



17 North Second Street
12th Floor
Harrisburg, PA 17101-1601
717-731-1970 Main
717-731-1985 Main Fax
www.postschell.com

Michael W. Hassell

mhassell@postschell.com
717-612-6029 Direct
717-731-1985 Direct Fax
File #: 160697

October 23, 2015

VIA ELECTRONIC FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
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 Exceptions 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).

VIA E-MAIL AND FIRST CLASS MAIL

Erin L. Gannon, Esquire
Amy E. Hirakis, Esquire
Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923

Scott B. Granger, Esquire
Bureau of Investigation & Enforcement
PO Box 3265
Commonwealth Keystone Building
400 North Street, 2nd Floor West
Harrisburg, PA 17105-3265

Daniel G. Asmus, Esquire
Office of Small Business Advocate
Commerce Building
300 North Second Street, Suite 202
Harrisburg, PA 17101

Charis Mincavage, Esquire
Elizabeth P. Trinkle, Esquire
McNees Wallace & Nurick LLC
100 Pine Street
PO Box 1166
Harrisburg, PA 17108-1166
*Counsel for Columbia Industrial
Intervenors*

Todd S. Stewart, Esquire
Hawke McKeon & Sniscak LLP
100 N. 10th Street
PO Box 1778
Harrisburg, PA 17101
Counsel for The NGS Parties

Harry S. Geller, Esquire
Elizabeth R. Marx, Esquire
Pennsylvania Utility Law Project
118 Locust Street
Harrisburg, PA 17101
Counsel for CAUSE-PA

Thomas J. Sniscak, Esquire
Christopher M. Arfaa, Esquire
William E. Lehman, Esquire
Hawke McKeon & Sniscak LLP
100 North Tenth Street
PO Box 1778
Harrisburg, PA 17105
*Counsel for The Pennsylvania State
University*

John F. Povilaitis, Esquire
Karen O. Moury, Esquire
Buchanan Ingersoll & Rooney PC
409 N. Second Street, Suite 500
Harrisburg, PA 17101-1357
Counsel for RESA

VIA FEDERAL EXPRESS

G. Thomas Smeltzer
3770 Starview Drive
York, PA 17402

Date: October 23, 2015



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.	:	

EXCEPTIONS OF COLUMBIA GAS OF PENNSYLVANIA, INC.

Theodore J. Gallagher (ID # 90842)
NiSource Corporate Services Company
121 Champion Way, Suite 100
Canonsburg, PA 15317
Phone: 724-416-6355
Fax: 724-416-6384
E-mail: tjgallagher@nisource.com

Andrew S. Tubbs (ID # 80310)
NiSource Corporate Services Company
800 North Third Street, Suite 204
Harrisburg, PA 17102
Phone: 717-238-0463
E-mail: astubbs@nisource.com

Michael W. Hassell (ID # 34851)
Michael W. Gang (ID # 25670)
Devin T. Ryan (ID # 316602)
Lindsay A. Berkstresser (ID # 318370)
Post & Schell, P.C.
17 North Second Street, 12th Floor
Harrisburg, PA 17101-1601
Phone: 717-731-1970
Fax: 717-731-1985
E-mail: mhassell@postschell.com
E-mail: mgang@postschell.com
E-mail: dryan@postschell.com
E-mail: lberkstresser@postschell.com

Date: October 23, 2015

*Attorneys for Columbia Gas of
Pennsylvania, Inc.*

TABLE OF CONTENTS

	Page
I. INTRODUCTION	1
II. EXCEPTIONS	5
III. ARGUMENT	5
A. Exception No. 1: The Complete Snowshoe Lateral Settlement Between Columbia And PSU Should Be Approved In Its Entirety	5
B. Exception No. 2: The RD Should Be Clarified To Avoid Potential Confusion About What Additional Amount Of Voluntary Funding Columbia's Additional Fundraising Efforts Will Produce, Prior To Commencement Of Those Fundraising Efforts	12
IV. CONCLUSION	15

I. INTRODUCTION

On March 19, 2015, Columbia Gas of Pennsylvania, Inc. (“Columbia” or the “Company”) filed with the Pennsylvania Public Utility Commission (“Commission”) Supplement No. 226 to its Tariff Gas – Pa. P.U.C. No. 9 (“Supplement No. 226” or “base rate filing”), pursuant to 66 Pa. C.S. § 1308, along with all supporting exhibits, standard data responses and testimony required to be submitted in conjunction with a tariff change seeking a general rate increase. Supplement No. 226, issued March 19, 2015 and to be effective May 18, 2015, proposed an increase in revenues of approximately \$46.2 million, which represented an 8.63% increase in operating revenues based upon a pro forma fully forecasted future test year ending December 31, 2016.

