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August 27, 2015

VIA ELECTRONIC FILING

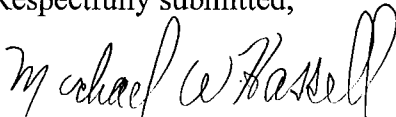
Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
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Harrisburg, PA 17105-3265

**Re: Pennsylvania Public Utility Commission v. Columbia Gas of Pennsylvania, Inc.
Docket No. R-2015-2468056, etc.**

Dear Secretary Chiavetta:

Enclosed please find the Main Brief of Columbia Gas of Pennsylvania, Inc. in the above-referenced proceeding. Copies will be provided as indicated on the Certificate of Service.

Respectfully submitted,



Michael W. Hassell

MWH/skr
Enclosure

cc: Certificate of Service
Honorable Mary D. Long

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

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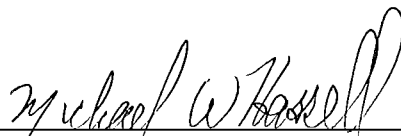
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Michael W. Hassell

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	Docket Nos. R-2015-2468056
Office of Consumer Advocate	:	C-2015-2473682
Office of Small Business Advocate	:	C-2015-2477816
Pennsylvania State University	:	C-2015-2476623
Columbia Industrial Intervenors	:	C-2015-2477120
G. Thomas Smeltzer	:	C-2015-2482395
	:	
v.	:	
	:	
Columbia Gas of Pennsylvania, Inc.	:	

**MAIN BRIEF OF
COLUMBIA GAS OF PENNSYLVANIA, INC.**

TO ADMINISTRATIVE LAW JUDGE MARY D. LONG:

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Pa. P.U.C. v. Breezewood Telephone Company, Docket No. R-901666, 1991 Pa. PUC LEXIS 45 (January 31, 1991)5

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I. INTRODUCTION

Columbia Gas of Pennsylvania, Inc. (“Columbia” or the “Company”) is a “public utility” and “natural gas distribution company” (“NGDC”) as those terms are defined in Sections 102 and 2202 of the Public Utility Code, 66 Pa.C.S. §§ 102 and 2202. Columbia provides natural gas sales, transportation, and/or supplier of last resort services to approximately 419,000 retail customers in portions of 26 counties of Pennsylvania.

In this proceeding, Columbia requests Pennsylvania Public Utility Commission (“Commission”) approval of a base rate increase, with an anticipated effective date of December 18, 2015, which is the effective date of rates under the Commission’s April 9, 2015 suspension order. As set forth in a Joint Petition for Partial Settlement to be filed simultaneously with the Main Brief in this proceeding, and in the various statements in support thereof, the parties have achieved settlement on all issues in this case, with one exception.¹ The issue reserved for resolution by Administrative Law Judge Mary D. Long (the “ALJ”) and the Commission is whether Columbia should end immediately its recovery of \$375,000 through Rider Universal Service Program (“USP”) that is used as part of the funding for its Hardship Fund.

Joint Petitioners have agreed to a base rate increase, an allocation of that increase to the rate classes and the rate design for all rate classes to recover the allocated portions of the rate increase to such classes. Other issues raised by the Company’s filing and by intervening parties also have been resolved. Columbia will address in this Brief the issue reserved for litigation. Columbia’s explanation of why the Partial Settlement is

¹ By a separate settlement between Columbia and The Pennsylvania State University (“PSU”), Columbia and PSU have agreed to remove PSU’s Amended Complaint issues that relate to the Snowshoe Lateral from the base rate proceeding to a separate proceeding to be consolidated with an application for certificate of public convenience to abandon service to be filed by Columbia.

in the public interest and should be approved is contained in Columbia's Statement in Support of the Joint Petition for Partial Settlement.

A. STATEMENT OF THE CASE

On March 19, 2015, Columbia filed the above-captioned 2015 Base Rate Filing, together with Supplement No. 226 to its Tariff Gas – Pa. P.U.C. No. 9, responses to Commission filing requirements and standard data requests, and supporting direct testimony and exhibits. In the 2015 Base Rate Filing, Columbia proposed new tariff rules and regulations and proposed increased rates designed to produce an overall revenue increase of approximately \$46.2 million annually based upon a pro forma fully projected future test year ("FPFTY") ending December 31, 2016.

