



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

---

Lindsay A. Berkstresser

lberkstresser@postschell.com  
717-612-6021 Direct  
717-731-1985 Direct Fax  
File #: 172298

June 27, 2018

***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 Nos. R-2018-3000253, C-2018-3000523 & C-2018-3000951**

---

Dear Secretary Chiavetta:

Enclosed for filing is the Joint Petition for Settlement of Rate Investigation in the above-referenced proceeding. Copies will be provided as indicated on the Certificate of Service.

Sincerely,

Lindsay A. Berkstresser

LAB/sme  
Enclosures

cc: Honorable Katrina L. Dunderdale (*Via email and First Class Mail*)  
Certificate of Service

**CERTIFICATE OF SERVICE**  
**Docket No. R-2018-3000253**

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**

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

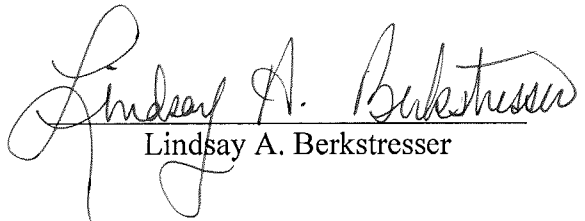
Christy M. Appleby, Esquire  
Aron J. Beatty, Esquire  
Office of Consumer Advocate  
555 Walnut Street  
Forum Place, 5th Floor  
Harrisburg, PA 17101-1923

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

Date: June 27, 2018

Charis Mincavage, Esquire  
Matthew L. Garber, Esquire  
McNees Wallace & Nurick LLC  
100 Pine Street  
P.O. Box 1166  
Harrisburg, PA 17108-1166  
*Counsel for the Columbia Industrial  
Intervenors*

Todd S. Stewart, Esquire  
Hawke McKeon & Sniscak LLP  
100 N. Tenth Street  
Harrisburg, PA 17101  
*Counsel for the NGS Parties*

  
Lindsay A. Berkstresser

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	: : :	Docket No. R-2018-3000253
v.	: :	
Columbia Gas of Pennsylvania, Inc.		

**JOINT PETITION FOR SETTLEMENT OF RATE  
INVESTIGATION PURSUANT TO 66 Pa.C.S. §1307(f)**

**TO ADMINISTRATIVE LAW JUDGE KATRINA L. DUNDERDALE:**

**I. INTRODUCTION**

The Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”), the Office of Consumer Advocate (“OCA”), the Office of Small Business Advocate (“OSBA”), and Columbia Gas of Pennsylvania, Inc. (“Columbia” or the “Company”), parties to the above-captioned proceedings (hereinafter collectively referred to as the “Petitioners”), hereby file this Joint Petition for Settlement of Rate Investigation Pursuant to 66 Pa.C.S. § 1307(f) (“Settlement”) and respectfully request that Administrative Law Judge Katrina L. Dunderdale (the “ALJ”) and the Commission expeditiously approve the Settlement as set forth below. All active parties in this proceeding have agreed to, or indicated that they do not oppose, the Settlement.<sup>1</sup> In support of this Settlement, the Petitioners state the following:

**II. BACKGROUND**

1. Columbia is a “public utility” and “natural gas distribution company” (“NGDC”) as those terms are defined in Sections 102 and 2202 of the Public Utility

---

<sup>1</sup> The Columbia Industrial Intervenors (“CII”) and Dominion Retail, Inc., Shipley Energy Company, and Interstate Gas Supply, Inc. (collectively, the “NGS Parties”) have indicated that they do not oppose the Settlement. CII’s members for purposes of this proceeding are Glen-Gery Corporation and Knouse Foods Cooperative, Inc.

Code, 66 Pa.C.S. §§ 102, 2202. Columbia provides natural gas distribution, sales, transportation, and/or supplier of last resort services (“SOLR”) to approximately 426,000 retail customers in portions of 26 counties of Pennsylvania. (Columbia St. No. 3, p. 3.)

2. On February 28, 2018, as required by 52 Pa. Code §§ 53.64 and 53.65, Columbia filed with the Commission “Information Submitted in Compliance with Act 74 of 1984 and Pursuant to Title 52, Pennsylvania Code, Sections 53.64 and 53.65 Supporting Recovery of Purchased Gas Costs” containing certain pre-filing data required under the Commission’s regulations concerning annual changes to rates for recovery of purchased gas costs. That pre-filing data reflected a proposed decrease of \$0.03141/Therm from Columbia’s then-effective rate for recovery of purchased gas costs (“PGC”) to sales customers.

3. On March 30, 2018, Columbia filed Supplement No. 273 to Tariff Gas Pa. P.U.C. No. 9 (“Supplement No. 273”) to become effective for service rendered on and after October 1, 2018. In Supplement No. 273, Columbia proposed a decrease in its PGC rates of \$0.03141/Therm, from \$0.41351/Therm to \$0.38210/Therm. Supplement No. 273 was docketed by the Commission at Docket No. R-2018-3000253 and was assigned to the ALJ.

4. I&E filed a Notice of Appearance in this proceeding. The OCA and OSBA filed Formal Complaints. The OCA’s Complaint was docketed at C-2018-3000523, and the OSBA’s Complaint was docketed at C-2018-3000951. The NGS Parties and CII filed Petitions to Intervene.

5. A prehearing conference was held before the ALJ on April 11, 2018. Parties who participated in the prehearing conference filed prehearing memoranda

identifying potential issues and witnesses. At the prehearing conference, the ALJ established the litigation schedule, granted the Petitions to Intervene, and consolidated OSBA's and OCA's Complaints with this proceeding.

6. Also on April 11, 2018, the ALJ issued a Prehearing Order that confirmed the litigation schedule established at the Prehearing Conference.

7. The parties conducted substantial discovery in this proceeding. Pursuant to the established litigation schedule, the OSBA served direct testimony and exhibits on May 4, 2018. The OCA, I&E, NGS Parties, and CII did not submit direct testimony in this proceeding.

8. Columbia served rebuttal testimony and exhibits on May 24, 2018.

9. On May 1, 2018, Columbia filed a motion for a protective order. On May 4, 2018, the ALJ issued the protective order governing the treatment of proprietary information submitted for the record in this proceeding.

10. The parties undertook settlement discussions. As a result of those discussions and the efforts of the parties to examine the issues raised in the proceeding, a settlement in principle of all issues was achieved.

