
Lindsay A. Berkstresser
Associate

lberkstresser@postschell.com
717-612-6021 Direct
717-731-1977 Direct Fax
File #: 182465

June 24, 2021

VIA ELECTRONIC FILING

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

Re: PA Public Utility Commission v. Columbia Gas of Pennsylvania, Inc.
Docket No. R-2021-3024349

Dear Secretary Chiavetta:

Attached for filing is the Joint Petition for Partial Settlement of Rate Investigation Pursuant to 66 Pa.C.S. §1307(f) on behalf of Columbia Gas of Pennsylvania, Inc. ("Columbia") in the above-referenced proceeding. Copies will be provided as indicated on the Certificate of Service.

Respectfully submitted,



Lindsay A. Berkstresser

LAB/kl
Attachments

cc: Honorable Emily DeVoe
Certificate of Service

CERTIFICATE OF SERVICE

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

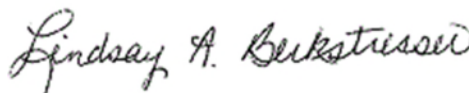
VIA E-MAIL ONLY

Aron J. Beatty, Esquire
Laura J. Antinucci, Esquire
Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923
abeatty@paoca.org
lantinucci@paoca.org

Steven C. Gray, Esquire
Erin Fure, Esquire
Office of Small Business Advocate
555 Walnut Street
Forum Place, 1st Floor
Harrisburg, PA 17101
sgray@pa.gov
efure@pa.gov

Erika L. McLain, Esquire
Bureau of Investigation & Enforcement
Commonwealth Keystone Building
400 North Street, 2nd Floor West
Harrisburg, PA 17120
ermclain@pa.gov

Date: June 24, 2021



Lindsay A. Berkstresser

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

| | | |
|--|---|----------------|
| Pennsylvania Public Utility Commission | : | R-2021-3024349 |
| Office of Consumer Advocate | : | C-2021-3024643 |
| Office of Small Business Advocate | : | C-2021-3024762 |
| | : | |
| v. | : | |
| | : | |
| Columbia Gas of Pennsylvania, Inc. 1307(f) | : | |

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

TO ADMINISTRATIVE LAW JUDGE EMILY I. DEVOE:

I. INTRODUCTION

The Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”), the Office of Consumer Advocate (“OCA”), 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 Partial Settlement of Rate Investigation Pursuant to 66 Pa.C.S. § 1307(f) (“Partial Settlement”) and respectfully request that Administrative Law Judge Emily I. DeVoe (the “ALJ”) and the Commission expeditiously approve the Partial Settlement as set forth below. All active parties in this proceeding have agreed to, or do not oppose, the Partial Settlement.¹ In support of this Partial 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 Code, 66 Pa.C.S. §§ 102,

¹ The Office of Small Business Advocate (“OSBA”) has indicated that it does not oppose the Partial Settlement.

2202. Columbia provides natural gas distribution, sales, transportation, and/or supplier of last resort (“SOLR”) services to more than 436,000 retail customers in portions of 26 counties of Pennsylvania.

2. On March 1, 2021, 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.

3. Subsequently, Columbia filed Supplement No. 327 to Tariff Gas Pa. P.U.C. No. 9 (“Supplement No. 327”) to become effective for service rendered on and after October 1, 2021. In Supplement No. 327, Columbia proposed an increase in its purchased gas cost (“PGC”) rates of \$0.12191/Therm. Supplement No. 327 was docketed by the Commission at Docket No. R-2021-3024349 and was assigned to the ALJ for the issuance of a recommended decision.

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-2021-3024643, and the OSBA’s Complaint was docketed at C-2021-3024762. No other party intervened in this proceeding.

5. A prehearing conference was held on April 6, 2021. At the prehearing conference, the ALJ established a litigation schedule. The ALJ also set forth discovery rules, which included shorter response times than those provided in the Commission’s regulations. *See* 52 Pa. Code §§ 5.341 *et seq.*

6. On April 6, 2021, the ALJ issued a Prehearing Order that confirmed the litigation schedule established at the Prehearing Conference.