Formal Complaints were filed by the Office of Consumer Advocate ("OCA"), Office of Small Business Advocate ("OSBA"), Columbia Industrial Intervenors ("CII") and G. Thomas Smeltzer. Petitions to Intervene were filed by Dominion Retail, Inc., Shipley Energy Company and Interstate Gas Supply (collectively, the "NGS Parties"), Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA") and Retail Energy Supply Association ("RESA").

In an Order entered April 9, 2015, the Commission initiated an investigation of Columbia's proposed general rate increase. Supplement No. 226 was suspended by operation of law pursuant to Section 1308(d) of the Public Utility Code, 66 Pa.C.S. § 1308(d), until December 18, 2015, unless permitted by Commission Order to become effective at an earlier date. On July 2, 2015, Columbia filed with the Commission Supplement No. 233 to Tariff Gas Pa. PUC No. 9, suspending Columbia's Supplement No. 226 until December 18, 2015.

An initial Prehearing Conference was held on April 16, 2015. At the prehearing conference, the ALJ established the litigation schedule. The ALJ also set forth discovery rules, which included shorter response times than those provided in the Commission's regulations. See 52 Pa. Code §§ 5.341 *et seq.* On April 21, 2015, the ALJ issued a Prehearing Order that confirmed the litigation schedule established at the Prehearing Conference. In accordance with the litigation schedule, various parties filed direct, rebuttal, surrebuttal and rejoinder testimony.

Columbia filed its Universal Service and Energy Conservation Plan ("USECP") for 2015-2018 Submitted in Compliance with 52 Pa. Code Section 62.4, at Docket No. M-2422262, on June 2, 2014. On July 8, 2015, the Commission issued a Final Order approving Columbia's USECP. *Columbia Gas of Pennsylvania, Inc. Universal Service and Energy Conservation Plan for 2015-2018 Submitted in Compliance with 52 Pa. Code § 62.4*, Docket No. M-2014-2424462, *Final Order* (July 8, 2015) ("USECP Order"). In the USECP Order, the Commission directed the parties in this proceeding to address Columbia's continued recovery through Rider USP of a \$375,000 Hardship Fund contribution. (USECP Order, p. 40.)

I&E, OCA and CAUSE-PA addressed the Commission's directive in its USECP Order in their surrebuttal testimony. OCA and CAUSE-PA submitted proposals that would allow Columbia to temporarily continue recovery of the \$375,000 Hardship Fund contribution through Rider USP, while promptly undertaking new efforts to seek additional sources of voluntary hardship funding. (OCA St. No. 4-S, pp. 11-12; CAUSE-PA St. No. 1-SR, p. 10.) OCA specifically proposed that the current recovery continue until Columbia's next base rate case, and that Columbia address the issue in that next base rate case. I&E recommended immediate removal of the \$375,000 in hardship

funding from Rider USP. (I&E St. No. 2-SR, p. 19.) In rejoinder testimony, Columbia recommended that OCA's proposal be adopted. (Columbia St. No. 112-RJ, p. 4.)

On August 7, 2015, I&E filed a Motion in Limine seeking to limit briefing on the issue reserved for litigation to "whether the recommendation put forth by CAUSE-PA and the OCA and endorsed by Columbia, or the recommendation put forth by I&E, complies with the Commission's directive in the USP Final Order." *Motion in Limine of the Bureau of Investigation and Enforcement*, Docket No. R-2015-2468056 (August 7, 2015), p. 6. The ALJ denied the Motion in Limine on August 10, 2015, after hearing oral argument on the Motion.

