

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	R-2019-3008255
Office of Consumer Advocate	:	C-2019-3008450
Office of Small Business Advocate	:	C-2019-3008708
	:	
v.	:	
	:	
Columbia Gas of Pennsylvania, Inc. 1307(f)	:	
Purchased Gas Cost Tariff Filing Effective	:	
October 1, 2019	:	

**RECOMMENDED DECISION**

Before  
Emily I. DeVoe  
Administrative Law Judge

Mary D. Long  
Administrative Law Judge

**INTRODUCTION**

This decision recommends approval of the Joint Petition for Settlement of Columbia Gas of Pennsylvania, Inc. Annual 1307(f) rate investigation by Columbia Gas of Pennsylvania, Inc, the Office of Consumer Advocate, the Office of Small Business Advocate and the Bureau of Investigation and Enforcement. The gas cost rate in effect as of March 31, 2019 is \$0.43108 per Therm. The gas cost rate which Columbia proposed in its April 1, 2019 filing to be effective on October 1, 2019, was \$0.38137 per Therm. This is the same gas cost rate the Joint Petitioners propose in the Settlement, and it represents an approximate 11.53% decrease in the purchased gas cost rate in effect as of March 31, 2019.

## HISTORY OF THE PROCEEDINGS

Columbia Gas of Pennsylvania, Inc. (Columbia) made its required pre-filing under Section 1307(f) of the Public Utility Code, 66 Pa.C.S. § 1307(f)(3), and 52 Pa.Code § 53.65, on February 28, 2019 in connection with the Company's 2018 Purchased Gas Cost filing for the period ending September 30, 2019. Columbia's pre-filing proposed a Purchased Gas Cost (PGC) decrease of \$0.04610 per Therm from the currently effective gas cost recovery rate applicable to all firm sales rate schedules.

On April 1, 2019, Columbia filed Supplement No. 289 to Tariff Gas Pa. P.U.C. No. 9 (Supplement No. 289) to become effective for service rendered on and after October 1, 2019. In Supplement No. 289, Columbia proposed to decrease its PGC rates by \$0.04971 per Therm from \$0.43108 per Therm down to \$0.38137 per Therm.<sup>1</sup> This proposed decrease represents an approximate 11.53% decrease from rates in effect as of March 31, 2019.

Columbia is a public utility and natural gas distribution company which provides natural gas distribution, sales, transportation and/or supplier of last resort (SOLR) services to approximately 429,000 customers in portions of 26 counties of Pennsylvania. (See Columbia St. No. 3 at 3).

The Pennsylvania Public Utility Commission (Commission) instituted an investigation to determine the lawfulness, justness, and reasonableness of the rates proposed in the Section 1307(f) filing and to satisfy the requirements of Sections 1307, 1317, and 1318 of the Public Utility Code (at 66 Pa.C.S. § 1307(f); § 1317 and § 1318).

On March 12, 2019, the Office of Consumer Advocate (OCA) filed a Notice of Appearance, Formal Complaint, and Public Statement at Docket No. C-2019-3008450. On

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<sup>1</sup> The change in the proposed decrease to the PGC rate from the February 28, 2019 pre-filing and the April 1, 2019 filing is explained in Revised Exhibits 1-A and 1-B and the direct testimony of Ms. Berberich, pp. 2-3. Revised exhibits were submitted because it was discovered that the Tennessee Gas Pipeline Company Demand ("Tennessee") costs were overstated in the original filing due to a contract change in which Columbia replaced one of its Tennessee contracts.

March 15, 2019, the Bureau of Investigation and Enforcement (BIE) filed its Notice of Appearance. On March 21, 2019, the Office of Small Business Advocate (OSBA) filed its Notice of Appearance, Formal Complaint, and Public Statement at Docket No. C-2019-3008708.

In addition, Columbia Industrial Intervenors (CII) filed a petition to intervene on March 21, 2019.

The presiding officers conducted a prehearing conference on April 10, 2019, at which the parties considered issues raised by the filing, discussed prehearing matters, and established a litigation schedule. Columbia, BIE, OCA, OSBA, and CII were present for the prehearing conference.

On April 15, 2019, the presiding officers issued the Prehearing Order which, *inter alia*, confirmed the litigation schedule, and included the dates for the evidentiary hearings and the date by which reply briefs would be required.

Columbia filed its direct testimony and exhibits on April 1, 2019. OCA served its direct testimony and exhibits on May 3, 2019. OSBA, BIE, and CII did not serve any direct testimony. Columbia served rebuttal testimony and exhibits on May 22, 2019. OCA served surrebuttal testimony on May 29, 2019.

The presiding officers issued a Protective Order on May 9, 2019, upon motion from Columbia.

The presiding officers scheduled the initial hearings to be held in Harrisburg on June 3, 2019, and June 4, 2019. On May 30, 2019, the parties informed the presiding officers a settlement was reached. Thereafter, the presiding officers advised the parties to appear at the scheduled start time on June 4, 2019, in a hearing room in Harrisburg, while the presiding officers would appear via telephone from the Commission's hearing room in Pittsburgh, to identify and admit previously-served testimony and exhibits into the hearing record.