Formal Complaints were filed by the Office of Consumer Advocate (“OCA”), Office of Small Business Advocate (“OSBA”), The Pennsylvania State University (“PSU”), 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”).

On April 9, 2015, the Commission entered an Order instituting an investigation of Columbia’s proposed general rate increase. The Commission’s Order also suspended Supplement No. 226 until December 18, 2015, unless otherwise directed by the Commission, and assigned the case to the Office of Administrative Law Judge.

On July 31, 2015, PSU filed a Motion for Leave to File Amended Complaint, which included a copy of its Amended Complaint (“PSU Amended Complaint”). PSU

raised issues concerning Columbia's plan to remove part of the Snowshoe Lateral and to acquire long-term firm interstate capacity from Dominion Transmission Inc. ("DTI").¹

Ultimately, the parties were able to reach a settlement resolving most of the issues raised in the base rate proceeding at Docket No. R-2015-2468056.

On August 4, 2015, an evidentiary hearing was held before Administrative Law Judge Mary D. Long (the "ALJ"). At the hearing, the parties introduced and admitted into evidence certain testimony and exhibits that were submitted during the course of the proceeding. The parties also agreed to waive cross-examination of all witnesses except for those witnesses that submitted testimony about the issues raised in PSU's Amended Complaint concerning the Snowshoe Lateral.²

On August 7, 2015, Columbia filed an Answer to PSU's Amended Complaint.

Also on August 7, 2015, PSU and Columbia informed the ALJ that they had reached a settlement in principle on the Snowshoe Lateral issues raised in PSU's Amended Complaint (the "Snowshoe Lateral Settlement"). Under the Snowshoe Lateral Settlement, these issues would be separated from the base rate proceeding at Docket No.

¹ By way of background, the Snowshoe Lateral is an approximately 21-mile transmission pipeline that delivers gas received from the Columbia Pipeline Group's Columbia Gas Transmission, LLC ("TCO") interstate pipeline system to the State College market area. (Columbia Answer to PSU Amended Complaint, p. 2.) The Snowshoe Lateral is a nearly 60 year old steel pipeline that was acquired by Columbia from an unaffiliated predecessor company. (Columbia Answer to PSU Amended Complaint, p. 2.) In 2014, Columbia decided to replace the Snowshoe Lateral at an estimated cost of \$53 million. (Columbia Answer to PSU Amended Complaint, p. 3.) In 2015, Columbia was able to acquire long-term firm interstate capacity from DTI that would enable Columbia to abandon a section of the Snowshoe Lateral and save an estimated \$36.9 million in capital replacement costs. (Columbia Answer to PSU Amended Complaint, p. 3.) Abandoning this section of the Snowshoe Lateral, however, would require terminating deliveries from TCO to the State College market and abandoning service to several customers connected to that part of the pipeline. (Columbia Answer to PSU Amended Complaint, p. 3.) Therefore, Columbia's removal of that section is contingent on the Commission granting a certificate of public convenience authorizing the abandonment of service to those customers. (Columbia Answer to PSU Amended Complaint, p. 4.)

² Since Columbia and PSU were undertaking negotiations to try to settle PSU's issues concerning the Snowshoe Lateral, Columbia and PSU requested that the ALJ cancel the second scheduled hearing day and schedule cross-examination on those issues for August 10, 2015, to permit additional time to negotiate a resolution.

R-2015-2468056 and continued in a separate complaint docket for separate hearing and decision (the “separated proceeding”). (Snowshoe Lateral Settlement ¶ 34.) Further, all testimony and exhibits concerning the Snowshoe Lateral and Columbia’s acquisition of capacity from DTI would be excluded from the record in the base rate proceeding. (Snowshoe Lateral Settlement ¶ 34.) Moreover, Columbia would file an application to abandon service to certain customers, and Columbia and PSU would jointly request that the abandonment proceeding be consolidated with PSU’s separated proceeding. (Snowshoe Lateral Settlement ¶ 34.) The Snowshoe Lateral Settlement also contained certain protections for customers and natural gas suppliers related to the timing of any termination of use of the Snowshoe Lateral, which were responsive to the issues raised in PSU’s Amended Complaint. (Snowshoe Lateral Settlement ¶ 35.)