11. The difference between the proposed gas cost rate and the settled gas cost rate for all rate classes is as follows:

<b>Gas Cost Rate as of March 31, 2018 (per therm)</b>	<b>Proposed Gas Cost rate (per therm)</b>	<b>Settled Gas Cost rate (per therm)</b>	<b>Difference</b>
\$0.41351	\$0.38210	\$0.38210	\$0

12. On June 7, 2018, a hearing was held for the submission of all testimony and exhibits by stipulation. Parties agreed to waive cross-examination.

### **III. PROPOSED FINDINGS OF FACT**

The Petitioners agree that the following facts were entered into the record by Columbia, and that subject to the terms and conditions in this Settlement, are sufficient to approve the Settlement and Columbia's PGC filing at Docket No. R-2018-3000253. Columbia requests that the Commission make the following findings of fact and such other findings of fact, if any, as may be required or appropriate:

13. Columbia's Exhibit No. 3 lists Federal Energy Regulatory Commission ("FERC") proceedings through calendar year 2017 affecting Columbia's ratepayers. Exhibit No. 3 outlines Columbia's participation in these FERC proceedings. Columbia has intervened and actively participated in proceedings of the interstate pipelines serving Columbia.

14. Columbia was active in relevant FERC cases involving Columbia Gas Transmission, L.L.C. ("Columbia Transmission"), Columbia Gulf Transmission, L.L.C. ("Columbia Gulf"), Equitrans, L.P. ("Equitrans"), National Fuel Gas Supply Corporation ("National Fuel"), Tennessee Gas Pipeline Company, L.L.C. ("Tennessee"), Texas Eastern Transmission, L.P. ("Texas Eastern") and Dominion Transmission Inc. ("DTI"). (Columbia St. No. 1, pp. 44-47, Columbia Ex. No. 3.)

15. In 2017, Columbia was active before the FERC in rulemakings and policy statements that have the potential to significantly impact Columbia's efforts to provide reliable gas service at the least cost. (Columbia St. No. 1, pp. 44-47.) Columbia has intervened in proceedings of interstate pipelines involved in construction projects in the Marcellus region. (Columbia Ex. No. 5, p. 22.)

16. Columbia will continue its policy of active participation in individual pipeline supplier rate and certificate proceedings before the FERC, along with FERC generic type rulemaking and policy proceedings which could have a material impact on Columbia's costs or operations, as fully described in Columbia Statement No. 1, pp. 44-47.

17. Columbia Transmission is an unaffiliated interstate pipeline. Numerous Columbia Transmission facilities are used to transport and store Columbia's supply purchases. Because Columbia's local market areas are spread across Pennsylvania and are connected primarily, and in many cases exclusively, to Columbia Transmission facilities, the vast majority of Columbia's peak day supply is delivered by Columbia Transmission. (Columbia St. No. 1, pp. 13-14; Columbia Ex. HAC-1; Columbia Ex. No. 5, p. 11.)

18. Columbia has full responsibility for purchasing all of its gas supplies directly from producers and marketers. To the extent that affiliated interests offer Columbia gas supplies under competitive terms and conditions, Columbia will consider those supplies like all others in accordance with its policy of purchasing gas supplies from reliable sources at the lowest cost. (Columbia St. No. 1, p. 13; Columbia Ex. No. 8-C.)

19. Columbia's gas purchasing objectives and strategies seek a portfolio of least-cost supply from both Pennsylvania and interstate producers. Columbia also seeks capacity that is flexible and reliable. These efforts will continue. (Columbia St. No. 1, pp. 23-32; Columbia Ex. 5, p. 1.)

20. Columbia is responsible for balancing all deliveries to its city gates on a daily basis. All transportation and storage capacity services are provided to Columbia from non-affiliated pipeline companies. (Columbia St. No. 1, Columbia Ex. No. 8-C.)

21. Columbia contracts for firm transportation and storage services to meet customers' requirements in its diverse market areas. (Columbia Ex. No. 5, pp. 10-14; Columbia St. No. 1, pp. 12-13.) Columbia's firm contracts for gas supply provide it with sufficient supply to meet the human needs demand of firm customers under design weather conditions. (Columbia St. No. 1, p. 40.)

22. Columbia's available capacity is approximately 106% of projected firm demand for contract year 2021-22. Columbia plans to reduce its capacity to be within a range of 103% of the highest of its projected design day firm requirements for the five year period of its design day forecast if the Company can do so while maintaining its ability to meet firm requirements in each pipeline scheduling point. (Columbia Exhibit No. 5, p. 12.)

23. Columbia has several contracts for Firm Transportation Service ("FTS") with Columbia Transmission. (Columbia Ex. No. 5, pp. 11-12.) On April 25, 2017, Columbia renewed a contract for 11,666 Dth of city-gate capacity with Columbia Transmission. This capacity is used to serve pipeline scheduling points that are capacity constrained and is necessary to meet firm requirements in these areas. (Exhibit No. 5, p. 12.) Columbia also contracts with Columbia Transmission providing for a total of 90,788 Dth/day. Tier one of this contract is for 30,237 Dth/day and is set to terminate on October 31, 2019. Columbia must notify Columbia Transmission in October 2019 whether it intends to renew the contract. This contract has flexibility to supply most of Columbia's service territory. Columbia tentatively plans to review this contract within

its current design day forecast and make any reductions necessary to be within 103% of the highest of its projected design day firm requirements (Columbia Exhibit No. 5, p. 12.) The second tier equals 39,496 Dth/day with a termination date of October 31, 2022. The third tier equals 21,055 Dth/day with a termination date of October 31, 2025. (Columbia Exhibit No. 5, p. 12.)

24. Columbia holds a contract for Firm Storage Service (“FSS”) with Columbia Transmission and a contract for Storage Service Transportation (“SST”). Columbia uses the FSS service to provide daily injection and withdrawal capacity into or out of storage, along with firm peak day deliverability and seasonal storage capacity. The SST capacity provides firm transportation of storage volumes from storage fields to Columbia’s city gates, and also transports flowing gas supplies to fill storage during the summer. The use of FSS in conjunction with SST provides Columbia with its primary daily no-notice balancing service. (Columbia St. No. 1, pp. 12-13; Columbia Ex. No. 5, pp. 10 -11.)

25. In addition to its contracts for transportation and storage from Columbia Transmission, Columbia has access to various other pipelines. These arrangements currently include the following:

- (a) Columbia contracts for firm transportation services from Columbia Gulf under Columbia Gulf’s FTS-1 Rate Schedule. The FTS-1 service provides firm transportation from the Rayne, Louisiana compressor station to the Leach, Kentucky interconnection between Columbia Gulf and Columbia Transmission. This upstream capacity totals 43,632 Dth/day. Columbia must notify Columbia Gulf of its decision regarding renewal of this contract by April 30, 2019. Columbia will evaluate its need for this capacity prior to that

date and may decide to reduce the capacity level. (Columbia St. No. 1, p. 14, 18; Columbia Exhibit No. 5, p. 12.)