On June 4, 2019, the presiding officers conducted the hearing with Columbia, BIE, OCA, OSBA, and CII. No party appeared at the hearing to oppose the Settlement or the admission of evidence. Columbia and OCA identified their previously served testimony and exhibits and moved for their admission into the hearing record.<sup>2</sup>

The presiding officers admitted all proposed testimony and exhibits, as listed in the transcript at pages 26 and 27. The parties were given until close of business on June 26, 2019, in which to submit a fully executed Joint Settlement Agreement with Statements in Support.

On June 26, 2019, the Joint Petition for Settlement of Rate Investigation Pursuant to 66 Pa.C.S.A. § 1307(f) (Settlement), including Statements in Support by Columbia, OCA, OSBA, and BIE (collectively, Joint Petitioners) was filed with the Secretary's Bureau. In their Settlement, the Joint Petitioners advise that CII does not oppose the settlement.

The gas cost rate in effect as of March 31, 2019 is \$0.43108 per Therm. The gas cost rate which Columbia proposed in its April 1, 2019 filing to be effective on October 1, 2019, was \$0.38137 per Therm. This is the same gas cost rate the Joint Petitioners propose in the Settlement, and it represents an approximate 11.53% decrease in the purchased gas cost rate in effect as of March 31, 2019.

This Recommended Decision recommends the Settlement be adopted without modification.

#### STIPULATED FINDINGS OF FACT

The Joint Petitioners agreed to the following findings of fact in support of the Settlement.

1. Columbia's Exhibit No. 3 lists Federal Energy Regulatory Commission ("FERC") proceedings through calendar year 2018 affecting Columbia's ratepayers. Exhibit

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<sup>2</sup> OCA did not offer its surrebuttal testimony into evidence.

No. 3 outlines Columbia's participation in these FERC proceedings. Columbia has intervened and actively participated in proceedings of the interstate pipelines serving Columbia.

2. 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. 46-49, Columbia Ex. No. 3)

3. In 2018, 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. 46-49; Columbia Ex. No. 3) Columbia has intervened in proceedings of interstate pipelines involved in construction projects in the Marcellus region. (Columbia Ex. No. 5, pp. 24-30) Columbia also participated in the FERC proceeding involving the rates of interstate natural gas pipelines and storage companies following the Tax Cuts and Jobs Act. (Columbia Ex. No. 5, pp. 23-23)

4. 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. (Columbia Statement No. 1, pp. 46-49)

5. 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. 13-15; Columbia Ex. HAC-1; Columbia Ex. No. 5, p. 11)

6. 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 Ex. No. 8-C)

7. 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. 23-29; Columbia Ex. 5, p. 1)

8. 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)

9. 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, p. 15)

10. 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. 41)

11. Columbia's available capacity is approximately 103% of projected firm demand for contract year 2022-23. This variance is within the bounds contained in Columbia's Portfolio Design Policy, which provides that Columbia will have sufficient capacity to be within a range of up to 103% of the highest of its projected design day firm requirements for the five-year period of its Design Day Forecast. (Columbia Exhibit No. 5, p. 11)

12. Columbia's capacity portfolio contains a substantial amount of storage. Storage capacity enables Columbia to purchase a majority of its annual customer requirements

during the summer months. Some of the summer purchase volume is used to serve current customer demand, while storing most of the volume to serve customer demand the following winter. (Columbia Ex. No. 5, pp. 10-11)

13. Columbia has several contracts for Firm Transportation Service (“FTS”) with Columbia Transmission. (Columbia Ex. No. 5, pp. 11-12) Columbia has a contract for 11,666 Dth of city-gate capacity with Columbia Transmission, which 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. 11) Columbia also contracts with Columbia Transmission providing for a total of 90,788 Dth/day with a tiered renewal approach. The tiered renewal approach provides contracting flexibility. (Columbia Ex. No. 5, p. 11) 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 is considering replacement of this capacity with Equitrans capacity. (Columbia St. No. 1, p. 24) 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 Ex. No. 5, p. 12)

14. The majority of Columbia’s Columbia Transmission capacity also has grandfathered Maximum Daily Delivery Obligation (MDDO) and Daily Delivery Quantity (DDQ) rights. These grandfathered MDDO and DDQ rights provide Columbia the necessary flexibility to receive varying volumes at each of its approximately 300 individual receipt points from Columbia Transmission each day. This flexibility is critical to the efficient operation of Columbia’s transportation services and the efficient, least cost management of Columbia’s capacity portfolio. (Columbia Ex. No. 5, pp. 11-12)

15. 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 Ex. No. 5, p. 12)

16. Columbia engages in ongoing evaluation of alternatives, to the extent they exist, to portions of the Columbia Transmission contracts. Specifically, Columbia is evaluating its ability to incorporate additional Equitrans capacity into its portfolio to replace a similar volume of Columbia FTS capacity. (Columbia St. No. 1, pp. 20, 23-24)

17. 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. The contract is scheduled to terminate on October 31, 2019. Columbia does not intend to renew this contract. (Columbia St. No. 1, pp. 15-16; Ex. No. 5, pp. 12, 19)

(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. This contract has a termination date of March 31, 2023. (Columbia St. No. 1, p. 16; 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, pp. 16-17)

(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. 17; Columbia Ex. No. 5, p. 13)

(e) Columbia also contracts for firm transportation and storage service on Equitrans. Columbia has a storage contract and associated FTS 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. 17; Columbia Exhibit No. 5, p. 12)