On August 10, 2015, the final evidentiary hearing was held. The remaining testimony and exhibits, with the Snowshoe Lateral material removed, were admitted into the record, and the parties conducted no cross-examination of the witnesses on the Snowshoe Lateral issues raised in PSU’s Amended Complaint.

In the end, the only remaining issue for litigation concerned the recovery of \$375,000 in Hardship Fund funding through Columbia’s Rider Universal Service Program (“Rider USP”).

On August 27, 2015, Columbia, I&E, OCA, OSBA, CII, the NGS Parties, CAUSE-PA, and RESA filed a Joint Petition for Partial Settlement (“the Base Rate Settlement”). Also on August 27, 2015, Columbia and PSU filed a Joint Petition For Settlement Removing PSU Amended Complaint Issues From Base Rate Proceeding To A Separate Proceeding To Be Consolidated With A Future Columbia Application To Abandon The

Snowshoe Lateral In Part And Service To Certain Customers, containing the Snowshoe Lateral Settlement.

Consistent with the ALJ's April 21, 2015 Prehearing Order, Columbia, OCA, CAUSE-PA, and I&E filed Main Briefs on August 27, 2015, which addressed the remaining issue for litigation. On September 11, 2015, Reply Briefs were filed by Columbia, OCA, CAUSE-PA, and I&E.

On October 13, 2015, the ALJ issued the Recommended Decision ("RD"). The RD recommends approval of the Base Rate Settlement. (RD at 59-61.) The RD also properly concludes that Columbia should temporarily continue to recover \$375,000 in Hardship Fund funding through the Company's Rider USP, while Columbia undertakes to develop a plan to seek out new and additional sources of voluntary funding to be submitted as part of Columbia's next base rate case. (RD at 60.) However, with respect to the Snowshoe Lateral Settlement, the RD recommended approval of only the severance of issues raised in PSU's Amended Complaint, and recommended that the remaining portions of the Snowshoe Lateral Settlement, referred to as "service-related" terms, be held in abeyance and not considered at this time.

Although Columbia generally supports the conclusions and recommendations set forth in the RD, it files these limited Exceptions opposing the RD's recommendation that the "service-related" terms of the Snowshoe Lateral Settlement be held in abeyance pending Columbia's filing of an application for abandonment. (RD at 52-53, 61.) Columbia also files a limited Exception to clarify the RD's recommendation concerning the Hardship Fund issue.

For the reasons explained below, Columbia respectfully requests that the Commission adopt Columbia's Exceptions, revise the RD to approve the entirety of the

Snowshoe Lateral Settlement at this time, without modification, clarify the RD's recommendation concerning the Hardship Fund and adopt the RD in all other respects.

II. EXCEPTIONS

Exception No. 1: The Commission should not adopt the RD's recommendation that certain "service-related" terms of the Snowshoe Lateral Settlement be held in abeyance pending Columbia's filing of an application for abandonment, and instead should adopt the Snowshoe Lateral Settlement in its entirety. (RD at 52-53, 61.)

Exception No. 2: The RD should be clarified to avoid a potential interpretation that the Commission is predetermining the amount of voluntary funding that Columbia's additional Hardship Fund fundraising efforts will produce, prior to commencement of those additional fundraising efforts. (RD at 59, 60.)

III. ARGUMENT

A. **Exception No. 1: The Complete Snowshoe Lateral Settlement Between Columbia And PSU Should Be Approved In Its Entirety.**

The RD recommended that "service-related provisions" of the Snowshoe Lateral Settlement should be held in abeyance pending Columbia's filing of an application to abandon service to certain customers. (RD at 13-14, 52-53, 61.) It appears that the RD would remove, and defer for later action, the following provisions of the Snowshoe Lateral Settlement:

35. Columbia agrees that, absent an emergency or a directive to Columbia by either the Federal Pipeline and Hazardous Materials Safety Administration or the Pennsylvania Public Utility Commission's Gas Safety Division to shut down, cease to operate temporarily or permanently or reduce pressure on the Snowshoe Lateral or any portion thereof, it shall continue to operate the Snowshoe Lateral pending a decision in the consolidated proceeding. Columbia will not prevent General Distribution