- (b) Columbia has five firm transportation contracts and three storage contracts with DTI. Two of the transportation contracts move storage supplies from DTI's storage fields to Columbia's city gates. Columbia utilizes these DTI contracts to provide supplies to its customers in Beaver County through its Darlington interconnect and in Cranberry Township through its Warrendale interconnect. The first transportation contract provides 6,000 Dth/day. The second provides 3,000 Dth/day November through March and 2,000 Dth/day April through October. The associated Columbia storage contract with DTI provides Columbia with 9,000 Dth/day of peak day deliverability and approximately 941 MDth of seasonal supply. In May 2016, Columbia extended this contract through March 31, 2023. (Columbia St. No. 1, p. 15; Columbia Exhibit No. 5, p. 13.)
- (c) Columbia's second storage contract and related transportation contract on DTI are utilized to meet the demand and balancing requirements in the State College market. This storage contract provides for daily withdrawal rights of 4,800 Dth/day and a seasonal quantity of 240,000 Dth. The firm transportation contract has 4,800 Dth/day of capacity. (Columbia St. No. 1, p. 15.)
- (d) Columbia's third storage contract with DTI is for storage with a maximum daily quantity of 15,000 Dth and seasonal quantity of

930,000 Dth. An associated FT contract provides 15,000 Dth/day of capacity to move gas from and into storage. All of this capacity is used to serve the State College market. (Columbia St. No. 1, p. 16; Columbia Exhibit No. 5, pp. 13.)

(e) Columbia also contracts for firm transportation and storage service on Equitrans. Columbia has a storage contract and associated FTS contract daily delivery and storage capacity that provide a peak day deliverability capacity of 14,348 Dth and a seasonal capacity of 1,500,000 Dth. This capacity, in combination with DTI capacity identified above, is used to provide Elective Balancing Service (“EBS”) to General Distribution service customers and peak day service to sales and CHOICE customers. (Columbia St. No. 1, p. 16; Columbia Exhibit No. 5, p. 13.)

(f) Columbia currently contracts for firm transportation service with Tennessee totaling 23,600 Dth/day. A total of approximately 19,300 Dth/day is required to serve the design peak day firm customer demand in Columbia markets directly connected to Tennessee, while approximately 4,300 Dth/day is delivered directly to Columbia’s National Fuel capacity. On days when the 19,300 Dth/day delivered directly to Columbia cannot be absorbed by those markets, Columbia can divert that supply to Tennessee interconnects with Columbia Transmission for injection into storage or delivery to other Columbia markets that are served by Columbia Transmission. Columbia contracts for 7,600 Dth/day of

the 19,300 Dth discussed above. This capacity is delivered to Columbia's northern Pittsburgh area, particularly the Cranberry Township market area, and is needed to meet existing and growing demand in this area. (Columbia St. No. 1, pp. 16-17.)

(g) Columbia also has contracts for long-haul firm transportation service with Texas Eastern, totaling 22,335 Dth/day. A total of 19,253 Dth/day is required to serve peak day firm customer demand in Columbia markets directly connected to Texas Eastern, while 3,082 Dth/day must be delivered to Columbia Transmission as an upstream supply in order to meet peak day demand in Columbia markets served by Columbia Transmission. Columbia also contracts for 10,000 Dth/day of winter season, market-area firm backhaul transportation capacity. Columbia utilizes this capacity to satisfy cold weather requirements behind the city gates connected to Texas Eastern. (Columbia St. No. 1, pp. 17-18.)

(h) Columbia contracts for 4,304 Dth/day of city gate capacity under the FTS rate schedule of National Fuel. This capacity provides service to Columbia's Warren market area. (Columbia St. No. 1, p. 18.)

26. There were no increases in capacity that occurred during the past year, and there are no expected capacity increases at this time. (Columbia St. No. 1, p. 18.)

27. In the past 4 years, the Company's capacity has remained almost unchanged in total, at approximately 671 MDth/Day. The Company has made changes over this time period to reduce firm transportation capacity by permanently assigning 5

MDth/Day of Columbia Transmission FTS and retiring its Blackhawk storage facility. The only increase was related to DTI as a resource to serve the State College market after the abandonment of the Snowshoe Lateral from Columbia Transmission. (Columbia St. No. 1-R, p. 19.)

28. The Company aggressively markets any capacity in excess of the current design day forecast. The Company has generated significant revenue as documented in the 1307(f) proceeding with 75% of the revenue being returned to the PGC customers. (Columbia St. No. 1-R, p. 21.)

29. In order for Columbia to meet its objective of securing and delivering competitively-priced, reliable gas supplies, Columbia has developed a portfolio of gas purchase contracts, which can include long-term, short-term and spot contracts, that have flexibility both to meet reliability standards and to be able to take advantage of low priced opportunities where available and operationally feasible. (Columbia St. No. 1, pp. 26-27.)

30. Columbia maintains a program for purchasing local production. In addition to local gas purchases delivered directly into Columbia's system, Columbia purchased Appalachian pool gas delivered by producers into Columbia Transmission's system and redelivered to Columbia under transportation agreements. Although it is certain that Pennsylvania production enters the Appalachian production pools, once the gas is part of pool supplies it is commingled with other sources of supply. Thus, the portion of these supplies coming from Pennsylvania production is not known. (Columbia St. No. 1, pp. 27-28.)

31. Columbia annually submits Request for Proposals ("RFP") to numerous suppliers identified as capable and willing to provide firm gas supplies to Columbia.

Columbia requests proposals for supplies with varying term lengths, nomination flexibility and innovative pricing options. (Columbia St. No. 1, p. 25; Columbia Ex. No. 5, p. 14.)

32. Columbia's gas purchases were a least cost supply mix during the historic reconciliation period, consistent with reliable service. (Columbia Ex. No. 8-C.)

33. In the twelve months ended January 31, 2018, Columbia did not shut in or withhold from the market any gas supply or transportation or storage capacity other than for the purposes of retaining sufficient supply to assure reliable supply and balancing services under colder than normal conditions. (Columbia Ex. No. 8-E.)

34. Neither Columbia nor its affiliates withheld any gas from the market or caused any gas supplies to be withheld from the market that should have been utilized as part of a least-cost fuel procurement policy. (Columbia Ex. No. 8-E.)

