filed a Formal Complaint. On March 12, 2015, the Commission's Bureau of Investigation & Enforcement (I&E) filed its Notice of Appearance. A Petition to Intervene was filed by Interstate Gas Supply, Inc., Shipley Energy and Dominion Energy Solutions (NGS Parties) on March 27, 2015. The OCA filed a Formal Complaint on March 30, 2015 against the Columbia filing. In addition, on March 30, 2015, the Columbia Industrial Intervenors (CII) filed a Petition to Intervene.

Pursuant to the procedural schedule adopted by ALJ Hoyer, the OCA presented the written direct, rebuttal and surrebuttal testimony of its expert witness Melissa Whitten. I&E presented the written direct, rebuttal and surrebuttal testimony of Jeremy B. Hubert. OSBA presented the testimony of Robert D. Knecht. The NGS Parties' filed the written direct, rebuttal and surrebuttal of Matthew White. The parties engaged in discovery and discussions aimed at resolving the issues concerning Columbia's filing. On June 3, 2015, evidentiary hearings were held in this matter and the parties stipulated to the admission of OCA, OSBA, NGS Parties, and I&E's written testimony.

Pursuant to the Commission's policy of encouraging settlements that are in the public interest, the parties were involved in a number of discussions regarding the issues identified in the OCA's and other parties' testimony. These discussions resulted in this proposed, partial settlement, filed on June 24, 2015, which is entered into or not opposed by all parties. As will be discussed below, the OCA submits that the proposed Partial Settlement is in the public interest.

## II. Terms of Settlement

The OCA raised two issues with Columbia's PGC filing: the calculation of the projected customer share of the Unified Sharing Mechanism (USM) credits and the allocation of USM credits between the Purchased Gas Commodity Cost (PGCC) and Purchased Gas Demand Cost (PGDC) rates. The issue of the allocation of USM credits between the PGDC and PGCC rates has been reserved for litigation.

### Projection of Customer Share of USM Net Proceeds (Partial Settlement ¶ 33)

As part of the Partial Settlement in the 2014 Columbia PGC case, Columbia agreed to calculate the projection of the customers' share of the USM projection based upon an average of the three most recently completed PGC periods for which data are available at the time of the Company's PGC pre-filing. The parties also agreed that as part of the 2015 PGC proceeding, the parties would consider whether to exclude the expected \$11.4 million USM credit amount for the twelve months ending September 30, 2014 from the average calculation on the basis that it is extraordinary and likely to distort the projection of USM credits. The actual USM credit revenue totaled \$11.9 million. CPA St. 2 at 6.

As part of this proposed Joint Settlement, the parties agree that for the twelve months ended September 30, 2014, the USM net proceeds shall be deemed to be \$7.5 million, and this amount shall be included in the three-year average for purposes of this proceeding and the 2016 and 2017 PGC proceedings. The parties further agree that the Company will continue to calculate the USM's projection of the customer's share based upon an average of the three most recently completed PGC periods for which data are available at the time of the PGC pre-filing. The OCA submits that these provisions are in the public interest because they will help to

moderate the impact of extraordinary events on the USM credit and are consistent with the OCA's position in the last two PGC proceedings. The use of an average prevents abnormally large or small proceeds in a particular year from unduly impacting the projected credit in the immediately following PGC period. The averaging methodology also recognizes the appropriateness of passing through to PGC customers the credits to which they are entitled in a timely manner.

### III. Conclusion

For the foregoing reasons, the Office of Consumer Advocate submits that terms and conditions of the proposed Partial Settlement are in the public interest and the interest of Columbia Gas of Pennsylvania's ratepayers and should be approved.

Respectfully submitted,



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Date: June 24, 2015

CERTIFICATE OF SERVICE

Pennsylvania Public Utility Commission :  
 :  
 v. : Docket Nos. R-2015-2469665  
 :  
 Columbia Gas of Pennsylvania, Inc. :  
 1307(f) Proceeding :

I hereby certify that I have this day served a true copy of the foregoing document, the Office of Consumer Advocate's Statement in Support of the Joint Petition for Partial Settlement Rate Investigation Pursuant to 66 Pa. C.S. § 1307(f), upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 24<sup>th</sup> day of June 2015.

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