The Joint Petitioners held numerous settlement discussions over the course of this proceeding. As a result of those discussions and the efforts of the Joint Petitioners to examine the issues in the proceeding, a settlement in principle of all but the previously identified issue reserved for litigation was achieved by the Joint Petitioners, thereby negating the need for the scheduled evidentiary hearings on most issues. The Parties agreed to waive cross-examination on the issue reserved for litigation. A hearing was held before the ALJ on August 4, 2015 to allow for the introduction and admission into evidence of Columbia's filing and certain testimony and exhibits filed by Columbia and other parties during the course of the proceeding. A second day of hearings was held on August 10, 2015 to admit the remaining testimony and exhibits of the parties.²

² PSU and Columbia initially reserved issues pertaining to the Snowshoe Lateral for cross-examination. Due to the ongoing settlement negotiations between Columbia and PSU, Columbia and PSU requested that the ALJ cancel the second scheduled hearing day and schedule cross-examination on these issues for August 10, 2015, the last of the scheduled hearing dates, in order to allow additional time for settlement negotiations. Following the hearing on August 4, 2015 but before the hearing scheduled for August 10, 2015, PSU and Columbia reached a settlement in principle on the Snowshoe Lateral issues. Under the Settlement between Columbia and PSU, all testimony and exhibits concerning the Snowshoe Lateral were excluded from the base rate proceeding. The remaining testimony and exhibits, with Snowshoe Lateral material removed, were admitted into the record at the August 10, 2015, hearing, and no cross-examination was conducted.

The Main Brief on the issue reserved for litigation is being filed in accordance with the procedural schedule adopted by the ALJ.

B. LEGAL STANDARDS AND BURDEN OF PROOF

Under the Public Utility Code, rates charged by public utilities must be just and reasonable and cannot result in unreasonable rate discrimination. 66 Pa.C.S. §§ 1301 and 1304.

A public utility seeking a general rate increase has the burden of proof to establish the justness and reasonableness of every element of the rate increase request. 66 Pa.C.S. § 315(a); *Pa. P.U.C. v. Aqua Pennsylvania, Inc.*, Docket No. R-00038805, 236 PUR 4th 218, 2004 Pa. PUC LEXIS 39 (August 5, 2004). However, a public utility, in proving that its proposed rates are just and reasonable, does not have the burden to affirmatively defend claims made in its filing that no other party has questioned. As the Commonwealth Court has explained:

While it is axiomatic that a utility has the burden of proving the justness and reasonableness of its proposed rates, it cannot be called upon to account for every action absent prior notice that such action is to be challenged.

Allegheny Center Assocs. v. Pa. P.U.C., 570 A.2d 149, 153 (Pa. Cmwlth. 1990).

Although the ultimate burden of proof does not shift from the utility seeking a rate increase, a party proposing an adjustment to a ratemaking claim of a utility bears the burden of presenting some evidence or analysis tending to demonstrate the reasonableness of the adjustment. *See, e.g., Pa. P.U.C. v. PECO*, Docket No. R-891364, *et al.*, 1990 Pa. PUC LEXIS 155 (May 16, 1990); *Pa. P.U.C. v. Breezewood Telephone Company*, Docket No. R-901666, 1991 Pa. PUC LEXIS 45 (January 31, 1991). In addition, tariff provisions previously approved by the Commission are deemed just and

reasonable and, therefore, a party challenging a previously-approved tariff provision bears the burden to demonstrate that the Commission's prior approval is no longer justified. *See, e.g., Pa. P.U.C. v. Philadelphia Gas Works*, Docket Nos. R-00061931, *et al.*, 2007 Pa. PUC LEXIS 45 at *165-68 (September 28, 2007) (adopting the ALJ's discussion on burden of proof).

Further, a party that raises an issue that is not included in a public utility's general rate case filing bears the burden of proof. For example, in *Pa. P.U.C. v. Metropolitan Edison Company, et al.*, Docket Nos. R-00061366, *et al.*, 2007 Pa. PUC LEXIS 5 (January 11, 2007), a party offered proposals to have the companies incur expenses not included in their filings. The ALJ held that, as the proponent of a Commission order with respect to its proposals, the party bears the burden of proof as to proposals that are not included in the companies' filings. The Commission agreed and adopted the ALJ's conclusion that Section 315(a) of the Public Utility Code cannot reasonably be read to place the burden of proof on the utility with respect to an issue the utility did not include in its general rate case filing and which, frequently, the utility would oppose. *Id.* at *111-12.