35. Columbia retains firm contractual rights to all storage, other upstream pipeline and capacity, if any, and all capacity assignments made to Natural Gas Suppliers ("NGSs") participating in Columbia's Customer Choice program are made on a recallable basis. This allows Columbia to maintain service in the event an NGS fails to deliver supplies under Columbia's Customer Choice Program, which is consistent with Columbia's obligations as the SOLR. (Columbia St. No. 1, pp. 35-38.)

36. Pursuant to Columbia Transmission's tariff, Columbia must plan the use of storage so that no more than 65% of its FSS seasonal storage quantity remains in inventory after February 1 and no more than 25% remains after April 1. Columbia Transmission may also issue operational orders mandating storage withdrawals with penalties for noncompliance. Noncompliance with Columbia Transmission's tariff

limitations could result in confiscation by the pipeline of volumes exceeding tariff limits. (Columbia Exhibit No. 5, pp. 16-17.)

37. For supply planning purposes, Columbia determines customer demand under various weather scenarios. Columbia determines customer demand under a colder-than-normal weather scenario to plan its gas supply and capacity portfolio to ensure that it is adequate to meet increased customer demand. Columbia also determines customer demand under a warmer-than-normal weather scenario to plan the flexibility needed in its supply and capacity portfolio to meet reduced customer demand at least cost. (Columbia St. No. 1, 5, pp. 6-7.)

38. The Design Day Forecast (“DDF”) for the Company represents the official estimate of the Company’s Design Day Demand. Each year a five-year estimate of the requirements anticipated under the Company’s Design Day operating conditions is prepared to ensure that adequate capacity and supplies are contracted at a level so that the Company can fulfill its utility obligation to its firm customer requirements at Design Day Conditions. (Columbia St. No. 1-R, p. 3)

39. The projected demands represent the sum total of the Company’s Design Day Demand calculated at the Design Current Day Temperature, Design Prior Day Temperature, Design Current Day Wind Speed, and assume Design Day occurrence on a weekday for each of the Company’s eight Pipeline Scheduling Points (PSPs) across Pennsylvania. (Columbia St. No. 1-R, p. 4)

40. Design Current Day Temperature values result from a Gumbel Distribution analysis of annual minimum temperatures for all available years of history through heating season 2014/2015 for the National Weather Service Stations located at Hagerstown, Maryland; Morgantown, West Virginia; and Harrisburg, Pittsburgh, and

Bradford, Pennsylvania. These are the weather stations within, or having proximity to, the Company's service territory, that are used to discern customers' sensitivities to the weather variables of temperature and wind speed. (Columbia St. No. 1-R, p. 4)

41. The Design Current Day Temperature is premised upon a risk level having a 1 in 15 probability of occurrence. That is, the probability is 6.7 percent, or 1 in 15, that any given winter will have one or more days with an average daily temperature equal to or colder than the Company's design temperature. The Company has used a 1 in 15 probability of occurrence in developing Design Current Day Temperature for over 13 years. The Company's company-wide Design Current Day Temperature is minus five degrees Fahrenheit. (Columbia St. No. 1-R, p. 4)

42. The Company regularly assesses its forecasting methodology. The most important data in developing the DDF is weather information, deliveries to the system from all sources, and the usage of transportation customers. The usage of firm customers is calculated as the total deliveries less usage of transportation customers. The usage of firm customers is then used with the weather data in a regression analysis to determine the Design Actual volume for the given winter. These Design Actual volumes over time form the basis of the DDF. (Columbia St. No. 1-R, p. 12)

43. The historical Design Actual volumes had a maximum value in 2002/03 and declined through 2010/11. Since 2010/11, the Design Actual volumes have been increasing, approximately 40 MDth/Day through 2016/17. However, the growth in Design Actual volumes has varied from year to year. (Columbia St. No. 1-R, p. 12)

44. As required by the Commission-approved Settlement in Columbia's 2017 1307(f) proceeding, Columbia met with interested natural gas suppliers on December

14, 2017 and March 5, 2018 to discuss issues related to issuance and compliance with operational flow orders and operational matching orders. (Columbia Ex. No. 16.)

**IV. SETTLEMENT**

45. The Petitioners agree to resolve the following issues as set forth below:

**A. GENERAL**

46. Columbia's 2018 PGC filing is approved as filed, subject to the additional items set forth below.

**B. DESIGN DAY FORECAST**

47. In preparing its next design day forecast, the Company will consider:

- a) whether to retain weather variables in its forecasting equations;
- b) whether its estimation should be done based on design demand per customer, rather than total demand;
- c) whether (a) a weighted customer count reflecting higher usage for commercial/industrial firm customers would be appropriate, and (b) the use of an economic variable (personal income or GDP) would better model a historical period that includes significant economic fluctuations;
- d) whether there are options for reflecting improved energy efficiency in the statistical estimation; and
- e) whether using relatively short historical periods for statistical estimation overstates recent events (notably economic downturns).

**V. STANDARDS AND FINDINGS**

48. This proceeding is a consolidation of two reviews that the Commission is required to undertake pursuant to Sections 1307 and 1318 of the Public Utility Code.

Pursuant to Section 1307(f) of the Public Utility Code, 66 Pa.C.S. § 1307(f), the Commission must determine whether Columbia has met the standards of Section 1318, 66 Pa.C.S. § 1318, with regard to the gas costs Columbia has incurred during a historic 12-month period. The historic period reviewed in this proceeding is the 12 month reconciliation period ended January 31, 2018. In addition, because Columbia has filed a tariff proposing a new rate reflecting a change in its natural gas costs, the Commission must determine whether the specific findings of Section 1318 can be made with regard to the period that rates will be in effect in the Application Period. This finding is a condition precedent to the Commission's approval of the Company's proposed rates. 66 Pa.C.S. § 1318. It is to be noted that the provisions of Section 1318(a) are applicable to all gas utilities that recover their gas costs pursuant to Section 1307(f). The new tariff rate is intended to become effective October 1, 2018.

49. Columbia did not make any purchases from affiliates during the historic period. To the extent that affiliated interests offer Columbia gas supplies under competitive terms and conditions, Columbia will consider those supplies like all others in accordance with its policy of purchasing gas supplies from reliable sources at the lowest cost. Therefore, it is requested that the Commission make the findings under Section 1318(b) concerning gas supplies from affiliates.