Service (“GDS”) customers from scheduling deliveries to the Columbia Pipeline Group (“TCO”) Market Area 36 pending a final decision in the consolidated proceeding. During the period explained below permitting deliveries, Columbia shall allow Penn State to deliver 3000 Dth Maximum Daily Quantity (“MDQ”) on TCO with the ability to request annually in writing an adjustment with a written response by Columbia. If the Commission authorizes abandonment of service to certain customers and thus any part of the Snowshoe Lateral that would prevent deliveries of gas from TCO to Penn State, Columbia agrees that it will not permanently sever the connection between the Snowshoe Point of Delivery (“POD”) and the State College market until the longer of June 30, 2017 or until it has given notice to Columbia’s GDS customers, including Penn State, that is at least six (6) months prior to the next June 30 (the “June 30 Notice Date”), to be effective one year after the June 30 Notice Date. (For avoidance of doubt, if Columbia were to receive approval to abandon service to certain customers on December 31, 2015, Columbia could provide notice on December 31, 2015 that it intends to sever the connection to the Snowshoe POD effective July 1, 2017). If a final non-appealable order concludes that service to certain customers may not be abandoned and the center portion of the Snowshoe Lateral must remain in service, then Columbia shall rebuild the Snowshoe Lateral. Penn State will support inclusion of such costs in Columbia’s rate base.

36. If Columbia receives authority to abandon service to certain customers on any part of the Snowshoe Lateral that would prevent deliveries of gas from TCO to the State College market, Columbia will not sever the connection between the Snowshoe POD and the State College market until Columbia confirms and commits to Penn State that Columbia can and will permit Penn State to deliver 100% of Penn State’s load at its Texas Eastern Transmission Corporation (“TETCO”) POD. To fulfill this commitment, Columbia agrees to make improvements to the TETCO POD in order to accommodate the provision of service to the State College market, including Penn State’s load. Such improvements will be paid by Columbia, and Penn State will support inclusion of such costs in Columbia’s rate base. Such improvements will be constructed and operational at or before the time the Snowshoe line is severed if approved by the Commission. Any upgrade installation shall take place during the months of April through October. During the

period of construction Columbia will balance PSU's scheduled deliveries on TETCO pursuant to the terms of its Rider EBS – Elective Balancing Service using its portfolio of capacity assets.

37. Penn State agrees not to oppose the revenue settlement and allocation and other terms and conditions of settlement in the base rate proceeding at Docket No. R-2015-2468056 with all or a majority of parties, and Columbia agrees such non-opposition shall not be used as a defense against or waiver of any claims in Penn State's Amended Complaint. However, PSU agrees that it will not propose in the consolidated proceeding any claims that Columbia's settled rates or other terms of the base rate settlement should be changed or reduced. All base rate claims by PSU are withdrawn.

These provisions are integral parts of the settlement agreement between Columbia and PSU, and resolve certain rate and service issues raised by PSU. Neither the Snowshoe Lateral Settlement nor the Base Rate Settlement should be imperiled by reserving these "service-related" terms for later consideration. For reasons explained below, the RD's recommendation should be revised and the Snowshoe Lateral Settlement should be approved in its entirety.

The RD asserts that "it would be premature for the Commission to consider the remaining terms of the Snowshoe Lateral Settlement." (RD at 53.) The RD expresses concern that "service-related" terms go beyond the scope of the base rate related issues in the proceeding and the Commission could appear to be "prejudging" the consolidated proceeding. (RD at 52-53.) Respectfully, these terms are neither premature nor prejudging the outcome of the consolidated proceeding.