(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. This capacity is currently used to serve Columbia's Newcastle and Pittsburgh markets. Effective November 1, 2019, Columbia has replaced one of its Tennessee contracts with a like volume contract changing the receipt point from the Gulf Coast area to the Station 219 Pool located in Mercer County, PA. These changes will reduce the demand costs paid for by Columbia and will allow Columbia to gain primary firm access to the Station 219 Pool primarily supplied by Marcellus Shale supplies produced in the Commonwealth. (Columbia Ex. No. 5; Columbia St. No. 1, p. 19)

(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 Exhibit No. 5, p. 13; Columbia St. No. 1, p. 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. 19)

18. There were no increases in capacity that occurred during the past year. (Columbia St. No. 1, p. 20)

19. 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. 25-27)

20. 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. 29)

21. 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 pricing options. (Columbia St. No. 1, pp. 20-22; Columbia Ex. No. 5, pp. 13-14)

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

23. In the twelve months ended January 31, 2019, 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)

24. 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)

25. Reliability is a critical component of any least-cost procurement plan. Columbia can afford no reliability tolerance during core winter months. (Columbia St. No. 4-R, pp. 4-5)

26. Columbia's interstate pipeline capacity contracts with Texas Eastern have primary and secondary receipt and delivery points. Receipt at primary receipt points and delivery to primary delivery points represents firm capacity. Receipt and/or delivery at any secondary receipt point is interruptible under pipeline tariffs and, as such, has a lower priority of service than deliveries at primary points. (Columbia St. No. 4-R, pp. 4-5)

27. Columbia's Contract No. 910951 under Texas Eastern's FT-1 rate schedule has primary receipt points in Texas Eastern's Zone M-1. This contract allows for secondary receipt points in Zones M-1 and M-2. Columbia's three contracts with Texas Eastern under rate schedule Comprehensive Distribution Service have primary receipt points in Texas

Eastern's production area Zones STX, WLA, ELA, and ETX, and secondary receipt points in Zone M-2. (Columbia St. No. 4-R, pp. 4-5)

28. Columbia must ensure supply reliability via its Texas Eastern capacity. Columbia entered into Asset Management Arrangements ("AMAs") to provide for the delivery of gas supplies by Texas Eastern. Supplies associated with the Texas Eastern AMA are critical to serving basic human needs customers in certain of Columbia's market areas during core winter months. (Columbia St. No. 4-R, pp. 6-8)

29. Columbia issued an RFP for the Texas Eastern capacity for both Zone M-2 and Zone M-3 deliveries, which required a supplier commitment of uninterrupted delivery. In response to the RFP, all suppliers were willing to provide reliability for Zone M-2 deliveries using Zone M-2 pricing. No supplier responding to the RFP offered to meet the Company's reliability requirements for Zone M-3 deliveries using Zone M-2 pricing. (Columbia St. No. 4-R, pp. 5-6)

30. 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. 40-45)

31. 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)

32. 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 Ex. No. 5, pp. 3-7; Columbia St. No. 1, pp. 6-7)

33. On all days, including days of peak demand, Columbia must be ready to serve the demand of Sales Service customers and to provide balancing for CHOICE Service customers. To ensure reliability, Columbia has established design parameters for estimating Sales Service and CHOICE Service customer demand under extreme weather conditions. Columbia's Design Day Forecast is based on design day conditions consisting of current day design temperature, prior day design temperature, current day design wind speed, and occurrence on a weekday. Columbia updates the design conditions approximately every five to ten years. (Columbia Ex. No. 5, p. 4; Columbia St. No. 1, pp. 8-10)

34. As required by the Commission-approved Settlement in Columbia's 2018 1307(f) proceeding, Columbia performed an analysis of its Design Day Forecast process. As part of its analysis, Columbia considered the following: (1) whether to retain weather variables in its forecasting equations; (2) whether its estimation should be done based on design demand per customer, rather than total demand; (3) 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; (4) whether there are options for reflecting improved energy efficiency in the statistical estimation; and (5) whether using relatively short historical periods for statistical estimation overstates recent events (notably economic downturns). Based on its analysis, Columbia will continue to review and refine its Design Day Forecast Methodology. (Columbia St. No. 1, pp. 12-13; Ex. No. HAC-3)

35. Columbia manages its off-system sales and capacity release programs under its Unified Sharing Mechanism (USM). Pursuant to the USM, customers receive 75% of the net USM proceeds and Columbia retains the remaining 25% of net proceeds. The customers' share of USM proceeds is passed back 100% through the PGDC. (Columbia St. No. 1, pp. 34-36)

36. Since the Commission-approved partial settlement of Columbia's 2015 1307(f) proceeding, Columbia has projected the customer's share of the USM using a three-year historical average of completed PGC periods that are available at the time of the Company's 1307(f) prefiling. (Columbia St. No. 2, p. 21)

37. For the last three historical periods, from October 2015 to September 2017, the USM actuals have been declining. Use of the three-year historical average to calculate the customers' portion of USM proceeds has resulted in large over-refunds which must later be recollected through the E-factor. (Columbia St. No. 2, p. 22)

