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File #: 182466

September 7, 2021

VIA ELECTRONIC FILING

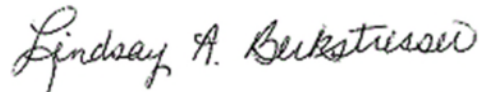
Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17105-3265

**Re: PA Public Utility Commission v. Columbia Gas of Pennsylvania, Inc.
Docket No. R-2021-3024296**

Dear Secretary Chiavetta:

Attached for filing please find the Joint Petition for Settlement and Statements in Support filed on behalf of Columbia Gas of Pennsylvania, Inc., in the above-referenced proceeding. Copies will be provided per the Certificate of Service.

Respectfully submitted,



Lindsay A. Berkstresser

LAB/kl
Attachment

cc: Honorable Mark A. Hoyer (w/attachment)
Certificate of Service

CERTIFICATE OF SERVICE

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

VIA E-MAIL

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Date: September 7, 2021

A handwritten signature in cursive script that reads "Lindsay A. Berkstresser". The signature is written in dark ink and is positioned above a horizontal line.

Lindsay A. Berkstresser

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	Docket No.	R-2021-3024296
Office of Consumer Advocate	:		C-2021-3025078
Office of Small Business Advocate	:		C-2021-3025257
Columbia Industrial Intervenors	:		C-2021-3025600
Pennsylvania State University	:		C-2021-3025775
Richard C. Culbertson	:		C-2021-3026054
Ronald Lamb	:		C-2021-3027217
	:		

v.

Columbia Gas of Pennsylvania, Inc.

JOINT PETITION FOR SETTLEMENT

TO ADMINISTRATIVE LAW JUDGE MARK A. HOYER:

I. INTRODUCTION

The Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”), the Office of Consumer Advocate (“OCA”), the Office of Small Business Advocate (“OSBA”), Columbia Industrial Intervenors (“CII”),¹ Shipley Choice, LLC d/b/a Shipley Energy Company (“Shipley”) and the Retail Energy Supply Association (“RESA”) (collectively, “Shipley/RESA”), Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”), The Pennsylvania State University (“PSU”), the Pennsylvania Weatherization Providers Task Force (“Task Force”) and Columbia Gas of Pennsylvania, Inc. (“Columbia” or the “Company”), parties to the above-captioned proceedings (hereinafter collectively referred to as the “Joint Petitioners”), hereby join in this Joint Petition for Settlement

¹ CII’s member is Knouse Foods Cooperative, Inc.

(“Settlement”) and respectfully request that Deputy Chief Administrative Law Judge Mark A. Hoyer (“ALJ Hoyer” or the “ALJ”) and the Commission expeditiously approve the Settlement as set forth below. The Settlement has been agreed to by all active parties in this proceeding, except for the two individual complainants, Richard C. Culbertson and Ronald Lamb.²

As fully set forth and explained below, the Joint Petitioners have agreed to a settlement of all issues among them in the above-captioned general base rate proceeding (the “2021 Base Rate Filing”). Among other provisions, the Settlement provides for increases in rates designed to produce \$58.5 million in additional base rate revenue based upon the pro forma level of operations for the twelve months ended December 31, 2022. The new rates will go into effect on December 29, 2021. In support of the Settlement, the Joint 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, 2202. Columbia provides natural gas distribution, sales, transportation, and/or supplier of last resort services to approximately 436,000 retail customers in portions of 26 counties of Pennsylvania.

2. On March 30, 2021, Columbia filed with the Commission Supplement No. 325 to its Tariff Gas – Pa. P.U.C. No. 9 (“Supplement No. 325” or “base rate filing”). Supplement No. 325, issued March 30, 2021 and to be effective May 29, 2021, proposed an increase in revenues of approximately \$98.3 million based upon a pro forma fully projected future test year (“FPFTY”) ending December 31, 2022. The filing was made in compliance with the Commission’s

² The issues raised by Mr. Culbertson are being briefed in accordance with the briefing schedule established by the ALJ’s May 21, 2021 Prehearing Order. Mr. Lamb did not submit testimony in this proceeding. As indicated on the Certificate of Service, Columbia is serving a copy of the Settlement on the customer complainants.

regulations, and contained all supporting data and testimony required to be submitted in conjunction with a tariff change seeking a general rate increase.

3. On May 6, 2021, the Commission issued an Order initiating an investigation of Columbia's proposed general rate increase and suspending Columbia's Supplement No. 325 until December 29, 2021, unless otherwise directed by Order of the Commission.

4. On May 14, 2021, Columbia filed Supplement No. 328 to Tariff Gas Pa. PUC No. 9, suspending Columbia's Supplement No. 325 until December 29, 2021.

5. Formal Complaints were filed on behalf of the OCA (C-2021-3025078), the OSBA (C-2021-3025257), CII (C-2021-3025600), PSU (C-2021-3025775), Richard C. Culbertson (C-2021-3026054), and Ronald Lamb (C-2021-3027217).

6. CAUSE-PA, Shipley/RESA, and PA Task Force filed Petitions to Intervene.

7. I&E filed a Notice of Appearance.

8. A Prehearing Conference was scheduled for May 17, 2021. Joint Petitioners who participated in the prehearing conference filed prehearing memoranda identifying potential issues and witnesses.

9. The initial Prehearing Conference was held as scheduled on May 17, 2021. At the prehearing conference, ALJ Hoyer established the litigation schedule. The ALJ also set forth discovery rules, which, pursuant to the Joint Petitioners' agreement, included shorter response times than those provided in the Commission's regulations. See 52 Pa. Code §§ 5.341 *et seq.*

10. On May 21, 2021, the ALJ issued a Prehearing Order that confirmed the litigation schedule established at the Prehearing Conference.

11. Public Input hearings were held on June 14, 2021 and June 16, 2021.

12. On July 28, 2021, Columbia filed a Motion for a Protective Order. The ALJ granted Columbia's Motion and issued the Protective Order on August 3, 2021.

13. The Joint Petitioners conducted substantial formal and informal discovery in this proceeding. In accordance with the litigation schedule, various parties filed direct, rebuttal, surrebuttal and rejoinder testimony.

14. The Joint Petitioners held numerous settlement discussions over the course of this proceeding. As a result of those discussions and the efforts of the Joint Petitioners to examine the issues in the proceeding, the Joint Petitioners were able to advise the ALJ before the scheduled hearings that an agreement in principle of most issues had been achieved, thereby negating the need for the scheduled evidentiary hearings on most issues. An evidentiary hearing was held on August 4, 2021, for the purpose of admitting the evidence into the record and allowing Mr. Culbertson to conduct cross-examination of Columbia's witness, Mr. Kempic. Subsequently, the Joint Petitioners informed the ALJ that a settlement in principle of all issues, excluding Mr. Culbertson's issues, was achieved.

15. The Joint Petitioners have agreed to a base rate increase, an allocation of that revenue increase to the rate classes and a rate design for all rate classes to recover the portion of the rate increase allocated to such classes, as well as other issues that were raised in this proceeding.

16. In the Settlement, the Joint Petitioners have proposed that rates be designed to produce an additional \$58.5 million in annual base rate operating revenues instead of the Company's filed increase request of approximately \$98.3 million. Upon approval of the Settlement, Columbia will receive an increase in existing base rate operating revenues of approximately 11.87% instead of the 19.91% increase proposed in Columbia's filing. A typical

residential sales customer using 70 therms of gas per month will see an increase in their monthly bill from \$100.77 to \$109.10, or by 8.27%, instead of the monthly increase from \$100.77 to \$115.37 per month, or 14.9%, that was originally proposed in the filing. A typical small commercial sales customer using 150 therms of gas per month will see an increase in their monthly bill from \$164.92 to \$180.95, or by 9.72%, instead of the monthly increase from \$164.92 to \$187.30 per month, or 13.57%, that was originally proposed in the filing.

17. The Settlement terms are set forth in the following Section III.

III. SETTLEMENT³

18. The following terms of this Settlement reflect a carefully balanced compromise of the interests of all the Joint Petitioners in this proceeding. The Joint Petitioners unanimously agree that the Settlement, which resolves all but Mr. Culbertson's issues in this proceeding, is in the public interest. The Joint Petitioners respectfully request that the 2021 Base Rate Filing, including those tariff changes included in Supplement No. 325 and specifically identified in Appendix "C" attached hereto, be approved subject to the terms and conditions of this Settlement specified below:

A. REVENUE REQUIREMENT

19. Rates will be designed to produce an increase in operating revenues of \$58.5 million over current base rates based upon the pro forma level of operations for the twelve months ended December 31, 2022.

20. As of the effective date of rates in this proceeding, Columbia will be eligible to include plant additions in the DSIC once eligible account balances exceed the levels projected by Columbia at December 31, 2022. The foregoing provision is included solely for purposes of

³ PSU and CII participated on a limited set of issues and agree to the Settlement terms related to revenue allocation and rate design in paragraph 31 and Appendices A and B and assignment of CAP costs. PSU and CII take no position on the remaining Settlement terms but do not oppose the settlement of all other issues by the settling parties.

calculating the DSIC, and is not determinative for future ratemaking purposes of the projected additions to be included in rate base in a FPFTY filing.

21. For purposes of calculating its DSIC, Columbia shall use the equity return rate for gas utilities contained in the Commission's most recent Quarterly Report on the Earnings of Jurisdictional Utilities and shall update the equity return rate each quarter consistent with any changes to the equity return rate for gas utilities contained in the most recent Quarterly Earnings Report, consistent with 66 Pa. C.S. § 1357(b)(3), until such time as the DSIC is reset pursuant to the provisions of 66 Pa. C.S. § 1358(b)(1).

22. Columbia will continue to use normalization accounting with respect to the benefits of the tax repairs deduction.

23. Columbia also will be permitted to continue to use normalization accounting with respect to the tax treatment of Section 263A mixed service costs.

24. Columbia will be permitted to recover the amortization of costs related to the following:

- (i) Blackhawk Storage – Continuation of the previously-approved 24.5 year amortization of the total amount of \$398,865 to be included on books and in rate base as a regulatory asset to reflect the total original cost that began on October 28, 2008.
- (ii) Corporate Services OPEB-Related Costs – Continuation of the previously-approved amortization of the regulatory asset of \$903,131 associated with the transition of NiSource Corporate Services Company from a cash to accrual basis for Other Post-Employment Benefits ("OPEBs"), over a ten-year period that began July 1, 2013.

(iii) Pension Prepayment – Continuation of the previously-approved ten-year amortization of \$8,449,772.00 that began December 16, 2018. Any unamortized balance shall not be permitted to be included in rate base in future cases.

(iv) COVID-19 Related Uncollectible Accounts Expense – The Company agrees to discontinue the deferral of COVID-19 related Uncollectibles Accounts Expense as of the implementation dates of the rates contemplated by this Settlement, or earlier if directed by the Commission. The amount of \$5,579,245 representing deferrals through December 31, 2020 shall be amortized over a five-year period beginning January 1, 2022. The Company shall introduce its claim for incremental uncollectible expenses subsequent to December 31, 2020 in its next base rate proceeding.

25. The revenue requirement agreed upon above also reflects a reduction to rate base for the excess Accumulated Deferred Income Taxes (“ADIT”) as of the end of the FPFTY resulting from the reduction of the Federal income tax rate to 21% pursuant to the Tax Cuts and Jobs Act of 2017. The Company agrees to continue such treatment in future base rate filings until the entire amount has been refunded.

26. As established in the settlement of Columbia’s base rate proceeding at R-2012-2321748, Columbia will be permitted to continue to defer the difference between the annual OPEB expense calculated pursuant to FASB Accounting Standards Codification (“ASC”) 715, “Compensation – Retirement Benefits (SFAS No. 106) and the annual OPEB expense allowance in rates of \$0. Only those amounts attributable to operation and maintenance would be deferred and recognized as a regulatory asset or liability. To the extent the cumulative balance recorded reflects a regulatory asset, such amount will be collected from customers in the next base rate proceeding over a period to be determined in that rate proceeding. To the extent the cumulative

balance recorded reflects a regulatory liability, there will be no amortization of the (non-cash) negative expense and the cumulative balance will continue to be maintained.

27. Commencing with the effective date of rates, Columbia will deposit amounts in the OPEB trusts when the cumulative gross annual accruals calculated by its actuary pursuant to ASC 715 are greater than \$0. If annual amounts deposited into OPEB trusts, pursuant to this Settlement, exceed allowable income tax deduction limits, any income taxes paid will be recorded as negative deferred income taxes, to be added to rate base in future proceedings.

28. On or before April 1, 2022, Columbia will provide the Commission's Bureau of Technical Utility Services ("TUS"), I&E, OCA and OSBA an update to Columbia Exhibit No. 108, Schedule 1, which will include actual capital expenditures, plant additions, and retirements by month for the twelve months ending December 31, 2021. On or before April 1, 2023, Columbia will update Exhibit No. 108, Schedule 1 filed in this proceeding for the twelve months ending December 31, 2022. In Columbia's next base rate proceeding, the Company will prepare a comparison of its actual revenue, expenses and rate base additions for the twelve months ended December 31, 2021. However, it is recognized by the Joint Petitioners that this is a black box settlement that is a compromise of Joint Petitioners' positions on various issues.

29. Columbia will preserve and provide to I&E, OCA and OSBA as a part of its next base rate case the following: (1) all documentation supporting debt issued between this base rate case and the next base rate case; and (2) for each issuance the prevailing yield on U.S. utility bonds as reported by Bloomberg Finance L.P. for companies with a credit risk profile equivalent to that of NiSource Inc.

30. Tariff rates will go into effect on December 29, 2021.

B. REVENUE ALLOCATION AND RATE DESIGN

31. Class revenue allocation will be approximately as shown in Appendix “A”. Rate design for all classes shall be as shown in Appendix “B”. Revenue allocation and rate design reflect a compromise and do not endorse any particular cost of service study

32. The Residential customer charge will be set at \$16.75/month.

33. Columbia’s proposal to continue its Pilot Weather Normalization Adjustment (“WNA”) mechanism until a final order is entered in the Company’s first rate case filed after May 31, 2026 is approved. For informational purposes, the Company shall continue to maintain and provide to the OCA, I&E and OSBA by October 1 of each year all reports and records supporting the operation of its WNA for the preceding year, including the Company’s monthly computation of the WNA and all data underlying the Company’s monthly WNA computation.

34. Columbia’s Revenue Normalization Adjustment (“RNA”) proposal has been withdrawn without prejudice.

35. Columbia’s Federal Tax Reform Adjustment (“FTR”) Rider has been withdrawn without prejudice.

36. The Company’s Gas Procurement Charge (“GPC”) and Merchant Function Charge (“MFC”) shall be as filed by the Company.

C. UNIVERSAL SERVICE AND CONSERVATION

37. To assist with the unexpected need and possible depletion of customers' savings resulting from the COVID-19 Pandemic, the Company will expand the budget for its Emergency Repair Fund, which provides for the repair and replacement of faulty equipment for low-income homeowners, from \$600,000 to \$700,000 per year, for the years 2022 and 2023. The Company will recover the actual costs through the Rider USP which has an annual true up.

38. The Company will develop remedies for exits from CAP relating to the failure to recertify. The Company will continue to automatically re-enroll customers into the Company's Customer Assistance Program ("CAP") when they move from one address to another within the Company's service territory. The Company will report to the Bureau of Consumer Services the affirmative steps it will take to reduce the percentage of exits attributable to a failure to recertify within 60 days of the Commission-approved order in this proceeding.

39. The Company will develop an outreach campaign to promote existing customer assistance programs and all available resources. The campaign will include TV and social media ads, electronic and written materials, and a Targeted Outreach component providing services to customers with household incomes below 50% of poverty that have not received available assistance. The Targeted Outreach will be provided by a third-party contractor who will initiate contact with customers using Company lists of income eligible customers with high arrears as well as referrals from community members and Customer Service Representatives. The Targeted Outreach representative will work with existing resource administrators to make the customers aware of the available assistance and aid the customers in enrolling/applying to these assistance programs, as necessary. The Company will recover the cost through the Rider USP not to exceed \$200,000 in 2022.

40. The Company will expand its Low Income Usage Reduction Program ("LIURP") Health & Safety Pilot by re-allocating existing LIURP dollars to the pilot to provide services to more high usage households with health and safety issues which prevent delivery of usage reduction services. The Company will increase the LIURP budget for Health and Safety repairs from \$200,000 to \$400,000 in 2022 and will subsequently extend the pilot until approval of the Company's next USECP plan with a maximum budget of \$600,000 per year if homes are available.

The Company will modify the approved formula to include savings associated with CAP credit savings, thus providing for a higher Health & Safety allotment to remediate higher cost obstacles to weatherization such as full roofs and knob and tube re-wiring. The Company will provide a bi-annual report of the number of homes completed, in progress and identified along with associated costs.

41. The Company will increase its LIURP budget by \$200,000 until the effective date of rates in Columbia's next base rate proceeding.

42. In regard to the large carryover of LIURP funding from 2020, the Company will canvas participating Community Based Organizations ("CBOs") to determine if they have the capacity to do additional work and will increase the LIURP allocations of the affirmatively responding CBOs who are on track to meet their existing allocations.

43. Columbia will amend its tariff language, as set forth in Appendix "C", to indicate that all "confirmed low-income customers" as reported in the Commission's Universal Service Report with income at or below 150% FPL will not be charged a security deposit.

44. Columbia agrees to refund all deposits being held for "confirmed low-income customers" as reported in the Commission's Universal Service Report within 60 days.

45. Columbia will review currently held security deposits on a semi-annual basis and issue a bill credit or refund for any deposit previously collected from a confirmed low-income customer.

D. NATURAL GAS SUPPLIER ISSUE

46. If the Columbia Gas Transmission ("TCO") rate case at Federal Energy Regulatory Commission Docket No. RP20-1060-000 materially changes shipper responsibilities on the pipe, i.e., daily balancing, Columbia agrees to convene a collaborative to take input on ways to address the changes in its tariff.

E. OTHER

47. Except as otherwise modified by this Settlement, the Company's proposed tariff changes are approved, as set forth in Appendix "C".

F. RESERVED ISSUES FOR LITIGATION

48. The issues raised by Richard C. Culbertson, an individual complainant in this proceeding, are reserved for litigation.

IV. SETTLEMENT IS IN THE PUBLIC INTEREST

49. This Settlement was achieved by the Joint Petitioners after an extensive investigation of Columbia's filing, including informal and formal discovery and the submission of direct, rebuttal, surrebuttal and rejoinder testimony by a number of the Joint Petitioners that were admitted into the record by stipulation.

50. Acceptance of the Settlement will avoid the necessity of further administrative and possibly appellate proceedings regarding the settled issues at what would have been a substantial cost to the Joint Petitioners and Columbia's customers.

51. Joint Petitioners have submitted, along with this Settlement, their respective Statements in Support setting forth the basis upon which each believes the Settlement to be fair, just and reasonable and therefore in the public interest. The Joint Petitioners' Statements in Support are attached hereto as Appendices "D" through "L."

V. CONDITIONS OF SETTLEMENT

52. This Settlement is conditioned upon the Commission's approval of the terms and conditions contained herein without modification. If the Commission modifies the Settlement, then any Joint Petitioner may elect to withdraw from this Settlement and may proceed with litigation and, in such event, this Settlement shall be void and of no effect. Such election to withdraw must be made in writing, filed with the Secretary of the Commission and served upon

all Joint Petitioners within five (5) business days after the entry of any Order modifying the Settlement.

53. The Joint Petitioners acknowledge and agree that this Settlement, if approved, shall have the same force and effect as if the Joint Petitioners had fully litigated these proceedings resulting in the establishment of rates that are Commission-made, just and reasonable rates.

54. This Settlement and its terms and conditions may not be cited as precedent in any future proceeding, except to the extent required to implement this Settlement.

55. The Commission's approval of the Settlement shall not be construed to represent approval of any Joint Petitioner's position on any issue, except to the extent required to effectuate the terms and agreements of the Settlement in these and future proceedings involving Columbia.

56. It is understood and agreed among the Joint Petitioners that the Settlement is the result of compromise and does not necessarily represent the position(s) that would be advanced by any Joint Petitioner in these proceedings if they were fully litigated.

57. This Settlement is being presented only in the context of these proceedings in an effort to resolve the proceedings in a manner that is fair and reasonable. The Settlement is the product of compromise between and among the Joint Petitioners. This Settlement is presented without prejudice to any position that any of the Joint Petitioners may have advanced and without prejudice to the position any of the Joint Petitioners may advance in the future on the merits of the issues in future proceedings except to the extent necessary to effectuate the terms and conditions of this Settlement. This Settlement does not preclude the Joint Petitioners from taking other positions in proceedings involving other public utilities under Section 1308 of the Public Utility Code, 66 Pa.C.S. § 1308, or any other proceeding.

58. The Joint Petitioners recognize that the proposed Settlement does not bind Formal Complainants that do not choose to join herein. A copy of the proposed Settlement and attached Appendices hereto, including Statements in Support, are simultaneously being served upon all Formal Complainants in this proceeding.

59. If the ALJ adopts the Settlement without modification, the Joint Petitioners waive their individual rights to file exceptions with regard to the Settlement. Joint Petitioners retain their rights to file briefs, exceptions and replies to exceptions with respect to the issues raised by Complainant Richard C. Culbertson that are reserved for litigation.

WHEREFORE, the Joint Petitioners, by their respective counsel, respectfully request as follows:

1. That the Honorable Administrative Law Judge Mark A. Hoyer and the Commission approve this Settlement including all terms and conditions thereof, without modification;

2. That the Commission's investigation at Commission Docket R-2021-3024296, and the Complaints of the OCA (C-2021-3025078), OSBA (C-2021-3025257), PSU (C-2021-3025775), and CII (C-2021-3025600) be marked closed.

3. That the customer Complaint of Ronald Lamb (C-2021-3027217) associated with this proceeding be dismissed.

4. That the Commission enter an Order ruling on the issues raised by customer Complainant Richard C. Culbertson (C-2021-3026054).

5. That the Commission enter an Order authorizing Columbia Gas of Pennsylvania, Inc. to file a tariff or tariff supplement in compliance with the Commission's Order, effective for service rendered on and after December 29, 2021.