II. SUMMARY OF ARGUMENT

The sole issue reserved for litigation in this case is whether Columbia should end immediately its recovery of \$375,000 through Rider USP that is used as part of the funding for its Hardship Fund. The Commission's USECP Order directs the parties in this base rate proceeding to address Columbia's continued recovery through Rider USP of a \$375,000 Hardship Fund contribution. I&E proposes that Columbia be directed to immediately cease recovery of the \$375,000 through Rider USP. However, nowhere in the USECP Order did the Commission direct Columbia to immediately cease recovery of

the \$375,000 Hardship Fund contribution through Rider USP, and Columbia opposes such a proposal because it would immediately reduce Hardship Fund funding, to the detriment of low-income customers who rely upon such funding, without providing Columbia sufficient time to identify and engage in additional, new fundraising efforts.

The OCA has proposed that Columbia temporarily continue to recover a \$375,000 Hardship Fund contribution through Rider USP, while promptly undertaking new efforts to seek additional voluntary funding to replace the \$375,000 recovered through Rider USP. (OCA St. No. 4-S, p. 11.) Rider USP recovery will continue through Columbia's next base rate case, and Columbia will address the issue of Hardship Fund funding and Rider USP recovery in that next base rate case. Columbia supports OCA's recommendation because it properly addresses the Commission's directive in its USECP Order by providing Columbia with time to seek additional sources of voluntary funding while Columbia temporarily continues to recover the \$375,000 Hardship Fund contribution through Rider USP.

III. ARGUMENT

A. History of Recovery of Amounts from Customers through Rates to Contribute to Hardship Funding

In order to understand why I&E's proposal to immediately remove \$375,000 in Hardship Fund funding from recovery in Rider USP is improper, it is first necessary to briefly explain Columbia's Hardship Fund program and how it historically has been funded. Columbia's Hardship Fund provides financial assistance in the form of a grant, which is administered by Dollar Energy Fund ("DEF"), to low-income residential customers who temporarily need help paying their gas bills and who meet certain qualification guidelines. (*USECP Order*, p. 36.)

Columbia raises funds for the Hardship Fund in a variety of ways. Company shareholders, employees, and customers are the primary contributors to the fund, and Columbia contributes a dollar for dollar match for voluntary ratepayer contributions. (*USECP Order*, p. 36.) In addition to these contributions, Columbia conducts fundraising efforts to increase ratepayer contributions up to \$150,000. (*USECP Order*, p. 36.) Columbia also has been permitted by the Commission, through individual petitions, to redirect the residential share of certain interstate pipeline refunds to the Hardship Fund. (*USECP Order*, p. 36, n. 26.)

One other current source of funds for the Hardship Fund is the \$375,000 amount recovered from all non-Customer Assistance Program (“CAP”) residential customers through Rider USP. (Columbia St. No. 112-RJ, p. 1.) Prior to recovering \$375,000 in hardship funding through Rider USP, the funds were derived from a Commission-approved contract with Citizens Energy Corporation (“Citizens Energy”). (Columbia St. No. 112-RJ, pp. 1-2.) Initially, under the agreement with Citizens Energy, Columbia purchased gas from Citizens Energy at a benchmark rate set at the pipeline price of gas. (Columbia St. No. 112-RJ, p. 2.) Purchases at the benchmark price were recovered through purchased gas cost (“PGC”) rates. Citizens Energy then donated the difference between the benchmark price and the current spot market price to DEF for distribution to low-income customers. (Columbia St. No. 112-RJ, p. 2.) However, following adoption of FERC Order No. 636, gas purchasing was unbundled at the interstate pipeline level, and thus the “pipeline price of gas” was eliminated. (Columbia St. No. 112-RJ, p. 2.) Therefore, the contract between Columbia and Citizens Energy was amended to provide a fixed contribution amount of \$375,000, minus a \$13,125 administrative fee charged by Citizens Energy to cover its costs for administering the