38. 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. As part of the Commission-approved Settlement of Columbia's 2018 base rate proceeding, Docket No. R-2018-2647577, Columbia committed to establish a new collaborative with suppliers and GDS customers to discuss tariff changes relative to operational orders, delivery quantities, and supplier access to customer information. Future meetings of the 2017 1307(f) collaborative were discontinued and participants were given the opportunity to discuss remaining issues from those meetings in the 2018 collaborative. Columbia has participated in several meetings with suppliers and GDS customers as part of the 2018 collaborative. (Columbia Ex. No. 16; Columbia St. No. 3, p. 6)

## DESCRIPTION AND TERMS OF SETTLEMENT

In accordance with Rule 5.231 of the Commission's Rules of Practice and Procedure, 52 Pa.Code § 5.231, the parties explored the possibility of settlement. As a result of settlement discussions, the parties achieved a settlement in principle under which all issues are resolved. The Settlement, which is fully executed by Columbia, BIE, OCA, and OSBA, consists of 23 pages plus Appendices A, B, C and D, which are the Statements in Support of Columbia, OCA, OSBA, and BIE respectively. CII was not a signatory to the Settlement; however, the Joint Petitioners indicate in the Settlement that CII does not oppose the Settlement.

The parties agreed to the settlement terms set forth below with original paragraph numbering maintained:

### **TEXAS EASTERN AMA RFP**

53. In future RFPs for AMAs that involve the release of Columbia's Texas Eastern firm transportation capacity to a third party, Columbia will seek bids to provide firm delivered supplies to Columbia's Texas Eastern Zone M-3 delivery points at Texas Eastern Zone M-2 index prices. Columbia shall provide documentation of any bids received as part of future 1307(f) filings. The Company will include, as a part of the documentation, its analysis of the AMA RFP responses, and an evaluation as to whether the Company should enter into an AMA or maintain its Texas Eastern capacity and secure the necessary supplies to fill that capacity.

### **USM PROJECTED CUSTOMER SHARE CALCULATION**

54. The methodology to calculate the projected customer share of USM net margin credits shall be revised to utilize a two-year PGC period average, with one year being the most recently completed PGC period available at the time the PGC pre-filing is submitted and the second year being the projected customer share of USM net margin for the current PGC filing year at the time the pre-filing is submitted. The Company shall continue to true up actual customer USM net margin to credits provided to customers.

The parties generally agree that the Company's filing, as modified by the Settlement, is consistent with the statutory requirements in the Public Utility Code. Specifically,

the parties request that the Commission make the findings required by Sections 1307 and 1318.<sup>3</sup> The settlement petition also includes the usual “additional terms and conditions” that are typically included in rate settlements. These terms, which, among other things, protect the parties’ rights to file exceptions if any part of the Settlement is modified, condition the agreement upon approval by the Commission and provide that no party is bound in future rate cases by any particular position taken in this case. These additional terms and conditions will not be repeated here *verbatim*. The reader is directed to the petition.

### DISCUSSION

The Settlement specifically addressed three issues: (1) the proposed decrease in Purchased Gas Costs, effective October 1, 2019; (2) Texas Eastern AMA RFP; and (3) USM Projected Customer Share Calculation.

#### Decrease in Purchased Gas Costs

The signatories reviewed Columbia’s PGC and purchasing practices during the pendency of this proceeding. Only Columbia and OCA submitted testimony. The Joint Petitioners assert that the PGC and Columbia’s purchasing practices are consistent with the standards set forth in the Public Utility Code.

Columbia averred the simple fact that the Settlement is unopposed is, in and of itself, strong evidence 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>4</sup> Columbia stated the Settlement fairly balances the interests of Columbia and its customers and, therefore, is in the public interest. Columbia noted that by resolving all issues through a settlement, the parties were able to successfully avoid a portion of the costs associated with litigation.

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<sup>3</sup> 66 Pa.C.S. §§ 1307, 1318.

<sup>4</sup> Columbia responded to over 139 discovery requests from the other parties in this proceeding.

OCA agrees that the Settlement is in the public interest and should be approved. OCA argued that, with the conditions identified in the Settlement regarding the Texas Eastern AMAs, it supports the PGC rates presented in the Settlement. OCA averred that the Company has met the requirements of 66 Pa.C.S. Sections 1307(f) and 1318, and the Settlement is in the public interest and the interests of Columbia's ratepayers.

OSBA also supports the Settlement. OSBA explained that, in the Company's 2018 PGC filing, OSBA observed that the Company's multi-year statistical peak load forecasting methodology was producing longer-term peak load forecasts that substantially exceeded actual peak loads. *See* OSBA Statement No. 1 at Docket No. R-2018-3000253. In that proceeding, the OSBA suggested that various modifications to the forecasting method be evaluated, and the Company agreed to conduct that analysis in the settlement of that matter. In its filing in the current proceeding, the Company provided that analysis. *See* Exhibit HAC-3. In general, the Company concluded that the modifications suggested by OSBA were not necessary, although some were retained for future consideration and analysis.

OSBA conducted discovery regarding this analysis. Based on that discovery, it became clear to OSBA that the Company's methodology for choosing the best forecasting equations is based on its detailed statistical metrics only so long as the resulting forecast is consistent with judgmental trends. As such, OSBA determined that the Company's longer-term peak load forecasts will not produce results at any material variance from the Company's judgmental perception of the historical trends, regardless of the statistical measures used. In that light, the OSBA concluded that there is little value to be gained by attempting to improve the model specification used in the Company's statistical analyses, as the effective forecasting method is essentially limited to simple trend analysis. Moreover, OSBA concluded that the forecasting equations used in this particular proceeding were not obviously unreasonable. Thus, OSBA did not submit testimony in this proceeding.