7. The Petitioners conducted substantial discovery in this proceeding. Pursuant to the established litigation schedule, OCA served direct testimony on May 4, 2021. OCA's direct testimony pertained to the issue reserved for litigation and did not address any other components of Columbia's 2021 PGC filing. I&E and OSBA did not submit direct testimony in this proceeding.

8. Columbia served rebuttal testimony on May 21, 2021.

9. OCA served surrebuttal testimony on May 28, 2021.

10. On May 26, 2021, Columbia filed a Motion for a Protective Order pursuant to the provisions of 52 Pa. Code § 5.365(a). On May 28, 2021, ALJ DeVoe issued a Protective Order in accordance with Columbia's request.

11. 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 but one issue was achieved. The sole issue reserved for litigation is whether Columbia's long-established methodology for excluding from purchased gas cost ("PGC") rates the cost of incremental capacity acquired to provide Elective Balancing Service ("EBS") Option 1 for General Service transportation customers should be modified as proposed by the OCA. Columbia and OCA addressed this issue in their Main Briefs, submitted on June 17, 2021, and in their Reply Briefs, which are being submitted concurrently with this Joint Petition for Partial Settlement.

12. The parties agreed to waive cross examination. A hearing was held before the ALJ on June 3, 2021, to allow the witnesses' testimony to be introduced and admitted into evidence.

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

| Gas Cost Rate as of April 1, 2021 (per therm) | Proposed² Gas Cost rate (per therm) | Settled Gas Cost rate (per therm) | Difference between Proposed Gas Cost rate and Settled Gas Cost rate |
|--|---|--|--|
| \$0.38512 | \$0.50703 | \$0.50703 | \$0 |

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 Partial Settlement, are sufficient to approve the Partial Settlement and Columbia’s 2021 PGC filing, subject to the reserved issue. 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:

1. Columbia’s Exhibit No. 3 lists Federal Energy Regulatory Commission (“FERC”) proceedings through calendar year 2020 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. Columbia has been 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. 41-45; Columbia Ex. No. 3)

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

² See Exhibit 1-A.

(“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. 41-45, Columbia Ex. No. 3)

3. 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. 41-45.

4. 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)

5. 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. 5-21; Columbia Ex. No. 5 Revised, p. 1)

6. 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)

7. Columbia contracts for firm transportation and storage services to meet customers’ requirements in its diverse market areas. (Columbia Ex. No. 5 Revised; Columbia St. No. 1, p. 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, pp. 37-41)

8. Columbia's available capacity is approximately 101.8% of projected firm demand for contract year 2024-25. 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 Ex. No. 5 Revised, pp. 10-11; Columbia Statement No. 1, pp. 20-21; Columbia Ex. No. TMM-2 Revised)

9. 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 Revised, pp. 10-11)

10. 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, p. 13; Columbia Ex. No. 5 Revised, p. 11)

11. Columbia has several contracts for Firm Transportation Service ("FTS") with Columbia Transmission. (Columbia Ex. No. 5 Revised, pp. 10-12) 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 Revised, p. 11)

12. Columbia also contracts with Columbia Transmission providing for a total of 90,788 Dth/day with a tiered renewal approach. Tier one of this contract is for 30,237 Dth/day and was terminated effective March 31, 2020. To replace the tier one Columbia Transmission capacity, Columbia executed an agreement to expand its Equitrans capacity, which serves as a lower cost alternative to the tier one Columbia Transmission capacity. The second tier of the Columbia Transmission capacity 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. (Exhibit No. 5 Revised, p. 12)

13. 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 Revised, p. 11)

14. Columbia holds a contract for Firm Storage Service ("FSS") with Columbia Transmission and a contract for Storage Service Transportation ("SST"). These contracts had expiration dates of March 31, 2020. Columbia requested under the right-of-first-refusal process a reduction in its FSS and SST contracts by 15,300 Dth/day and 441,576 Dth seasonally, effective April 1, 2020. Columbia has extended these reduced contracts for two years through March 31, 2022. (Columbia Ex. No. 5 Revised, p. 12)