The "service-related" terms of the Snowshoe Lateral Settlement are not outside the scope of the base rate proceeding. In its Amended Complaint, PSU raised operational and service issues related to Columbia's decision to remove part of the

Snowshoe Lateral, acquire long-term firm interstate capacity from DTI, and abandon service to certain customers. (PSU Amended Complaint, p. 6.) PSU noted that a utility's rate increase could be rejected "due to inadequate quality or quantity of service" and alleged that Columbia's course of action resulted in service that was "inefficient, ineffective and inadequate." (PSU Amended Complaint, p. 6.) Accordingly, PSU requested that Columbia's proposed rate increase be evaluated "in light of the efficiency, effectiveness and adequacy of its service." (PSU Amended Complaint, p. 5) (citing 66 Pa. C.S. §§ 523(a), 526(a)). Paragraph 37 of the Snowshoe Lateral Settlement resolves these base rate matters through PSU's agreement: 1) not to oppose the revenue settlement, revenue allocation and other terms and conditions of the Base Rate Settlement; 2) not to propose in the consolidated proceeding that Columbia's settled rates or other terms of the Base Rate Settlement should be changed or reduced; and 3) to withdraw all of its base rate claims. This provision is critical to resolving, on a final basis, the Base Rate Settlement. To hold those provisions in abeyance would raise serious concerns whether the Base Rate Settlement concludes the base rate proceeding within the statutory rate case suspension period.³

The Settlement terms reserved for later consideration by the RD also are not premature. These terms respond directly to certain issues raised by PSU in its Amended Complaint. PSU raised concerns about the impact on customers' and natural gas suppliers' access to natural gas that would result from the Company's plan to remove part of the Snowshoe Lateral. (PSU Amended Complaint, pp. 4-5.) PSU also alleged

³ Simply adding Paragraph 37 of the Snowshoe Lateral Settlement to the approved list of settlement terms does not necessarily resolve this concern. As explained in greater detail later, Paragraph 40 of the Snowshoe Lateral Settlement conditions the settlement upon the Commission's approval of all of the terms and conditions without modification. If the settlement is modified, by holding terms in abeyance, a party could elect to withdraw from the settlement. Again, this could create uncertainty as to whether Columbia's rates resulting from the Base Rate Settlement are final.

that Columbia's notice to customers of the Company's decision was not timely and did not provide customers with enough time to make adjustments in deliveries via one interstate pipeline versus another. (PSU Amended Complaint, p. 5.) The Settlement responds to those concerns by providing customer protections against any severance of the Snowshoe Lateral pending action on Columbia's application to abandon service and the consolidated proceeding, except in the event of an emergency or government directive. (Settlement ¶ 35.) Likewise, Columbia will not prevent GDS customers from scheduling deliveries to TCO Market Area 36 (which includes the State College market) while a decision in the separated proceeding is still pending. (Settlement ¶ 35.) Effectively, the Settlement preserves the status quo of the Snowshoe Lateral's operations until after a decision is made in the separated proceeding. It is reasonable for the Snowshoe Lateral Settlement to preserve the status quo as a condition to separating the PSU Amended Complaint from the base rate proceeding.

Further, the Settlement provides certain protections for PSU if the Commission ultimately resolves the disputes concerning the Snowshoe Lateral in favor of abandonment of any part of the Snowshoe Lateral that would prevent delivery of gas from TCO to PSU. In this regard, the Settlement prescribes certain notice requirements to provide GDS customers with a minimum of 18 months to make adjustments in deliveries before the Company permanently severs the connection between the Snowshoe interconnection between Columbia and TCO ("the Snowshoe POD") and the State College market. (Settlement ¶ 35.) Moreover, under the Settlement, Columbia will not sever the Snowshoe Lateral until Columbia confirms it is able and will permit PSU to deliver all of PSU's load at Columbia's interconnection or point of delivery with Texas Eastern Transmission Corporation ("the TETCO POD"). (Settlement ¶ 36.) This would

be accomplished by making improvements to the TETCO POD sufficient to accommodate service to the State College market. (Settlement ¶ 36.) This provision assures there will be two interstate pipeline connections, one with DTI and a second with TETCO, that can accommodate service to the State College market after the Snowshoe Lateral is severed. Any construction will occur in non-Winter months (i.e., April through October) to assure that the expanded TETCO POD will be in operation during peak periods. (Settlement ¶ 36.) During construction of any TETCO POD improvements, Columbia will balance PSU's scheduled deliveries on TETCO according to the terms of Columbia's Rider EBS – Elective Balancing Service. (Settlement ¶ 36.) On the other hand, if the Commission concludes that service may not be abandoned and that the center portion of the Snowshoe Lateral must remain in service, Columbia will rebuild the Snowshoe Lateral, and PSU will support the inclusion of such costs in Columbia's rate base. (Settlement ¶ 35.)