Respectfully submitted,

Michael W. Hassell

Dated: _____

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Counsel for the Office of Consumer Advocate

Respectfully submitted,

Dated: _____

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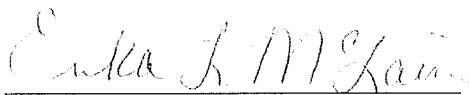
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Dated: September 7, 2021

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*Counsel for Bureau of Investigation &
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Dated: September 7, 2021

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*Counsel for Bureau of Investigation &
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Dated: _____

/s/ Steven C. Gray

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*Counsel for the Office of Small Business
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Dated: September 7, 2021



Dated: September 7, 2021

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Counsel for Columbia Industrial Intervenors

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Counsel for CAUSE-PA



Todd S. Stewart, Esquire
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Dated: September 3, 2021

*Counsel for Shipley Choice, LLC d/b/a
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Counsel for CAUSE-PA

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Whitney E. Snyder, Esquire
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Dated: _____

*Counsel for The Pennsylvania State
University*



Dated: September 7, 2021

John Sweet, Esquire
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Dated: September 3, 2021

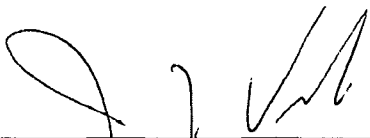
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Appendix A

Columbia Gas of Pennsylvania, Inc.
Comparison of Increased Settlement Revenue Allocation by Class by Party
For the Twelve Months Ending December 31, 2022

Appendix A

	<u>Total</u>	<u>RS/RDS</u>	<u>SGSS1/SCD1/SGDS1</u>	<u>SGSS2/SCD2/SGDS2</u>	<u>SDS/LGSS</u>	<u>LDS/LGSS</u>	<u>MDS/NSS</u>	<u>FLEX</u>
Settlement Increase	\$58,500,000	\$36,700,000	\$6,084,001	\$6,573,184	\$5,376,646	\$3,750,000	\$379	\$15,790

Appendix B

Columbia Gas of Pennsylvania, Inc.
Allocation of Proposed Annual Revenues by Rate Schedule Based on Revenue Requirement
For the 12 Months Ended December 31, 2022

Exhibit No. 103
Schedule No. 8
Page 1 of 9

Line No.	Description	Adjusted Bills (1) (Exh. 103, Sch. 2)	Adjusted Volumes (2) DTH (Exh. 103, Sch. 3)	Revenue @ Current Rates (3) \$ (Exh. 103, Sch. 1)	Proposed Revenue Increase (4) \$	Total Proposed Revenue (5 = 3 + 4) \$ (Exh. 103, Sch. 7)	Proposed Increase by Rate Schedule (6) %	Proposed Increase by Rate Class (7) %
1	Total Revenues							
2	Residential Sales - RS, CAP	4,275,786	29,799,698.2	\$397,438,092	\$31,149,249	\$428,587,341	7.84%	7.59%
3	Small General Service (≤ 6,440 Therms Annually) - SGSS	266,855	3,901,993.9	43,074,986	4,217,223	47,292,209	9.79%	10.42%
4	Small General Service (> 6,440 to ≤ 64,400 Therms Annually) - SGSS	34,842	3,903,397.1	34,812,189	2,826,263	37,638,452	8.12%	10.23%
5	Large General Sales Service (≤ 540,000 Therms Annually) - LGSS	1,035	949,270.5	7,207,017	703,814	7,910,831	9.77%	17.72%
6	Large General Sales Service (> 540,000 Therms Annually) - LGSS	24	43,743.8	312,585	27,359	339,944	8.75%	18.85%
7	Negotiated Sales Service - NSS	12	69,600.0	240,703	-	240,703	0.00%	0.02%
8	Residential Distribution Service (Choice) - RDS	662,355	4,843,764.9	85,142,382	5,481,689	90,624,071	6.44%	7.59%
9	Small Commercial Distribution Service (Choice ≤ 6,440 Therms Annually) - SCD	97,598	1,491,505.5	13,446,121	1,593,090	15,039,211	11.85%	10.42%
10	Small Commercial Distribution Service (Choice > 6,440 to ≤ 6,440 Therms Annually) - SCD	14,843	1,611,987.0	11,262,363	1,166,298	12,428,661	10.36%	10.23%
11	Small General Distribution Service (≤ 6,440 Therms Annually) - SGDS	11,250	262,006.4	1,785,144	262,902	2,048,046	14.73%	10.42%
12	Small General Distribution Service (> 6,440 to ≤ 64,400 Therms Annually) - SGDS	18,642	3,477,754.6	18,092,064	2,570,132	20,662,196	14.21%	10.23%
13	Small Distribution Service - SDS	4,884	6,501,836.6	23,085,924	4,663,384	27,749,308	20.20%	17.72%
14	Large Distribution Service - LDS	864	11,116,014.2	19,552,312	3,716,816	23,269,128	19.01%	18.85%
15	Main Line Distribution Service Class I - MLDS	36	186,000.0	53,292	-	53,292	0.00%	0.02%
16	Main Line Distribution Service Class II - MLDS	48	2,140,000.0	1,035,292	284	1,035,576	0.03%	0.02%
17	Flexible Rate Provisions and Negotiated Contract Services	276	11,670,420.0	3,392,224	9,423	3,401,647	0.28%	0.28%
18	Other Gas Department Revenue			1,274,033	111,911	1,385,944	8.78%	8.78%
19	Total Revenues	5,389,350	81,968,992.7	\$ 661,206,723	\$ 58,499,837	\$ 719,706,560	8.85%	8.85%
20	Base Rates Revenue Only							
21	Residential Sales - RS, CAP	4,275,786	29,799,698.2	\$268,018,022	\$29,051,184	\$297,069,206	10.84%	10.19%
22	Small General Service (≤ 6,440 Therms Annually) - SGSS	266,855	3,901,993.9	27,982,464	4,212,930	32,195,394	15.06%	15.06%
23	Small General Service (> 6,440 to ≤ 64,400 Therms Annually) - SGSS	34,842	3,903,397.1	19,714,239	2,821,970	22,536,209	14.31%	14.78%
24	Large General Sales Service (≤ 540,000 Therms Annually) - LGSS	1,035	949,270.5	3,541,503	702,770	4,244,273	19.84%	20.15%
25	Large General Sales Service (> 540,000 Therms Annually) - LGSS	24	43,743.8	143,673	27,311	170,984	19.01%	19.01%
26	Negotiated Sales Service - NSS	12	69,600.0	20,310	-	20,310	0.00%	0.03%
27	Residential Distribution Service (Choice) - RDS	662,355	4,843,764.9	67,461,475	5,117,438	72,578,913	7.59%	10.19%
28	Small Commercial Distribution Service (Choice ≤ 6,440 Therms Annually) - SCD	97,598	1,491,505.5	10,581,535	1,593,090	12,174,625	15.06%	15.06%
29	Small Commercial Distribution Service (Choice > 6,440 to ≤ 6,440 Therms Annually) - SCD	14,843	1,611,987.0	8,166,381	1,166,298	9,332,679	14.28%	14.78%
30	Small General Distribution Service (≤ 6,440 Therms Annually) - SGDS	11,250	262,006.4	1,677,151	262,902	1,940,053	15.68%	15.06%
31	Small General Distribution Service (> 6,440 to ≤ 64,400 Therms Annually) - SGDS	18,642	3,477,754.6	16,506,187	2,570,132	19,076,319	15.57%	14.78%
32	Small Distribution Service - SDS	4,884	6,501,836.6	23,085,924	4,663,384	27,749,308	20.20%	20.15%
33	Large Distribution Service - LDS	864	11,116,014.2	19,552,312	3,716,816	23,269,128	19.01%	19.01%
34	Main Line Distribution Service Class I - MLDS	36	186,000.0	53,292	-	53,292	0.00%	0.03%
35	Main Line Distribution Service Class II - MLDS	48	2,140,000.0	1,035,292	284	1,035,576	0.03%	0.03%
36	Flexible Rate Provisions and Negotiated Contract Services	276	11,670,420.0	3,392,224	9,423	3,401,647	0.28%	7.13%
37	Total Base Rates Revenues	5,389,350	81,968,992.7	\$ 470,931,984	\$ 55,915,932	\$ 526,847,916	11.87%	11.87%
38	STAS							
39	Residential Sales - RS, CAP			\$0	\$0	\$0	0.00%	0.00%
40	Small General Service (≤ 6,440 Therms Annually) - SGSS			\$0	\$0	\$0	0.00%	0.00%
41	Small General Service (> 6,440 to ≤ 64,400 Therms Annually) - SGSS			\$0	\$0	\$0	0.00%	0.00%
42	Large General Sales Service (≤ 540,000 Therms Annually) - LGSS			\$0	\$0	\$0	0.00%	0.00%
43	Large General Sales Service (> 540,000 Therms Annually) - LGSS			\$0	\$0	\$0	0.00%	0.00%
44	Negotiated Sales Service - NSS			\$0	\$0	\$0	0.00%	0.00%
45	Residential Distribution Service (Choice) - RDS			\$0	\$0	\$0	0.00%	0.00%
46	Small Commercial Distribution Service (Choice ≤ 6,440 Therms Annually) - SCD			\$0	\$0	\$0	0.00%	0.00%
47	Small Commercial Distribution Service (Choice > 6,440 to ≤ 6,440 Therms Annually) - SCD			\$0	\$0	\$0	0.00%	0.00%
48	Small General Distribution Service (≤ 6,440 Therms Annually) - SGDS			\$0	\$0	\$0	0.00%	0.00%
49	Small General Distribution Service (> 6,440 to ≤ 64,400 Therms Annually) - SGDS			\$0	\$0	\$0	0.00%	0.00%
50	Small Distribution Service - SDS			\$0	\$0	\$0	0.00%	0.00%
51	Large Distribution Service - LDS			\$0	\$0	\$0	0.00%	0.00%
52	Main Line Distribution Service Class I - MLDS			\$0	\$0	\$0	0.00%	0.00%
53	Main Line Distribution Service Class II - MLDS			\$0	\$0	\$0	0.00%	0.00%
54	Flexible Rate Provisions and Negotiated Contract Services			\$0	\$0	\$0	0.00%	0.00%
55	Total STAS			\$0	\$0	\$0	0.00%	0.00%

Columbia Gas of Pennsylvania, Inc.
Allocation of Proposed Annual Revenues by Rate Schedule Based on Revenue Requirement
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Line No.	Description	Adjusted Bills (1) (Exh. 103, Sch. 2)	Adjusted Volumes (2) DTH (Exh. 103, Sch. 3)	Revenue @ Current Rates (3) \$ (Exh. 103, Sch. 1)	Proposed Revenue Increase (4) \$	Total Proposed Revenue (5 = 3 + 4) \$ (Exh. 103, Sch. 7)	Proposed Increase by Rate Schedule (6) %	Proposed Increase by Rate Class (7) %
1	Rider CC							
2	Residential Sales - RS, CAP			\$27,498	\$0	\$27,498	0.00%	0.00%
3	Small General Service (≤ 6,440 Therms Annually) - SGSS			\$3,902	\$0	\$3,902	0.00%	0.00%
4	Small General Service (> 6,440 to ≤ 64,400 Therms Annually) - SGSS			\$3,903	\$0	\$3,903	0.00%	0.00%
5	Large General Sales Service (≤ 540,000 Therms Annually) - LGSS			\$0	\$0	\$0	0.00%	0.00%
6	Large General Sales Service (> 540,000 Therms Annually) - LGSS			\$0	\$0	\$0	0.00%	0.00%
7	Negotiated Sales Service - NSS			\$0	\$0	\$0	0.00%	0.00%
8	Residential Distribution Service (Choice) - RDS			\$4,844	\$0	\$4,844	0.00%	0.00%
9	Small Commercial Distribution Service (Choice ≤ 6,440 Therms Annually) - SCD			\$1,492	\$0	\$1,492	0.00%	0.00%
10	Small Commercial Distribution Service (Choice > 6,440 to ≤ 6,440 Therms Annually) - SCD			\$1,612	\$0	\$1,612	0.00%	0.00%
11	Small General Distribution Service (≤ 6,440 Therms Annually) - SGDS			\$262	\$0	\$262	0.00%	0.00%
12	Small General Distribution Service (> 6,440 to ≤ 64,400 Therms Annually) - SGDS			\$3,478	\$0	\$3,478	0.00%	0.00%
13	Small Distribution Service - SDS			\$0	\$0	\$0	0.00%	0.00%
14	Large Distribution Service - LDS			\$0	\$0	\$0	0.00%	0.00%
15	Main Line Distribution Service Class I - MLDS			\$0	\$0	\$0	0.00%	0.00%
16	Main Line Distribution Service Class II - MLDS			\$0	\$0	\$0	0.00%	0.00%
17	Flexible Rate Provisions and Negotiated Contract Services			\$0	\$0	\$0	0.00%	0.00%
18	Total Rider CC			\$46,991	\$0	\$46,991	0.00%	0.00%
19	Gas Procurement Charge							
20	Residential Sales - RS, CAP			\$280,475	\$30,248	\$310,723	10.78%	10.78%
21	Small General Service (≤ 6,440 Therms Annually) - SGSS			\$39,800	\$4,293	\$44,093	10.79%	10.79%
22	Small General Service (> 6,440 to ≤ 64,400 Therms Annually) - SGSS			\$39,815	\$4,293	\$44,108	10.78%	10.78%
23	Large General Sales Service (≤ 540,000 Therms Annually) - LGSS			\$9,683	\$1,044	\$10,727	10.78%	10.78%
24	Large General Sales Service (> 540,000 Therms Annually) - LGSS			\$446	\$48	\$494	10.76%	10.76%
25	Negotiated Sales Service - NSS			\$0	\$0	\$0	0.00%	0.00%
26	Residential Distribution Service (Choice) - RDS			\$0	\$0	\$0	0.00%	0.00%
27	Small Commercial Distribution Service (Choice ≤ 6,440 Therms Annually) - SCD			\$0	\$0	\$0	0.00%	0.00%
28	Small Commercial Distribution Service (Choice > 6,440 to ≤ 6,440 Therms Annually) - SCD			\$0	\$0	\$0	0.00%	0.00%
29	Small General Distribution Service (≤ 6,440 Therms Annually) - SGDS			\$0	\$0	\$0	0.00%	0.00%
30	Small General Distribution Service (> 6,440 to ≤ 64,400 Therms Annually) - SGDS			\$0	\$0	\$0	0.00%	0.00%
31	Small Distribution Service - SDS			\$0	\$0	\$0	0.00%	0.00%
32	Large Distribution Service - LDS			\$0	\$0	\$0	0.00%	0.00%
33	Main Line Distribution Service Class I - MLDS			\$0	\$0	\$0	0.00%	0.00%
34	Main Line Distribution Service Class II - MLDS			\$0	\$0	\$0	0.00%	0.00%
35	Flexible Rate Provisions and Negotiated Contract Services			\$0	\$0	\$0	0.00%	0.00%
36	Total Gas Procurement Charge			\$370,219	\$39,926	\$410,145	10.78%	10.78%

Columbia Gas of Pennsylvania, Inc.
Allocation of Proposed Annual Revenues by Rate Schedule Based on Revenue Requirement
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Exhibit No. 103
Schedule No. 8
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Line No.	Description	Adjusted Bills (1) (Exh. 103, Sch. 2)	Adjusted Volumes (2) DTH (Exh. 103, Sch. 3)	Revenue @ Current Rates (3) \$ (Exh. 103, Sch. 1)	Proposed Revenue Increase (4) \$	Total Proposed Revenue (5 = 3 + 4) \$ (Exh. 103, Sch. 7)	Proposed Increase by Rate Schedule (6) %	Proposed Increase by Rate Class (7) %
1	Universal Service Plan Rider							
2	Residential Sales - RS			\$22,473,765	\$2,067,817	\$24,541,582	9.20%	9.20%
3	Small General Service (≤ 6,440 Therms Annually) - SGSS			\$0	\$0	\$0	0.00%	0.00%
4	Small General Service (> 6,440 to ≤ 64,400 Therms Annually) - SGSS			\$0	\$0	\$0	0.00%	0.00%
5	Large General Sales Service (≤ 540,000 Therms Annually) - LGSS			\$0	\$0	\$0	0.00%	0.00%
6	Large General Sales Service (> 540,000 Therms Annually) - LGSS			\$0	\$0	\$0	0.00%	0.00%
7	Negotiated Sales Service - NSS			\$0	\$0	\$0	0.00%	0.00%
8	Residential Distribution Service (Choice) - RDS			\$3,958,809	\$364,251	\$4,323,060	9.20%	9.20%
9	Small Commercial Distribution Service (Choice ≤ 6,440 Therms Annually) - SCD			\$0	\$0	\$0	0.00%	0.00%
10	Small Commercial Distribution Service (Choice > 6,440 to ≤ 6,440 Therms Annually) - SCD			\$0	\$0	\$0	0.00%	0.00%
11	Small General Distribution Service (≤ 6,440 Therms Annually) - SGDS			\$0	\$0	\$0	0.00%	0.00%
12	Small General Distribution Service (> 6,440 to ≤ 64,400 Therms Annually) - SGDS			\$0	\$0	\$0	0.00%	0.00%
13	Small Distribution Service - SDS			\$0	\$0	\$0	0.00%	0.00%
14	Large Distribution Service - LDS			\$0	\$0	\$0	0.00%	0.00%
15	Main Line Distribution Service Class I - MLDS			\$0	\$0	\$0	0.00%	0.00%
16	Main Line Distribution Service Class II - MLDS			\$0	\$0	\$0	0.00%	0.00%
17	Flexible Rate Provisions and Negotiated Contract Services			\$0	\$0	\$0	0.00%	0.00%
18	Total Universal Service Charge			\$26,432,574	\$2,432,068	\$28,864,642	9.20%	9.20%
19	Merchant Function Charge							
20	Residential Sales - RS, CAP			\$739,685	\$0	\$739,685	0.00%	0.00%
21	Small General Service (≤ 6,440 Therms Annually) - SGSS			\$21,461	\$0	\$21,461	0.00%	0.00%
22	Small General Service (> 6,440 to ≤ 64,400 Therms Annually) - SGSS			\$21,469	\$0	\$21,469	0.00%	0.00%
23	Large General Sales Service (≤ 540,000 Therms Annually) - LGSS			\$0	\$0	\$0	0.00%	0.00%
24	Large General Sales Service (> 540,000 Therms Annually) - LGSS			\$0	\$0	\$0	0.00%	0.00%
25	Negotiated Sales Service - NSS			\$0	\$0	\$0	0.00%	0.00%
26	Residential Distribution Service (Choice) - RDS			\$0	\$0	\$0	0.00%	0.00%
27	Small Commercial Distribution Service (Choice ≤ 6,440 Therms Annually) - SCD			\$0	\$0	\$0	0.00%	0.00%
28	Small Commercial Distribution Service (Choice > 6,440 to ≤ 6,440 Therms Annually) - SCD			\$0	\$0	\$0	0.00%	0.00%
29	Small General Distribution Service (≤ 6,440 Therms Annually) - SGDS			\$0	\$0	\$0	0.00%	0.00%
30	Small General Distribution Service (> 6,440 to ≤ 64,400 Therms Annually) - SGDS			\$0	\$0	\$0	0.00%	0.00%
31	Small Distribution Service - SDS			\$0	\$0	\$0	0.00%	0.00%
32	Large Distribution Service - LDS			\$0	\$0	\$0	0.00%	0.00%
33	Main Line Distribution Service Class I - MLDS			\$0	\$0	\$0	0.00%	0.00%
34	Main Line Distribution Service Class II - MLDS			\$0	\$0	\$0	0.00%	0.00%
35	Flexible Rate Provisions and Negotiated Contract Services			\$0	\$0	\$0	0.00%	0.00%
36	Total Merchant Function Charge			\$782,615	\$0	\$782,615	0.00%	0.00%
37	Gas Cost							
38	Residential Sales - RS, CAP			\$105,898,647	\$0	\$105,898,647	0.00%	0.00%
39	Small General Service (≤ 6,440 Therms Annually) - SGSS			\$15,027,359	\$0	\$15,027,359	0.00%	0.00%
40	Small General Service (> 6,440 to ≤ 64,400 Therms Annually) - SGSS			\$15,032,763	\$0	\$15,032,763	0.00%	0.00%
41	Large General Sales Service (≤ 540,000 Therms Annually) - LGSS			\$3,655,831	\$0	\$3,655,831	0.00%	0.00%
42	Large General Sales Service (> 540,000 Therms Annually) - LGSS			\$168,466	\$0	\$168,466	0.00%	0.00%
43	Negotiated Sales Service - NSS			\$220,393	\$0	\$220,393	0.00%	0.00%
44	Residential Distribution Service (Choice) - RDS			\$13,717,254	\$0	\$13,717,254	0.00%	0.00%
45	Small Commercial Distribution Service (Choice ≤ 6,440 Therms Annually) - SCD			\$2,863,094	\$0	\$2,863,094	0.00%	0.00%
46	Small Commercial Distribution Service (Choice > 6,440 to ≤ 6,440 Therms Annually) - SCD			\$3,094,370	\$0	\$3,094,370	0.00%	0.00%
47	Small General Distribution Service (≤ 6,440 Therms Annually) - SGDS			\$107,731	\$0	\$107,731	0.00%	0.00%
48	Small General Distribution Service (> 6,440 to ≤ 64,400 Therms Annually) - SGDS			\$1,582,399	\$0	\$1,582,399	0.00%	0.00%
49	Small Distribution Service - SDS			\$0	\$0	\$0	0.00%	0.00%
50	Large Distribution Service - LDS			\$0	\$0	\$0	0.00%	0.00%
51	Main Line Distribution Service Class I - MLDS			\$0	\$0	\$0	0.00%	0.00%
52	Main Line Distribution Service Class II - MLDS			\$0	\$0	\$0	0.00%	0.00%
53	Flexible Rate Provisions and Negotiated Contract Services			\$0	\$0	\$0	0.00%	0.00%
54	Total Gas Cost			\$161,368,307	\$0	\$161,368,307	0.00%	0.00%

Columbia Gas of Pennsylvania, Inc.
Allocation of Proposed Annual Revenues by Rate Schedule Based on Revenue Requirement
For the 12 Months Ended December 31, 2022