Like Columbia, OSBA also observes that the Settlement avoids the litigation of many complex, competing proposals and saves the significant costs of further administrative proceedings, which would result in costs that would be borne not only by the Joint Petitioners,

but by the Company's customers as well. OSBA averred that avoiding further litigation of this matter will serve judicial efficiency, and will allow OSBA to more efficiently employ its resources in other areas. As such, OSBA stated it was in agreement with the Settlement.

BIE determined that it did not have proposed adjustments to the Company's filing after participating in extensive discovery and did not submit testimony in this proceeding. BIE explained that that 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. BIE averred that adhering to a least cost procurement policy benefits ratepayers and 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. BIE explained that it reviewed the Company's projected gas costs and determined that it appears those costs are consistent with a least cost fuel procurement policy.

BIE maintained that ratepayers are protected in that Columbia gains no unwarranted financial advantages through its projected gas purchases and projected gas purchasing policies. BIE argued that Columbia is pursuing a least cost fuel procurement policy consistent with its obligation to provide safe, adequate, and reliable service to its customers. Accordingly, BIE concluded that the Settlement maintains the proper balance of the interests of all parties.

#### Texas Eastern AMA RFP

Columbia explained that it aims to secure and deliver competitively-priced, reliable gas supplies, and one tool that it uses to meet this objective is the Asset Management Agreement ("AMA"). (Columbia St. No. 1, pp. 25-27.) Before Columbia enters an AMA, Columbia initiates a competitive Request for Proposals ("RFP") solicitation process seeking third parties, i.e. asset managers, to meet the Company's gas supply requirements. Pursuant to the AMA, Columbia releases its transportation arrangements to the asset manager and agrees to purchase supplies from the asset manager. The asset manager is responsible for delivering the supplies necessary to meet Columbia's requirements and pays Columbia a fee for the AMA, 75%

of which is credited to customers through the purchased gas demand charge (“PGDC”) and 25% of which is retained by the Company as part of the Company’s Commission-approved Unified Sharing Mechanism (“USM”).

Columbia maintains contracts with several interstate pipelines for supply and capacity. Texas Eastern Transmission, L.P. (“Texas Eastern”) is one of the interstate pipelines that Columbia contracts with to deliver supplies. (Columbia Exhibit No. 5, p. 13; Columbia St. No. 1, p. 18). Reliability is a critical component of Columbia’s least-cost procurement plan, and Columbia must ensure supply reliability via its Texas Eastern capacity. (Columbia St. No. 4-R, pp. 4-5). Supplies associated with the Texas Eastern capacity are critical to serving basic human needs customers in certain of Columbia’s market areas during core winter months. (Columbia St. No. 4-R, pp. 6-8). Columbia explained that it can afford no reliability tolerance with respect to supplies delivered on Texas Eastern. (Columbia St. No. 4-R, pp. 4-5).

OCA raised an issue regarding Columbia’s Texas Eastern AMAs associated with its transportation contracts. See OCA St. No. 1. In his direct testimony, OCA witness Mr. Mierzwa challenged Columbia’s process for entering the Texas Eastern AMAs and identified concerns that the Company did not appropriately structure its Texas Eastern AMAs consistent with least cost procurement standards. OCA St. 1 at 12 (Public Version). Mr. Mierzwa testified that the Texas Eastern firm transportation capacity that Columbia releases under its AMAs could be used to purchase and deliver natural gas supplies from the Gulf Coast or the Marcellus Shale production region (Zone M-2). OCA St. 1 at 10-11 (Public Version). Mr. Mierzwa testified that the Company structured its AMA to pay Texas Eastern Zone M-3 prices for the supplies purchased. *Id.* He stated that prices in the Marcellus Shale production region, however, have traditionally been lower than Gulf Coast production region prices and significantly lower than Texas Eastern M-3 prices. OCA St. 1 at 11 (Public Version). Mr. Mierzwa testified that the Company should have structured its Texas Eastern AMA to purchase natural gas supplies based on Marcellus Shale production region Zone M-2 prices. *Id.* Mr. Mierzwa proposed a substantial disallowance of gas cost recoveries based upon his calculation of gas price differentials using Zone M-3 and Zone M-2 index prices.

In Rebuttal Testimony, Columbia witness Michael D. Anderson testified that Columbia issued an RFP for the Texas Eastern capacity for both Zone M-2 and Zone M-3 deliveries, which required a supplier commitment of uninterrupted delivery. In response to the RFP, all suppliers were willing to provide reliability for Zone M-2 deliveries using Zone M-2 pricing. No supplier responding to the RFP was willing to meet the Company's reliability requirements for Zone M-3 deliveries using Zone M-2 pricing. (Columbia St. No. 4-R, pp. 5-6). Mr. Anderson explained that the pricing option suggested by Mr. Mierzwa was not an available option to Columbia, and that Columbia structured its Texas Eastern AMA the way it did because it was the only option available to ensure reliable, uninterrupted delivery of Columbia's supply requirements.