program. (Columbia St. No. 112-RJ, p. 3.) Therefore, the total contribution to the Hardship Fund under the agreement with Citizens Energy was \$361,875. (Columbia St. No. 112-RJ, p. 3.) This purchase arrangement was approved by the Commission in 1994. (Columbia St. No. 112-RJ, p. 2.) The payments by Columbia to Citizens Energy continued to be recovered through PGC rates. (Columbia St. No. 112-RJ, p. 2.) Thus, Columbia's customers were paying for the \$375,000 amount through PGC rates. Only customers who purchased gas from Columbia were responsible for these costs. (Columbia St. No. 112-RJ, p. 1.)

It became apparent in 2012 that the then-current mechanism of having Columbia make payments to Citizens Energy as purchased gas costs and then having Citizens Energy make a contribution to the Hardship Fund was unfair and inefficient. At the inception of Columbia's agreement with Citizens Energy in 1984, all residential customers purchased their gas supply from Columbia. (Columbia St. No. 112-RJ, p. 2.) Over time, residential customers became eligible to purchase gas from alternative suppliers. (Columbia St. No. 112-RJ, pp. 2-3.) Those customers electing to purchase their gas from an alternative supplier thus would not pay for the Hardship Fund contribution. (Columbia St. No. 112-RJ, pp. 2-3.) In addition, the agreement with Citizens Energy included a \$13,125 administrative fee charged by Citizens Energy, which did not benefit the Hardship Fund. (Columbia St. No. 112-RJ, p. 3.)

In Columbia's 2012 base rate proceeding, at Docket No. R-2012-2321748, Columbia proposed that the contract with Citizens Energy be cancelled, and replaced by an increase of \$375,000 to Rider USP, with all of the funds dedicated to the Hardship Fund. (*USECP Order*, p. 37; Columbia St. No. 112-RJ, p. 3.) In the Settlement of that proceeding, all parties to the Settlement agreed to cancellation of the contract with

Citizens Energy, and to replace the Hardship Fund proceeds from that contract through an increase to Rider USP. (Columbia St. No. 112-RJ, p. 1.) By recovering the funds through Rider USP, rather than through gas costs, the contribution would be paid for by all residential non-CAP customers, regardless of how they purchase gas supply. (Columbia St. No. 112-RJ, p. 1.) In addition, the net funding to the Hardship Fund increased by \$13,125, because Citizens Energy no longer would retain an administrative fee. (Columbia St. No. 112-RJ, p.3.) Columbia has been recovering a \$375,000 Hardship Fund contribution through Rider USP since the 2012 base rate Settlement, and proposed in its initial filing for the 2015 base rate proceeding no change to recovery of the \$375,000 Hardship Fund contribution in Rider USP.

B. Interpretation of the Commission's USECP Order

The Commission issued its USECP Order on July 8, 2015. In the USECP Order, the Commission stated that other Natural Gas Distribution Companies and Electric Distribution Companies fund their hardship programs through voluntary means, and that the Commission was not persuaded that Columbia cannot do so as well. (*USECP Order*, pp. 39-40.) The Commission directed the parties to address this issue in the instant base rate proceeding. (*USECP Order*, p. 40.)

The Commission's order does not, as I&E suggests, mandate the immediate removal of \$375,000 in hardship funding from Rider USP. Nowhere in its USECP Order did the Commission direct Columbia to abruptly cease recovery of \$375,000 in hardship funding through Rider USP without allowing any time to initiate substitute fundraising efforts. Rather, the Commission directed the parties to *address* the issue of cost recovery of hardship funding through Rider USP in the instant base rate proceeding. (*USECP Order*, pp. 39-40.) The Commission stated in its USECP Order:

Although funding a Hardship Fund program through employee, customer, and stockholder contributions is less consistent than a flat charge added to Columbia's USP Rider, other NGDCs and the EDCs are able to fund their programs using only voluntary resources. We are not persuaded that Columbia cannot do so as well.