These Settlement terms are not premature and should not be held in abeyance, because they are directly responsive to concerns about operation of the Snowshoe Lateral pending a decision in the consolidated proceeding and for a reasonable time thereafter to allow customers and marketers to adapt if necessary. Although these terms address actions that Columbia agrees to undertake prior to any severance in order to provide reasonable time for customers and suppliers to adjust to severance of the Snowshoe Lateral, the terms do not prejudge the future application and consolidated proceeding in any way. Nothing in the settlement terms presumes or leads to a conclusion regarding the issue whether the Snowshoe Lateral should be severed or should continue in operation and be rebuilt, or constrains the Commission in any other way. The Settlement's terms provide actions that have been agreed to depending on the

outcome of the separated proceeding. For instance, the Settlement contains short term protections against a too-rapid shutdown of the Snowshoe Lateral if the Commission ultimately resolves disputes concerning the Snowshoe Lateral in favor of Columbia, such as notice requirements for GDS customers and upgrades to the TETCO POD. (Snowshoe Lateral Settlement ¶ 36.) On the other hand, if the Commission denies Columbia's application and directs the Company to rebuild the Snowshoe Lateral, Columbia will rebuild the Snowshoe Lateral, and PSU will support the inclusion of those costs in the Company's rate base. (Snowshoe Lateral Settlement ¶ 35.) Therefore, there is no "appearance of prejudging [the abandonment] application" as alleged by the RD because the Settlement's terms only address certain actions to be taken under both potential outcomes of Columbia's abandonment application, but do not prejudge the decision on the application.

Finally, the RD fails to recognize that the Snowshoe Lateral Settlement was predicated on the Commission approving it in its entirety. (Snowshoe Lateral Settlement ¶ 40.) As stated in paragraph 40, "This Settlement is conditioned upon the Commission's approval of the terms and conditions herein without modification. If the Commission modifies the Settlement, then any Party may elect to withdraw from this Settlement and may proceed with litigation and, in such event, this Settlement shall be void and of no effect." (Snowshoe Lateral Settlement ¶ 40.) If the "service-related" terms identified by the RD are held in abeyance, the Settlement would be modified. Consequently, either party could withdraw from the Settlement and proceed with litigation at the base rate proceeding docket. The Settlement provides substantial protections to PSU. If PSU were to withdraw from the Snowshoe Lateral Settlement, it could contest Columbia's base rate increase, and PSU's Amended Complaint would no

longer be severed from the base rate proceeding. Therefore, the RD's modification could threaten the Base Rate Settlement achieved by the parties and subvert the judicial economy that would result from addressing PSU's issues related to the Snowshoe Lateral in the abandonment proceeding. In short, all of the benefits that the RD recognizes for severing the PSU Amended Complaint would be lost in that scenario.

Based on the foregoing, the RD's recommendation that the Settlement's "service-related" terms be held in abeyance pending Columbia's filing of an application to abandon service should be rejected, and the Snowshoe Lateral Settlement should be approved in its entirety without modification.

B. Exception No. 2: The RD Should Be Clarified To Avoid Potential Confusion About What Additional Amount Of Voluntary Funding Columbia's Additional Fundraising Efforts Will Produce, Prior To Commencement Of Those Fundraising Efforts.

Columbia supports the RD's recommended adoption of OCA's proposal that Columbia temporarily continue to recover \$375,000 in hardship funding through Rider USP while Columbia undertakes efforts to raise additional voluntary funding. In addition, Columbia supports the recommendation that it develop a plan to seek out additional sources of voluntary Hardship Fund funding and address the issue of Hardship Funding and additional voluntary sources in its next base rate case. (RD at 58-60.)

However, a statement in the RD could be interpreted to require Columbia to make a commitment over which it does not have control. The RD states: "Columbia should have a plan in place to replace the funding from voluntary sources and should address the alternative recovery of the hardship funding in its next base rate proceeding." (RD at 59, 60.) Columbia files this limited exception to clarify that the

amount of funding resulting from Columbia's additional fundraising efforts, which Columbia has not yet undertaken, should not be presupposed.

The language used to frame the RD's recommendation could be interpreted to predetermine the amount of hardship funding that will result when Columbia conducts additional voluntary fundraising. "Replace" could be interpreted as an expectation that Columbia's enhanced fundraising efforts will produce an amount equal to the hardship fund contribution amount currently recovered through Rider USP. (RD at 59, 60.) Language that leads to such an interpretation is problematic at this juncture because Columbia has not yet initiated additional voluntary fundraising, much less determined the maximum amount of voluntary funds that can be attained.