In addition, Mr. Anderson testified that because Columbia could not have entered into the AMAs with M-2 pricing for all supplies, Columbia would not have received the asset management fees paid by the asset manager. Mr. Anderson explained that those fees exceeded the gas cost disallowance proposed by Mr. Mierzwa, and thus PGC customers would have been worse off under Mr. Mierzwa's proposal. (Columbia St. No. 4-R, pp. 10-11).

Following the submission of the OCA's direct testimony and Columbia's rebuttal testimony, the OCA and Columbia discussed Columbia's AMA process for the Texas Eastern capacity. As a result of those discussions, Columbia agreed, and the Settlement provides, for Columbia to seek bids to provide firm delivered supplies to Columbia's Texas Eastern Zone M-3 delivery points at Texas Eastern Zone M-2 index prices in future AMA RFPs. Columbia has agreed to provide documentation of any bids received as part of future 1307(f) filings, as well as an analysis of the AMA RFP responses and an evaluation as to whether the Company should enter into an AMA or maintain its Texas Eastern capacity and secure the necessary supplies to fill that capacity. (Settlement at ¶ 53).

Columbia concluded that the foregoing Settlement provision with regard to the Texas Eastern AMA is in the public interest and should be approved. It argued that the Settlement provision addresses the OCA's concerns regarding the Company's process for entering the Texas Eastern AMAs. Specifically, Columbia is committed to seeking bids to

provide firm delivered supplies to Columbia's Texas Eastern Zone M-3 delivery points at Texas Eastern Zone M-2 index prices in the future. Columbia argued that this provision is consistent with its goal of seeking reliable, least-cost supply and will provide documented confirmation of whether AMA bidders will accept M-2 pricing for firm deliveries to M-3 delivery points in the future. In addition, Columbia averred that its commitment to analyze the AMA RFP responses and evaluate whether the Company should enter into an AMA or maintain its Texas Eastern capacity and secure the necessary supplies to fill that capacity provides the OCA and other interested parties with an opportunity to evaluate Columbia's decision-making in future 1307(f) cases.

OCA argued that, under the Settlement, Columbia will seek to implement Mr. Mierzwa's recommendation by seeking bids for the provision of firm service natural gas supplies to Texas Eastern Zone M-3 delivery points at Texas Eastern M-2 Zone index prices. (Settlement at ¶ 53). OCA explained that Columbia will also provide documentation in future 1307(f) filings, including an analysis of bids received and an evaluation of the Company's options. OCA concluded that the additional data and evaluation will allow the Company and the parties to determine whether the Company should, in fact, enter into an AMA or maintain its Texas Eastern capacity in the future.

#### USM Projected Customer Share Calculation

Columbia manages its off-system sales and capacity release programs under its USM. Pursuant to the USM, customers receive 75% of the net USM proceeds and Columbia retains the remaining 25% of net proceeds. The customers' share of USM proceeds is passed back 100% through the PGDC. (Columbia St. No. 1, pp. 34-36).

Since the Commission-approved partial settlement of Columbia's 2015 1307(f) proceeding, Columbia has projected the customer's share of the USM using a three-year historical average of completed PGC periods that are available at the time of the Company's 1307(f) pre-filing. (Columbia St. No. 2, p. 21). For the last three historical periods, the USM actuals have been declining. Columbia averred that use of the three-year historical average to

calculate the customers' portion of USM proceeds has resulted in large over-refunds which must later be recollected through the E-factor. (Columbia St. No. 2, p. 22). For example, Columbia explained that its currently-effective PGC rates are designed to credit customers with \$8,925,329 in projected USM net margin revenues during October 2018 through September 2019 pursuant to the three-year historic average approach as reflected in its 2018 Section 1307(f) proceeding. However, Columbia currently estimates that the customer share of USM net margins for the period October 1, 2018 through September 30, 2019 will be only \$2,900,747. Columbia explained that, as a result, the Company will need to collect the projected over-refund of \$6,024,582 (\$8,925,329 - \$2,900,747) from customers through the Demand E-Factor during the PGC period beginning October 1, 2019. (Columbia St. No. 2, pp. 22-23).

In her direct testimony, Company witness Ms. Berberich proposed to revise the Company's methodology for projecting the amount of the customers' share to be passed back through the USM. (Columbia St. No. 2, pp. 21-23). Columbia proposed to replace the three-year historical average of completed PGC periods with a two-year PGC period average, with one year being the most recently completed PGC period available at the time the PGC pre-filing is submitted and the second year being the projected customer share of USM net margin for the current PGC filing year at the time the pre-filing is submitted.

Columbia argued that the change in calculation of the USM credit seeks to reduce the large gap between the amount to be passed back and the USM actuals. By using a two-year PGC period average that includes the projected period, instead of a three-year average, Columbia averred that the projection will be more responsive to changes in the off-system sales and capacity release market. Pursuant to the new calculation, the amount passed back to customers will be more reflective of the actual amount of USM net proceeds, thereby reducing the amount that is over-refunded to customers and later would have to be recollected. The revised approach also will be responsive if net USM margins increase in the future. For these reasons, Columbia concluded that the Settlement provision is in the public interest and should be approved.