We agree with the OCA that the Commission and relevant parties should address this issue through Columbia's current base rate proceeding at Docket No. R-2015-2468056.

(USECP Order, pp. 39-40.)

If the Commission had intended in the USECP Order that Columbia was to immediately cease recovery of \$375,000 in hardship funding through Rider USP, it would have simply said so in the USECP Order, and it would not have been necessary for the Commission to direct the parties to address the issue at this docket. Clearly, the Commission intended that the parties would consider in this base rate proceeding the options available to use only voluntary resources to replace the \$375,000 in hardship funding in Rider USP. By contending that the USECP Order requires immediate removal of \$375,000 in hardship funding from Rider USP, I&E reads a directive into the Commission's order that simply is not there. I&E's interpretation of the USECP Order should be rejected.

C. Parties' Recommendations on the Recovery through Rider USP of \$375,000 to Contribute to Hardship Funding

The Commission entered its USECP Order on July 8, 2015. By the time the USECP Order was entered, Columbia had already submitted its direct testimony and exhibits, and other parties had submitted their direct testimony and exhibits. The entry of the order shortly preceded the due date for rebuttal testimony. In surrebuttal testimony, the OCA proposed that, because the issue was being addressed for the first time late in this proceeding and additional sources of voluntary funding had not been

developed, the current recovery mechanism be continued until Columbia's next base rate case. (OCA St. No. 4-S, p. 11.) The OCA further recommended that, in the meantime, Columbia increase fundraising efforts in order to further develop additional voluntary resources for its Hardship Fund that could replace, in whole or in part, the \$375,000 recovered through Rider USP. (OCA St. No. 4-S, p. 11.)

As proposed by OCA, Columbia should continue to recover \$375,000 in hardship funding through Rider USP in this proceeding while it ramps up fundraising efforts and works toward seeking additional voluntary program funding prior to its next base rate case. At that time, parties can examine the success of Columbia's additional efforts to increase voluntary contributions to the Hardship Fund as a replacement for the \$375,000 recovered through Rider USP. Columbia supports the OCA's proposal because it addresses the Commission's directive in its USECP Order while allowing Columbia time to secure additional voluntary funding for its Hardship Fund. Columbia intends to immediately examine additional fundraising efforts, and will consider, to the extent it does not already do so, the various fundraising and partnership efforts suggested by OCA. (OCA St. No. 4-S, pp. 11-12; Columbia St. No. 112-RJ, p. 4.) Columbia notes that in the Settlement in this proceeding, Columbia has committed to establish a Universal Service Advisory Committee. Columbia intends to engage the Universal Service Advisory Committee to discuss ways to seek additional voluntary funding for the Hardship Fund.

OCA's proposal offers a reasonable solution as to how Columbia can transition from recovering a \$375,000 Hardship Fund contribution in Rider USP, while allowing Columbia an opportunity to secure additional voluntary sources of hardship funding. OCA's proposal recognizes that Columbia needs time to increase fundraising efforts and

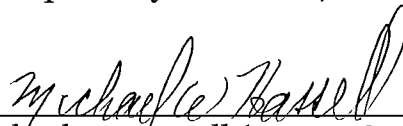
to fully develop additional voluntary sources of funding that can be in place if the entire \$375,000 currently recovered through Rider USP is ended. Additional time for fundraising efforts would maximize funds available to continue the services that the Hardship Fund provides to qualified customers.

I&E's proposal to immediately remove from Rider USP the recovery of a \$375,000 contribution to the Hardship Fund should be rejected because it could negatively impact customers who rely on the services provided by the Hardship Fund. Columbia continues to experience an increase in fuel fund utilization. (Columbia St. No. 112-RJ, p. 3.) Accordingly, the \$375,000 contribution to the Hardship Fund that is currently recovered through Rider USP is needed and should temporarily continue until Columbia has the opportunity to develop additional voluntary resources. (Columbia St. No. 112-RJ, p. 3.) Given that Columbia intends to immediately seek additional sources of voluntary funding in preparation for the possible end of recovery of hardship funding through Rider USP in Columbia's next base rate proceeding, I&E's proposal to do a "flash cut" of the entire \$375,000 Hardship Fund contribution currently recovered through Rider USP is not warranted. I&E's proposal should be denied.