Exhibit No. 103
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Line No.	Description	Total (1)	RS/RDG/RGSS RDS/ RDGDS/RCC (2)	SGSS1/SCD1/SGDS1 (3)	SGSS2/SCD2/SGDS2 (3)	SDS/LGS (4)	LDS/LGS (5)	MDS/NSS (6)	Flex/NC (7)
1	Determination of Revenue Distribution								
2	Rate Base (Exhibit 111, Schedule 2, Page 2, Line 12)	\$2,673,012,065	\$1,632,611,139	\$224,690,377	\$263,041,870	\$173,378,146	\$205,632,659	\$479,273	\$173,178,601
3									
4	Unitized Return @ Current Rates (Exhibit 111, Schedule 2, Page 2, Line 14)	1.00000	1.26250	1.07680	1.14440	0.94770	0.17470	30.41270	(0.84390)
5	Proposed Unitized Return	1.00000	1.21670	1.05902	1.07580	1.00000	0.38220	19.99600	(0.55390)
6	Change in Unitized Return	0.00000	(0.04580)	(0.01778)	(0.06860)	0.05230	0.20750	(10.41670)	0.29000
7	Rate of Return Requested	7.880%	9.588%	8.345%	8.477%	7.880%	3.012%	157.568%	-4.366%
8	Net Operating Income @ Requested Return (Line 2 x Line 7)	\$210,633,351	\$156,534,756	\$18,750,412	\$22,298,059	\$13,662,198	\$6,193,034	\$755,183	(\$7,560,291)
9	Net Operating Income @ Current Rates (Exhibit 111, Sch. 2, Page 2, Line 11)	\$138,475,932	\$106,787,014	\$12,535,805	\$15,594,535	\$8,513,170	\$1,861,396	\$755,183	(\$7,571,172)
10	Income Deficiency (Line 8 - Line 9)	\$72,157,419	\$49,747,742	\$6,214,607	\$6,703,524	\$5,149,028	\$4,331,638	\$0	\$10,881
11	Gross Conversion Factor	1.36199774	1.36199774	1.36199774	1.36199774	1.36199774	1.36199774	1.36199774	1.36199774
12	Revenue Required Increase (Exhibit 102 Sch. 3 Page 3)	98,278,240	67,756,312	8,464,280	9,130,185	7,012,964	5,899,679	0	14,820
13	Revenue Requirement Change Due to Settlement	(39,778,240)	(31,056,312)	(2,380,279)	(2,557,001)	(1,636,318)	(2,149,679)	379	970
14	Revenue Required Increase per Settlement	58,500,000	36,700,000	6,084,001	6,573,184	5,376,646	3,750,000	379	15,790
15	Percent Distribution to Rate Classes	100.00%	62.73%	10.40%	11.24%	9.19%	6.41%	0.00%	0.03%
16	Less: Proposed Change in STAS (Page 1 Line 38 through Line 55)	0	0	0	0	0	0	0	0
17	Less: Proposed Change Other Gas Department Revenue (Page 1 Line 18)	111,911	70,236	11,639	12,575	10,286	7,174	1	0
18	Less: Proposed Change in Rider CC (Page 2 Line 1 through Line 18)	0	0	0	0	0	0	0	0
19	Less: Proposed Change in Gas Procurement Revenue (Page 2 Line 23 through Line 36)	39,926	30,248	4,293	4,293	1,044	48	0	0
20	Proposed Increase to Base Revenue	\$58,348,163	\$36,599,516	\$6,068,069	\$6,556,316	\$5,365,316	\$3,742,778	\$378	\$15,790
21	Percent Distribution to Rate Classes	100.00%	62.72%	10.40%	11.24%	9.20%	6.41%	0.00%	0.03%
22	Current Base Revenue	\$470,931,984	\$335,479,497	\$40,241,150	\$44,386,807	\$26,627,427	\$19,695,985	\$1,108,894	3,392,224
23	Current Percent Distribution of Rate Classes	100.00%	71.24%	8.55%	9.43%	5.65%	4.18%	0.24%	0.72%
24	Proposed Base Revenue	\$529,280,147	\$372,079,013	\$46,309,219	\$50,943,123	\$31,992,743	\$23,438,763	\$1,109,272	\$3,408,014
25	Proposed Percent Distribution of Rate Classes	100.00%	70.30%	8.75%	9.63%	6.05%	4.43%	0.21%	0.64%

Columbia Gas of Pennsylvania, Inc.
Allocation of Proposed Annual Revenues by Rate Schedule Based on Revenue Requirement
For the 12 Months Ended December 31, 2022

Exhibit No. 103
Schedule No. 8
Page 5 of 9

Line No.	Bills	Dth	Proposed Rate \$	Proposed Revenue \$	Current Revenue \$	Percent of Current Revenue %	Current Rate \$	Proposed Inc. (Dec.) \$
1	Residential Rate Design (RS, RDS, RCC)							
2	Total Revenue @ Current Rates			\$482,580,474				
3	Less: STAS			0				
4	Less: Gas Cost Revenue			119,615,901				
5	Less: Gas Procurement Charge			280,475				
6	Less: Rider CC			32,342				
7	Less: Merchant Function Charge			739,685				
8	Less: Rider USP			26,432,574				
9	Plus: Proposed Increase to Base Rates			36,599,516				
10	Proposed Base Revenue			\$372,079,013				
11	Less: Customer Charge Revenue (Exhibit 103, Sch. 1)	4,938,141	16.75	82,713,862	82,713,862	24.66%	16.75	-
12	Net Volumetric Gas Revenue			\$289,365,151				
13	All Gas Consumed (Exhibit 103, Sch. 1)	34,643,463.1	8.3527	\$289,366,454	\$252,765,635	75.34%	7.2962	36,600,819
14	Total Base Revenue Charge					100.00%		\$36,600,819
15	Rider USP - Universal Service Plan							
16	Universal Service Plan Rider @ Current Rate			26,432,574				
17	Plus: Redistribution of CAP shortfall resulting from proposed rates			2,432,197				
18	Expected Change in Universal Service Plan Rider Rate	32,341,336.2	0.8925	\$28,864,771			0.8173	

Columbia Gas of Pennsylvania, Inc.
Allocation of Proposed Annual Revenues by Rate Schedule Based on Revenue Requirement
For the 12 Months Ended December 31, 2022

Exhibit No. 103
Schedule No. 8
Page 6 of 9

Line No.		Bills	Dth	Proposed Rate \$	Proposed Revenue \$	Current Revenue \$	Percent of Current Revenue %	Current Rate \$	Proposed Inc. (Dec.) \$
1	Small General Service Rate Design ≤ 6,440 Thms Annually (SGSS1, SCD1, SGDS1)								
2	Total Revenue @ Current Rates				\$58,306,251				
3	Less: STAS				0				
4	Less: Gas Cost Revenue				17,998,184				
5	Less: Gas Procurement Charge				39,800				
6	Less: Rider CC				5,656				
7	Less: Merchant Function Charge				21,461				
8	Less: Rider USP				0				
9	Plus: Proposed Increase to Base Rates				6,068,069				
10	Proposed Base Revenue				\$46,309,219				
11	Less: Customer Charge Revenue (Exhibit 103, Sch. 1) ≤ 6,440 Thms	375,703		29.92	11,241,034	9,768,278	24.27%	26.00	1,472,756
12	Net Volumetric Gas Revenue				\$35,068,185				
13	All Gas Consumed Rate		5,655,505.8	6.2008	35,068,660				
14	SGSS1, SCD1 @ uniform rate		5,393,499.4	6.2008	33,444,011				
15	SGDS1 @ uniform rate		262,006.4	6.2008	1,624,649				
16	Intra-Class Adjustment - SGDS1 to SGSS1/SCD1 (Exhibit CEN-4)				21,234				
17	Less Than 6,440 Therms Annually - SGSS1, SCD1		5,393,499.4	6.2048	33,465,245	29,088,221	72.28%	5.3932	4,377,024
18	Less Than 6,440 Therms Annually - SGDS1		262,006.4	6.1199	1,603,415	1,384,651	3.44%	5.2848	218,764
19	Total Base Revenue Charge				46,309,694	\$40,241,150	99.99%		\$6,068,544

Columbia Gas of Pennsylvania, Inc.
Allocation of Proposed Annual Revenues by Rate Schedule Based on Revenue Requirement
For the 12 Months Ended December 31, 2022

Exhibit No. 103
Schedule No. 8
Page 7 of 9

Line No.	Bills	Dth	Proposed Rate \$	Proposed Revenue \$	Current Revenue \$	Percent of Current Revenue %	Current Rate \$	Proposed Inc. (Dec.) \$
1	Small General Service Rate Design > 6,440 to ≤ 64,400 Thms Annually (SGSS2, SCD2, SGDS2)							
2	Total Revenue @ Current Rates			\$64,166,616				
3	Less: STAS			0				
4	Less: Gas Cost Revenue			19,709,532				
5	Less: Gas Procurement Charge			39,815				
6	Less: Rider CC			8,993				
7	Less: Merchant Function Charge			21,469				
8	Less: Rider USP			0				
9	Plus: Proposed Increase to Base Rates			6,556,316				
10	Proposed Base Revenue			\$50,943,123				
11	Less: Customer Charge Revenue (Exhibit 103, Sch. 1) > 6,440 to ≤ 64,440 Thms	68,327	57.00	3,894,639	3,757,985	8.47%	55.00	136,654
12	Net Volumetric Gas Revenue			\$47,048,484				
13	All Gas Consumed Rate	8,993,138.7	5.2317	47,049,404				
14	SGSS2,SCD2 @ uniform rate	5,515,384.1	5.2317	28,854,835				
15	SGDS2 @ uniform rate	3,477,754.6	5.2317	18,194,569				
16	Intra-Class Adjustment - SGDS2 to SGSS2/SCD2 (Exhibit CEN-4)			181,360	202,594			
17	6,440 - 64,400 Therms Annually - SGSS2, SCD2	5,515,384.1	5.2647	29,036,195	25,147,945	56.66%	4.5596	3,888,250
18	6,440 - 64,400 Therms Annually - SGDS2	3,477,754.6	5.1797	18,013,209	15,480,877	34.88%	4.4514	2,532,332
19	Total Base Revenue Charge			\$47,049,404	\$40,628,822	100.01%		6,557,236

Columbia Gas of Pennsylvania, Inc.
Allocation of Proposed Annual Revenues by Rate Schedule Based on Revenue Requirement
For the 12 Months Ended December 31, 2022

Exhibit No. 103
Schedule No. 8
Page 8 of 9

Line No.		Bills	Dth	Proposed Rate \$	Proposed Revenue \$	Current Revenue \$	Percent of Current Revenue %	Current Rate \$	Proposed Inc. (Dec.) \$	
1	Small Distribution Service Rate Design (SDS/LGSS)									
2	Total Revenue @ Current Rates					\$30,292,941				
3	Less:	STAS			0					
4	Less:	Gas Cost Revenue			3,655,831					
5	Less:	Gas Procurement Charge			9,683					
6	Plus:	Proposed Increase to Base Rates			5,365,316					
7	Proposed Base Revenue					\$31,992,743				
8	Less:	Customer Charge Revenue (Exhibit 103, Sch. 1) > 64,400 to ≤ 110,000 Thms	2,798	265.00	741,470	741,470		265.00	-	
9	Less:	Customer Charge Revenue (Exhibit 103, Sch. 1) > 110,000 to ≤ 540,000 Thms	3,121	1,050.11	3,277,393	2,727,754		874.00	549,639	
10	Net Volumetric Gas Revenue					\$27,973,880				
11	> 64,400 to ≤ 110,00 Therms Annually (Exhibit 103, Sch. 1)			1,890,715.0	3,9460	7,460,534	6,176,210	26.67%	3,2666	1,284,324
12	> 110,000 to ≤ 540,000 Therms Annually (Exhibit 103, Sch. 1)			5,560,392.1	3.6893	20,513,346	16,981,993	73.33%	3.0541	3,531,353
13	Total Base Revenue Charge					27,973,880	\$23,158,203	100.00%		\$5,365,316
14	Large Distribution Service Rate Design (LDS/LGSS)									
15	Total Revenue @ Current Rates					\$19,864,897				
16	Less:	STAS			0					
17	Less:	Gas Cost Revenue			168,466					
18	Less:	Gas Procurement Charge			446					
19	Plus:	Proposed Increase to Base Rates			3,742,778					
20	Proposed Base Revenue					\$23,438,763				
21	Less:	Customer Charge Revenue (Exhibit 103, Sch. 1)								
22	> 540,000 to ≤ 1,074,000 Thms		492	2,673.99	1,315,603	1,105,524		2,247.00	210,079	
23	> 1,074,000 to ≤ 3,400,000 Therms Annually		312	4,159.15	1,297,655	1,090,440		3,495.00	207,215	
24	> 3,400,000 to ≤ 7,500,000 Therms Annually		72	8,020.79	577,497	485,280		6,740.00	92,217	
25	> 7,500,000 Therms Annually		12	11,882.42	142,589	119,820		9,985.00	22,769	
26	Net Volumetric Gas Revenue					\$20,105,419				
27	Usage Charge (Exhibit 103, Sch. 1)									
28	> 540,000 to ≤ 1,074,000 Thms			3,009,514.2	2.0979	6,312,941	5,304,870	31.40%	1.7627	1,008,071
29	> 1,074,000 to ≤ 3,400,000 Therms Annually			4,784,243.8	1.8608	8,902,171	7,480,644	44.28%	1.5636	1,421,527
30	> 3,400,000 to ≤ 7,500,000 Therms Annually			2,286,000.0	1.6699	3,817,269	3,207,715	18.99%	1.4032	609,554
31	> 7,500,000 Therms Annually			1,080,000.0	0.9937	1,073,038	901,692	5.34%	0.8349	171,346
32	Total Base Revenue Charge					20,105,419	\$16,894,921	100.00%		\$3,210,498
										\$3,742,778

Columbia Gas of Pennsylvania, Inc.
Allocation of Proposed Annual Revenues by Rate Schedule Based on Revenue Requirement
For the 12 Months Ended December 31, 2022

Exhibit No. 103
Schedule No. 8
Page 9 of 9

Line No.	Bills	Dth	Proposed Rate \$	Proposed Revenue \$	Current Revenue \$	Percent of Current Revenue %	Current Rate \$	Proposed Inc. (Dec.) \$
1	Main Line Service Rate Design - Class I (NSS and MLDS-I) and MDS Class II							
2	Total Revenue @ Current Rates			\$1,329,267				
3	Less: STAS			0				
4	Less: Gas Cost Revenue			220,393				
5	Plus: Proposed Increase to Base Rates			378				
6	Proposed Base Revenue			\$1,109,272				
7	Less: MDS I Customer Charge Revenue (Exhibit 103, Sch. 1)							
8	> 274,000 to ≤ 540,000 Therms	24	469.34	11,264	11,264		469.34	0
9	> 540,000 to ≤ 1,074,000 Therms Annually	12	1,149.00	13,788	13,788		1,149.00	0
10	> 1,074,000 to ≤ 3,400,000 Therms Annually	12	2,050.00	24,600	24,600		2,050.00	0
11	> 3,400,000 to ≤ 7,500,000 Therms Annually	0	4,096.00	0	0		4,096.00	0
12	> 7,500,000 Therms Annually	0	7,322.00	0	0		7,322.00	0
13	Less: MDS II Customer Charge Revenue (Exhibit 103, Sch. 1)							
14	> 2,146,000 to ≤ 3,400,000 Therms Annually	0	2,050.00	0	0		2,050.00	-
15	> 3,400,000 to ≤ 7,500,000 Therms Annually	36	4,096.00	147,456	147,456		4,096.00	-
16	> 7,500,000 Therms Annually	12	7,322.00	87,864	87,864		7,322.00	-
17	Net Volumetric Gas Revenue			\$824,300				
18	MDS I Usage Charge (Exhibit 103, Sch. 1)	255,600.0	0.0937	23,961	23,950	2.91%	0.0937	11
19	MDS II Usage Charge (Exhibit 103, Sch. 1)							
20	> 2,146,000 to ≤ 3,400,000 Therms Annually	0.0	0.4481	0	0	0.00%	0.4479	0
21	> 3,400,000 to ≤ 7,500,000 Therms Annually	1,580,000.0	0.3876	612,373	612,092	74.29%	0.3874	281
22	> 7,500,000 Therms Annually	560,000.0	0.3355	187,966	187,880	22.80%	0.3355	86
23						100.00%		
24	Total Base Revenue Charge							378
25	Flexible Rate and Negotiated Contract Services							
26	Total Revenue @ Current Rates			3,392,224				
27	Less: STAS			0				
28	Less: Gas Cost Revenue			0				
29	Plus: Proposed Increase to Base Rates			\$15,790				
30	Proposed Base Revenue			\$3,408,014				
31	Less: Negotiated Contract Service Customer Charge			\$1,269,674				
32	Less: Commodity All Gas Consumed			\$1,932,434				
33	Less: Flex Customer Charge Revenue (Exhibit 103, Sch. 1)							
34	SGDS-1 Less Than 6,440 Therms Annually	0	29.92	0	0		26.00	0
35	SGDS-2 >6,440 to ≤ 64,400 Therms Annually	36	57.00	2,052	1,980		55.00	72
36	SDS > 64,400 to ≤ 110,000 Therms Annually	12	265.00	3,180	3,180		265.00	0
37	SDS > 110,000 to ≤ 540,000 Therms Annually	24	1,050.11	25,203	20,976		874.00	4,227
38	LDS > 540,000 to ≤ 1,074,000 Therms Annually	12	2,673.99	32,088	26,964		2,247.00	5,124
39	LDS > 1,074,000 to ≤ 3,400,000 Therms Annually	0	4,159.15	0	0		3,495.00	0
40	LDS > 3,400,000 to ≤ 7,500,000 Therms Annually	0	8,020.79	0	0		6,740.00	0
41	LDS > 7,500,000 Therms Annually	0	11,882.42	0	0		9,985.00	0
42	MDS-I > 274,000 to ≤ 540,000 Therms Annually	0	469.34	0	0		469.34	0
43	MDS-I > 540,000 to ≤ 1,074,000 Therms Annually	0	1,149.00	0	0		1,149.00	0
44	MDS-I > 1,074,000 to ≤ 3,400,000 Therms Annually	0	2,050.00	0	0		2,050.00	0
45	MDS-I > 3,400,000 to ≤ 7,500,000 Therms Annually	0	4,096.00	0	0		4,096.00	0
46	MDS-I > 7,500,000 Therms Annually	12	7,322.00	87,864	87,864		7,322.00	0
47	MDS-II > 2,146,000 to ≤ 3,400,000 Therms Annually	0	2,050.00	0	0		2,050.00	0
48	MDS-II > 3,400,000 to ≤ 7,500,000 Therms Annually	12	4,096.00	49,152	49,152		4,096.00	0
49	MDS-II > 7,500,000 Therms Annually	0	7,322.00	0	0		7,322.00	0
	Total Flex Customer Charge			199,539				
50	Total Base Revenue Charge							9,423

Appendix C

COLUMBIA GAS OF PENNSYLVANIA, INC.

121 Champion Way, Suite 100

Canonsburg, Pennsylvania

RATES AND RULES

FOR

FURNISHING GAS SERVICE

IN

THE TERRITORY AS DESCRIBED HEREIN

ISSUED:

EFFECTIVE:

ISSUED BY: MARK KEMPIC, PRESIDENT
121 CHAMPION WAY, SUITE 100
CANONSBURG, PENNSYLVANIA 15317

NOTICE

This Tariff Supplement Makes Changes to the Existing Tariff - See List of Changes Made by This Tariff Supplement on Page Nos. 2 through 2b.

Columbia Gas of Pennsylvania, Inc.

LIST OF CHANGES MADE BY THIS TARIFF SUPPLEMENT

Page	Page Description	Revision Description
Cover	Tariff Cover Page	Supplement No., Issue and Effective Date.
2-2b	List of Changes	List of Changes.
3	Table of Contents	Removed blank line between sections 1. The Gas Tariff and 2. Service Limitations. Added Section 22. Quality of Gas Delivered to Company. Changed the page numbering for those pages Held for Future Use.
4	Table of Contents	Removed the Federal Tax Adjustment Credit (FTAC). Changed to Held for Future Use.
16	Rate Summary	The "Distribution Charges" increased. The "Gas Supply Charge" increased. The "Pass-through Charges" decreased. The "Distribution System Improvement Charge (DSIC)" has been set to zero. Removed the Federal Tax Adjustment Credit (FTAC).
17	Rate Summary	The "Customer Charges" and "Distribution Charges" increased. The "Gas Supply Charge" increased. The "Distribution System Improvement Charge (DSIC)" has been set to zero. Removed the Federal Tax Adjustment Credit (FTAC).
18	Rate Summary	The "Customer Charge" increased for annual throughput > 110,000 therms. The "Distribution Charges" increased. The "Gas Supply Charge" increased. The "Distribution System Improvement Charge (DSIC)" has been set to zero. Removed the Federal Tax Adjustment Credit (FTAC).
19	Rate Summary	The "Distribution Charges" increased for annual throughput > 2,146,000 and <= 7,500,000 therms. The "Gas Supply Charge" increased. The "Distribution System Improvement Charge (DSIC)" has been set to zero. Removed the Federal Tax Adjustment Credit (FTAC).
20	Other Rates Summary	The "Price-to-Compare for Residential Gas Supply" and the "Price-to-Compare for Commercial Gas Supply" increased. Removed the Federal Tax Adjustment Credit (FTAC).

Issued:

Mark Kempic
President

Effective:

Columbia Gas of Pennsylvania, Inc.

LIST OF CHANGES MADE BY THIS TARIFF SUPPLEMENT

21	Rider Summary	<p>The "Universal Service Plan – Rider USP" decreased.</p> <p>The "Distribution System Improvement Charge – Rider DSIC" percentage has been set to zero.</p> <p>The "Gas Procurement Charge – Rider GPC" increased.</p> <p>The "Merchant Function Charge – Rider MFC" increased.</p> <p>Removed the Federal Tax Adjustment Credit (FTAC).</p>
21a	Gas Supply Charge Summary	<p>The "Rider GPC" increased.</p> <p>The "Rider MFC" increased.</p>
21b	Pass-through Charge Summary	The "Rider USP" decreased.
21c	Price-to-Compare (PTC) Summary	<p>The "Rider GPC" increased.</p> <p>The "Rider MFC" increased.</p>
49	8. Extensions	Revised text.
71	22. Quality of Gas Delivered to Company	All new text.
71a	22. Quality of Gas Delivered to Company	All new text.
71b	22. Quality of Gas Delivered to Company	All new text.
71c	22. Quality of Gas Delivered to Company	All new text.
71d	22. Quality of Gas Delivered to Company	All new text.
140	Rate CAP – Customer Assistance Plan	Revised verbiage.
160	Rider GPC – Gas Procurement Charge	Revised rate.
161	Rider MFC – Merchant Function Charge	Revised percentages.

Issued:

**Mark Kempic
President**

Effective:

LIST OF CHANGES MADE BY THIS TARIFF SUPPLEMENT

162	Rider WNA – Weather Normalization Adjustment	Revised date in which the WNA shall continue through.
164	Federal Tax Reform Adjustment	Removed the Federal Tax Adjustment Credit (FTAC). Changed to Held for Future Use.
177	Rider DSIC – Distribution System Improvement Charge	Revised percentage.

Columbia Gas of Pennsylvania, Inc.