No party presented testimony concerning Columbia's proposal. In the Settlement, the Joint Petitioners agreed that Columbia's proposal should be adopted. In its Statement in

Support, OSBA advised it supports the resolution outlined in the Settlement regarding the methodology used to calculate the projected customer share of its USM. OSBA agrees with the Company that the net revenues shared between PGC ratepayers and Columbia shareholders are substantially affected by market conditions, and are therefore difficult to forecast based only on historical actual results. OSBA explained that the Settlement provision ensures that the most recent historical actual results will be reflected in the forecast and that it commits the Company to continuing to true up actual customer USM net margin to credits provided to customers, consistent with the reconciliation mechanism that applies to all PGC costs. OSBA explained that, because the settlement method uses a shorter and more recent historical period, the settlement method will be more accurate than the Company's prior mechanism and will hopefully serve to reduce over- and under- collection variances. OSBA concluded that the settlement provision with regard to methodology used to calculate the projected customer share of the USM is reasonable and in the interests of the Company's Small C&I customers.

BIE indicated that it analyzed the Company's E-factor and found that it was calculated in accordance with established Commission practices and was appropriate and accurate. Neither BIE nor OCA raised any objection to the proposed settlement method of using a two-year PGC period average that includes the projected period, instead of a three-year average.

### RECOMMENDATION

The Commission encourages parties in contested on-the-record proceedings to settle cases.<sup>5</sup> Settlements eliminate the time, effort, and expense of litigating a matter to its ultimate conclusion, which may entail review of the Commission's decision by the appellate courts of Pennsylvania. Such savings benefit not only the individual parties, but also the Commission and all ratepayers of a utility, who otherwise may have to bear the financial burden such litigation necessarily entails.

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<sup>5</sup> See 52 Pa.Code § 5.231.

By definition, a “settlement” reflects a compromise of the positions the parties of interest held, which arguably fosters and promotes the public interest. When active parties in a proceeding reach a settlement, the principal issue for Commission consideration is whether the agreement reached suits the public interest.<sup>6</sup> In their supporting statements, Columbia, BIE, OSBA, and OCA take the position that this Settlement resolves the issues in this case, fairly balances the interests of Columbia and its ratepayers, is in the public interest, is consistent with the requirements of Sections 1307 and 1318 of the Public Utility Code,<sup>7</sup> and should be approved.

The parties represent that they thoroughly investigated Columbia’s PGC filing through discovery and the submission of testimony. Columbia addressed the contested issues through the specific provisions of the Settlement, and all of the previous issues noted by the parties during the prehearing stage of litigation were resolved with the additional information Columbia provided.

The Joint Petitioners agreed Columbia’s information showed Columbia:

- (1) engaged in least cost policies to procure natural gas for its customers;
- (2) requested rates for purchased gas costs that are just and reasonable;
- (3) fully and vigorously represented the interests of its ratepayers in proceedings before the Federal Energy Regulatory Commission and other relevant non-PUC proceedings;
- (4) took all prudent steps necessary to negotiate favorable gas supply contracts and to relieve itself or alleviate the impact from terms in existing contracts with its gas suppliers, which are or may be adverse to the interests of its ratepayers;
- (5) took all prudent steps necessary during the relevant time period to obtain lower cost gas supplies on both short-term and long-term bases both within and outside the Commonwealth, including the use of gas transportation arrangements with pipelines and other distribution companies;
- (6) did not withhold from the market or cause to be withheld from the market any gas supplies which should have been used as part of a least cost fuel procurement policy;
- (7) fully and vigorously attempted to obtain less costly gas supplies on both short-term and long-term bases from nonaffiliated

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<sup>6</sup> *Pa. Pub. Util. Comm’n v. CS Water and Sewer Associates*, 74 Pa. PUC 767, 771 (1991).

<sup>7</sup> 66 Pa.C.S.A. § 1307 and § 1318.

interests; and (8) obtained contracts for the purchase of gas from any affiliated interest during the relevant time period consistent with a least cost fuel procurement policy.

We recommend the Commission accept Columbia's 1307(f) filing as modified by the Settlement. This Recommendation is based in large part upon the representations made by the statutory advocates averring the Settlement is in the interests of the constituencies they represent, and is a fair, just, and reasonable resolution of the Commission's investigation for the reasons identified and discussed in detail by the parties above. Accordingly, we recommend the Commission find the Settlement is in the public interest and should be approved.

### CONCLUSIONS OF LAW

1. The Commission has jurisdiction over the subject matter and the parties to this proceeding. 66 Pa. C.S. §§ 1307(f), 1317 and 1318.

2. There is sufficient evidence in the record to make the findings required by Section 1318 of the Public Utility Code. 66 Pa.C.S. § 1318.

3. Columbia Gas of Pennsylvania, Inc. is pursuing a least cost fuel procurement policy during the relevant time period consistent with its obligation to provide safe, adequate, and reliable service to its customers in compliance with Section 1318 of the Public Utility Code, 66 Pa.C.S. § 1318.

4. Columbia Gas of Pennsylvania, Inc.'s rates for purchased gas costs, as the settling parties have agreed upon in this proceeding, during the relevant time period, are just and reasonable and in compliance with Section 1318 of the Public Utility Code, 66 Pa.C.S. § 1318.

5. Columbia Gas of Pennsylvania, Inc. has fully and vigorously represented the interests of its ratepayers in proceedings before the Federal Energy Regulatory Commission and other relevant non-PUC proceedings during the relevant time period in compliance with Section 1318(a)(1) of the Public Utility Code, 66 Pa.C.S. § 1318(a)(1).