IV. CONCLUSION

WHEREFORE, for all the foregoing reasons, Columbia Gas of Pennsylvania, Inc. respectfully requests that the ALJ and Commission adopt the Office of Consumer Advocate's proposal and temporarily allow the continued recovery of \$375,000 through Columbia's Rider USP while Columbia undertakes efforts to secure additional sources of voluntary funding for its Hardship Fund.

Respectfully submitted,



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Date: August 27, 2015

*Attorneys for Columbia Gas of
Pennsylvania, Inc.*

I. FINDINGS OF FACT¹

1. Columbia's Hardship Fund provides financial assistance to qualified low-income residential customers. (Columbia St. No. 112-RJ, p. 2.)

2. Company shareholders, employees, and customers are the primary contributors to Columbia's Hardship Fund, and Columbia contributes a dollar for dollar match for voluntary ratepayer contributions. In addition to these contributions, Columbia conducts fundraising efforts to increase ratepayer contributions up to \$150,000. (*USECP Order*, p. 36.)

3. Columbia recovers \$375,000 in Hardship Fund funding through Rider USP. (Columbia St. No. 112-RJ, p. 3.)

4. Rider USP is paid for by all non-CAP residential customers. (Columbia St. No. 112-RJ, p. 1.)

5. Prior to recovering \$375,000 in Hardship Fund funding through Rider USP, the funds were derived from a Commission-approved contract with Citizens Energy Corporation. (Columbia St. No. 112-RJ, pp. 1-2.)

6. Initially, under the agreement with Citizens Energy, Columbia purchased gas from Citizens Energy at a benchmark rate set at the pipeline price of gas. Purchases at the benchmark price were recovered through purchased gas cost rates. Citizens Energy then donated the difference between the benchmark price and the current spot market price to Dollar Energy Fund for distribution to low-income customers. (Columbia St. No. 112-RJ, p. 2.)

¹ These Findings of Fact and Conclusions of Law are specific to the issues reserved for litigation in this proceeding.

7. Following adoption of FERC Order No. 636, gas purchasing was unbundled at the interstate pipeline level, and thus the “pipeline price of gas” was eliminated. The contract between Columbia and Citizens Energy was amended to provide a fixed contribution amount of \$375,000, minus a \$13,125 administrative fee charged by Citizens Energy to cover its costs for administering the program. (Columbia St. No. 112-RJ, pp. 2-3.)

8. The \$13,125 administrative fee charged by Citizens Energy did not benefit Columbia’s Hardship Fund. The total contribution to the Hardship Fund under the agreement with Citizens Energy was \$361,875. (Columbia St. No. 112-RJ, p. 3.)

9. The amended purchase arrangement between Columbia and Citizens Energy was approved by the Commission in 1994. (Columbia St. No. 112-RJ, p. 2.)

10. Columbia’s customers paid for the \$375,000 fixed contribution amount under the Citizens Energy agreement through PGC rates. Only customers who purchased gas from Columbia were responsible for these costs. (Columbia St. No. 112-RJ, p. 1.)

11. At the inception of Columbia’s agreement with Citizens Energy in 1984, all residential customers purchased their gas supply from Columbia. Over time, residential customers became eligible to purchase gas from alternative suppliers. (Columbia St. No. 112-RJ, pp. 2-3.)

12. In the Settlement of Columbia’s 2012 base rate proceeding, at Docket No. R-2012-2321748, all parties to the Settlement agreed to cancellation of the contract with Citizens Energy, and to replace the Hardship Fund proceeds from that contract through a \$375,000 increase to Rider USP, with all of the funds dedicated to the Hardship Fund. (Columbia St. No. 112-RJ, pp. 1, 3.)