**A. HISTORIC RECONCILIATION PERIOD STANDARDS**

50. With respect to Columbia's gas purchases and gas purchasing practices during the twelve-month historic reconciliation period ended January 31, 2018, it is requested that the Commission find that Columbia has met the standards set out in Section 1318 of the Public Utility Code, 66 Pa.C.S. § 1318, and required by Section 1307(f)(5) of the Public Utility Code, 66 Pa.C.S. § 1307(f)(5), as to all actual purchased

gas costs in the historic period. It is requested that the Commission find, pursuant to Section 1307(f)(5) of the Public Utility Code, and based upon the evidence presented by the Petitioners in this case, that, during the twelve months ended January 31, 2018: (1) Columbia met the requirements of Section 1318(a) of the Public Utility Code by pursuing a least-cost fuel procurement policy, consistent with its obligation to provide safe, adequate and reliable service to its customers; and (2) Columbia met the requirements of Section 1318(b) of the Public Utility Code relating to its consideration of offers from affiliates for gas, transportation and storage services.

**B. PROJECTED AND INTERIM PERIOD FINDINGS**

51. With respect to the twelve-month period beginning October 1, 2018, which is the period of time during which the proposed rates contained in this Settlement would be in effect, it is requested that the Commission make the findings under Section 1318 of the Public Utility Code, including Sections 1318(a)(1) through (a)(4), and 1318(b)(1) through (b)(3), based upon information presently available and based upon evidence of record in this proceeding concerning Columbia's purchasing policies.

52. The Petitioners agree that, based upon evidence of record in this proceeding concerning Columbia's projected gas purchases and gas purchasing policies, it appears that Columbia's projected gas purchases and projected gas purchasing policies will comply with the standards of Section 1318 of the Public Utility Code. Nevertheless, it is expressly understood and agreed that the findings relating to the rate to become effective October 1, 2018, are made solely for the purpose of setting prospective rates that shall be subject to the standards of Section 1318, and further review in an appropriate future proceeding. This Section of the Settlement is not intended to limit or prevent in any way present or future complainants from reviewing,

after such projected gas purchases have been made and gas purchasing practices have been implemented, whether Columbia's gas purchases and gas purchasing practices have, in fact, complied with the standards of Section 1318. If, in an appropriate future proceeding, gas purchases and gas purchasing practices relating to the period October 1, 2018, through September 30, 2019, are challenged, the Commission's findings in this Section of the Settlement shall pose no bar to the examination of such purchases and practices including, but not limited to, disallowance of, or reductions to, such costs during the one-year period commencing October 1, 2018.

53. The Petitioners agree that future examination of the gas costs relating to the period February 1, 2018, through September 30, 2019, to determine whether Columbia's experienced and projected gas purchases and gas purchasing practices complied with the standards set forth in Section 1318 of the Public Utility Code shall be permitted and that the Commission's adoption of the findings under this Section of the Settlement shall not be construed to limit or prevent any disallowance or reduction of such costs.

## **VI. CONDITIONS OF SETTLEMENT**

54. The Settlement is conditioned upon the Commission's approval of the terms and conditions contained in this Settlement without modification. If the Commission modifies the Settlement, any Petitioner may elect to withdraw from the Settlement and may proceed with litigation and, in such event, the Settlement shall be void and of no effect. Such election to withdraw must be made in writing, filed with the Secretary of the Commission and served upon all Petitioners within five (5) business days after the entry of an Order modifying the Settlement.

55. This Settlement is proposed by the Petitioners to settle all issues in the instant proceeding. If the Commission does not approve the Settlement and the proceedings continue, the Petitioners reserve their respective procedural rights to briefing, and to argue their respective positions. The Settlement is made without any admission against, or prejudice to, any position that any party may adopt in the event of any subsequent litigation of these proceedings, or in any other proceeding.

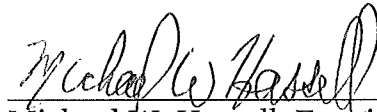
56. The Petitioners acknowledge that the Settlement reflects a compromise of competing positions and does not necessarily reflect any one party's position with respect to any issues raised in this proceeding. This Settlement may not be cited as precedent in any future proceeding, except to the extent required to implement this Settlement.

57. Attached as Appendices "A" through "D" are Statements of Support submitted by Columbia, I&E, OCA, and OSBA, setting forth the bases upon which they believe the Settlement is in the public interest.

## **VII. CONCLUSION**

WHEREFORE, the Petitioners, by their respective counsel, respectfully request that the Honorable Administrative Law Judge Katrina L. Dunderdale and the Commission approve this Settlement, including all terms and conditions thereof, and that the Commission enter an Order consistent with this Settlement and mark the complaints at C-2018-3000523 and C-2018-3000951 closed.

Respectfully submitted,

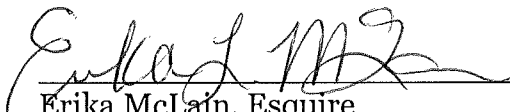
  
\_\_\_\_\_  
Michael W. Hassell, Esquire  
Lindsay A. Berkstresser, Esquire  
Post & Schell, P.C.  
17 North Second Street  
Harrisburg, PA 17101-1601

Date: 6/27/18

and

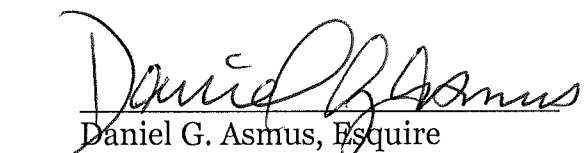
Theodore Gallagher, Esquire  
Meagan B. Moore, Esquire  
NiSource Corporate Services Company  
121 Champion Way, Suite 100  
Canonsburg, PA 15317

*For: Columbia Gas of Pennsylvania, Inc.*

  
\_\_\_\_\_  
Erika McLain, Esquire  
Bureau of Investigation and Enforcement  
Commonwealth Keystone Building  
400 North Street, 2nd Floor West  
PO Box 3265  
Harrisburg, PA 17105-3265

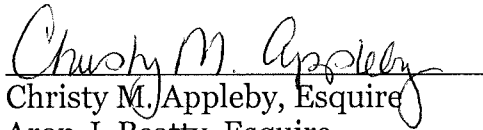
Date: 6/27/18

*For: Bureau of Investigation and  
Enforcement*

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

Date: 6-27-18

*For: Office of Small Business Advocate*



Christy M. Appleby, Esquire  
Aron J. Beatty, Esquire  
Office of Consumer Advocate  
555 Walnut Street  
Forum Place 5th Floor  
Harrisburg, PA 17101-1923

Date: 06/27/18

*For: Office of Consumer Advocate*

# **APPENDIX A**



results are often preferable to those achieved at the conclusion of a fully-litigated proceeding. See 52 Pa. Code § 69.401. In order to accept a settlement, the Commission must first determine that the proposed terms and conditions are in the public interest. *Pa. Pub. Util. Comm'n v. York Water Co.*, Docket No. R-00049165 (Order entered Oct. 4, 2004); *Pa. Pub. Util. Comm'n v. C.S. Water and Sewer Assocs.*, 74 Pa. P.U.C. 767 (1991).