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(C)

(C)

(C) Indicates Change

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Columbia Gas of Pennsylvania, Inc.

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(C)

(C) Indicates Change

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President

Effective:

Columbia Gas of Pennsylvania, Inc.

Rate Summary							
Rate per thm							
Residential Rate Schedules	Distribution Charge	Gas Supply Charge	Gas Cost Adjustment	Pass-Through Charge	State Tax Adjustment Surcharge	Distribution System Improvement Charge (DSIC)	Total Effective Rate
		1/		2/	3/	4/	
<u>Rate RSS - Residential Sales Service</u>							
Customer Charge	\$ 16.75				0.00	0.00	16.75
Usage Charge	\$ 0.83527	0.18061	(0.01426)	0.31194	0.00000	0.00000	1.31356
<u>Rate RDS - Residential Distribution Service</u>							
Customer Charge	\$ 16.75				0.00	0.00	16.75
Usage Charge:							
Customers Electing CHOICE	\$ 0.83527	-	-	0.28131	0.00000	0.00000	1.11658

1/ Please see Page No. 21a for rate components.

2/ Please see Page No. 21b for rate components.

3/ The STAS percentage is reflected on Page No. 20 and is applied to the Customer Charge and the Distribution Charge.

4/ The DSIC percentage is reflected on Page No. 21 and is applied to the Customer Charge and the Distribution Charge.

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Mark Kempic - President

Effective:

Columbia Gas of Pennsylvania, Inc.

Rate Summary							
Rate per thm							
Commercial / Industrial Rate Schedules ≤ 64,400 therms - 12 Months Ending October	Distribution Charge	Gas Supply Charge 1/	Gas Cost Adjustment	Pass-through Charge 2/	State Tax Adjustment Surcharge 3/	Distribution System Improvement Charge (DSIC) 4/	Total Effective Rate
Rate SGSS - Small General Sales Service							
Customer Charge:							
Annual Throughput ≤ 6,440 thm	\$ 29.92				0.00	0.00	29.92
Annual Throughput > 6,440 thm and ≤ 64,400 thm	\$ 57.00				0.00	0.00	57.00
Usage Charge							
Annual Throughput ≤ 6,440 thm	\$ 0.62048	0.17847	(0.01426)	0.22187	0.00000	0.00000	1.00656
Annual Throughput > 6,440 thm and ≤ 64,400 thm	\$ 0.52647	0.17847	(0.01426)	0.22187	0.00000	0.00000	0.91255
Rate SCD - Small Commercial Distribution							
Customer Charge:							
Annual Throughput ≤ 6,440 thm	\$ 29.92				0.00	0.00	29.92
Annual Throughput > 6,440 thm and ≤ 64,400 thm	\$ 57.00				0.00	0.00	57.00
Usage Charge: Customers Electing CHOICE							
Annual Throughput ≤ 6,440 thm	\$ 0.62048	-	-	0.19124	0.00000	0.00000	0.81172
Annual Throughput > 6,440 thm and ≤ 64,400 thm	\$ 0.52647	-	-	0.19124	0.00000	0.00000	0.71771
Rate SGDS - Small General Distribution Service							
Customer Charge:							
Annual Throughput ≤ 6,440 thm	\$ 29.92				0.00	0.00	29.92
Annual Throughput > 6,440 thm and ≤ 64,400 thm	\$ 57.00				0.00	0.00	57.00
Usage Charge - Priority One							
Annual Throughput ≤ 6,440 thm	\$ 0.61199	-	-	0.22187	0.00000	0.00000	0.83386 5/
Annual Throughput > 6,440 thm and ≤ 64,400 thm	\$ 0.51797	-	-	0.22187	0.00000	0.00000	0.73984 5/
Usage Charge - Non-Priority One							
Annual Throughput ≤ 6,440 thm	\$ 0.61199	-	-	0.00010	0.00000	0.00000	0.61209 5/
Annual Throughput > 6,440 thm and ≤ 64,400 thm	\$ 0.51797	-	-	0.00010	0.00000	0.00000	0.51807 5/
1/ Please see Page No. 21a for rate components.							
2/ Please see Page No. 21b for rate components.							
3/ The STAS percentage is reflected on Page No. 20 and is applied to the Customer Charge and the Distribution Charge.							
4/ The DSIC percentage is reflected on Page No. 21 and is applied to the Customer Charge and the Distribution Charge.							
5/ Plus Rider EBS Option 1 or 2 - See Page 21.							

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Rate Summary							
Rate per thm							
Commercial / Industrial Rate Schedules > 64,400 therms - 12 Months Ending October	Distribution Charge	Gas Supply Charge 1/	Gas Cost Adjustment	Pass-through Charge 2/	State Tax Adjustment Surcharge 3/	Distribution System Improvement Charge (DSIC) 4/	Total Effective Rate
Rate LGSS - Large General Sales Service							
Customer Charge:							
Annual Throughput > 64,400 thm and <= 110,000 thm	\$ 265.00				0.00	0.00	265.00
Annual Throughput > 110,000 thm and <= 540,000 thm	\$ 1,050.11				0.00	0.00	1,050.11
Annual Throughput > 540,000 thm and <= 1,074,000 thm	\$ 2,673.99				0.00	0.00	2,673.99
Annual Throughput > 1,074,000 thm and <= 3,400,000 thm	\$ 4,159.15				0.00	0.00	4,159.15
Annual Throughput > 3,400,000 thm and <= 7,500,000 thm	\$ 8,020.79				0.00	0.00	8,020.79
Annual Throughput > 7,500,000 thm	\$ 11,882.42				0.00	0.00	11,882.42
Usage Charge:							
Annual Throughput > 64,400 thm and <= 110,000 thm	\$ 0.39460	0.17792	(0.01426)	0.22177	0.00000	0.00000	0.78003
Annual Throughput > 110,000 thm and <= 540,000 thm	\$ 0.36893	0.17792	(0.01426)	0.22177	0.00000	0.00000	0.75436
Annual Throughput > 540,000 thm and <= 1,074,000 thm	\$ 0.20979	0.17792	(0.01426)	0.22177	0.00000	0.00000	0.55522
Annual Throughput > 1,074,000 thm and <= 3,400,000 thm	\$ 0.18608	0.17792	(0.01426)	0.22177	0.00000	0.00000	0.57151
Annual Throughput > 3,400,000 thm and <= 7,500,000 thm	\$ 0.16699	0.17792	(0.01426)	0.22177	0.00000	0.00000	0.55242
Annual Throughput > 7,500,000 thm	\$ 0.09937	0.17792	(0.01426)	0.22177	0.00000	0.00000	0.48480
Rate SDS - Small Distribution Service							
Customer Charge:							
Annual Throughput > 64,400 thm and <= 110,000 thm	\$ 265.00				0.00	0.00	265.00
Annual Throughput > 110,000 thm and <= 540,000 thm	\$ 1,050.11				0.00	0.00	1,050.11
Usage Charge:							
Annual Throughput > 64,400 thm and <= 110,000 thm	\$ 0.39460	-	-	-	0.00000	0.00000	0.39460 5/
Annual Throughput > 110,000 thm and <= 540,000 thm	\$ 0.36893	-	-	-	0.00000	0.00000	0.36893 5/
Rate LDS - Large Distribution Service							
Customer Charge:							
Annual Throughput > 540,000 thm and <= 1,074,000 thm	\$ 2,673.99				0.00	0.00	2,673.99
Annual Throughput > 1,074,000 thm and <= 3,400,000 thm	\$ 4,159.15				0.00	0.00	4,159.15
Annual Throughput > 3,400,000 thm and <= 7,500,000 thm	\$ 8,020.79				0.00	0.00	8,020.79
Annual Throughput > 7,500,000 thm	\$ 11,882.42				0.00	0.00	11,882.42
Usage Charge:							
Annual Throughput > 540,000 thm and <= 1,074,000 thm	\$ 0.20979	-	-	-	0.00000	0.00000	0.20979 5/
Annual Throughput > 1,074,000 thm and <= 3,400,000 thm	\$ 0.18608	-	-	-	0.00000	0.00000	0.18608 5/
Annual Throughput > 3,400,000 thm and <= 7,500,000 thm	\$ 0.16699	-	-	-	0.00000	0.00000	0.16699 5/
Annual Throughput > 7,500,000 thm	\$ 0.09937	-	-	-	0.00000	0.00000	0.09937 5/
1/ Please see Page No. 21a for rate components.							
2/ Please see Page No. 21b for rate components.							
3/ The STAS percentage is reflected on Page No. 20 and is applied to the Customer Charge and the Distribution Charge.							
4/ The DSIC percentage is reflected on Page No. 21 and is applied to the Customer Charge and the Distribution Charge.							
5/ Plus Rider EBS Option 1 or 2 - See Page 21.							

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Rate Summary							
Rate per thm							
Main Line Service Rate Schedules Commercial / Industrial	Distribution Charge	Gas Supply Charge 1/	Gas Cost Adjustment	Pass-through Charge 2/	State Tax Adjustment Surcharge 3/	Distribution System Improvement Charge (DSIC) 4/	Total Effective Rate
Rate MLSS - Main Line Sales Service							
Customer Charge:							
Annual Throughput > 274,000 thm and <= 540,000 thm	\$ 469.34				0.00	0.00	469.34
Annual Throughput > 540,000 thm and <= 1,074,000 thm	\$ 1,149.00				0.00	0.00	1,149.00
Annual Throughput > 1,074,000 thm and <= 3,400,000 thm	\$ 2,050.00				0.00	0.00	2,050.00
Annual Throughput > 3,400,000 thm and <= 7,500,000 thm	\$ 4,096.00				0.00	0.00	4,096.00
Annual Throughput > 7,500,000 thm	\$ 7,322.00				0.00	0.00	7,322.00
Usage Charge:							
MLS Class I Annual Throughput > 274,000 thm	\$ 0.00937	0.17792	(0.01426)	0.22177	0.00000	0.00000	0.39480
MLS Class II:							
Annual Throughput > 2,146,000 thm and <= 3,400,000 thm	\$ 0.04481	0.17792	(0.01426)	0.22177	0.00000	0.00000	0.43024
Annual Throughput > 3,400,000 thm and <= 7,500,000 thm	\$ 0.03876	0.17792	(0.01426)	0.22177	0.00000	0.00000	0.42419
Annual Throughput > 7,500,000 thm	\$ 0.03355	0.17792	(0.01426)	0.22177	0.00000	0.00000	0.41898
Rate MLDS - Main Line Distribution Service							
Customer Charge:							
Annual Throughput > 274,000 thm and <= 540,000 thm	\$ 469.34				0.00	0.00	469.34
Annual Throughput > 540,000 thm and <= 1,074,000 thm	\$ 1,149.00				0.00	0.00	1,149.00
Annual Throughput > 1,074,000 thm and <= 3,400,000 thm	\$ 2,050.00				0.00	0.00	2,050.00
Annual Throughput > 3,400,000 thm and <= 7,500,000 thm	\$ 4,096.00				0.00	0.00	4,096.00
Annual Throughput > 7,500,000 thm	\$ 7,322.00				0.00	0.00	7,322.00
Usage Charge:							
MLS Class I Annual Throughput > 274,000 thm	\$ 0.00937	-	-	-	0.00000	0.00000	0.00937 5/
MLS Class II:							
Annual Throughput > 2,146,000 thm and <= 3,400,000 thm	\$ 0.04481	-	-	-	0.00000	0.00000	0.04481 5/
Annual Throughput > 3,400,000 thm and <= 7,500,000 thm	\$ 0.03876	-	-	-	0.00000	0.00000	0.03876 5/
Annual Throughput > 7,500,000 thm	\$ 0.03355	-	-	-	0.00000	0.00000	0.03355 5/
1/ Please see Page No. 21a for rate components.							
2/ Please see Page No. 21b for rate components.							
3/ The STAS percentage is reflected on Page No. 20 and is applied to the Customer Charge and the Distribution Charge.							
4/ The DSIC percentage is reflected on Page No. 21 and is applied to the Customer Charge and the Distribution Charge.							
5/ Plus Rider EBS Option 1 or 2 - See Page 21.							

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Other Rates Summary		
Rate per thm		
Description	Rate \$/ thm	Applicable Rate Schedules
Penalty Credit/Pipeline Refund Passback - Non-Residential	\$ (0.00082) 1/	SGSS/SGDS-P1/SCD/LGSS/MLSS
Price to Compare for Residential Gas Supply	\$ 0.19698 2/	RSS
Price to Compare for Commercial Gas Supply	\$ 0.19484 2/	SGSS (< = 64,400 thms)
State Tax Adjustment Surcharge Percentage	0.000%	Customer and Distribution Charges on all rates
Rate SS - Standby Service	\$ 1.14481	Per therm based on a customer's Maximum Daily Firm Requirement. See Pages 134 - 136 herein for detail.
1/ Includes Penalty Credit and Pipeline Refund passback rate of \$0.00002 effective October 2020-September 2021 and Penalty Credit and Pipeline Refund passback rate of (\$0.00084) effective January 2021-December 2021.		
2/ Please see Page No. 21c for rate components.		

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Rider Summary		
Riders	Rate	Applicable Rate Schedules
Customer Choice - Rider CC	\$ 0.00010 /thm	RSS/RDS/SGSS/SGDS/SCD/DGDS
Universal Service Plan - Rider USP	\$ 0.08925 /thm	RSS/RDS
Distribution System Improvement Charge - Rider DSIC	0.00%	This percentage is applied to the Distribution Charge and the Customer Charge. See Pages 177-180 for Rider DSIC details.
Elective Balancing Service - Rider EBS:		
Option 1 - Small Customer	\$ 0.01267 /thm	SGDS/SDS
Option 1 - Large Customer	\$ 0.00662 /thm	LDS/MLDS
Option 2 - Small Customer	\$ 0.00697 /thm	SGDS/SDS
Option 2 - Large Customer	\$ 0.00226 /thm	LDS/MLDS
Gas Procurement Charge - Rider GPC	\$ 0.00113 /thm	RSS/SGSS/LGSS/MLSS
Merchant Function Charge - Rider MFC	\$ 0.00269 /thm	RSS
Merchant Function Charge - Rider MFC	\$ 0.00055 /thm	SGSS
Purchased Gas Cost - Rider PGC	Pg. 21a & 21b	Rate Schedules specified on Page 21a & 21b

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Gas Supply Charge Summary				
Rate per thm				
Rate Schedule	PGCC	Rider GPC	Rider MFC	Total Gas Supply Charge
Rate CAP - Customer Assistance Plan	\$ -	-	-	-
Rate RSS - Residential Sales Service	\$ 0.17679	0.00113	0.00269	0.18061
Rate SGSS - Small General Sales Service	\$ 0.17679	0.00113	0.00055	0.17847
Rate LGSS - Large General Sales Service	\$ 0.17679	0.00113	-	0.17792
Rate MLSS - Main Line Sales Service	\$ 0.17679	0.00113	-	0.17792

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Pass-through Charge Summary							
Rate per thm							
Rate Schedule	PGDC	PGDC "E" Factor	Capacity Assignment Factor	Pipeline Refund/ Penalty Credits	Rider CC	Rider USP	Total Pass- through
Rate CAP - Customer Assistance Plan	\$ 0.21035	0.01224	(0.03063)	-	-	-	0.19196
Rate RSS - Residential Sales Service	\$ 0.21035	0.01224	-	-	0.00010	0.08925	0.31194
Rate SGSS - Small General Sales Service	\$ 0.21035	0.01224	-	(0.00082)	0.00010	-	0.22187
Rate LGSS - Large General Sales Service	\$ 0.21035	0.01224	-	(0.00082)	-	-	0.22177
Rate MLSS - Main Line Sales Service	\$ 0.21035	0.01224	-	(0.00082)	-	-	0.22177
Rate RDS - Residential Distribution Service	\$ 0.21035	0.01224	(0.03063)	-	0.00010	0.08925	0.28131
Rate SCD - Small Commercial Distribution (Choice)	\$ 0.21035	0.01224	(0.03063)	(0.00082)	0.00010	-	0.19124
Rate SGDS - Small General Distribution Service	\$ 0.21035	0.01224	-	(0.00082)	0.00010	-	0.22187
Priority One (P1)	-	-	-	-	0.00010	-	0.00010
Non-Priority One (NP1)	-	-	-	-	-	-	-
Rate SDS - Small Distribution Service	\$ -	-	-	-	-	-	-
Rate LDS - Large Distribution Service	\$ -	-	-	-	-	-	-
Rate MLDS - Main Line Distribution Service	\$ -	-	-	-	-	-	-

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Price-to-Compare (PTC) Summary Rate per thm						
Customer Class	PGCC	Gas Cost Adjustment	Capacity Assignment Factor	Rider GPC	Rider MFC	Total Price-to- Compare
Residential	\$ 0.17679	(0.01426)	0.03063	0.00113	0.00269	0.19698
Commercial < = 64,400 thm/year	\$ 0.17679	(0.01426)	0.03063	0.00113	0.00055	0.19484

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RULES AND REGULATIONS GOVERNING THE DISTRIBUTION AND SALE OF GAS (Continued)

8. Extensions - Continued

8.2 Capital Expenditure Policy – Continued

8.2.2 Commercial and Industrial Distribution Service

The applicants will be required to provide a refundable cash deposit to the Company equal to the difference between the minimum capital investment required to serve the applicant's gas requirements and the amount of capital that the Company can justify investing in the project, based on the anticipated gas requirements of the applicant(s). Minimum capital investment is the capital expenditure required to serve only the gas requirements requested by the particular applicant(s).

- (a) Projects Where the Net Present Value of the Cash Flows, Using the Minimum Capital Investment, is Equal to or Greater than Zero.

Such projects are economically feasible provided that there are assurances that the applicant will use the projected quantities of gas for the minimum time period stated in the agreement. Such assurances may be provided in the form of (1) a minimum use agreement, in which applicant contractually agrees to take delivery of certain minimum quantities of gas, and to pay the applicable distribution charges for such quantities, irrespective of applicant's actual consumption of gas or (2) a minimum revenue agreement, in which applicant contractually agrees to pay a minimum amount over the term of the agreement. At the Company's sole discretion, a deposit may be required if the Company is not certain that the applicant will use the quantity of gas, as projected, for the entire Minimum Time Period. The maximum required deposit shall be no more than the minimum capital investment. (C)

- (b) Projects Where the Net Present Value of the Cash Flows, Using the Minimum Capital Investment, is Less than Zero.

The Company shall require a refundable deposit in the amount equal to the net present value when the net present value is less than zero. For example, if the net present value of a project is -\$1,000, the Company shall require a \$1,000 refundable deposit. In addition, if there is uncertainty that the applicant will use the projected quantity of gas for the minimum time period stated in the agreement, the Company may, in its sole discretion, (1) require the Applicant to pay an additional refundable deposit, or (2) require the applicant to enter into a minimum use agreement, in which applicant contractually agrees to take delivery of certain minimum quantities of gas, and to pay the applicable distribution charges for such quantity, irrespective of applicant's actual consumption of gas, or (3) require applicant to enter into a minimum revenue agreement, in which applicant contractually agrees to pay a minimum amount over the term of the agreement. The additional refundable deposit, if required, shall be no more than the combined total of the Company's minimum capital investment and the net present value. For example, if the Company's minimum capital investment is \$10,000 and the net present value of the project is -\$1,000, the applicant shall be required to provide an additional \$9,000 deposit. (C)

For purposes of subsection (a) and (b), above, the maximum allowable investment is the amount of capital expenditure which the estimated revenues generated from a proposed project would support and still provide the necessary return to the Company, taking into consideration the estimated additional annual quantity, rate schedule, cost of gas, operating and maintenance expense, interest and taxes.

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RULES AND REGULATIONS GOVERNING THE DISTRIBUTION AND SALE OF GAS (Continued)

(C)

22. Quality of Gas Delivered to Company

22.1 Quality of Gas at Point(s) of Receipt with an Interstate Pipeline.

Gas delivered by or on behalf of Customer to Company at point(s) of receipt with an interstate pipeline shall conform to the interstate pipeline's gas quality standards.

22.2 Quality of Gas at Other Point(s) of Receipt.

Gas delivered by or on behalf of Customer to Company at point(s) of receipt other than an interstate pipeline shall be commercially free from oil, water, air, salt, dust, gum, gum-forming constituents, harmful or noxious vapors, or other solid or liquid matter which might interfere with its merchantability or cause to or interference with proper operation of the lines, regulators, meters, and other equipment of Company or its customers

Customer will indemnify and hold Company harmless from any suits, actions, debts, accounts, damages, costs, losses and expenses, including but not limited to, attorneys' fees and expenses, arising from personal injury, death, or damage to Company's equipment or facilities or arising from personal injuries, death, or damage to the facilities, products, or equipment of Company's other customers or third parties, or arising from additional hours worked by Company or its other customers or third parties, caused as a result of Customer's gas failing to meet the quality specifications set forth herein.