13. Columbia has been recovering a \$375,000 Hardship Fund contribution through Rider USP since the 2012 base rate Settlement. (Columbia St. No. 112-RJ, p. 1.)

14. The Commission issued its USECP Order on July 8, 2015. *Columbia Gas of Pennsylvania, Inc. Universal Service and Energy Conservation Plan for 2015-2018 Submitted in Compliance with 52 Pa. Code § 62.4*, Docket No. M-2014-2424462, *Final Order* (July 8, 2015).

15. Columbia needs time to increase fundraising efforts and to fully develop additional voluntary sources of funding that can be in place in the event that the entire \$375,000 currently recovered through Rider USP is ended. (Columbia St. No. 112-RJ, pp. 3-4.)

16. Columbia intends to immediately examine additional fundraising efforts to seek funding for the Hardship Fund. (Columbia St. No. 112-RJ, p. 4.)

17. Columbia continues to experience an increase in fuel fund utilization. The immediate removal of the \$375,000 contribution to the Hardship Fund from Rider USP could negatively impact customers who rely on the services provided by the Hardship Fund. (St. No. 112-RJ, p. 3.)

II. CONCLUSIONS OF LAW

18. Under the Public Utility Code, rates charged by public utilities must be just and reasonable and cannot result in unreasonable rate discrimination. 66 Pa.C.S. §§ 1301 and 1304.

19. A public utility seeking a general rate increase has the burden of proof to establish the justness and reasonableness of every element of the rate increase request. 66 Pa.C.S. § 315(a); *Pa. P.U.C. v. Aqua Pennsylvania, Inc.*, Docket No. R-00038805, 236 PUR 4th 218, 2004 Pa. PUC LEXIS 39 (August 5, 2004).

20. A public utility, in proving that its proposed rates are just and reasonable, does not have the burden to affirmatively defend claims made in its filing that no other party has questioned. *Allegheny Center Assocs. v. Pa. P.U.C.*, 570 A.2d 149, 153 (Pa. Cmwlth. 1990).

21. A party proposing an adjustment to a ratemaking claim of a utility bears the burden of presenting some evidence or analysis tending to demonstrate the reasonableness of the adjustment. *Pa. P.U.C. v. PECO*, Docket No. R-891364, *et al.*, 1990 Pa. PUC LEXIS 155 (May 16, 1990); *Pa. P.U.C. v. Brezewood Telephone Company*, Docket No. R-901666, 1991 Pa. PUC LEXIS 45 (January 31, 1991).

22. A party challenging a tariff provision previously approved by the Commission bears the burden to demonstrate that the Commission's prior approval is no longer justified. *Pa. P.U.C. v. Philadelphia Gas Works*, Docket Nos. R-00061931, *et al.*, 2007 Pa. PUC LEXIS 45 at *165-68 (September 28, 2007).

23. A party that raises an issue that is not included in a public utility's general rate case filing bears the burden of proof. *Pa. P.U.C. v. Metropolitan Edison Company, et al.*, Docket Nos. R-00061366, *et al.*, 2007 Pa. PUC LEXIS 5 (January 11, 2007).

24. The Commission's USECP Order does not mandate the immediate removal of \$375,000 in hardship funding from Rider USP. (*USECP Order*, pp. 39-40.)

25. The OCA's proposal that Columbia should continue to recover \$375,000 in hardship funding through Rider USP in this proceeding while it ramps up fundraising efforts and works toward seeking additional voluntary program funding prior to its next base rate case addresses the Commission's directive in its July 8, 2015 USECP Order.

III. ORDERING PARAGRAPHS

1. The Office of Consumer Advocate's proposal to temporarily allow the continued recovery of \$375,000 in Hardship Fund funding through Columbia's Rider USP while Columbia undertakes efforts to secure additional sources of voluntary funding for its Hardship Fund is granted.

3. Columbia shall address, in its next base rate proceeding, the continued recovery of \$375,000 in Hardship Fund funding through Rider USP.

2. The Bureau of Investigation and Enforcement's proposal to immediately end recovery of \$375,000 in Hardship Fund funding through Columbia's Rider USP is denied.