15. 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 has six firm transportation contracts and three storage contracts with DTI. The first transportation contract, provided under DTI's rate schedule Firm Transportation No-Notice - General Storage Service ("FTNN-GSS"), for 6,000 Dth per day, is utilized to transport storage supplies from DTI's storage fields to Columbia's city gates. Storage supplies are also transported to Columbia's city gates via a transportation contract under DTI's rate schedule Firm Transportation ("FT"). This contract has a quantity of 3,000 Dth per day from November through March of each year, and 2,000 Dth per day from April through October of each year. The associated storage contract with DTI provides Columbia with 9,000 Dth/day of peak day deliverability and approximately 941,176 Dth of seasonal supply. 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. (Columbia St. No. 1, p. 14)

Columbia has two additional storage contracts and three FTNN and FT transportation contracts with DTI that are utilized to meet the demand and balancing requirements in the State College market. The storage contracts provide for daily withdrawal of 15,000 Dth/day and 4,800 Dth/day with seasonal quantities of 930,000 Dth and 240,000 Dth, respectively.

Columbia utilizes 19,800 Dth/day of Rate Schedule FTNN transportation capacity to deliver the DTI storage supplies to the State College market. Additionally, Columbia has 5,000 Dth/day of FT capacity which it also uses to serve the State College market. (Columbia St. No. 1, pp. 14-15)

Lastly, Columbia has 255 Dth/day of FT capacity with DTI that provides service to an interconnection serving the Centre Hall market. (Columbia St. No. 1, pp. 13-14)

(b) Columbia also contracts for firm transportation and storage service with Equitrans. The storage service provides peak day deliverability of 19,130 Dth and 2,000,000 Dth of seasonal capacity. The maximum winter season city gate deliveries total 55,000 Dth per day including up to 19,130 Dth from storage. Summer capacity levels are sculpted with 32,000 Dth per day in April and October and 20,000 Dth per day May through September. (Columbia St. No. 1, p. 15)

(c) Columbia excludes from the PGC the cost of the Equitrans storage service, approximately 10,941 Dth/day of the associated 19,130 Dth/day of the winter season FTS Transportation Quantity (“TQ”), and the DTI storage service and associated 4,800 Dth/day FTNN transportation contract, to provide service to General Distribution Service (“GDS”) customers under Columbia’s Elective Balancing Service (“EBS”) Option 1. (Columbia St. No. 1, p. 15; Columbia Ex. No. 5 Revised, p. 10)

(d) 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 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 St No. 1, pp. 15-16; Columbia Ex. No. 5 Revised, p. 10)

- (e) 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. 16-17; Columbia Ex. No. 5 Revised, p. 13)
- (f) 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, pp. 16-17)
- (g) Columbia is entering into a new contract with National Fuel consisting of enhanced firm transportation (EFT) of 4,000 Dth per day, of which 1,571

Dth per day will be received at the Mercer Interconnection and delivered to a newly requested delivery point interconnection in Allegheny County, while 2,429 Dth per day will be received from National Fuel's storage receipt point and delivered to the new delivery point in Allegheny County. Additionally, National Fuel will provide an enhanced storage service (ESS) with a MSQ of 267,143 Dth, a MDIQ of 1,571 Dth per day, and a MDWIQ of 2,429 Dth per day to be used in combination with the EFT service. This capacity is needed to serve new developments and associated demand growth in the Pittsburgh International Airport/Clinton region. (Columbia St. No. 1, p. 17)

16. Columbia continues to evaluate alternatives to its existing supply and capacity portfolio on an ongoing basis. (Columbia St. No. 1, p. 17)

17. 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)

18. 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, p. 26)

19. 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. 18-19)

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

21. In the twelve months ended January 31, 2021, 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)

22. 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)

23. 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. 36-38)

24. 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 St. No. 1, pp. 7-8; Columbia Ex. No. 5 Revised, pp. 15-18)