6. Columbia Gas of Pennsylvania, Inc. has taken all prudent steps necessary to negotiate favorable gas supply contracts and to relieve itself or alleviate the impact from terms in existing contracts with its gas suppliers, which are or may be adverse to the interests of its ratepayers, during the relevant time period in compliance with Section 1318(a)(2) of the Public Utility Code, 66 Pa.C.S. § 1318(a)(2).

7. Columbia Gas of Pennsylvania, Inc. has taken all prudent steps necessary during the relevant time period to obtain lower cost gas supplies on both short-term and long-term bases both within and outside the Commonwealth, including the use of gas transportation arrangements with pipelines and other distribution companies in compliance with Section 1318(a)(3) of the Public Utility Code, 66 Pa.C.S. § 1318(a)(3).

8. Columbia Gas of Pennsylvania, Inc. has not withheld from the market or caused to be withheld from the market during the relevant time period any gas supplies which should have been used as part of a least cost fuel procurement policy in compliance with Section 1318(a)(4) of the Public Utility Code, 66 Pa.C.S. § 1318(a)(4).

9. Columbia Gas of Pennsylvania, Inc. has fully and vigorously attempted to obtain less costly gas supplies on both short-term and long-term bases from nonaffiliated interests during the relevant time period in compliance with Section 1318(b)(1) of the Public Utility Code, 66 Pa.C.S. § 1318(b)(1).

10. Columbia Gas of Pennsylvania, Inc.'s contracts for the purchase of gas from any affiliated interest during the relevant time period are consistent with a least cost fuel procurement policy in compliance with Section 1318(b)(2) of the Public Utility Code, 66 Pa.C.S. § 1318(b)(2).

11. Neither Columbia Gas of Pennsylvania, Inc. nor any affiliated interest during the relevant time period has withheld from the market any gas supplies, which should have been used as part of a least cost fuel procurement policy in compliance with Section 1318(b)(3) of the Public Utility Code, 66 Pa.C.S. § 1318(b)(3).

12. Proceedings brought pursuant to 66 Pa.C.S. § 1307(f)(1) are to reflect actual and projected increases or decreases in natural gas costs.

13. The Commission investigation must determine if existing rates imposed by a utility are unjust or unreasonable. 66 Pa.C.S. § 1307(a).

14. The benchmark for determining the acceptability of a settlement is whether the proposed terms and conditions are in the public interest. *Pa. Pub. Util. Comm'n v. C.S. Water and Sewer Associates*, 74 Pa. PUC 767 (1991).

15. The Joint Petition for Settlement of the Rate Investigation executed and submitted at this docket by Columbia Gas of Pennsylvania, Inc., the Commission's Bureau of Investigation and Enforcement, the Office of Consumer Advocate, and the Office of Small Business Advocate is in the public interest. 52 Pa.Code § 5.231.

### ORDER

THEREFORE,

IT IS RECOMMENDED:

1. That the Joint Petition for Settlement of the Rate Investigation pursuant to 66 Pa.C.S. § 1307(f), executed and submitted at this docket by Columbia Gas of Pennsylvania, Inc., the Commission's Bureau of Investigation and Enforcement, the Office of Consumer Advocate, and the Office of Small Business Advocate be approved.

2. That Columbia Gas of Pennsylvania, Inc. be permitted to file a tariff supplement, on at least one day's notice to the Commission, containing changes in rates to provide for the recovery of its costs of purchased gas, consistent with the terms and conditions of the Joint Petition for Settlement of the Rate Investigation pursuant to 66 Pa.C.S. § 1307(f).

3. That the formal complaints of the Office of Consumer Advocate and the Office of Small Business Advocate at Docket Nos. C-2019-3008450 and C-2019-3008708, respectively, be marked satisfied.

4. That Columbia Gas of Pennsylvania, Inc., the Commission's Bureau of Investigation and Enforcement, the Office of Consumer Advocate, and the Office of Small Business Advocate shall be ordered to comply with the terms and conditions of the Joint Petition for Settlement of the Rate Investigation pursuant to 66 Pa.C.S. § 1307(f) executed and submitted in this proceeding as though each term and condition stated therein had been the subject of an individual ordering paragraph.

5. That upon the filing of a tariff supplement by Columbia Gas of Pennsylvania, Inc. acceptable to the Commission as conforming with this Order and the Joint Petition for Settlement of the Rate Investigation pursuant to 66 Pa.C.S. § 1307(f), and the Commission's approval thereof, the purchased gas cost rates established therein shall become effective for service rendered on and after October 1, 2019.

6. That upon acceptance and approval by the Commission of the tariff supplement and supporting data filed by Columbia Gas of Pennsylvania, Inc., as being consistent with this Order and the Joint Petition for Settlement of the Rate Investigation pursuant to 66 Pa.C.S. § 1307(f), the inquiry and investigation at Docket No. R-2019-3008255 be terminated and the docket be marked closed; and that Docket Nos. C-2019-3008450 and C-2019-3008708 be marked closed.

Date: July 16, 2019

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/s/  
Emily I. DeVoe  
Administrative Law Judge

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/s/  
Mary D. Long  
Administrative Law Judge