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September 26, 2019

Via E-filing

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

**RE: Joint Petition for Generic Investigation or Rulemaking  
Regarding "Gas-On-Gas" Competition Between Jurisdictional  
Natural Gas Distribution Companies  
Docket No. P-2011-2277868**

**Generic Investigation Regarding Gas-On-Gas Competition  
Between Jurisdictional Natural Gas Distribution Companies  
Docket No I-2012-2320323**

Dear Ms. Chiavetta:

Pursuant to the Secretarial Letter issued August 26, 2019, enclosed please find the Supplementary Comments of Columbia Gas of Pennsylvania, Inc. regarding the above captioned matters.

Should you have any questions, please do not hesitate to contact the undersigned at (724) 416-6355.

Sincerely,

  
Theodore J. Gallagher

/kak  
Enclosure

cc: Matt Stewart, Bureau of Technical Utility Services ([mattstewar@pa.gov](mailto:mattstewar@pa.gov)),  
Louise Fink Smith, Law Bureau ([finksmith@pa.gov](mailto:finksmith@pa.gov))  
Certificate of Service

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Joint Petition for Generic Investigation or	:	
Rulemaking Regarding “Gas-On-Gas” Competition	:	P-2011-2277868
Between Jurisdictional Natural Gas Distribution	:	
Companies	:	
	:	
Generic Investigation Regarding Gas-On-Gas	:	
Competition Between Jurisdictional Natural	:	I-2012-2320323
Gas Distribution Companies	:	

**SUPPLEMENTARY COMMENTS OF  
COLUMBIA GAS OF PENNSYLVANIA, INC.**

Columbia Gas of Pennsylvania, Inc. (“Columbia” or “the Company”), by and through its counsel, hereby submits its Supplemental Comments, pursuant to the Secretarial Letter issued in this matter on August 26, 2019 (“August 19 Secretarial Letter”).

**I. Introduction**

In its Order entered on June 13, 2019 (“June 2019 Order”) in the captioned matters, the Pennsylvania Public Utility Commission (“Commission”) established a collaborative working group, headed up by the Commission’s Bureau of Technical Utility Services and the Law Bureau, to consider and make recommendations regarding: (1) the appropriate methodology to calculate the lowest applicable gas-on-gas flex tariff rates available to customers who participate in gas-on-gas competition; (2) the uniform tariff provisions to be utilized by jurisdictional natural gas distribution companies in implementing gas-on-gas flex rates; (3) the circumstances under which the extension of service to a potential gas-on-gas customers at full tariffed rates should be permitted; and

(4) whether a separate rate schedule should be established for gas-on-gas flex rate customers.

The Commission's August 2019 Secretarial Letter notified participants of a collaborative working group meeting to be held on October 3, 2019, and provided a meeting agenda for the discussion of the four established working group matters, listed above. The August 2019 Secretarial Letter also invited participants to file comments or supplementary information that may assist the working group by September 26, 2019. Accordingly, Columbia submits its Supplemental Comments below.

## **II. Comments**

### **1. Issue #1: Calculating Minimum GOG Flex Tariff Rates**

As Columbia has noted in comments in this proceeding, a customer's consideration of the best available option comes down to comparing competing burnertip rates, which include many factors, such as storage, commodity charges, distribution charges, customer charges, Standby Service, Distribution System Improvement Charge, Gas Procurement Charge, fuel retainage, miscellaneous riders, as well as costs beyond the natural gas distribution company's (NGDC) control, such as basis and gas supply costs from a third party or the impact of interstate pipeline rates and level of service that varies from NGDC to NGDC. Thus, Columbia submits that the resolution of this issue may be related to Consensus Item 4 from the Commission's June 2019 Order, under which a customer must sign a sworn affidavit to demonstrate that it is able to receive a gas-on-gas flex rate.