25. 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 Revised; Columbia St. No. 1, pp. 6-7)

26. 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 Revised, pp. 3-5; Columbia St. No. 1, pp. 8-10)

27. 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. 31-33)

IV. SETTLEMENT

28. The Petitioners agree that, pending resolution of the one issue reserved for litigation, Columbia's 2021 PGC filing meets the standards set forth in Section 1317 and 1318 of the Public Utility Code, 66 Pa. C.S., §§ 1317 and 1318, and the Commission should approve Columbia's 2021 PGC filing as filed, and make the findings described in Section V. of this Partial Settlement.

V. STANDARDS AND FINDINGS

29. 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, 2021. 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, 2021.

30. 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

31. With respect to Columbia's gas purchases and gas purchasing practices during the twelve-month historic reconciliation period ended January 31, 2021, 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, 2021: (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

32. With respect to the twelve-month period beginning October 1, 2021, which is the period of time during which the proposed rates contained in this Partial 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.

33. 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, pending resolution of the litigated issue. Nevertheless, it is expressly understood and agreed that the findings relating to the rate to become effective October 1, 2021, are made solely for the purpose of setting prospective rates that shall be subject to the standards of Section 1318, and further reviewed in an appropriate future proceeding. This Section of the Partial 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, 2021, through September 30, 2022, are challenged, the Commission's findings in this Section of the Partial 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, 2021.

34. The Petitioners agree that future examination of the gas costs relating to the period February 1, 2021, through September 30, 2022, 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 Partial Settlement shall not be construed to limit or prevent any disallowance or reduction of such costs.

VI. CONDITIONS OF SETTLEMENT

35. The Partial Settlement is conditioned upon the Commission's approval of the terms and conditions contained in this Partial Settlement without modification. If the Commission modifies the Partial Settlement, any Petitioner may elect to withdraw from the Partial Settlement

and may proceed with litigation and, in such event, the Partial 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 Partial Settlement.

36. This Partial Settlement is proposed by the Petitioners to settle all but the one issue reserved for litigation in the instant proceeding. If the Commission does not approve the Partial Settlement and the proceedings continue, the Petitioners reserve their respective procedural rights to hearing and briefing, and to argue their respective positions. The Partial 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.

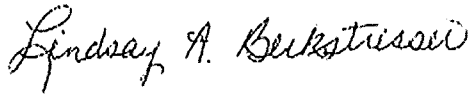
37. The Petitioners acknowledge that the Partial Settlement reflects a compromise of competing positions and does not necessarily reflect any one party's position with respect to any issues raised in this proceeding. This Partial Settlement may not be cited as precedent in any future proceeding, except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

38. Attached as Appendices "A" through "C" are Statements of Support submitted by the Petitioners, setting forth the bases upon which they believe the Partial Settlement is in the public interest.

VII. CONCLUSION

WHEREFORE, the Petitioners, by their respective counsel, respectfully request that the Honorable Administrative Law Judge Emily I. DeVoe and the Commission approve this Settlement, including all terms and conditions thereof, and that the Commission enter an Order consistent with this Settlement and rule on the reserved issue.

Respectfully submitted,



Date: June 24, 2021

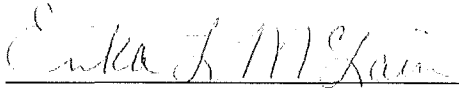
Michael W. Hassell, Esquire
Lindsay A. Berkstresser, Esquire
Post & Schell, P.C.
17 North Second Street
Harrisburg, PA 17101-1601

and

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

Amy Hirakis, Esquire
NiSource Corporate Services Company
800 North 3rd Street, Suite 204
Harrisburg, PA 17102

For: Columbia Gas of Pennsylvania, Inc.