To assure that the gas delivered by Customer to Company conforms to the quality specifications of this Section, Customer's gas shall be analyzed at the point(s) of receipt from time-to-time as Company deems necessary. The gas delivered shall conform to the following gas quality specifications:

Gas Quality Specifications¹

Gas Quality Parameter Specification	Low	High
Heat Content (Btu/scf) ²	967	1110
Wobbe Number (+/- 4% from historical average gas, which is 1341 – 1383)	1287	1400
Water Vapor Content (lbs./MM scf)		< 7
Product Gas Mercaptans (ppmv, does not include gas odorants)		< 1
Hydrocarbon Dew Point, (°F) CHDP		15
Hydrogen Sulfide (grain/100 scf)		0.25
Total Sulfur (grain/100 scf)		20
Total Diluent Gases including the following individual constituent limits: Carbon Dioxide (CO ₂) 2% max Nitrogen (N) 4% max Oxygen (O ₂) 1% max		5%
Hydrogen		0.3%
Total Bacteria ³ (If no filter installed, then limit is 6.4x10 ⁷ per 100 scf total bacteria)	Comm Free (≤ 0.2 microns)	
Mercury	Comm Free (< 0.06 µg/m ³)	
Other Volatile Metals (Lead)	Comm Free (< 213 µg/m ³)	
Siloxanes as Octamethylcyclotetrasiloxane ⁴	Comm Free (< 0.5 mg Si/m ³)	
Ammonia	Comm Free (< 10 ppmv)	

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RULES AND REGULATIONS GOVERNING THE DISTRIBUTION AND SALE OF GAS (Continued)

(C)

22. Quality of Gas Delivered to Company

22.2 Quality of Gas at Other Point(s) of Receipt – Cont'd.

Gas Quality Specifications¹ – Cont'd

Gas Quality Parameter Specification	Low	High
Non-Halogenated Semi-Volatile and Volatile Compounds	Comm Free (< 500 ppmv)	
Halocarbons (total measured halocarbons) ⁵	< 3 ppmv	
Aldehyde/Ketones	Aldehydes/Ketones must be at a level that does not unreasonably interfere with odorization of Company's gas.	
PCBs/Pesticides	Comm Free (< 1 ppbv)	

1. For purposes of this Tariff, "Commercially Free" is defined as "Not Detectable" relative to typical pipeline gas flowing at the interconnect location that results in RNG, or "Renewable Natural Gas", being compositionally equivalent to flowing supplies. The analytical method, associated detection threshold, and testing facility shall be determined by the Company. Periodic testing will be required where potential Constituents of Concern are reasonably expected.
2. Higher Heating Value is dry, @ 14.73 psia 60°F.
3. An acceptable alternative to Total Bacteria testing would be to include installation of a 0.2 micron particulate filter, coupled with appropriate filter maintenance practices. Initial start-up testing may include filter effectiveness analysis. Customer shall be responsible for all costs associated with acceptable alternatives, including, but not limited to, initial start-up testing.
4. Historical testing and data presented in this document include a siloxane detection threshold of <0.5mg Si/m³. Analytical methods have recently been improved resulting in a reduced detection threshold of <0.1mg Si/m³. Due to specific limitations of certain identified applications within an affected zone of influence, Company and Customer may agree upon a reduced threshold.
5. Company may refuse to accept gas containing lower levels of halocarbons if Company reasonably determines that such gas is causing harm to its facilities or the gas-burning equipment of its customers, or is adversely affecting the operation of such facilities. In addition, Company and Customer may agree upon a different specification for halocarbons, provided that (1) Customer has delivered RNG to Company for a period of at least five years prior to the effective date of this tariff section, and (2) Customer has demonstrated, to the reasonable satisfaction of Company, that the RNG meeting the agreed-upon specification will not adversely affect (a) the quality of public utility service provided by Company; (b) the operation or Company's equipment; or (c) the operation of the gas-burning equipment of Company's customers.

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RULES AND REGULATIONS GOVERNING THE DISTRIBUTION AND SALE OF GAS (Continued)

(C)

22. Quality of Gas Delivered to Company

22.2 Quality of Gas at Other Point(s) of Receipt – Cont'd.

As used in the foregoing table, "Btu" means British thermal unit; "scf" means standard cubic foot; "MM" means one million; "CHDP" means cricondenthem hydrocarbon dew point; "ppmv" means parts per million by volume; and "ppbv" means parts per billion by volume. As used in Section 22.2 RNG means gas, consistently primarily of methane, which (1) is derived from biogas produced by landfills, animal farms, wastewater treatment plans, or other sources, and (2) is subsequently processed by removing carbon dioxide, nitrogen, and other constituents in order to convert the biogas into pipeline-compatible gaseous fuel.

The Total Heating Value of the gas shall be determined by taking samples of the gas at the point(s) of receipt at such reasonable times as may be designated by Company. The Btu content per cubic foot shall be determined by an accepted type of calorimeter or other suitable instrument for a cubic foot of gas at a temperature of sixty (60) degrees Fahrenheit when saturated with water vapor and at a pressure of 14.73 psia. The Btu determination designated by Company shall be made by Company at its expense. Any additional Btu determinations requested by Customer shall be at Customer's expense.

Company may, on a not-unduly discriminatory basis, accept volumes of gas, including renewable natural gas, that fail to meet the quality specifications set forth in this tariff section, if Company determines that it can do so without adversely affecting (1) system operations; (2) the operation of the Company's equipment; (3) the operation of gas-burning equipment of Company's other customers; or (4) the quality of public utility service provided by Company. In deciding whether to accept such volumes of gas, the Company shall consider, without limitation, (1) which specifications are not being met; (2) the sensitivity of customer equipment and potential impact on such equipment; (3) Customer's plan to improve gas quality; (4) the effect on system supply; (5) interchangeability; (6) the anticipated duration of the quality deviation; and (7) the blending ratio between geological natural gas and RNG in the area of Company's distribution system where RNG is being injected.

Company shall not be obligated to accept gas which it reasonably believes may adversely affect the standard of public utility service offered by Company, or gas which it reasonably believes may adversely affect the operation of its equipment or the gas-burning equipment of its customers. If any gas delivered hereunder fails to meet the quality specifications set forth herein, Company may, at any time, elect to refuse to accept all or any portions of such gas until Customer brings the gas into conformity with such specifications.

22.3 Gas Quality Testing.

Gas delivered to Company must be continuously monitored, at Customer's expense, to ensure it meets the quality specifications set forth in Section 22.2. Constituents that are not continuously monitored using currently-available technology must be tested in a laboratory once per year at Company's expense. If the quality of the gas, based on a laboratory test, does not meet the standards in Section 22.2, the gas must be tested in a laboratory monthly, at the Customer's expense, until the gas meets the standards in Section 22.2 for three consecutive months or the Customer otherwise demonstrates to the Company, in the Company's reasonable discretion, that it has remediated the constituent deficiency.

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RULES AND REGULATIONS GOVERNING THE DISTRIBUTION AND SALE OF GAS (Continued)

(C)

22. Quality of Gas Delivered to Company

22.3 Gas Quality Testing – Cont'd.

Such tests shall include only the test method or methods that tests for the specific standard or standards that were not met, but Company may consider any results provided by such test method(s). Company will provide Customer with at least three (3) business days' notice of the tests described in this Section 22.3, and Customer will be given the opportunity to be present and observe such tests. Company may, at its option, require Customer to install automatic shutoff devices, at Customer's expense, to prevent gas that fails to meet the quality specifications set forth in Section 22.2 from entering Company's pipeline system.

The scope of all gas testing shall follow the parameters below based on the origin of the gas. The parameters for each origin of gas are based on the source of gas and likelihood of a constituent being present in the source gas. The Company has the discretion to test for additional constituents on the list below, notwithstanding the origin of the gas, if the Company reasonably believes those constituents may be present.

Gas Quality Testing Parameters and Scope¹

Gas Quality Parameter	Testing Method ²	Origin of Gas			
		Geological	Landfill	Agricultural and Clean Energy	Waste Water Treatment Plant
Heat Content	In-field	X	X	X	X
Wobbe Number	In-field	X	X	X	X
Water Vapor Content	In-field	X	X	X	X
Product Gas Mercaptans	In-field	X	X	X	X
Hydrocarbon Dew Point	In-field	X	X	X	X
Hydrogen Sulfide	In-field or Lab	X	X	X	X
Total Sulfur	In-field or Lab	X	X	X	X
Total Diluent Gases including: Carbon Dioxide (CO ₂) Nitrogen (N) Oxygen (O ₂)	In-field	X	X	X	X
Hydrogen	Lab	X	X	X	X
Total Bacteria	Lab	X	X	X	X
Mercury	Lab		X		X
Other Volatile Metals (Lead)	Lab		X		
Siloxanes	Lab		X		X
Ammonia	Lab		X		X

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**RULES AND REGULATIONS GOVERNING THE
DISTRIBUTION AND SALE OF GAS (Continued)**

(C)

22. Quality of Gas Delivered to Company

22.3 Gas Quality Testing – Cont'd.

Gas Quality Testing Parameters and Scope¹ – Cont'd

Gas Quality Parameter	Testing Method ²	Origin of Gas			
		Geological	Landfill	Agricultural and Clean Energy	Waste Water Treatment Plant
Non-Halogenated Semi-volatile and Volatile Compounds	Lab		X		X
Halocarbons (total measured halocarbons)	Lab		X		X
Aldehyde/Ketones	Lab		X		
PCBs/Pesticides	Lab		X		

¹ Constituents to be tested for each category of gas are indicated with an "X."

² Testing method is defined as "In-Field" or "Lab." "In-Field" testing requires the Customer's use of readily available, continuously testing, industry-standard equipment, which has been reviewed and approved by Company. "Lab" testing requires the Customer and the Company to coordinate the sampling of gas and sending it to a laboratory for testing and analysis.

(C) Indicates Change

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Mark Kempic
President

Effective:

Rate CAP – CUSTOMER ASSISTANCE PLAN (Continued)

8. Agree not to use any non-essential gas appliance, such as a pool heater.
9. Allow the Company to purchase gas on the customer's behalf.
10. In the case of a CAP applicant who is currently without service, and who has a balance from a prior account, make an upfront payment in satisfaction of the prior balance up to, but no more than, \$150.

MONTHLY PAYMENT OPTIONS

The most affordable payment option for the eligible CAP customer shall be selected from the Options below. The monthly payment will not be less than the average payment received from the customer in the previous twelve (12) months. A minimum payment amount of twenty-five dollars (\$25.00) is required.

Option #1: Percentage of Income.
0 – 110% of Poverty = 7%
110 – 150% of Poverty = 9%

Option #2: Average of last 12 months of customer payments prior to joining CAP. (Available for customers with at least six months of uninterrupted service.)

Option #3: Flat rate of 50% of budget billing (adjusted annually)

Senior CAP Option: Flat rate of 75% of budget billing for all customers over 60 years of age with no arrears or payment arrangement default.

In addition to the monthly payment established under either Option #1, #2, #3, or Senior CAP Option, the CAP customer is required to pay a five-dollar (\$5.00) co-payment towards pre-program arrears, as well as an additional amount calculated each year based on the previous year's LIHEAP grants applied to CAP accounts ("plus amount"). The "plus amount" is determined by dividing the total LIHEAP cash dollars received on CAP accounts in the prior heating season by the number of current CAP customers. The monthly plus amount will be one-twelfth (1/12) of the final total. This amount will be calculated yearly and effective with the October billing cycle.

A CAP customer's monthly payment shall not exceed the non-CAP budget payment applicable to the customer's account, exclusive of the \$5.00 co-payment towards pre-program arrears. In the event that a CAP customer's monthly payment is determined to exceed the non-CAP budget payment applicable to the customer's account, the applicable information is reviewed to determine if the CAP payment should be lowered or if the customer should be removed from CAP.

SECURITY DEPOSITS

Confirmed low-income customers and applicants will not be charged security deposits.

(C)

Any paid security deposits on accounts with an approved CAP application, and applicable interest specified in the Credit chapter, Interest on Deposits section of this tariff will be credited to the arrears prior to CAP enrollment.

Unpaid security deposits for customers entering into the CAP will be waived after income verification is complete.

(C) Indicates Change

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RIDER GPC – GAS PROCUREMENT CHARGE

APPLICABILITY

Throughout the territory served under this Tariff.

This Rider shall be applicable to residential customers taking service under Rate Schedules RSS, and commercial or industrial customers taking service under Rate Schedules SGSS, LGSS and MLSS. The Rider will also be applicable to customers taking service on Rate Schedule CAP if an NGS is not currently providing natural gas to the CAP aggregation.

CHARACTER OF RATE

The Rider GPC was established in compliance with the Pennsylvania Public Utility Commission's Revised Final Rulemaking in Docket No. L-2008-2069114 and is addressed in the PA Code Title 52, Chapter 62, §62.223.

The Gas Procurement Charge is a volumetric charge included in the Gas Supply Charge that reflects the Company's natural gas procurement costs.

The Rider identifies and removes the natural gas procurement costs from base rates and recovers the costs through the Gas Supply Charge on a revenue neutral basis.

RATE

The Rider GPC is a component of the Price-to-Compare and appears in the Gas Supply Charge Summary and the Price to Compare Summary pages of this Tariff.

The Rider GPC is not subject to reconciliation and will only be recalculated in a base rate case.

The Rider GPC rate is \$0.00113 per therm.

(I)

(C) Indicates Change (D) Indicates Decrease (I) Indicates Increase

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RIDER MFC – MERCHANT FUNCTION CHARGE

APPLICABILITY

This Rider shall be applicable to residential customers taking service under Rate Schedules RSS, or CAP (unless an NGS is serving the CAP aggregation) and commercial or industrial customers taking service under Rate Schedule SGSS.

CHARACTER OF RATE

This Rider was established in compliance with the Pennsylvania Public Utility Commission's Revised Final Rulemaking Order dated June 23, 2011 in Docket No. L-2008-2069114 and is addressed in the PA Code Title 52, § 62.223.

The Merchant Function Charge reflects the cost of uncollectibles associated with natural gas costs billed to applicable customers by the Company.

RATE

The MFC is a component of the Price-to-Compare calculation as described in the Definitions section of this tariff.

The uncollectible expense ratios as specified below and determined in the most recent base rate case are used in the calculation of the MFC rate:

Residential uncollectible expense ratio	1.52077%	(I)
Non-residential uncollectible expense ratio	0.30875%	(I)

The current MFC rates may be found in the Rate Summary pages of this Tariff.

CALCULATION OF RATE

The Rider MFC rate is calculated as follows:

$$\text{MFC} = \text{PGCC} \times \text{the uncollectible expense ratio}$$

where:

PGCC is the current Purchased Gas Commodity Cost as detailed in the Purchased Gas Cost Rider of this tariff.

(C) Indicates Change (D) Indicates Decrease (I) Indicates Increase

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RIDER WNA – WEATHER NORMALIZATION ADJUSTMENT

A Weather Normalization Adjustment (WNA) shall be applied to bills of Residential customers under Rate Schedules RSS, RDS, and CAP, for the heating season November through May. The WNA shall continue until a final Order is entered in the Company's first rate case filed after May 31, 2026. The WNA will be applied to November through May billing cycles and shall be calculated as follows:

(C)

$$\text{WNBT} = \text{BLMT} + [(\text{NHDD} / \text{AHDD}) \times (\text{AMT} - \text{BLMT})]$$

$$\text{WNAT} = \text{WNBT} - \text{AMT}$$

$$\text{WNA} = \text{WNAT} \times \text{Distribution Usage Charge}$$

- (a) Weather Normalized Billing Therms (WNBT) will be calculated as the Base Load Monthly Therms (BLMT) added to the product of the Normal Heating Degree Days (NHDD) divided by the Actual Heating Degree Days (AHDD) and the Actual Monthly Therms (AMT) less the Base Load Monthly Therms (BLMT).
- (b) Base Load Monthly Therms (BLMT) are established for each customer using the customer's actual average daily consumption from the billing system, measured in therms, for the two months with the lowest consumption per billing day for the three billing months of July, August and September. The average baseload per day information will be updated annually. If actual BLMT information is not available for the year, the Company will use the most recently available base load information for the premise. If no history is available, the Company shall use the overall base load average for the residential class reflected in the most recent rate case.
- (c) Normal Heating Degree Days (NHDD) shall be updated annually by September 1st using the same methodology established in the Company's most recent Rate Case. NHDD for any given day are based upon the 20 year average for the given day.
- (d) Actual Heating Degree Days (AHDD) are the actual experienced heating degree days for the billing cycle. The degree day data is provided by the National Oceanic and Atmospheric Administration (NOAA). Customers will be assigned to weather stations based on their geographic locations.
- (e) Actual Monthly Therms (AMT) are measured for each customer and billing cycle.
- (f) Actual Monthly Therms (AMT) will be subtracted from the Weather Normalized Billing Therms (WNBT) to compute the Weather Normalized Adjustment Therms (WNAT).
- (g) The WNAT is then multiplied by the residential Distribution Usage Charge to compute the WNA amount that will be charged or credited to each residential customer.
- (h) A 5% deadband shall be effective through the January 2019 cycle billing. The WNA for a billing cycle will apply only if the AHDD for the billing cycle are lower than 95% or higher than 105% of the NHDD for the billing cycle. A billing adjustment will only occur if the variation of AHDD is lower than 95% or higher than 105% of the NHDD for an individual billing cycle. Beginning with the February 2019 cycle billing, the deadband will be 3%. At that time, the WNA for a billing cycle will apply only if the AHDD for the billing cycle are lower than 97% or higher than 103% of the NHDD for the billing cycle. A billing adjustment will only occur if the variation of AHDD is lower than 97% or higher than 103% of the NHDD for an individual billing cycle.

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(C)

FOR FUTURE USE

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President**

Effective:

RIDER DSIC - DISTRIBUTION SYSTEM IMPROVEMENT CHARGE

In addition to the net charges provided for in this Tariff, a charge of 0.00% will apply consistent with the Commission Order dated March 14, 2013 at Docket No. P-2012-2338282, approving the DSIC.

(D)

GENERAL DESCRIPTION

Purpose

To recover the reasonable and prudent costs incurred to repair, improve, or replace eligible property which is completed and placed in service and recorded in the individual accounts, as noted below, between base rate cases and to provide the Utility with the resources to accelerate the replacement of aging infrastructure, to comply with evolving regulatory requirements and to develop and implement solutions to regional supply problems.

The costs of extending facilities to serve new customers are not recoverable through the DSIC.

Eligible Property

The DSIC-eligible property will consist of the following:

- Piping (account 376);
- Couplings (account 376);
- Gas services lines (account 380) and insulated and non-insulated fittings (account 378);
- Valves (account 376);
- Excess flow valves (account 376);
- Risers (account 376);
- Meter bars (account 382);
- Meters (account 381);
- Unreimbursed costs related to highway relocation projects where a natural gas distribution company or city natural gas distribution operation must relocate its facilities; and
- Other related capitalized costs.

(I) Indicates Increase (D) Indicates Decrease (C) Indicates Change

Issued:

**Mark Kempic
President**

Effective:

Appendix D

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	Docket No.	R-2021-3024296
Office of Consumer Advocate	:		C-2021-3025078
Office of Small Business Advocate	:		C-2021-3025257
Columbia Industrial Intervenors	:		C-2021-3025600
Pennsylvania State University	:		C-2021-3025775
Richard C. Culbertson	:		C-2021-3026054
Ronald Lamb	:		C-2021-3027217
	:		

v.

Columbia Gas of Pennsylvania, Inc.

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

TO DEPUTY CHIEF ADMINISTRATIVE LAW JUDGE MARK A. HOYER:

I. INTRODUCTION

Columbia Gas of Pennsylvania, Inc. (“Columbia” or the “Company”) hereby submits this Statement in Support of the Joint Petition for Settlement (“Settlement”) entered into by Columbia, the Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”), the Office of Consumer Advocate (“OCA”), the Office of Small Business Advocate (“OSBA”), Columbia Industrial Intervenors (“CII”),¹ Shipley Choice, LLC d/b/a Shipley Energy Company (“Shipley”) and the Retail Energy Supply Association (“RESA”) (collectively, “Shipley/RESA”), Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”), Pennsylvania Weatherization Providers Task Force (“Task Force”) and The Pennsylvania State University (“PSU”) (hereinafter collectively referred to as the “Joint Petitioners” or “Parties”), parties to the above-captioned proceedings. Columbia respectfully requests that Deputy Chief Administrative Law Judge Mark A. Hoyer (the “ALJ”)

¹ CII’s member is Knouse Foods Cooperative, Inc.

recommend approval of, and the Commission approve, the Settlement, including the terms and conditions thereof, without modification.

The Settlement, if approved, will resolve all issues raised by the Joint Petitioners in this proceeding.² The settled issues include revenue requirement, revenue allocation, rate design, universal service matters, a natural gas supplier issue, and other issues. The Settlement is in the best interest of Columbia, its customers, and the Joint Petitioners, and is in the public interest. Accordingly, it should be approved.

The Settlement was achieved only after a comprehensive investigation of Columbia's claims and operations. In addition to informal discovery, Columbia responded to over 800 formal discovery requests, including subparts. The Joint Petitioners filed multiple rounds of testimony and accompanying exhibits, including direct, rebuttal, surrebuttal and rejoinder testimony. Moreover, the Joint Petitioners participated in numerous settlement discussions and formal negotiations, which ultimately led to the Settlement.

Finally, the Joint Petitioners in this proceeding, and their counsel and experts, have considerable experience in rate proceedings. Their knowledge, experience, and ability to evaluate the strengths and weaknesses of their litigation positions provided a strong foundation upon which to build a consensus on the settled issues. All of the Joint Petitioners and/or their counsel have been active in prior Columbia base rate proceedings and therefore were familiar with many of the issues that are addressed in this case.

² The issues that are reserved for litigation are all issues that were raised by an individual complainant in this proceeding, Richard C. Culbertson. Columbia addressed Mr. Culbertson's issues in its Main Brief submitted on August 25, 2021, and the Company is filing a Reply Brief concurrently with the Settlement Petition to respond to the arguments raised in Mr. Culbertson's Main Brief.

The Settlement reflects a carefully balanced compromise of the interests of the Joint Petitioners to this proceeding. For these reasons and the reasons set forth below, the Settlement is just and reasonable and should be approved.

II. STANDARDS FOR APPROVAL OF SETTLEMENT

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. The Commission has explained that parties to settled cases are afforded flexibility in reaching amicable resolutions, so long as the settlement is in the public interest. *Pa. PUC v. MXenergy Electric Inc.*, Docket No. M-2012-2201861, 2013 Pa. PUC LEXIS 789 (Opinion and Order entered Dec. 5, 2013). In order to accept a settlement, the Commission must first determine that the proposed terms and conditions are in the public interest. *Pa. PUC v. Windstream Pennsylvania, LLC*, Docket No. M-2012-2227108, 2012 Pa. PUC LEXIS 1535 (Opinion and Order entered Sept. 27, 2012); *Pa. PUC v. C.S. Water and Sewer Assoc.*, Docket No. R-881147, 74 Pa. PUC 767 (Opinion entered Jul. 22, 1991). As explained in the next section of this Statement in Support, Columbia believes that the Settlement is just, reasonable, in the public interest, and should be approved without modification.

III. SPECIFIC SETTLEMENT TERMS

A. REVENUE REQUIREMENT

1. Reasonableness of Revenue Allowance

The Settlement provides for rates to be designed to produce an increase in operating revenues of \$58.5 million over current base rates based upon the pro forma level of operations for the twelve months ended December 31, 2022. (Settlement ¶ 19.) The \$58.5 million increase in

tariff rates will go into effect on December 29, 2021, which is the effective date of rates under the Commission's May 6, 2021 suspension order. (Settlement ¶ 30.) The Settlement increase is approximately 60% of Columbia's original request of \$98.3 million. (Columbia Exhibit 102, Sch. 3, p. 3.) The \$58.5 million increase, although less than that requested by the Company, will enable the Company to continue to provide safe and reliable service to its customers.