As an initial matter, the fact that the Settlement is unopposed is, in and of itself, strong evidence that the Settlement is reasonable and in the public interest. The Settlement was achieved after a comprehensive investigation of Columbia's gas purchasing practices, including extensive discovery and discussion among the parties.<sup>2</sup> Columbia submits that the Settlement fairly balances the interests of the Company and its customers and, therefore, is in the public interest. Columbia respectfully requests that Administrative Law Judge Katrina L. Dunderdale (the "ALJ") and the Commission approve the Settlement in its entirety, without modification. Columbia notes that by resolving all issues in this proceeding through Settlement, the parties were able to successfully avoid a portion of the costs associated with litigation.

For the reasons set forth below, the Settlement is just and reasonable and should be approved.

## **I. SETTLEMENT TERMS ARE IN THE PUBLIC INTEREST**

### **A. DESIGN DAY FORECAST**

As the supplier of last resort, Columbia is responsible for maintaining sufficient capacity to meet its customers' needs under extreme weather conditions, referred to as "Design Day." Columbia strives to develop a forecast that is within 3% of the "Design Actual" volume, i.e. the volume on the system in a given winter had design day conditions been experienced. (Columbia

---

<sup>2</sup> Columbia responded to over 70 discovery requests from other parties in this proceeding.

St. No. 1-R, p. 3.) The sole issue raised by the OSBA concerns the Company's forecasting of its design day requirements.

Columbia's design day forecasting process has been set forth in the Company's 1307(f) filings and accepted by other parties for the past several years. (Columbia St, No. 1-R, p. 2.) Each year, Columbia prepares a five-year estimate of the requirements anticipated under Design Day conditions so that the Company can fulfill its obligation to meet firm customers' requirements under Design Day conditions. The Company follows a detailed eight-step process to establish its Design Day Forecast, which is described in the rebuttal testimony of Columbia witness Mr. Catron. The Company regularly assesses its forecasting methodology. The Company's most recent assessment of its forecasting methodology revealed that design actual volumes have been increasing, even though the growth in design actual volumes has varied from year to year. (Columbia St, No. 1-R, p. 12.)

In his direct testimony, OSBA witness Mr. Knecht expressed concern with Columbia's forecasting process. In particular, Mr. Knecht questioned whether Columbia may be over-forecasting its Design Day conditions, which could be contributing to the Company having excess capacity. (OSBA St. No. 1, p. 2.) Although Mr. Knecht did not identify any specific problems with the Company's forecast, he suggested that the Company provide an explanation of the Company's forecasting process, to examine whether that process has resulted in over-forecasting. In rebuttal, Columbia submitted a detailed explanation of its forecasting process, and concluded that process was reasonable and accurate within the limits that could be expected of a forecast. (Columbia St. No. 1-R, p. 16.)

Following submission of the Company's rebuttal, the Joint Petitioners discussed certain components of the forecasting process, and whether changes might improve forecast results. As

a result of those discussions, Columbia agreed, and the Settlement provides for Columbia to consider several possible modifications in preparing its next Design Day Forecast. Specifically, the Company will consider:

- a) whether to retain weather variables in its forecasting equations;
- b) whether its estimation should be done based on design demand per customer, rather than total demand;
- c) whether (a) a weighed customer count reflecting higher usage for commercial/industrial firm customers would be appropriate, and (b) the use of an economic variable (personal income or GDP) would better model a historical period that includes significant economic fluctuations;
- d) whether there are options for reflecting improved energy efficiency in the statistical estimation; and
- e) whether using relatively short historical periods for statistical estimation overstates recent events (notably economic downturns).

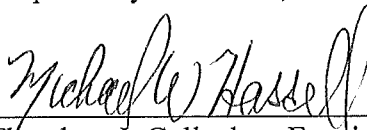
(Settlement ¶ 47.)

The foregoing Settlement provision is in the public interest and should be approved. The Settlement provision addresses the OSBA's concerns regarding the Company's process for forecasting Design Day requirements, while allowing the Company to investigate whether any changes to its forecasting methodology are appropriate. Given that the OSBA did not present any specific suggestions for modifying the Company's Design Day Forecasting process, it would not be prudent for the Company to make any changes to its Design Day Forecast at this time without first evaluating the potential impacts of those changes. The Settlement allows the Company an opportunity to analyze whether the specific changes set forth in (a)-(e) above would result in a more accurate forecast.

## II. CONCLUSION

The Settlement resolves all issues raised during this proceeding. For the reasons explained above, and those set forth in the proposed findings in the Settlement, the resolution of the issues contained within the Settlement is in the public interest. The Settlement should be approved without modification.

Respectfully submitted,



Michael W. Hassell, Esquire  
Lindsay A. Berkstresser, Esquire  
Post & Schell, P.C.  
17 North Second Street  
12<sup>th</sup> Floor  
Harrisburg, PA 17101  
Phone: 717-731-1970  
Fax: 717-731-1985  
E-mail: mhassell@postschell.com  
lberkstresser@postschell.com

Theodore J. Gallagher, Esquire  
Meagan Bielanin Moore, Esquire  
Columbia Gas of Pennsylvania, Inc.  
121 Champion Way, Suite 100  
Canonsburg, PA 15317  
Phone: 724-416-6355  
Fax: 724-416-6384  
E-mail: tjgallagher@nisource.com  
mbmoore@nisource.com

Date: June 27, 2018

# **APPENDIX B**

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2018-3000253
	:	
Columbia Gas of Pennsylvania, Inc.	:	
1307(f) Filing	:	

---

**BUREAU OF INVESTIGATION AND ENFORCEMENT'S  
STATEMENT IN SUPPORT OF JOINT PETITION FOR SETTLEMENT OF  
THE SECTION 1307(f) RATE INVESTIGATION**

---

**TO ADMINISTRATIVE LAW JUDGE KATRINA L. DUNDERDALE:**

The Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”), by and through its Prosecutor, Erika L. McLain, hereby respectfully submits that the terms and conditions of the foregoing Joint Settlement Agreement (“Settlement”) are in the public interest and represent a fair, just and reasonable balance of the interests of Columbia Gas of PA, Inc. (“Columbia” or “Company”) and its customers. The parties to this Settlement conducted extensive discovery and negotiation sessions and, as a result, the Joint Petitioners have agreed upon the terms embodied in the foregoing Settlement. This request is based upon I&E’s conclusion that the Settlement is in the public interest as supported by the following factors:

1. I&E is charged with the representation of the public interest in proceedings relating to rates, rate-related services and application proceedings affecting the public

interest held before the Commission. Consequently, in negotiated settlements, it is incumbent upon I&E to ensure that the public interest is served and to quantify to what extent amicable resolution of any such proceeding will benefit the public interest. Based upon I&E analysis of the Company's 1307(f) filing, acceptance of this proposed Settlement is in the public interest and I&E recommends that Administrative Law Judge Katrina L. Dunderdale and the Commission approve the Settlement in its entirety.