Date: June 24, 2021

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

For: Bureau of Investigation and Enforcement

Laura Antinucci, Esquire
Office of Consumer Advocate
555 Walnut Street
Forum Place 5th Floor
Harrisburg, PA 17101-1923

Date: _____

For: Office of Consumer Advocate

Date: _____

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

For: Bureau of Investigation and Enforcement

Date: 6/24/21

Laura Antinucci
Laura Antinucci, Esquire
Office of Consumer Advocate
555 Walnut Street
Forum Place 5th Floor
Harrisburg, PA 17101-1923

For: Office of Consumer Advocate

APPENDIX A

PENNSYLVANIA PUBLIC UTILITY COMMISSION

| | | |
|--|---|----------------|
| Pennsylvania Public Utility Commission | : | R-2021-3024349 |
| Office of Consumer Advocate | : | C-2021-3024643 |
| Office of Small Business Advocate | : | C-2021-3024762 |
| | : | |
| v. | : | |
| | : | |
| Columbia Gas of Pennsylvania, Inc. 1307(f) | : | |

COLUMBIA GAS OF PENNSYLVANIA, INC.
STATEMENT IN SUPPORT OF JOINT PETITION FOR PARTIAL SETTLEMENT

Columbia Gas of Pennsylvania, Inc. (“Columbia” or the “Company”) submits this Statement in Support of the Joint Petition for Partial Settlement in the above-captioned proceedings (“Partial Settlement”). Signatories to the Settlement are the Bureau of Investigation and Enforcement of the Pennsylvania Public Utility Commission (“Commission”), the Office of Consumer Advocate (“OCA”), and Columbia, parties to the above-captioned proceeding (hereinafter collectively referred to as the “Joint Petitioners”). The Office of Small Business Advocate has indicated that it does not oppose the Partial Settlement.

The Partial Settlement resolves all but one issue in this proceeding. The issue reserved for litigation pertains to how Columbia calculates the cost of Elective Balancing Service (“EBS”) Option 1 capacity to be excluded from recovery through the Purchased Gas Cost (“PGC”) Rider. The Joint Petitioners have reviewed Columbia’s purchased gas costs and gas purchasing practices and, except with respect to the issue reserved for litigation, have concluded that both are consistent with the standards set forth in the Public Utility Code. OCA and Columbia are the only parties who submitted testimony in this proceeding.

Commission policy promotes settlements. *See* 52 Pa. Code § 5.231. Settlements lessen the time and expense that the parties must expend litigating a case and, at the same time, conserve precious administrative resources. The Commission has indicated that settlement 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 Partial Settlement is unopposed is, in and of itself, strong evidence that the Settlement is reasonable and in the public interest. The Partial Settlement was achieved after a comprehensive investigation of Columbia's gas purchasing practices, including extensive discovery and discussion among the parties. Columbia submits that the Partial 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 Emily I. DeVoe (the "ALJ") and the Commission approve the Partial Settlement in its entirety, without modification, and rule on the issue reserved for litigation. Columbia notes that by resolving all but one of the issues in this proceeding through the Partial Settlement, the parties were able to successfully avoid a portion of the costs associated with litigation.

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

I. PARTIAL SETTLEMENT TERMS ARE IN THE PUBLIC INTEREST

The Settlement provides for the approval of Columbia's 2021 PGC filing as filed, subject to the resolution of the issue of the methodology for excluding from PGC rates the cost of incremental capacity acquired to provide EBS Option 1 for General Service transportation customers. Partial Settlement ¶ 28. Other than the issue reserved for litigation, no party raised any issues regarding Columbia's historic and projected gas purchases and gas purchasing policies in this case. In accordance with the proposed findings of facts and statutory findings contained in

the Partial Settlement, approval of the Company's 2021 PGC filing, subject to resolution of the issue reserved for litigation, is in the public interest and should be approved.