As explained by Mark Kempic, President of Columbia, one primary reason in support of the revenue increase is to provide the Company with an opportunity to earn a return on the significant capital investments made to its distribution system. (Columbia Statement No. 1, pp. 5-8.) Columbia has made, and continues to make, unprecedented and substantial capital investments in its system. (Columbia Statement No. 1, pp. 5-8.) Since Columbia started its accelerated pipeline replacement program in 2007, Columbia has replaced over 1,150 miles of cast iron and bare steel ("CIBS") pipe. (Columbia Statement No. 1, p. 7.) Even with the disruption to most businesses as a result of the global pandemic in 2020, Columbia was able to replace and retire a significant amount of pipe. (Columbia Statement No. 1, p. 6.) Columbia plans to maintain or increase its capital expenditures in the 2021 to 2025 timeframe, with a planned spending program ranging between \$349 and \$430 million budgeted annually for line replacement over the 5-year period. (Columbia Statement No. 1, p. 14; SDR GAS-ROR-014 Att. A.) Columbia's rate base as of the end of the Fully Projected Future Test Year ("FPFTY") ending December 31, 2022, is projected to increase by approximately \$583,700,000 over the Historic Test Year ("HTY") balance. (Columbia Exhibit No. 108, p. 3.)

In addition to capital costs associated with Columbia's accelerated pipeline replacement effort, the Company is incurring increasing operating and maintenance ("O&M") costs associated with maintaining pipeline safety on its system. (Columbia Exhibit No. 104, Schedule 1, p. 2.) For

example, as explained by Columbia witness Mr. Anstead, Columbia is implementing a System Pressure Visibility Program and updating its red tag procedures to improve safety on its system. (Columbia Statement No. 14, pp. 26-28.) These costs further contribute to the level of the revenue increase in this case. Columbia is also engaged in the “NiSource Next” initiative, which is focused on leveraging the Company’s scale, driving efficiencies and O&M cost savings, and enhancing the Company’s ongoing commitment to safety. (Columbia Statement No. 1, pp. 11-12).

In this proceeding, Columbia, I&E and OCA presented testimony on Columbia’s overall revenue requirement and related issues. The Settlement revenue increase of \$58.5 million reflects a reasonable compromise of Joint Petitioners’ positions in this proceeding. Columbia notes that in its rebuttal testimony, it took issue with virtually all of the proposed adjustments advanced by I&E and OCA. The Joint Petitioners, while supporting their revenue requirement positions for litigation purposes, recognized that the Commission likely would have accepted certain adjustments proposed by Joint Petitioners, but would not have accepted all of the adjustments. Columbia notes that the Settlement revenue increase of \$58.5 million is in the range of the I&E litigation position of \$55.2 million. (I&E Statement No. 1-SR, p. 4.)

Under the Settlement, with only a few select exceptions further explained herein, the settlement revenue requirement is a “black box” amount. Under a “black box” settlement, parties do not specifically identify revenues, expenses and return that are allowed or disallowed. Columbia believes that “black box” settlements facilitate agreements, as parties are not required to identify a specific return on equity or identify specific revenues and/or expenses that are allowed or disallowed.

Given the entire Settlement, Columbia believes that the revenue requirement is reasonable and will provide the Company with the additional revenues that are necessary to provide reliable

service to customers. In addition, Columbia believes that the Settlement appropriately balances the need of the Company to have an opportunity to earn a reasonable rate of return with its customers' need for reasonable rates.

As part of the Company's Commission-approved Settlement of the 2018 Base Rate proceeding at Docket No. R-2018-2647577, the Company established a Regulatory Liability for the excess accumulated deferred income taxes ("ADIT") related to the Tax Cuts and Jobs Act ("TCJA") decrease of the Federal income tax rate from 35% to 21% effective January 1, 2018 that continues to be passed back to customers. (Columbia Statement No. 10, p. 17.) The agreed upon revenue requirement of \$58.5 million in this case reflects a reduction to rate base for the excess ADIT amount as of the end of the FPFTY. (Settlement ¶ 25.) The Company agrees to continue such treatment in future base rate filings until the entire amount has been refunded in future years. (Settlement ¶ 25.) This Settlement provision is reasonable because it continues the Company's obligations from the Commission-approved Settlement of its 2018 Base Rate proceeding with respect to the federal tax rate change.

2. Distribution System Improvement Charge ("DSIC")

The Commission approved Columbia's DSIC by Order entered May 22, 2014, at Docket No. P-2012-2338282. With the DSIC, plant additions not included in base rates may be reflected in the DSIC calculation. Therefore, for future DSIC purposes, it is necessary to establish relevant plant balances for the Company out of this proceeding. The Settlement provides that following the effective date of rates in this proceeding, Columbia will be eligible to include plant additions in the DSIC once eligible account balances exceed the levels projected by Columbia at December 31, 2022. (Settlement ¶ 20.) The Joint Petitioners agree that this provision is included solely for purposes of calculating the DSIC and is not determinative for future ratemaking purposes of the projected additions to be included in rate base in a FPFTY filing. (Settlement ¶ 20.)

The Settlement also provides that, for purposes of calculating its DSIC, Columbia shall use the equity return rate for gas utilities contained in the Commission's most recent Quarterly Report on the Earnings of Jurisdictional Utilities and shall update the equity return rate each quarter consistent with any changes to the equity return rate for gas utilities contained in the most recent Quarterly Earnings Report, consistent with 66 Pa. C.S. § 1357(b)(3), until such time as the DSIC is reset pursuant to the provisions of 66 Pa. C.S. § 1358(b)(1). (Settlement ¶ 21.)³

3. Tax Repair Allowance and Mixed Service Cost Normalization Treatment

In 2008, Columbia sought and obtained permission from the Internal Revenue Service to change its definition of "unit of property" for tax purposes. Beginning October 18, 2011, (the effective date of rates as established in Columbia's 2010 rate case) the federal repairs deduction is being normalized under deferred tax accounting. (Columbia Statement No. 10, p. 6). Under the Settlement, Columbia will continue to use normalization accounting with respect to the benefits of the tax repairs deduction. (Settlement ¶ 22.) The Settlement acknowledges the Parties' agreement that the existing treatment of the repairs deduction is in the public interest and should continue.

The Joint Petitioners have also agreed that Columbia will continue to use normalization accounting with respect to the tax treatment of Internal Revenue Code Section 263A mixed service costs ("MSC"). (Settlement ¶ 23.) This is similar to the treatment of book versus tax timing differences for the repairs deduction. (Columbia Statement No. 10, p. 6.) This treatment was established in the settlement of Columbia's 2012 rate case at Docket No. R-2012-2321748, and was unopposed in this proceeding. (Columbia Statement No. 10, p. 12; Columbia Exhibit 107, p.

³ In the Order entered December 10, 2014, approving the settlement in Columbia's 2014 base rate proceeding at Docket No. R-2014-2406274, the Commission stated that base rate settlements must stipulate a Return on Equity ("ROE") for DSIC purposes. (Order at p. 15.) The Commission noted that one option is to stipulate that the ROE for DSIC purposes will track the equity return rate from the most recent Commission staff Quarterly Report.

16, ln. 20). No party objected to the continuation of the previously approved normalization accounting treatment for MSC. The Parties' agreement that such treatment will continue is in the public interest and should be approved.

4. Amortizations

i. Blackhawk Storage

The Settlement specifies the continued amortization of costs related to Blackhawk Storage. This amortization was established in Columbia's 2008 rate case settlement at Docket No. R-2008-2011621 and will continue. (Settlement ¶ 24(i).) No party objected to the Company's inclusion of this amortization amount in its rate filing.

This amortization is a continuation of a previously approved amortization and was unopposed by any party. The amortization is in the public interest and should be approved.

ii. Other Post-Employment Benefits ("OPEB") Expense

Pursuant to the Opinion and Order entered on May 24, 2012, at Docket No. P-2011-2275383, Columbia deferred, for accounting and financial reporting purposes, the one-time expense of \$903,131 associated with its allocated share of NiSource Corporate Services Company's ("NCSC") OPEB regulatory asset resulting from NCSC's transition from cash basis to accrual. In the settlement of the 2012 Columbia base rate case at Docket No. R-2012-2321748, Columbia was allowed to recover the total deferred amount of \$903,131 over a ten-year period that began on July 1, 2013. This Settlement is in the public interest and should be approved because it continues the ten-year amortization established in the 2012 rate proceeding. (Settlement ¶ 24 (ii).)

iii. Pension Prepayment

The Final Order approving the Settlement of the Company's 2018 Base Rate Filing, at Docket No. R-2018-2647577, permitted Columbia to amortize and recover the deferred prepaid

pension O&M expense of \$8.45 million over a ten-year period starting December 16, 2018. (Columbia Statement No. 4, p. 9.) The Settlement in this case provides for the continuation of the previously approved ten-year amortization of \$8.45 million that began December 16, 2018. (Settlement ¶ 24 (iii).) The Settlement further provides that any unamortized balance shall not be permitted to be included in rate base in future cases. (Settlement ¶ 24 (iii).) No party opposed this provision. The Settlement term is reasonable and should be approved because it continues the agreement established in the Commission-approved Settlement of the Company's 2018 Base Rate Filing.

iv. COVID-19 Related Uncollectible Accounts Expense

As explained by Columbia witness Miller, Columbia has been deferring incremental Uncollectible Accounts Expense related to COVID-19 to a Regulatory Asset as permitted by the Commission's Emergency Order at Docket No. M-2020-3019244. (Columbia Statement No. 4, pp. 25-26). I&E witness Zalesky recommended, and the Company agreed, to end the incremental deferral as of the effective date of new rates resulting from this base rate proceeding. (I&E Statement No. 1, pp. 23-24; Columbia Statement No. 4-R, pp. 6-7). Accordingly, the Settlement provides that Columbia will discontinue the deferral of COVID-19 related Uncollectible Accounts Expense as of the implementation dates of the rates contemplated by this Settlement, or earlier if directed by the Commission. (Settlement ¶ 24(iv).) The Settlement further provides that the amount of \$5,579,245⁴ representing deferrals through December 31, 2020 shall be amortized over a five-year period beginning January 1, 2022. (Settlement ¶ 24(iv).) The Company shall introduce its claim for incremental uncollectible expenses subsequent to December 31, 2020 in its next base rate proceeding. (Settlement ¶ 24(iv).)

⁴ Columbia Statement No. 4, p. 46.

The Settlement term is in the public interest and should be approved because it provides certainty with respect to the total amount of the deferral related to COVID-19 uncollectibles by specifying a known end date to the deferral, as well as a timeframe for the amortization of the deferred amount. Importantly, the Settlement recognizes that if the Commission directs Columbia to discontinue the deferral of COVID-19 related Uncollectible Accounts Expense at an earlier date than provided for in the Settlement, Columbia will comply with the Commission's directive.

5. OPEBs

The Settlement includes provisions concerning accounting for Columbia's ongoing contributions to trusts for OPEBs which were established in the settlement of Columbia's 2012 base rate case at Docket No. R-2012-2321748. (Columbia Statement No. 4, p. 10.) These provisions were unopposed by any party and are in the public interest as they confirm the ongoing treatment of OPEB expense. Columbia will continue to defer the difference between the annual OPEB expense calculated pursuant to FASB Accounting Standards Codification ("ASC") 715, "Compensation – Retirement Benefits" (SFAS No. 106) and the annual OPEB expense allowance in rates of \$0. Only those amounts attributable to operation and maintenance would be deferred and recognized as a regulatory asset or liability. To the extent the cumulative balance recorded commencing with the effective date of rates reflects a regulatory asset, such amount will be collected from customers in the next rate proceeding over a period to be determined in that rate proceeding. In addition, to the extent the cumulative balance recorded commencing with the effective date of rates reflects a regulatory liability, there will be no amortization of the (non-cash) negative expense, and the cumulative balance will continue to be maintained. (Settlement ¶ 26.) The Settlement provides that Columbia will deposit amounts in the OPEB trusts when the cumulative gross annual accruals calculated by its actuary pursuant to ASC 715 are greater than \$0. If annual amounts deposited into OPEB trusts, pursuant to this Settlement, exceed allowable

income tax deduction limits, any income taxes paid will be recorded as negative deferred income taxes, to be added to rate base in future proceedings. (Settlement ¶ 27.)

6. Reporting on Actual Capital Expenditures, Plant Additions, and Retirements

I&E witness Mr. Cline recommended that the Company provide certain updates to Exhibit No. 108, and Columbia witness Shultz agreed with I&E's recommendation. (I&E Statement No. 3, pp. 3-4; Columbia Statement No. 6-R, pp. 3-4.) Accordingly, Columbia has agreed in Settlement that on or before April 1, 2022, it will provide the Commission's Bureau of Technical Utility Services ("TUS"), I&E, OCA and OSBA with an update to Columbia Exhibit No. 108, Schedule 1, which will include actual capital expenditures, plant additions, and retirements by month for the twelve months ending December 31, 2021. (Settlement ¶ 28.) On or before April 1, 2023, Columbia will update Exhibit No. 108, Schedule 1 for the twelve months ending December 31, 2022. (Settlement ¶ 28.) Also, as part of the Company's next base rate proceeding, the Company will prepare a comparison of its actual revenue, expenses and rate base additions for the twelve months ended December 31, 2022. (Settlement ¶ 28.) However, as explained above, it is recognized by the Joint Petitioners that this is a black box settlement that is a compromise of Joint Petitioners' positions on various issues.

This Settlement term is in the public interest and should be approved because it will provide the statutory parties and TUS with ongoing information concerning Columbia's capital investments. This information can be used as a metric to gauge Columbia's actual capital investment, plant additions, retirements and expenses in future base rate proceedings compared to the projections used to develop the Company's FPFTY revenue requirement claim.

7. Future Debt Issuances

As part of the Settlement, Columbia agreed that the Company will preserve and provide to I&E, OCA and OSBA as a part of its next base rate case the following: (1) all documentation supporting debt issued between this base rate case and the next base rate case; and (2) for each issuance the prevailing yield on U.S. utility bonds as reported by Bloomberg Finance L.P. for companies with a credit risk profile equivalent to that of NiSource Inc. (Settlement ¶ 29.) This Settlement term is in the public interest and should be approved because it provides the statutory parties with important information to evaluate the Company's debt issuances in a future rate case.

B. REVENUE ALLOCATION AND RATE DESIGN

Appendices A and B to the Settlement set forth the agreed to revenue allocation and rate design to the classes. (Settlement ¶ 31.) As described below, these items were the subject of extensive litigation and negotiation and reflect a compromise of the positions of all the Joint Petitioners. The Settlement strikes a balance that is in the best interest of all of Columbia's customers, and the revenue allocation and rate design Settlement terms should be approved.

1. Revenue Allocation

As in many base rate cases, the revenue allocation issues were among the most contentious issues in this proceeding. The Joint Petitioners proposed a variety of class cost of service studies and cost allocation methodologies. Moreover, even to the extent certain Joint Petitioners agreed on the basic overall methodology, *i.e.* the Customer/Demand study versus the Peak & Average methodology, these Joint Petitioners still disagreed on how to allocate certain other costs to the different rate classes, as well as how much movement toward cost of service was appropriate. Despite the fact that the Joint Petitioners were not able to agree on a specific class "cost of service" in the Settlement, they were able to agree to a revenue allocation that is within the range of revenue allocations proposed by the Joint Petitioners in this proceeding, and Columbia believes that this

revenue allocation meets the “cost of service” standards adopted by the Courts and the Commission.

All Parties supported their respective cost of service studies for litigation purposes. However, the Parties were willing to compromise in order to achieve a settlement of the revenue allocation issues. Therefore, the revenue allocation set forth in the Settlement is not based upon a specific agreed to formulaic approach. Moreover, the Settlement rates are not based upon any specific cost of service study results. Instead, the Settlement reflects a compromise of the Joint Petitioners’ revenue allocation and rate design proposals. (Settlement ¶ 31; Settlement Appendices “A” and “B”.) The resulting class increases, as compared to the Company’s as-filed increases, are as follows:

Customer Group	As Filed	Percentage of Proposed Increase⁵	As Settled	Percentage of Settled Increase
Residential (RS/RDS)	\$67,756,312	68.94%	\$36,700,000	62.73%
Small General Service 1 (SGSS1/SGDS1/SCD1)	\$8,464,280	8.61%	\$6,084,001	10.40%
Small General Service 2 (SGSS2/SGDS2/SCD2)	\$9,130,185	9.29%	\$6,573,184	11.24%
Small Distribution Service (SDS/LGSS)	\$7,012,964	7.14%	\$5,376,646	9.19%
Large Distribution Service (LDS/LGSS)	\$5,899,679	6.00%	\$3,750,000	6.41%
Mainline Distribution Service (MLDS/NSS)	\$0	0%	\$379	0%
Flex	\$14,820	0.02%	\$15,790	0.03%
Total	\$98,278,240	100%	\$58,500,000	100%

⁵ Columbia Exhibit No. 103, Schedule 8, p. 4.

As noted above, the revenue allocation under the Settlement represents a compromise and falls within the litigation positions of the Joint Petitioners. Columbia notes that because of the disagreement over cost allocation studies and the “black box” nature of the Settlement, it is not possible to precisely calculate the extent to which the Settlement moves rates closer to cost of service for all Joint Petitioners. However, Columbia believes that the Settlement achieves progress in the movement toward cost-based rates.

2. Rate Design

a. Residential Rate Design

In this proceeding, Columbia proposed to increase the customer charges for residential customers from \$16.75 to \$19.33. (Columbia Statement No. 11, p. 22.) I&E indicated that it supported the Company’s requested increase in the residential customer charge because it is consistent with the customer cost analysis. (I&E Statement No. 3, pp. 18-19.) However, the requested increase was opposed by OCA, CAUSE-PA, and the Task Force. (OCA Statement No. 3, pp. 15-17; CAUSE-PA Statement No. 1, p. 30; Task Force Statement No. 1, pp. 5-6.) As part of the Settlement, the Joint Petitioners have agreed that the residential customer charge will remain at the current rate of \$16.75/month. (Settlement ¶ 32.)

b. Commercial and Industrial Rate Design

In this proceeding, Columbia proposed to increase the customer charges for small commercial and industrial customers. Specifically, Columbia proposed an increase to the customer charge for customers under Rate Schedules Small General Sales Service (“SGSS”), Small Commercial Distribution (“SCD”), and Small General Distribution Service (“SGDS”) using up to 6,440 therms annually from \$26.00 per month to \$31.50 per month, which is at the lower range of the customer cost of \$27.03 (excluding mains) and \$69.08 (including mains) for this rate class. (Columbia Statement No. 11, p. 23.) The Company proposed that the customer charge for

customers under Rates Schedules SGSS, SCD, and SGDS using more than 6,440 therms annually be set at \$66.00, which is proportional to the overall base revenue increase for the class. (Columbia Statement No. 12, p. 23.) I&E recommended that the proposed customer charges for these classes be lowered to reflect a customer cost analysis that does not include the cost of mains. (I&E Statement No. 3, pp. 18-19.) Specifically, I&E recommended that the customer charge for SGSS/SCD/SGDS customers using up to 6,440 therms annually remain at \$26.00 and that the customer charge for SGSS/SCD/SGDS customers using more than 6,440 therms annually be set at \$55.00. (I&E Statement No. 3, p. 19.) OSBA did not recommend any change to the Company's proposed customer charge of \$31.50 for SGSS/SCD/SGDS customers using up to 6,440 therms, but recommended that the customer charge for SGSS, SCD, and SGDS using more than 6,440 therms annually be increased by no more than \$2.00 above the current customer charge of \$55.00. (OSBA Statement No. 1, p. 26). The customer charges provided for in the Settlement are \$29.92 for SGSS/SCD/SGDS customers using up to 6,440 therms and \$57.00 for SGSS, SCD, and SGDS using more than 6,440 therms annually. (Settlement Appendix "B".) The customer charges agreed to by the Joint Petitioners are within the range of the customer charges proposed by Columbia, I&E and OSBA for these rate classes. The customer charges for the Small C&I class as provided for in the Settlement represent a reasonable compromise between the positions of the parties and should be approved. Other C&I customer charges were scaled back, as provided in the proof of revenues. (Settlement Appendix "B".)

In this proceeding, Columbia initially proposed a 29.9% increase in base rates for the Large Distribution Service ("LDS")/ Large General Sales Service ("LGSS") class based on the amount of the Company's requested revenue increase. (Columbia Exhibit No. 103, Schedule 8, p. 1.) Witnesses for CII and PSU testified that the LDS rate increase, as proposed, was burdensome for

LDS customers and could have an adverse impact on business in this rate class. (CII Statement No. 1-R, p. 7; PSU Statement No. 1-R, p. 5.) On the other hand, OCA and OSBA proposed even greater increases to the LDS/LGSS class than was proposed by the Company based on their testimony that other classes are subsidizing LDS/LGSS customers. (OCA Statement No. 3, p. 12.; OSBA Statement No. 1, pp. 22-23.) Under the amount of the Company's originally proposed revenue increase, OCA proposed a 36.4% base rate increase to the LDS/LGSS class and OSBA proposed a 39.9% base rate increase to the LDS/LGSS class. (OCA Statement No. 3, p. 12.; OSBA Statement No. 1, pp. 22-23.) As a result of negotiations, and to address the concerns of PSU and CII, the Joint Petitioners agreed to a 19.01% revenue increase to the LDS/LGSS class based on the amount of the settled revenue increase. (Settlement Appendix "B".)

c. Other Charges and Riders

Consistent with the Commission's June 23, 2011 Final Rulemaking Order at Docket No. L-2008-2069114, Columbia designed a gas procurement charge ("GPC") in order to remove natural gas procurement costs from base rates and to recover those fuel acquisition costs as part of the "price to compare," on a revenue neutral basis via an automatic adjustment charge only to be recalculated in a base rate case. Columbia proposed a GPC of \$0.00113 per therm, which represents an increase from the currently effective GPC rate. (Columbia Exhibit No. 14, Sch. 2, Att. B.) The Settlement provides that Columbia's GPC will be adopted as proposed. (Settlement ¶ 36.) No party opposed Columbia's GPC as filed in this proceeding, and Columbia therefore submits that approval of the GPC is reasonable and should be approved.

The Merchant Function Charge ("MFC") is a component of the "price to compare." Columbia proposed a MFC of 1.52077% for residential customers and 0.30875% for non-residential customers, which represents an increase from the currently effective MFC rates. (Columbia Exhibit No. MJB-1.) The Settlement provides that Columbia's MFC will be adopted

as proposed. (Settlement ¶ 36.) No party opposed Columbia's MFC as filed in this proceeding, and Columbia therefore submits that this settlement provision is reasonable and should be approved.

In Columbia's 2012 base rate proceeding, the Commission approved the establishment of a pilot Weather Normalization Adjustment ("WNA") program. Rider WNA adjusts a residential customer's monthly charges based on the actual temperature experienced during the month. By adjusting the temperature-sensitive portion of customers' bills to reflect normal weather levels, the WNA helps protect customers from weather related usage variations. (Columbia Statement No. 11, pp. 21-22, 26-27.) Columbia's existing WNA has a 3% deadband, which means that a billing adjustment will occur only if the variation of actual heating degree days is lower than 97% or higher than 103% of the normal heating degree days for an individual billing cycle. (Columbia Statement No. 11, p. 21.) Rider WNA is set to expire upon the issuance of a final order in this proceeding unless the Company obtains approval to continue the WNA. (Columbia Statement No. 11, p. 27.)