2. On February 28, 2018, the Company filed its Annual Purchased Gas Cost Filing pursuant to Section 1307(f) of the Public Utility Code. Columbia's 1307(f) filing proposed a decrease in its purchased gas cost rates of \$0.03141/Therm, from \$0.41351/Therm to \$0.38210/Therm. Columbia Exhibit No. 1-A, Schedule 1, p. 1.

3. I&E filed a Notice of Appearance on March 8, 2018.

4. A telephonic Prehearing Conference was held on April 11, 2018, which resulted in the establishment of a procedural schedule.

5. Discovery was undertaken by the parties during the proceeding.

6. Through the course of discovery and settlement negotiations, I&E determined that it did not have proposed adjustments to the Company's filing. Accordingly, I&E did not submit testimony in this proceeding.

7. In accordance with the Commission's policy favoring settlements over costly and time consuming litigation, 52 Pa. Code § 5.231, the Settling Parties were successful in achieving a full and complete settlement of all issues utilizing the discovery and settlement negotiation process.

8. I&E submits that the proposed Settlement is in the public interest and should be approved by the ALJ and the Commission for the following reasons:

a. After review of the filing and discovery, I&E did not prepare Direct Testimony because the information provided by the Company indicates that its gas purchasing practices have satisfied its least cost procurement obligation under the Public Utility Code. 66 Pa. C.S. § 1318. Adhering to a least cost procurement policy benefits ratepayers is in the public interest because least cost gas directly impacts customer gas bills, while still ensuring that customers receive safe, adequate and reliable service.

Specifically, I&E analyzed the Company's E-factor and found that it was calculated in accordance with established Commission practices. An E-factor is the experienced over/under collections, it reconciles variations between the projected gas costs and actual gas costs as well as variances between projected and actual sales. The E-factor also serves as the vehicle to pass through miscellaneous revenues and to calculate interest. This review is critical because the proper calculation of the E-factor ensures that rates are adjusted appropriately. I&E is satisfied that the Company's E-factor calculation is appropriate and accurate. Additionally, I&E reviewed the Company's projected gas costs and determined that it appears those costs are consistent with a least cost fuel procurement policy.

In its filing, Columbia projects a decrease of \$0.03141/Therm for a proposed PGC rate of \$0.38210/Therm to be effective October 1, 2018. Columbia Exhibit No. 1-A, Schedule 1, p. 1. While those costs are subject to review in a future PGC proceeding, I&E maintains that ratepayers are protected in that Columbia gains no unwarranted

financial advantages through its projected gas purchases and projected gas purchasing policies. Accordingly, I&E represents that the Settlement maintains the proper balance of the interests of all parties.

For these reasons, I&E maintains that Columbia is pursuing a least cost fuel procurement policy consistent with its obligation to provide safe, adequate and reliable service to its customers.

9. Based upon I&E's analysis of the filing, acceptance of this proposed Settlement is in the public interest because resolution of this case by settlement rather than litigation will avoid the substantial time and effort involved in continuing to formally pursue all issues in this proceeding at the risk of accumulating excessive expense.

10. I&E further submits that the acceptance of the foregoing settlement will negate the need for any direct and cross-examination of witnesses, the preparation of Main Briefs, Reply Briefs, Exceptions and Reply Exceptions, and the filing of possible appeals.

11. The Settlement is conditioned upon the Commission's approval of all terms and conditions contained therein and should the Commission fail to grant such approval or otherwise modify the terms and conditions of the Settlement, it may be withdrawn by the Company or I&E as provided therein.


12. I&E's agreement to settle this case is made without any admission or prejudice to any position that I&E might adopt during subsequent litigation in the event

that the Settlement is rejected by the Commission or otherwise properly withdrawn by any of the Joint Petitioners.

13. If the ALJ recommends that the Commission adopt the Settlement as proposed, I&E has agreed to waive the filing of Exceptions. However, I&E has not waived its rights to file Exceptions with respect to any modifications to the terms and conditions of the Settlement, or any additional matters, that may be proposed by the ALJ in the Recommended Decision. I&E has also reserved the right to file Reply Exceptions to any Exceptions that may be filed by the Company.

**WHEREFORE**, the Commission's Bureau of Investigation and Enforcement represents that it supports the Settlement as being in the public interest and respectfully requests that Administrative Law Judge Katrina L. Dunderdale recommend, and the Commission subsequently approve, the foregoing Joint Settlement Agreement, including all terms and conditions contained therein.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Erika L. McLain".

Erika L. McLain  
Prosecutor

Pennsylvania Public Utility Commission  
Bureau of Investigation and Enforcement  
Post Office Box 3265  
Harrisburg, Pennsylvania 17105-3265  
(717) 783-6170

Dated: June 27, 2018

# APPENDIX C

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission,

v.

Columbia Gas of Pennsylvania, Inc.

:  
:  
:  
:  
:

Docket No. R-2018-3000253

---

STATEMENT OF THE  
OFFICE OF CONSUMER ADVOCATE  
IN SUPPORT OF THE  
JOINT PETITION FOR SETTLEMENT

---

The Office of Consumer Advocate (OCA), one of the signatory parties to the Joint Petition for Settlement of Rate Investigation Pursuant to 66 Pa. C.S. § 1307(f) (Settlement), finds the terms and conditions of the Settlement regarding the Company's compliance with the requirements of 66 Pa. C.S. §§ 1307(f) and 1318 to be in the public interest for the following reasons:

**I. INTRODUCTION**

On February 28, 2018, Columbia Gas of Pennsylvania, Inc. (Columbia or Company) submitted its purchased gas cost (PGC) pre-filing information in support of its annual reconciliation of PGC rates pursuant to § 1307(f) of the Public Utility Code. See 52 Pa. Code §§ 53.64, 53.65; 66 Pa. C.S. § 1307(f). On March 30, 2018, Columbia filed its definitive filing, Supplement No. 273 to Tariff Gas Pa. P.U.C. No. 9 (Supplement No. 273, in which it proposed a PGC rate of \$0.38210 per therm, a decrease of \$0.03141 per therm, for service rendered on or after October 1, 2018.