Approval of Columbia's 2021 PGC filing, subject to resolution of the issue reserved for litigation, is in the public interest because the record evidence demonstrates that Columbia has met the standards set forth in Sections 1307 and 1318 of the Public Utility Code, 66 Pa. C.S., §§ 1307 and 1318. 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, 2021. 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 projected period. This finding is a condition precedent to the Commission's approval of the Company's proposed rates. 66 Pa.C.S. § 1318. Section 1318 provides:

(a) General rule.--In establishing just and reasonable rates for those natural gas distribution companies, as defined in section 2202 (relating to definitions), with gross intrastate operating revenues in excess of \$40,000,000 under section 1307(f) (relating to sliding scale of rates; adjustments) or 1308(d) (relating to voluntary changes in rates) or any other rate proceeding, the commission shall consider the materials provided by the utilities pursuant to section 1317 (relating to regulation of natural gas costs). No rates for a natural gas distribution utility shall be deemed just and reasonable unless the commission finds that the utility is pursuing a least cost fuel procurement policy, consistent with the utility's obligation to provide safe, adequate and reliable service to its customers. In making such a determination, the commission shall be required to make specific findings which shall include, but need not be limited to, findings that:

(1) The utility has fully and vigorously represented the interests of its ratepayers in proceedings before the Federal Energy Regulatory Commission.

(2) The utility has taken all prudent steps necessary to negotiate favorable gas supply contracts and to relieve the utility from terms in existing contracts with its gas suppliers which are or may be adverse to the interests of the utility's ratepayers.

(3) The utility has taken all prudent steps necessary 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.

(4) The utility has not withheld from the market or caused to be withheld from the market any gas supplies which should have been utilized as part of a least cost fuel procurement policy.

(b) Limitation on gas purchased from affiliates.--In any instance in which a natural gas distribution company purchases all or part of its gas supplies from an affiliated interest, as that term is defined in section 2101 (relating to definition of affiliated interest), the commission, in addition to the determinations and findings set forth in subsection (a), shall be required to make specific findings with regard to the justness and reasonableness of all such purchases. Such findings shall include, but not be limited to findings:

(1) That the utility has fully and vigorously attempted to obtain less costly gas supplies on both short-term and long-term bases from nonaffiliated interests.

(2) That each contract for the purchase of gas from its affiliated interest is consistent with a least cost fuel procurement policy.

(3) That neither the utility nor its affiliated interest has withheld from the market any gas supplies which should have been utilized as part of a least cost fuel procurement policy.

(c) Shut-in gas; special rule.--In determining whether a gas utility has purchased the least costly natural gas available, the commission shall consider as available to the utility any gas supplies that reasonably could have been brought to market during the relevant period but which were voluntarily withheld from the market by the utility or an affiliated interest of the utility.

66 Pa.C.S. § 1318.

Upon review of Columbia's filing and after substantial discovery, the Joint Petitioners agree that, except with respect to the issue reserved for litigation, Columbia's 2021 PGC as filed complies with the requirements of Section 1318 of the Public Utility Code, 66 Pa C.S. § 1318(a), and that the record evidence supports a findings that Columbia is pursuing a least cost fuel

procurement policy, consistent with the utility's obligation to provide safe, adequate and reliable service to its customers. See Columbia Ex. No. 8-E. Therefore, the Partial Settlement requests that the Commission make the findings as set forth in Section 1318 that are required to approve Columbia's PGC filing. No party presented any evidence to dispute these findings. Notably, the Partial Settlement does not bar any party from reviewing and/or challenging in any future proceeding Columbia's gas purchases and gas purchasing practices relating to the projected period of October 1, 2021, through September 30, 2022. Settlement ¶¶ 33-34.

Specifically, with respect to Section 1318(a)(1), the record demonstrates that Columbia has intervened and actively participated in the Federal Energy Regulatory ("FERC") proceedings of the interstate pipelines serving Columbia, including 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. 41-45; Columbia Ex. No. 3. Columbia has been 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 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. 41-45.

Concerning Sections 1318(a)(2) and (3), the record demonstrates that Columbia has taken all prudent steps necessary to negotiate favorable gas supply contracts and to relieve the utility from terms in existing contracts with its gas suppliers which are or may be adverse to the interests

of the utility's ratepayers. The record further demonstrates that Columbia has taken all prudent steps necessary 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 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. See Columbia St. No. 1. Columbia continues to evaluate alternatives to its existing supply and capacity portfolio on an ongoing basis and makes changes to those contracts when it is prudent to do so. Columbia St. No. 1, p. 17. 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. 18-19. Columbia also 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. Columbia St. No. 1, p. 2.