The Settlement in this case accepts Columbia's unopposed proposal to continue its Pilot WNA mechanism until a final order is entered in the Company's first rate case filed after May 31, 2026. (Settlement ¶ 33.) The Company has also agreed to continue to maintain and provide to the OCA, I&E and OSBA by October 1 of each year all reports and records supporting the operation of its WNA for the preceding year, including the Company's monthly computation of the WNA and all data underlying the Company's monthly WNA computation. (Settlement ¶ 33.) This Settlement provision is consistent with the reporting requirements agreed to in prior rate case settlements regarding the WNA.

The Settlement provisions continuing the WNA are in the public interest and should be approved. In the Company's approximately eight years of experience with Rider WNA, the WNA has been successful in mitigating the impacts of colder and warmer than normal weather and providing bill stability for residential customers. (Columbia Statement No. 11, pp. 21-22, 26-27.) Continuing Rider WNA as a pilot will allow stakeholders an opportunity to reevaluate the WNA in the future based on the information provided by the Company. Therefore, the parties' agreement to continue Rider WNA with the reporting requirements provided for in the Settlement is in the public interest and should be approved.

The Company proposed a Revenue Normalization Adjustment ("RNA") in this proceeding. The RNA proposed by the Company would provide benchmark distribution revenue levels regardless of changes in customers' actual usage levels and would adjust actual non-gas distribution revenue for the non-CAP residential customer class. (Columbia Statement No. 11, p. 27.) The OCA, I&E and CAUSE-PA opposed the concept of implementing Rider RNA in this proceeding. (OCA Statement No. 3, pp. 17-25; I&E Statement No. 3, pp. 4-8; CAUSE-PA Statement No. 1, pp. 30-32.) In the interest of resolving the issues in this proceeding through settlement, the Company has agreed to withdraw the RNA proposal. (Settlement ¶ 34.)

In preparation for the possibility of future tax reform, the Company proposed a Federal Tax Reform Adjustment ("FTR"), which is a positive or negative percentage adjustment applied to customer bills to account for changes in the Company's overall revenue requirement due to changes in the Federal income tax rate. (Columbia Statement No. 10, pp. 15-16.) I&E and OCA opposed the implementation of a FTR. (I&E Statement No. 1, p. 26; OCA Statement No. 3, pp. 25-26.) In the interest of resolving the issues in this proceeding through settlement, the Company has agreed to withdraw the FTR proposal. (Settlement ¶ 35.)

d. Conclusions as to Rate Design

The proposed changes to the rate design for all customer classes, as set forth in Appendix “B” to the Settlement, reflect an accord reached between the Joint Petitioners as to the rate design to be used to recover the rate increases allocated under the Settlement to the Company’s customers. Columbia submits that the Settlement reflects an acceptable compromise of the competing litigation positions of the Joint Petitioners relative to rate design.

C. UNIVERSAL SERVICE AND CONSERVATION

In direct testimony, the OCA, CAUSE-PA and the Task Force expressed concern with the effect of a rate increase on low-income customers and proposed a number of efforts that Columbia could undertake to mitigate the effects of a rate increase on low-income customers. (OCA Statement No. 4; CAUSE-PA Statement No. 1; Task Force Statement No. 1.) Columbia has agreed to undertake several initiatives to address the OCA’s, CAUSE-PA’s and the Task Force’s concerns, and the Settlement includes several provisions related to Columbia’s Universal Service Programs. Columbia is an industry leader in programs to assist low-income customers including, but not limited to, energy conservation programs. The commitments to Universal Service and Energy Conservation contained in the Settlement reflect the Company’s continued support for these programs, are in the public interest and should be approved.

1. Emergency Repair Fund

OCA witness Colton testified that the economic impact of the COVID-19 Pandemic has caused some low-income households to draw on their emergency savings to cover basic living expenses. (OCA Statement No. 4, pp. 12-16.) To address this concern and to assist with the unexpected need and possible depletion of customers' savings resulting from the COVID-19 Pandemic, Columbia has agreed to expand the budget for its Emergency Repair Fund, which provides for the repair and replacement of faulty equipment for low-income homeowners, from

\$600,000 to \$700,000 per year, for the years 2022 and 2023. (Settlement ¶ 37.) The Company will recover the actual costs through the Rider USP, which has an annual true up. (Settlement ¶ 37.)

This Settlement term is in the public interest because it will increase the amount of emergency repair funding available to low-income customers whose savings accounts have been depleted due to the COVID-19 Pandemic. The additional funding will assist these low-income homeowners with completing necessary repairs in the unexpected event of equipment failure in the home, which will help them continue receiving gas service in a safe manner. Therefore, the Settlement term should be approved.

2. CAP Exits

In direct testimony, OCA witness Colton expressed a concern with the number of customers who are removed from the Customer Assistance Program (“CAP”) for failure to recertify their income. (OCA Statement No. 4, p. 59-61.) Mr. Colton also identified that a significant percentage of customers who were removed from CAP were removed after they changed residences. (OCA Statement No. 4, p. 60.) Columbia witness Davis explained the efforts that Columbia currently undertakes to make it easier for customers to provide the required income verification. (Columbia Statement No. 13-R, pp. 6-7.) Ms. Davis also explained that when a CAP customer moves to a new location within Columbia’s service territory, the Company automatically transfers the customer’s CAP plan to the new account. (Columbia Statement No. 13-R, pp. 5-6.)

In Settlement, Company agreed to develop remedies for exits from CAP relating to the failure to recertify. The Company will continue to automatically re-enroll customers into the Company’s CAP when they move from one address to another within the Company’s service territory. (Settlement ¶ 38.) The Company will report to the Bureau of Consumer Services the affirmative steps it will take to reduce the percentage of exits attributable to a failure to recertify within 60 days of the Commission-approved order in this proceeding. (Settlement ¶ 38.)

Columbia's commitment to reducing the percentage of CAP exits for failure to recertify and to automatically re-enrolling customers into the CAP when they change addresses will help eligible customers retain their CAP benefits. Taking steps to help ensure that eligible customers continue to receive needed CAP benefits is in the public interest. Therefore, this Settlement term should be approved.

3. Customer Assistance Outreach

While OCA witness Colton recognized the positive steps that Columbia has taken with respect to customer outreach, Mr. Colton also recommended that Columbia provide a detailed plan addressing how it intends to expand its CAP outreach and increase CAP participation. (OCA Statement No. 4, pp. 42-51.) Mr. Colton also suggested that Columbia target outreach to its lowest income customers at or below 50% of the poverty level. (OCA Statement No. 4, pp. 51-58.)

Columbia witness Davis explained that although there is ample funding available to assist customers, not all funding is being utilized. (Columbia Statement No. 13-R, p. 4.) To address this issue, Columbia proposed a new outreach campaign to promote all low-income programs and link eligible customers with assistance. The outreach campaign would include specific efforts to reach customers at or below 50% of poverty. (Columbia Statement No. 13-R, p. 4.)

The Settlement provides that Columbia will develop an outreach campaign to promote existing customer assistance programs and all available resources. (Settlement ¶ 39.) The campaign will include TV and social media ads, electronic and written materials, and a Targeted Outreach component providing services to customers with household incomes below 50% of poverty that have not received available assistance. The Targeted Outreach will be provided by a third-party contractor who will initiate contact with customers using Company lists of income eligible customers with high arrears as well as referrals from community members and Customer Service Representatives. (Settlement ¶ 39.) The Targeted Outreach representative will work with

existing resource administrators to make the customers aware of the available assistance and aid the customers in enrolling/applying to these assistance programs, as necessary. The Company will recover the cost through the Rider USP not to exceed \$200,000 in 2022 as proposed in Ms. Davis's testimony. (Settlement ¶ 39; Columbia Statement No. 13-R, p. 5.)

The development of an outreach campaign is in the public interest because it is designed to reach more customers, specifically Columbia's lowest income customers, and make them aware of available funding. The outreach campaign will help address the problem of available but unused funding for low-income customers. Linking customers in need with available assistance can help avoid the adverse consequences that arise when customers are unable to afford their utility bill, such as increased arrearages and even termination of service. Thus, these Settlement terms should be approved.

4. LIURP

The Settlement contains several terms related to Columbia's Low Income Usage Reduction Program ("LIURP"). LIURP provides weatherization and conservation services to low-income households with high usage.⁶

Columbia's Health & Safety Pilot assists CAP customers with high usage who are unable to receive weatherization services until existing health and safety issues are corrected in the home.⁷ The pilot program is currently set to end in 2022. (Columbia Statement No. 13-R, p. 20.) CAUSE-PA witness Geller recommended that Columbia increase the budget for its LIURP Health & Safety Pilot from \$200,000 to \$600,000 annually and extend the pilot program for an additional term. (CAUSE-PA Statement No. 1, p. 24.)

⁶ See *Columbia Gas of Pennsylvania, Inc. Universal Service and Energy Conservation Plan for 2019-2021*, Docket Nos. M-2018-2645401 and P-2019-3007876, at pp. 26-27 (Order entered August 8, 2019).

⁷ *Id.* at pp. 27-28.

Columbia witness Davis expressed continued support for the Health & Safety Pilot but also explained the difficulties that Columbia has experienced with the pilot program. (Columbia Statement No. 13-R, pp. 21-22.) Specifically, Ms. Davis testified that the current allowance for the Health & Safety Pilot is too low to complete work on most homes because most homes need major repairs, such as entire roof replacements, which cost between \$10,000-\$20,000. Thus, these homes are still unable to be weatherized under the existing program. (Columbia Statement No. 13-R, p. 21.) Ms. Davis also explained that the model the Company uses to determine eligibility for the Health & Safety Pilot should be modified to include the savings realized through a reduction in CAP costs, which would increase the number of homes that could be served. (Columbia Statement No. 13-R, p. 22.)

In Settlement, the Parties agreed that the Company will expand its LIURP Health & Safety Pilot by re-allocating existing LIURP dollars to the pilot to provide services to more high usage households with health and safety issues that prevent delivery of usage reduction services. (Settlement ¶ 40.) The Company will increase the LIURP budget for Health and Safety repairs from \$200,000 to \$400,000 in 2022 and will subsequently extend the pilot until approval of the Company's next USECP plan with a maximum budget of \$600,000 per year if homes are available. (Settlement ¶ 40.) The Company will modify the approved formula to include savings associated with CAP credit savings, thus providing for a higher Health & Safety allotment to remediate higher cost obstacles to weatherization such as full roofs and knob and tube re-wiring. (Settlement ¶ 40.) The Company will provide a bi-annual report of the number of homes completed, in progress and identified along with associated costs. (Settlement ¶ 40.)

These Settlement terms are in the public interest because they ensure that the necessary services provided through the Health & Safety Pilot will continue, while also addressing the

shortcomings that Columbia has experienced with the pilot program. The Settlement terms are aimed at enabling Columbia to serve additional homeowners, which will improve Columbia's ability to administer the Health & Safety Pilot in an effective manner. Increasing the number of homes that are eligible for repair work under the Health & Safety Pilot in turn will allow more homes to be weatherized as the safety repair work is a prerequisite to weatherization. The Settlement also contains reporting requirements that will allow Columbia and interested parties to track the progress of the pilot program. Therefore, these Settlement terms should be approved.

Task Force witness Brady recommended that the Company's LIURP funding be increased to \$540,000 annually beginning in 2022. (Task Force Statement No. 1, pp. 7-8.) Mr. Brady also recommended that Columbia partner with member agencies in the administration and implementation of LIURP. (Task Force Statement No. 1, p. 9.) Columbia witness Ms. Davis testified that Columbia currently has a LIURP budget of over \$7 million due to a large carryover amount in 2020. (Columbia Statement No. 13-R, p. 27.) Ms. Davis explained that it is not necessary to increase LIURP funding at this time because Columbia has experienced difficulty with finding customers who agree to have weatherization work performed at their homes, as well as difficulty with finding contractors to complete the work due to staffing shortages. (Columbia Statement No. 13-R, pp. 27-28.)

In Settlement, the Company agreed to increase its LIURP budget by \$200,000 until the effective date of rates in Columbia's next base rate proceeding. (Settlement ¶ 41.) To address the large carryover of LIURP funding from 2020, the Parties agreed that the Company will canvas participating Community Based Organizations ("CBOs") to determine if they have the capacity to do additional work and will increase the LIURP allocations of the affirmatively responding CBOs who are on track to meet their existing allocations. (Settlement ¶ 42.)

The Settlement terms represent a reasonable compromise of the parties' positions. The Settlement provides additional funding for LIURP services on a temporary basis until the effective date of rates in the Company's next base rate proceeding. The Settlement is also designed to address the large balance of LIURP funding that currently exists. The Settlement is in the public interest because it ensures that an adequate amount of LIURP funding will be available to provide necessary weatherization services to eligible homeowners, while also seeking to maximize the resources available to perform the work. Therefore, the Settlement terms are in the public interest and should be approved.

5. Security Deposits

CAUSE-PA witness Geller made several recommendations with respect to security deposits. (CAUSE PA Statement No 1, pp. 34-35.) He recommended that the Company refund security deposits from low-income customers that are currently being retained by the Company, that the Company review accounts on a regular basis to refund any security deposits collected from low-income customers, and that the Company revise its tariff to reflect that all customers who are confirmed to be eligible for CAP will not be charged a deposit. (CAUSE PA Statement No 1, pp. 34-35.)

In response to Mr. Geller's recommendations, Columbia witness Ms. Davis explained that the Company's security deposit policy complies with applicable Commission regulations. *See* 52 Pa. Code § 56.32. (Columbia Statement No. 13-R, pp. 24-25.) When a customer calls to establish service and it is determined that a security deposit is required, Columbia waives the requirement to provide a security deposit if the customer reports income at or below 150% of the Federal Poverty Income Guidelines. If the customer provides a security deposit and Columbia later determines that the customer is low-income (either by receipt of LIHEAP funds or CAP

enrollment), the Company refunds the security deposit amount to the customer. (Columbia Statement No 13-R, p. 24.)

In Settlement, Columbia agreed to amend its tariff language, as set forth on tariff page 140 in Appendix “C,” to indicate that all “confirmed income low-income customers” as reported in the Commission’s Universal Service Report with income at or below 150% FPL will not be charged a security deposit. (Settlement ¶ 43.) This clarification is consistent with Columbia’s existing practice and complies with the Commission’s regulations, which prohibit a utility from collecting a security deposit from a customer who is confirmed to be eligible for a customer assistance program based on household income. *See* 52 Pa. Code § 56.32.

Columbia also agreed to refund all deposits being held for “confirmed low-income customers” as reported in the Commission’s Universal Service Report within 60 days. (Settlement ¶ 44.) Further, Columbia has committed to review currently held security deposits on a semi-annual basis and issue a bill credit or refund for any deposit previously collected from a confirmed low-income customer. (Settlement ¶ 45.) These Settlement provisions are in the public interest because they ensure that those customers who have paid a security deposit and are later confirmed to be low-income customers receive a refund for the amount of their security deposit. The Settlement terms regarding security deposits are consistent with the Commission’s regulations and should be approved.

D. NATURAL GAS SUPPLIER ISSUE

During settlement negotiations, Shipley/RESA raised concerns regarding the pending Columbia Gas Transmission Company (“TCO”) rate case at Federal Energy Regulatory Commission (“FERC”) Docket No. RP20-1060-000, in which TCO proposed several tariff provisions regarding shipper responsibilities. During the course of this proceeding, the parties to the FERC proceeding filed an Uncontested Partial Settlement in which TCO agreed to withdraw

the tariff provisions. *See* Certification of Uncontested Partial Settlement, Docket No. RP20-1060-000, 176 FERC ¶ 63,014 (Issued August 4, 2021).

The Settlement contains a provision to address Shipley/RESA's concerns. Specifically, the Settlement provides that if the TCO rate case materially changes shipper responsibilities on the pipe, i.e., daily balancing, Columbia agrees to convene a collaborative to receive input on ways to address the changes in its tariff. (Settlement ¶ 46.) The Settlement recognizes Columbia's willingness to work with interested parties in the event that TCO's proposed tariff provisions are approved and materially change shipper responsibilities. The Settlement also recognizes that a collaborative may not be necessary given the pending settlement of the TCO rate case at FERC, which if approved would withdraw TCO's proposed tariff provisions. Columbia's agreement to work with interested parties through a collaborative in the event that FERC does not approve the Uncontested Partial Settlement withdrawing the proposed tariff provisions, and the proposed tariff provisions are ultimately implemented, is in the public interest and should be approved.

E. OTHER ISSUES

The Company's proposed tariff is set forth in Appendix "C" to the Settlement. The tariff incorporates the terms that were agreed to in the Settlement that are to be included in the Company's tariff. Further, the Settlement provides that, except as otherwise modified by the Settlement, the Company's proposed tariff changes are approved. (Settlement ¶ 47.) In this proceeding, Columbia proposed several non-substantive tariff changes, which were unopposed. (See Columbia Statement No. 12, p. 3.) Two of the Company's substantive tariff changes were also unopposed. To the extent no party opposed Columbia's proposed tariff changes, adoption of the tariff changes is in the public interest and should be approved.

Specifically, Columbia proposed to amend its Capital Expenditure Policy so that agreements with applicants for commercial and industrial distribution service can be based on

minimum revenue requirements in addition to, or in lieu of, minimum use requirements. (Columbia Statement No. 12, pp. 3-4, 9-11). An agreement that uses revenue as a measuring stick, rather than usage, will continue to protect the Company from the risk of unjustified capital investments where anticipated usage does not come to fruition, while also protecting customers from being required to pay more than the amount that would justify the investment to serve them. (Columbia Statement No. 12, p. 11.) Therefore, this tariff change is in the public interest and should be approved.

Columbia also proposed to add a comprehensive gas quality standard with a focus on Renewable Natural Gas (“RNG”). (Columbia Statement No. 12, pp. 4, 11). As the use and development of RNG in Pennsylvania grows, it is possible that RNG will be introduced on Columbia’s system. The tariff change is in the public interest because it ensures that Columbia will be prepared with comprehensive gas quality standards that are dependent upon origin of the gas entering Columbia’s system. Maintaining appropriate standards for the quality of gas entering Columbia’s system is important for the customers who use the gas as well as to avoid adverse effects upon Columbia’s facilities. The standards set forth the multiple origins of natural gas supply and define which chemical and particulate standards would apply to the natural gas origin. The standards also provide for a more detailed list of particulate and gas compounds and levels that Columbia will require any gas to meet when introduced on its system. Finally, the standards also ensure that any supplier providing gas to Columbia’s system has a clear understanding of testing requirements. (Columbia Statement No. 12, p. 11.)

IV. CONCLUSION

The Settlement is the result of a detailed examination of Columbia's proposals, multiple rounds of discovery, direct, rebuttal, surrebuttal, and rejoinder testimony, and compromise by all active parties to this Settlement. Columbia believes that fair and reasonable compromises have been achieved on the settled issues in this case, as is evident by the fact that the parties to this Settlement have reached an agreement on all issues in this proceeding. Columbia fully supports this Settlement and respectfully requests that the ALJ and the Commission review and approve the Settlement in its entirety without modification.

Respectfully submitted,

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Date: September 7, 2021

Appendix E

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	Docket Nos.	R-2021-3024296
Office of Consumer Advocate	:		C-2021-3025078
Office of Small Business Advocate	:		C-2021-3025257
Columbia Industrial Intervenors	:		C-2021-3025600
Pennsylvania State University	:		C-2021-3025775
Richard C. Culbertson	:		C-2021-3026054
Ronald Lamb	:		C-2021-3027217
	:		
v.	:		
	:		
Columbia Gas of Pennsylvania, Inc.	:		

**BUREAU OF INVESTIGATION AND ENFORCEMENT
STATEMENT IN SUPPORT OF
JOINT PETITION FOR SETTLEMENT
OF RATE INVESTIGATION**

I. INTRODUCTION

The Bureau of Investigation and Enforcement ("I&E") of the Pennsylvania Public Utility Commission ("Commission"), by and through its Prosecutor Erika L. McLain, hereby submits that the terms and conditions of the foregoing *Joint Petition For Settlement* ("Joint Petition" or "Settlement") are in the public interest and represent a reasonable and equitable balance of the interests of Columbia Gas of Pennsylvania, Inc. ("Columbia" or "Company"), Columbia's customers, and the parties to the Settlement Agreement. The parties have conducted extensive formal and informal discovery and have participated in numerous settlement conferences. The extensive and open discussions culminated in the attached Settlement Agreement. I&E requests approval of

the Joint Petition based on I&E's determination that the Settlement Agreement meets all the legal and regulatory standards necessary for approval. "The prime determinant in the consideration of a proposed Settlement is whether or not it is in the public interest."¹ The Commission has recognized that a settlement "reflects a compromise of the positions held by the parties of interest, which, arguably fosters and promotes the public interest."² As a product of negotiation and compromise between multiple parties, this Settlement Agreement reflects concessions from Columbia's original rate request. Accordingly, the Bureau of Investigation and Enforcement believes that the terms and conditions of the Joint Petition are in the public interest.

II. STANDARDS FOR APPROVAL OF SETTLEMENT

A. Legal Landscape on Public Utilities

A business may acquire "public utility status" when that business is the sole organization that maintains the infrastructure utilized in providing an essential service to the public for compensation.³ As duplicating the vast and costly fixed physical infrastructure (e.g., substations, poles, lines, etc.) and allowing multiple businesses to provide the essential service would be wasteful, the public utility obtains a natural monopoly as the sole service provider in the extended geographic service territory.⁴ In

¹ *Pennsylvania Public Utility Commission v. Philadelphia Electric Company*, 60 PA PUC 1, 22 (1985).

² *Pennsylvania Public Utility Commission v. CS Water and Sewer Associates*, 74 PA PUC 767, 771 (1991).

³ James C. Bonbright, *Principles of Public Utility Rates*, Columbia University Press: New York (1961), at 3-14; 66 Pa. C.S. § 102.