# **APPENDIX D**

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

<b>Pennsylvania Public Utility Commission</b>	:	
	:	
v.	:	<b>Docket No. R-2018-3000253</b>
	:	
<b>Columbia Gas of Pennsylvania, Inc. 1307(f)</b>	:	

**STATEMENT OF THE OFFICE OF SMALL BUSINESS ADVOCATE  
IN SUPPORT OF THE JOINT PETITION FOR SETTLEMENT**

**I. INTRODUCTION**

The Small Business Advocate is authorized and directed to represent the interests of small business consumers in proceedings before the Pennsylvania Public Utility Commission (“Commission”) under the provisions of the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 - 399.50. In order to discharge this statutory duty, the Office of Small Business Advocate (“OSBA”) is participating as a party to this proceeding to ensure that the interests of small commercial and industrial (“Small C&I”) customers of Columbia Gas of Pennsylvania, Inc. (“Columbia” or the “Company”) are adequately represented and protected.

**II. PROCEDURAL BACKGROUND**

On February 28, 2018, pursuant to Section 1307(f) of the Public Utility Code, 66 Pa. C.S. Section 1307(f), Columbia Gas of Pennsylvania, Inc. (“Columbia” or the “Company”) submitted pre-filing supporting information concerning its annual Purchased Gas Cost (“PGC”) Rate filing. The Company filed Supplement No. 273 to Tariff Gas Pa. P.U.C. No. 9 (“Supplement No. 273”)

on March 30, 2017.

The OSBA filed a Complaint on April 4, 2018. Other parties to this proceeding include the Office of Consumer Advocate (“OCA”), the Commission’s Bureau of Investigation and Enforcement (“I&E”), the NGS Parties and the Columbia Industrial Intervenors (“CII”).

A Prehearing Conference was held telephonically on April 11, 2018, before Administrative Law Judge (“ALJ”) Katrina A. Dunderdale, at which time the parties agreed to a procedural schedule and certain discovery modifications. In addition, ALJ Dunderdale granted the NGS Parties’ and CII’s Petitions to Intervene.

Both before and after the Prehearing Conference extensive discovery was conducted by the parties.

Direct Testimony was submitted by the OSBA. The other parties did not submit direct testimony. Columbia served rebuttal testimony. The parties engaged in discussions that led to a settlement of all issues.

A Hearing was held on June 7, 2018, where testimony was entered into the record by stipulation, and the parties agreed to waive cross-examination.

The OSBA actively participated in the negotiations that led to the proposed settlement, and is a signatory to the Joint Petition For Settlement (“Joint Petition”). The OSBA submits this statement in support of the Joint Petition.

### **III. STATEMENT IN SUPPORT**

On April 9, 2018, the OSBA filed its Prehearing Memorandum in this proceeding. In the Prehearing Memorandum, the OSBA identified the following specific issues of concern:

1. Whether the Company's claims for unaccounted-for gas costs are reasonable;
2. Whether the Company's proposed gas retainage rates for transportation customers are reasonable;
3. Whether the Company's design day demand forecasting method is reasonable; and
4. Whether the Company's upstream capacity is reasonably consistent with the design day demand forecast.

Based on a review of the filing, the OSBA concluded that the Company's filed claims for unaccounted-for gas costs, and its proposal for gas retainage rates for transportation customers, were not unreasonable with respect to the impacts on small business customers for the purposes of this proceeding.

However, the OSBA's review of the Company's 5-year design day forecasts for the past several Section 1307(f) proceedings showed a pattern in which the forecasts for any particular period were substantially reduced over time, implying that the earlier forecasts were overstated. For example, the Company's design day forecast for the winter of 2018-19 went from 665.7 Dth/day in the 2015 proceeding to 647.1, 633.5, and 626.9 Dth per day in the 2016 to 2018 proceedings respectively. The OSBA submitted the Direct Testimony of Mr. Robert D. Knecht which recommended that the Company provide an explanation for the factors which have led to the historic pattern of over-forecasting (which was detailed in OSBA Exhibit IEc-2) when the Company submitted its rebuttal testimony. In its rebuttal testimony, the Company generally denied that it had, in fact, been over-forecasting, and it reiterated its basic explanation of the forecasting methodology. The OSBA respectfully disagreed, and then conducted a more detailed review of

the statistical analyses supporting the Company's earlier forecasts that have subsequently been substantially scaled back. From that review, OSBA identified certain specific factors of in the Company's analysis which appeared to contribute to this problem. The OSBA shared that analysis with the Company and the other parties to this proceeding as part of the settlement negotiations. This resulted in the following provision being included in the Joint Petition For Settlement:

- Paragraph 47 of the Settlement expresses a commitment by Columbia, in preparing its next design day forecast, to evaluate and attempt to address the problems in design day forecasting identified by the OSBA which led to the pattern of forecasts presented by Mr. Knecht in his Direct Testimony.

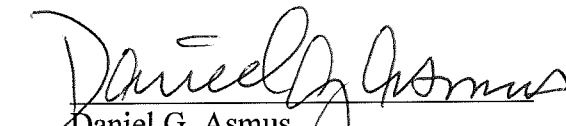
Consequently, the OSBA supports the Joint Petition for Settlement.

The settlement of this proceeding avoids the litigation of many of the complex, competing proposals and saves the possibly significant costs of further and more extended administrative proceedings. Such costs are borne not only by the Joint Petitioners, but ultimately by the Company's customers as well. Avoiding extended litigation of this matter has served judicial efficiency, and allows the OSBA to more efficiently employ its resources in other areas.

**IV. CONCLUSION**

For the reasons set forth in the Joint Petition, as well as the additional factors enumerated in this statement, the OSBA supports the proposed Joint Petition and respectfully requests that ALJ Dunderdale and the Commission approve the Joint Petition in its entirety without modification.

Respectfully submitted,

  
Daniel G. Asmus  
Assistant Small Business Advocate  
Attorney ID No. 83789

For:

John R. Evans  
Small Business Advocate

Office of Small Business Advocate  
300 North Second Streets, Suite 202  
Harrisburg, PA 17101

Dated: June 27, 2018