Columbia suggests that a customer who wishes to receive a gas-on-gas flexed rate should be required to provide information under oath to establish the burnertip rate that is available to the customer by using service from the competing NGDC. Otherwise,

Columbia believes that a customer will not really have demonstrated that it would leave the system, or would not take service, without the flexed rate. The customer should be required to disclose all component parts of the competing NDGC's charges (including the rate schedule that is used to calculate those charges) as well as the City Gate price for its contracted supply. Without the requirement that a customer demonstrate the competing available burnertip rate, Columbia submits that the price neutralization that the Commission seeks to achieve in the context of gas-on-gas flexing is not obtainable.

Once a customer provides the information identified above, the NGDC that has been asked to flex could then determine whether, and to what extent, it would need to flex its rates in order to match the burnertip price to the customer for service provided by the competing LDC. The availability of that information will also enable the flexing NGDC to provide information in the context of a base rate proceeding that will provide necessary context for the Commission's determination as to whether the NGDC did not flex below the applicable gas-on-gas flex tariff rates.

## 2. Issue #2: Uniform Tariff Provisions

Should the Commission adopt the Columbia's recommendations regarding Issue #1, above, then the development of uniform tariff provisions along those lines should be fairly uncomplicated. Moreover, Columbia submits that an additional uniform tariff provision should be that a gas-on-gas flex customer will compensate a flexing NGDC if, and to the extent that, the Commission disallows the recovery of costs associated with such a customer's gas-on-gas flex contract.

## 3. Issue #3: Potential GOG Customers at Full Tariff Rates

Columbia remains concerned about how to treat service requests from existing customers of another utility who are near new facilities that are being constructed, where

such facilities are otherwise cost-justified. If the installation of facilities to serve a new development were cost-justified without “picking off” an incumbent NGDC’s customers, it is not clear that Columbia could legally refuse to serve existing gas customers at full tariff rates where a further main extension would not be necessary to provide that service. Moreover, honoring such a service request would not implicate with the Commission’s concern about unnecessary, duplicative facilities. Columbia continues to be concerned about its obligation to honor bona fide service requests from applicants in its service territory, and whether it might run afoul of the law were it to decline such a request when the applicant is not seeking a flexed rate. As long as an applicant who happens to be currently served by another NGDC is seeking to tap into new facilities that are otherwise cost-justified without seeking a rate discount, the new NGDC should be able to honor the request.

#### 4. Separate Rate Schedule for GOG Customers

By their very nature, flex rate contracts establish rates and terms of service that are peculiar to the particular circumstances of each individual flex rate customer. For that reason, Columbia submits that “a separate rate schedule with distinct terms and conditions of service for flex rate customers” (June 13 Order at 45) suggests a uniformity of terms and conditions of service that are antithetical to the concept of flex rate service, and should not be established within the context of this proceeding. Should the Commission determine that it is advisable to establish gas-on-gas tariff provisions, Columbia respectfully suggests that those tariff provisions should be considered in the context of individual NGDC tariff filings or base rate proceedings.

### III. Conclusion

Columbia Gas of Pennsylvania appreciates this opportunity to offer its Supplementary Comments in this matter, and looks forward to participating in the collaborative working group.

Respectfully submitted,



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Date: September 26, 2019

*Counsel for  
Columbia Gas of Pennsylvania, Inc.*

## CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing document upon the participants, listed below, in accordance with the requirements of § 1.54 (relating to service by a participant) via FIRST CLASS MAIL and E-MAIL.

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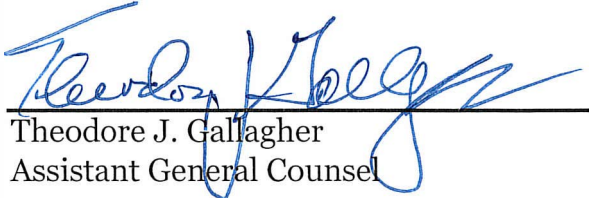
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Dated: September 26, 2019

  
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