To suggest it is known what amount of voluntary funding will result from Columbia's amplified fundraising efforts is premature. Columbia currently has in place a mechanism to produce voluntary funding for the Hardship Fund in the form of a dollar for dollar match of ratepayer contributions. (Columbia M.B. at 8.) In anticipation of some type of removal of \$375,000 in hardship funding from recovery through Rider USP, Columbia will investigate additional options available to produce further voluntary hardship funding and will implement a plan aimed at producing the maximum possible level of voluntary funding. This investigation will consider, to the extent not already done by Columbia, various alternatives suggested by OCA's witness, Mr. Colton. (OCA St. No. 4-S at 11-13.) Columbia has only just commenced these efforts, and as a result, neither Columbia nor any other party can predict the level of voluntary funding that will be achieved. Columbia intends to make a concerted effort to

find replacement funding, but it cannot control what others are willing to give.⁴ In fact, the OCA's recommendation to allow Columbia time to raise additional voluntary funds before removing recovery of the \$375,000 Hardship Fund contribution from Rider USP was based on the fact the Columbia had yet to examine all available voluntary fundraising options, and therefore, the amount of voluntary funding that could be attained was, and is, uncertain.⁵ (OCA St. No. 4-S at 11.) Until Columbia develops its enhanced fundraising efforts, and reaches out to entities to determine what additional funds may be available, it is impossible to state the amount of additional funding that can be obtained.

Columbia is not asserting that the RD intended to establish with certainty that Columbia's additional efforts will, and must, achieve a full replacement of \$375,000. However, to avoid the potential for uncertainty about the recommendation and about what Columbia will achieve by its additional efforts, Columbia requests that the RD be clarified as follows: "Columbia should have a plan in place to seek out additional funding from voluntary sources and should address the alternative recovery of the hardship funding in its next base rate proceeding."

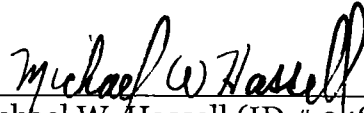
⁴ As the RD notes, CAUSE-PA and Columbia explained that Columbia cannot be ordered by the Commission to voluntarily provide \$375,000 in Hardship Fund funding. (Columbia R.B. at 3-6; CAUSE-PA R.B. at 8-9.)

⁵ The OCA expressed concern that removing recovery of the \$375,000 Hardship Fund contribution from Rider USP without having a plan in place for additional voluntary fundraising may negatively impact low-income customers. (OCA St. No. 4-S at 11.)

IV. CONCLUSION

For the foregoing reasons, the Pennsylvania Public Utility Commission should adopt Columbia Gas of Pennsylvania, Inc.'s Exceptions, revise the Recommended Decision to: 1) remove the recommendation to hold the "service-related" terms of the Snowshoe Lateral Settlement in abeyance pending Columbia's filing of an application for abandonment, and 2) clarify that there is no advance determination concerning the amount of additional voluntary Hardship Fund funding that Columbia will be able to obtain, and in all other respects adopt the Recommended Decision of Administrative Law Judge Mary D. Long.

Respectfully submitted,



Michael W. Hassell (ID # 34851)
Michael W. Gang (ID # 25670)
Devin T. Ryan (ID # 316602)
Lindsay A. Berkstresser (ID # 318370)
Post & Schell, P.C.
17 North Second Street, 12th Floor
Harrisburg, PA 17101-1601
Phone: 717-731-1970
Fax: 717-731-1985
E-mail: mhassell@postschell.com
E-mail: mgang@postschell.com
E-mail: dryan@postschell.com
E-mail: lberkstresser@postschell.com

Theodore J. Gallagher (ID # 90842)
NiSource Corporate Services Company
121 Champion Way, Suite 100
Canonsburg, PA 15317
Phone: 724-416-6355
Fax: 724-416-6384
E-mail: tjgallagher@nisource.com

Andrew S. Tubbs (ID # 80310)
NiSource Corporate Services Company
800 North Third Street, Suite 204
Harrisburg, PA 17102
Phone: 717-238-0463
E-mail: astubbs@nisource.com

Date: October 23, 2015

*Attorneys for Columbia Gas of
Pennsylvania, Inc.*