In accordance with Section 1318(a)(4), 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.

Although Columbia did not make any purchases from affiliates during the historic period, the Partial Settlement requests that the Commission make the findings under Section 1318(b) concerning gas supplies from affiliates. 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.

Finally, consistent with Section 1318(c), in the twelve months ended January 31, 2021, 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.

Approval of Columbia's PGC filing, subject to resolution of the issue reserved for litigation, is in the public interest because Columbia has complied with all relevant provisions of the Public Utility Code with respect to its PGC, as demonstrated by the undisputed facts set forth above and as more fully explained in Columbia's PGC filing.

II. CONCLUSION

The Partial Settlement resolves all but one issue raised during this proceeding. For the reasons explained above, and those set forth in the proposed findings in the Partial Settlement, the resolution of the issues contained within the Partial Settlement is in the public interest. The Partial Settlement should be approved without modification, subject to a ruling on the issue reserved for litigation.

Respectfully submitted,

Lindsay A. Berkstresser

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

Theodore J. Gallagher, 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

Amy Hirakis, Esquire
Columbia Gas of Pennsylvania, Inc.
800 North 3rd Street, Suite 204
Harrisburg, PA 17102
Phone: 717-233-1351
E-mail: ahirakis@nisource.com

Date: July 24, 2021

APPENDIX B

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

| | | |
|--|---|---------------------------|
| Pennsylvania Public Utility Commission | : | |
| v. | : | Docket No. R-2021-3024349 |
| Columbia Gas of Pennsylvania | : | |
| 1307(f) Proceeding | : | |

STATEMENT OF THE
OFFICE OF CONSUMER ADVOCATE
IN SUPPORT OF PARTIAL SETTLEMENT

The Office of Consumer Advocate (OCA), one of the signatory parties to the Joint Petition for Partial Settlement of 2021-2022 PGC Proceeding (Partial Settlement), finds the terms and conditions of the Partial Settlement to be in the public interest for the following reasons:

I. INTRODUCTION

On March 1, 2021, pursuant to Sections 53.64 and 53.65 of the Commission’s Rules and Regulations, Columbia submitted its pre-filing information in support of its annual purchased gas cost (PGC) filing. 66 Pa. C.S. § 1307(f); 52 Pa. Code §§ 53.64, 53.65. Relative to the current rate of \$0.38512/Therm, Columbia’s pre-filing anticipates an increase of \$0.12191/Therm to a rate of \$0.50703/Therm for service rendered on and after October 1, 2021. Columbia submitted its definitive annual PGC filing on April 1, 2021.

The Company’s filing was assigned to the Office of Administrative Law Judge and was further assigned to Administrative Law Judge Emily I. DeVoe (ALJ DeVoe) for investigation and scheduling of hearings to determine whether Columbia’s gas costs comply with the standards set forth in the Public Utility Code.

The OCA retained Jerome D. Mierzwa as its expert to review the Company's filing. On May 4, 2021, the OCA submitted the Direct Testimony of Jerome D. Mierzwa. No other party filed direct testimony. Columbia submitted Rebuttal Testimony on May 21, 2021. On May 28, 2021, the OCA submitted Surrebuttal Testimony.

The parties informed ALJ DeVoe that a partial settlement had been reached on all issues except the calculation of the credits to PGC customers for EBS Option 1. The EBS Option 1 issue was reserved for litigation. An evidentiary hearing was held on June 3, 2021 wherein the parties' testimony was entered into the record and cross-examination was waived by all parties.

Based on its review of the Company's filing and the testimony filed, the OCA submits that, except for the one contested issue, the Company has met the requirements of 66 Pa. C.S. Sections 1307(f) and 1318, and the Partial Settlement is a reasonable resolution of the Company's 2021 PGC proceeding.

II. SETTLEMENT

A. PGC Rates

The Commission encourages parties in contested on-the-record proceedings to settle cases. See 52 Pa. Code § 5.231. A settlement, by definition, reflects a compromise of the parties' positions. When active parties in a proceeding reach a settlement, the principal issue for Commission consideration is whether the settlement serves the public interest. Pa. Public Utility Commission v. CS Water and Sewer Associates, 74 Pa. PUC 767, 711 (1991); Pa. Public Utility Commission v. Philadelphia Electric Company, 60 Pa. PUC 1, 21 (1985). Based on the review conducted by the OCA and its consultant, the OCA supports the PGC rates presented in the Partial Settlement. The Partial Settlement establishes a reasonable resolution of this proceeding and should be approved as in the public interest.

III. CONCLUSION

The Office of Consumer Advocate submits that the terms of the Partial Settlement are in the public interest and in the interest of Columbia's ratepayers. Based on the above reasons, the Office of Consumer Advocate submits that the proposed Partial Settlement should be approved.

Respectfully Submitted,

/s/Laura J. Antinucci

Laura J. Antinucci
Assistant Consumer Advocate
PA Attorney I.D. #327217
E-Mail: LAntinucci@paoca.org

Aron J. Beatty
Senior Assistant Consumer Advocate
PA Attorney I.D. # 86625
E-Mail: ABeatty@paoca.org

Counsel for:

Christine Maloni Hoover
Interim Acting Consumer Advocate
PA Attorney I.D. # 50026
E-Mail: CHoover@paoca.org

Office of Consumer Advocate
5th Floor, Forum Place
555 Walnut Street
Harrisburg, PA 17101-1923
Phone: (717) 783-5048
Fax: (717) 783-7152

DATE: June 24, 2021
#311488

APPENDIX C

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

| | | |
|--|----|----------------------------|
| Pennsylvania Public Utility Commission | >: | |
| | : | |
| v. | : | Docket No.: R-2021-3024349 |
| | : | |
| Columbia Gas of Pennsylvania, Inc. - 1307(f) | : | |

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

TO ADMINISTRATIVE LAW JUDGE EMILY I. DEVOE:

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 Partial Settlement Agreement ("Partial 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 Partial 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 Partial 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 Partial Settlement is in the public interest and I&E recommends that Administrative Law Judge Emily I. DeVoe and the Commission approve the Partial Settlement in its entirety.

2. On March 1, 2021, 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 increase in its purchased gas cost rates of \$0.12191/Therm, from \$0.38512/Therm to \$0.50703/Therm.

3. I&E filed a Notice of Appearance on March 2, 2021.

4. A telephonic prehearing conference was held on April 6, 2021 and a procedural schedule was established.

5. On April 6, 2021, a Prehearing Order was issued which granted the Parties proposed schedule and included discovery modifications.

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

7. 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.

8. 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 Partial Settlement utilizing the discovery and settlement negotiation process.

9. I&E submits that the proposed Partial 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 determined that the information provided by the Company indicates that 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. 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 increase of \$0.12191/Therm for a proposed PGC rate of \$0.50703/Therm to be effective October 1, 2021. 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 Partial 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.

10. Based upon I&E's analysis of the filing, acceptance of this proposed Partial 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.

11. 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.

12. The Partial 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 Partial Settlement, it may be withdrawn by the Company or I&E as provided therein.

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

14. If the ALJ recommends that the Commission adopt the Partial 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 Partial 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 Partial Settlement as being in the public interest and respectfully requests that Administrative Law Judge Emily I. DeVoe recommend, and the Commission subsequently approve, the foregoing Joint Partial Settlement Agreement, including all terms and conditions contained therein.

Respectfully Submitted,



Erika L. McLain
Prosecutor
PA Attorney ID No. 320526

Pennsylvania Public Utility Commission
Bureau of Investigation and Enforcement
Commonwealth Keystone Building
400 North Street
Harrisburg, Pennsylvania 17120
(717) 783-6170
ermclain@pa.gov

Dated: June 24, 2021