⁴ *See id.*; 66 Pa. C.S. § 2802 (it is in the public interest for the distribution of electricity to be regulated as a natural monopoly by the Commission).

order to protect consumers, the public utility's rates and services are regulated.⁵ Price regulation strives to replicate the results of effective competition.⁶

As a public utility, a natural gas distribution company ("NGDC") shall provide just and reasonable rates to customers receiving service in the Commonwealth of Pennsylvania.⁷ A public utility is entitled to a rate that allows it to recover those expenses that are reasonably necessary to provide service to its customers and allows the utility an opportunity to obtain a reasonable rate of return on its investment.⁸ A public utility shall also provide safe and reliable service by furnishing and maintaining adequate facilities and reasonable services and by making the necessary improvements thereof.⁹

B. I&E's Role

Through its bureaus and offices, the Commission has the authority to take appropriate enforcement actions that are necessary to ensure compliance with the Public Utility Code and Commission regulations and orders.¹⁰ The Commission established I&E to serve as the prosecutory bureau to represent the public interest in ratemaking and utility service matters, and to enforce compliance with the Public Utility Code.¹¹ By representing the public interest in rate proceedings before the Commission, I&E works to balance the interest of customers, utilities, and the regulated community as a whole to ensure that a utility's rates are just, reasonable, and nondiscriminatory.¹²

⁵ See *id.*; 66 Pa. C.S. §§ 1301, 1501.

⁶ See *Cantor v. Detroit Edison*, 428 U.S. 579, 595-6, fn. 33 (1976).

⁷ 66 Pa. C.S. §§ 102, 1301; *Federal Power Comm'n v. Hope Natural Gas Co.*, 320 U.S. 591, 602-603 (1944).

⁸ *City of Lancaster v. Pa. P.U.C.*, 793 A.2d 978, 982 (Pa. Cmwlth. 2002); see *Hope*, 320 U.S. at 602-603.

⁹ 66 Pa. C.S. § 1501.

¹⁰ Act 129 of 2008, 66 Pa. C.S. § 308.2(a)(J I); 66 Pa. C.S. §§ 101 *et seq.*; 52 Pa. Code §§ 1.1 *et seq.*

¹¹ *Implementation of Act 129 of 2008; Organization of Bureaus and Offices*, Docket No. M-2008-2071852 (Order entered August 11, 2011).

¹² See 66 Pa. C.S. §§ 1301, 1304.

C. History of the Proceeding

On March 20, 2021, Columbia filed Supplement No. 325 to Tariff Gas - Pa. PUC No. 9 ("Supplement 325"), containing proposed changes in rates, rules, and regulations calculated to produce approximately \$98.3 million in additional annual revenues based upon data for a fully projected future test year ("FPFTY") ending December 31, 2022. This proposed rate change represents an average increase in the total monthly bill for residential customers using 70 therms per month of 14.49% or \$100.77 to \$115.37. Supplement No. 325 was proposed to take effect on May 29, 2021. Pursuant to 66 Pa. C.S. § 1308(d), the filing was suspended by Commission Order entered May 6, 2021, and assigned to the Office of Administrative Law Judge ("OALJ") for the development of an evidentiary record and Recommended Decision.

Administrative Law Judge Mark A. Hoyer ("ALJ Hoyer") was assigned to preside over the proceeding.

A prehearing conference was held as scheduled on May 17, 2021. At the conference, a schedule was memorialized, identifying filing dates for the parties' testimony, modifying discovery rules, setting dates for public input hearings, and scheduling dates for evidentiary hearings.

Public input hearings were held telephonically on June 14, 2021 and June 16, 2021, at 1:00 p.m. and 6:00 p.m. each day.

Pursuant to the procedural schedule agreed to at the prehearing conference, the parties submitted direct and rebuttal testimony on June 16, 2021 and July 14, 2021 respectively. Surrebuttal testimony was served on July 27, 2021.

An evidentiary hearing was held on August 4, 2021, for the purpose of admitting evidence into the record and to allow cross-examination by Complainant Richard Culbertson of Columbia witness Mark Kempic. The evidentiary hearings on August 3 and August 5, 2021 were cancelled.

On August 19, 2021, the parties informed the ALJ that a Settlement had been reached excluding issues brought by Mr. Culbertson.

III. SPECIFIC SETTLEMENT TERMS

A. Revenue Requirement

1. Reasonableness of Revenue Allowance

The Settlement Agreement provides for an increase of a \$58.5 million to the Company's annual overall revenue. This increase is \$39.8 million less than the \$98.3 million initially requested by Columbia, or a reduction of approximately 40% of the amount requested. I&E agreed to settlement in the amount of \$58.5 million only after I&E conducted an extensive investigation of Columbia's filing and related information obtained through the discovery process to determine the amount of revenue Columbia needs to provide safe, effective, and reliable service to its customers. The additional revenue in this proceeding is base rate revenue and has been agreed to in the context of a "Black Box" settlement with limited exceptions. The prior Chairman of the Commission has explained that black box settlements are beneficial in this context because of the difficulties in reaching an agreement on each component of a company's revenue requirement calculation, when he stated, the "[d]etermination of a company's revenue requirement is a calculation that involves many complex and interrelated adjustments affecting revenue, expenses, rate base and the company's cost of capital. To reach an

agreement on each component of a rate increase is an undertaking that in many cases would be difficult, time-consuming, expensive and perhaps impossible. Black box settlements are an integral component of the process of delivering timely and cost-effective regulation."¹³

This increased level of "Black Box" revenue adequately balances the interests of ratepayers and Columbia. Columbia will receive sufficient operating funds in order to provide safe and adequate service while ratepayers are protected as the resulting increase minimizes the impact of the initial request. Mitigation of the level of the rate increase benefits ratepayers and results in 'just and reasonable rates' in accordance with the Public Utility Code, regulatory standards, and governing case law.¹⁴

2. Distribution System Improvement Charge ("DSIC")

The Settlement addresses Columbia's eligibility to include plant additions in the DSIC once eligible account balances exceed the levels projected by Columbia at December 31, 2022. For purposes of calculating its DSIC, Columbia shall use the equity return rate for gas utilities contained in the Commission's most recent Quarterly Report on the Earnings of Jurisdictional Utilities and shall update the equity return rate each quarter consistent with any changes to the equity return rate for gas utilities contained in the most recent Quarterly Earnings report, consistent with 66 Pa. C.S. § 1357(b)(3), until such time as the DSIC is reset pursuant to the provisions of 66 Pa. C.S. § 1358(b)(1).

¹³ See, Statement of Commissioner Robert F. Powelson, *Pennsylvania Public Utility Commission v. Wellsboro Electric Company*, Docket No. R-2010-2172662. See also, Statement of Commissioner Robert F. Powelson, *Pennsylvania Public Utility Commission v. Citizens' Electric Company of Lewisburg, PA*, Docket No. R-2010-2172665.

¹⁴ 66 Pa. C.S. § 1301.

I&E avers that the provisions related to the DSIC are in the public interest and benefits both Columbia and its ratepayers. Columbia benefits because it will have access to DSIC funding for necessary infrastructure improvements which helps to ensure Columbia is able to meet its obligation to provide its customers with safe and reliable service. Customers will benefit from the assurance that improved infrastructure will facilitate safe and reliable service.

3. Tax Repair Allowance and Mixed Service Cost Normalization Treatment

Columbia, through the Settlement, agrees to continue to use normalization accounting with respect to the benefits of the tax repairs deduction and tax treatment of Section 263A mixed service costs. These items originated from previous settlements and are simply memorialized in the instant Settlement.

4. Amortizations

i. Blackhawk Storage

This term simply memorializes the Columbia's commitment made in a previous base rate proceeding.

ii. Other Post-Employment Benefits ("OPEB") Expense

This term simply memorializes the Columbia's commitment made in a previous base rate proceeding.

iii. Pension Prepayment

This term simply memorializes the Columbia's commitment made in a previous base rate proceeding.

iv. COVID-19 Related Uncollectible Accounts Expense

Through the Settlement, Columbia agrees to discontinue the deferral of COVID-19 related Uncollectibles Accounts Expense as of the implementation dates of the rates contemplated by this Settlement, or earlier if directed by the Commission. The amount of \$5,579,245 representing deferrals through December 31, 2020 shall be amortized over a five-year period beginning January 1, 2022. In his direct testimony, I&E witness Zalesky indicated that the five-year amortization period was acceptable. This term is within the public interest as it allows the Company recovery of the extraordinary expense related to COVID-19 and eases the burden on consumers as the expense will be amortized over a period of five years.

5. OPEBs

This term simply memorializes the Columbia's commitment made in a previous base rate proceeding.

6. Reporting on Actual Capital Expenditures, Plant Additions, and Retirements

On or before April 1, 2022, Columbia agrees to provide the Commission's Bureau of Technical Utility Services ("TUS"), I&E, OCA, and OSBA an update to Columbia Exhibit No. 108, Schedule 1, which will include actual capital expenditures, plant additions, and retirements by month for the twelve months ending December 31, 2021 or Columbia's Future Test Year ("FTY"). On or before April 1, 2023, Columbia agrees to provide the same update for its Fully Projected Future Test Year ("FPFTY") ending December 31, 2022. In its next base rate proceeding, Columbia will prepare a comparison of its actual revenue, expenses and rate base additions for the twelve months ended December 31, 2021.

The updates to Columbia Exhibit 108, Schedule 1 are important because as I&E witness Cline explained, “there is value in determining how closely Columbia’s projected investments in future facility comport with actual investments that are made by the end of the FTY and FPFTY. Determining the correlation between Columbia’s projected and actual results will help inform the Commission and the parties in Columbia’s future rate cases as to the validity of Columbia’s projections.”¹⁵ I&E avers this term is within the public interest as it allows the parties and Commission to compare actual numbers to the Company’s projections to gauge the accuracy of Columbia’s projected investments in future proceedings.

7. Future Debt Issuances

In the Settlement, Columbia agrees to preserve and provide to I&E, OCA, and OSBA as a part of its next base rate case the following: (1) all documentation supporting debt issued between this base rate case and the next base rate case; and (2) for each issuance the prevailing yield on U.S. utility bonds as reported by Bloomberg Finance L.P. for companies with a credit risk profile equivalent to that of NiSource Inc. This term was part of the 2018 Columbia base rate case settlement as a result of I&E’s recommendation in that proceeding as such I&E believes this term is within the public interest.

B. Revenue Allocation and Rate Design

1. Revenue Allocation

A public utility shall not establish or maintain unreasonable differences in rates among rate classes.¹⁶ While there may exist sound justification for some discrepancies in rates under the principle of gradualism, this principle alone does not justify "allowing one

¹⁵ I&E Statement No. 3, p. 4.

¹⁶ 66 Pa. C.S. § 1304.

class of customers to subsidize the cost of service for another class of customers over an extended period of time."¹⁷ The revenue allocation set forth in the Joint Petition not only reflects a compromise of the Joint Petitioners, but it also produces an allocation that moves each class closer to its actual cost of service. This movement is consistent with the principles of *Lloyd*. Accordingly, this revenue allocation is in the public interest because it is designed to limit customer class subsidies, and to place costs upon the classes responsible for causing those costs.

2. Rate Design

a. Residential Rate Design

A utility must be allowed to recover the fixed portion of providing service through the implementation of the proper customer charge.¹⁸ This fixed charge provides Columbia with a steady, predictable level of income which will allow Columbia to recover certain fixed costs such as metering, billing, and payment processing.¹⁹

The Joint Petition provides that the residential customer charge will not be increased and will remain at \$16.75 per month. The ultimate resolution of maintaining and not increasing the existing residential customer charge is in the public interest because it protects residential ratepayers while still providing Columbia with adequate revenue.

The remaining customer charges in the Company's proposed tariff have been modified to reflect the mitigated level of the overall increase. Designing rates in this

¹⁷ *Lloyd v. Pennsylvania Public Utility Commission*, 904 A.2d 1010, 1019-20 (Pa. Cmwlth. 2006).

¹⁸ Jim Lazar. "Electric Utility Residential Customer Charges and Minimum Bills: Alternative Approaches for Recovering Basic Distribution Costs." Regulatory Assistance Project (Nov. 2014).

¹⁹ *Id.*

way allows customers to have greater control of their gas bills is in the public interest because it affords customers the opportunity to decrease their usage in an effort to ultimately keep their utility bill lower. Limiting the increase in the customer charge demonstrates a compromise of the interests of the Joint Petitioners and benefits the Company's ratepayers. Therefore, this provision is in the public interest because it more closely aligns the customer charge with the cost to serve those customers. Furthermore, conservation is in the public interest and having a customer charge that is aligned with the cost to serve that customer allows the customer to realize the immediate benefit of conservation on their bill. Designing rates that allow customers to have greater control of their utility bills is in the public interest.

b. Commercial and Industrial Rate Design

I&E has no specific comments on Commercial and Industrial rate design.

c. Other Charges and Riders

Columbia's Weather Normalization Adjustment pilot will continue as a pilot until a final order is entered in the Company's first rate case filed after May 31, 2026 is approved. The Company will maintain and provide to I&E, OCA, and OSBA by October 1 of each year all reports and records supporting the operation of its WNA for the preceding year, including the Company's monthly computation of the WNA and all data underlying the Company's monthly WNA computation.

WNA is a mechanism used to adjust a portion of a customer's bill to lessen the impacts of warmer or colder than normal weather. I&E believes the continuation of the Company's WNA pilot is within the public interest because it serves to protect both the Company and customers from the effects of abnormal weather. WNA allows for a

range of "normal" weather in which the Company's Commission-approved rates would be applied without adjustment.

d. Conclusions as to Rate Design

Based on I&E's review of this proceeding, I&E views the Settlement to be within the range of reasonable outcomes that would result from full litigation of this case. Further, the rate design demonstrates a compromise of the interests of the parties. As such, these provisions are in the public interest.

C. Universal Service and Conservation

I&E has no specific comments on the Universal Service and Conservation issues contained in the Settlement.

D. Natural Gas Supplier Issue

I&E has no specific comments on the Natural Gas Supplier issues contained in the Settlement.

E. Other Issues

The remaining issues raised in the I&E Prehearing Memo have been satisfactorily resolved through Discovery and discussions with Columbia Gas and are incorporated into the "Black Box" resolution of the revenue requirement in this proceeding. The very nature of a settlement agreement incorporates compromise on the part of all Joint Petitioners. This particular Settlement Agreement exemplifies this principle. Because of the characteristics of "Black Box" settlements, no representation of the resolution of any issue not specifically identified is possible in future proceedings.

IV. CONCLUSION

Based on I&E's analysis of the base rate revenue increase requested by Columbia Gas of Pennsylvania, Inc., acceptance of this proposed Joint Petition is in the public interest. Resolution of these issues by settlement rather than continued litigation will avoid the additional time and expense involved in formally pursuing all issues in this proceeding. Increased litigation expenses may have impacted the increase in revenue agreed to in the Joint Petition. As litigation of this rate case is a recoverable expense, curtailment of these charges is in the public interest.

I&E further submits that acceptance of the foregoing Settlement Agreement will negate the need to engage in additional litigation including the preparation of Main Briefs, Reply Briefs, Exceptions and Reply Exceptions. The avoidance of further rate case expense by settlement of these provisions in this Base Rate Investigation proceeding best serves the interests of Columbia and its customers.

The Settlement Agreement is conditioned upon the Commission's approval of all terms and conditions contained therein and should the Commission fail to approve or otherwise modify the terms and conditions of the Settlement, the Joint Petition may be withdrawn by I&E or any of the signatories.

I&E agrees to settle the disputed issue as to the proper level of additional base rate revenue through a "Black Box" agreement with limited exceptions. 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 or in the continuation of this litigation in the event the Settlement is rejected by the Commission or otherwise properly withdrawn by any of the Joint Petitioners.

If the ALJ recommends that the Commission adopt the Settlement Agreement as proposed, I&E has agreed to waive the right to file Exceptions. However, I&E has not waived its rights to file Exceptions with respect to any modifications to the terms and conditions of the Settlement Agreement, or any additional matters, that may be proposed by the presiding officer in his Recommended Decision. I&E also reserves the right to file Reply Exceptions to any Exceptions that may be filed by any active party to this proceeding.

WHEREFORE, the Commission's Bureau of Investigation and Enforcement supports the *Joint Petition for Settlement* as being in the public interest and respectfully requests that Deputy Chief Administrative Law Judge Mark A. Hoyer recommend, and the Commission subsequently approve, the foregoing Settlement Agreement, including all terms and conditions contained therein.

Respectfully submitted,



Erika L. McLain
Prosecutor
PA Attorney ID No. 320526

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Appendix F

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	Docket No.	R-2021-3024296
Office of Consumer Advocate	:		C-2021-3025078
Office of Small Business Advocate	:		C-2021-3025257
Columbia Industrial Intervenors	:		C-2021-3025600
Pennsylvania State University	:		C-2021-3025775
Richard C. Culbertson	:		C-2021-3026054
Ronald Lamb	:		C-2021-3027217
	:		

v.

Columbia Gas of Pennsylvania, Inc.

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

The Office of Consumer Advocate (OCA), one of the signatory parties to the Joint Petition for Settlement of Columbia Gas of Pennsylvania, Inc.'s (Columbia or the Company) Rate Investigation (Settlement), finds the terms and conditions of the Settlement to be in the public interest for the following reasons:

I. INTRODUCTION

On March 30, 2021, Columbia filed Supplement No. 325 to Tariff Gas – Pa. P.U.C. No. 9 (Supplement No. 325) with the Pennsylvania Public Utility Commission (Commission) to become effective May 29, 2021. The Company, by filing this tariff supplement, sought Commission approval to make changes to Columbia's rates, rules, and regulations.

In the proposed tariff, Columbia is seeking an increase in annual distribution revenues of \$98.3 million. This represents an approximate 19.91% increase in the Company's annual revenues. Under Columbia's filing, the total monthly bill for residential customers using 70 therms per month would increase from \$100.77 to \$115.37 (14.49%). Columbia also proposed an increase

in the residential customer charge from \$16.75 to \$19.33. The Company serves approximately 436,000 residential, commercial, and industrial customers in portions of 26 counties in western, northwestern, southern, and central Pennsylvania.

On April 6, 2021, the OCA filed a Formal Complaint and Public Statement in this proceeding—subsequently assigned Docket No. C-2021-3025078—to protect the interests of Columbia’s customers and to ensure that Columbia is permitted to implement only a level of rates that is just and reasonable and in accordance with sound ratemaking principles. The Commission’s Bureau of Investigation and Enforcement (I&E) filed a Notice of Appearance on April 7, 2021. The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA) filed a Petition to Intervene and Answer on April 12, 2021. On April 15, 2021, the Office of Small Business Advocate (OSBA) filed a Formal Complaint, Public Statement, and Verification in this proceeding. On April 16, 2021, Shipley Choice, LLC and Interstate Gas Supply, Inc. filed a Petition to Intervene. On April 29, 2021, Columbia Industrial Interveners filed a Formal Complaint. The Pennsylvania Weatherization Providers Task Force, Inc. filed a Petition to Intervene on May 4, 2020. Pennsylvania State University filed a Formal Complaint on May 7, 2021.

On May 6, 2021, the Commission entered an Order initiating an investigation into the lawfulness, justness, and reasonableness of the proposed rate increase in this filing, in addition to the Company’s existing rates, rules, and regulations, and suspending the effective date of Supplement No. 325 until December 29, 2021, by operation of law.

The Commission assigned the case to the Office of Administrative Law Judge (OALJ) and further assigned to Deputy Chief Administrative Law Judge Mark A. Hoyer (Judge Hoyer). A telephonic prehearing conference was held on May 17, 2021. The parties had a series of

discussions related to resolving the rate increase filing. As a result of these discussions, the signatory parties were able to reach this Settlement based on the terms and conditions set forth herein.¹

As Judge Hoyer has requested the Parties to use a common outline for statements in support, the OCA is employing that common outline here. That said, the OCA will provide a discussion on those issues that were raised and investigated by the OCA and its expert witnesses during the course of this matter. The OCA expects that other Parties will discuss those issues that were of importance to their particular interests and concerns. As discussed below, the OCA submits that the Settlement is in the best interest of Columbia's ratepayers and the public interest, and should be adopted.

II. STANDARDS FOR APPROVAL OF SETTLEMENT

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 OCA's analysis of the Company's filing, discovery responses received, and testimony by all parties, the revenue increase under the Settlement represents a result that would be within the range of likely outcomes in the event of full litigation of the case. The increase is reasonable and yields a result that is in the public interest, particularly when accompanied by other important conditions contained in the Settlement. The increase agreed to in the Settlement

¹ The Settlement has been agreed to by all of the active parties to the proceeding with the exception of two individual Complainants, Ronald Lamb and Richard Culbertson.

provides adequate funding to allow the Company to continue to provide safe, adequate, reliable, and continuous service. The Settlement also contains other provisions that address revenue allocation, rate design, universal service, and energy conservation. As such, the OCA submits that the Settlement is in the public interest and in the interest of Columbia's ratepayers, and should be approved by the Commission.

III. SPECIFIC SETTLEMENT TERMS

A. REVENUE REQUIREMENT (SETTLEMENT ¶ 19).

1. Reasonableness of Revenue Allowance.

In its filing, the Company proposed to increase its total operating revenues by \$98.3 million per year or 19.91% above current rates. Settlement ¶ 16. After reviewing the Company's filing, OCA witness Dave Effron recommended a revenue increase of approximately \$8.9 million in his direct testimony. OCA St. No. 1 at 3. In Surrebuttal Testimony, Mr. Effron modified his recommendation of a revenue increase to approximately \$12.9 million. OCA St. No. 1-SR at 2. The major adjustments recommended by Mr. Effron in his testimony are detailed below:

- a reduction in plant in service of \$81.1 million based on a two-year of net plant additions (OCA St. No. 1-SR, Tbl. 2);
- a reduction in labor expense of \$1.1 million based on actual employee complement (OCA St. No. 1 at 11);
- a reduction in incentive compensation of \$810,000 to align with past ratios of incentive compensation to payroll expense (OCA St. No. 1 at 14);
- an elimination of \$559,000 of stock rewards and \$2.2 million of NCSC stock rewards consistent with the view that stock rewards are a form of incentive compensation based on a shareholder-oriented goal and not a ratepayer-oriented goal (OCA St. No. 1 at 15);

- a reduction of outside services expense of \$4.3 million based on actual outside services expenses over the last two years (OCA St. No. 1 at 18);
- a reduction in NCSC expenses of \$14.3 million based on inadequate explanation of the increase in NCSC expenses (OCA St. No. 1-SR at 12); and
- a reduction of the amortization of Intangible Plant by \$2.1 million based on inadequate documentation of this expense and normalized accounting amortization methods (OCA St. No. 1 at 29).

OCA witness Kevin W. O'Donnell reviewed the Company's request for a 10.95% return on equity and an overall return of 7.89%. Mr. O'Donnell recommended that rates be set based upon:

- an adjusted capital structure with less equity (50%) and more debt divided between long term and short term debt (45.74%, 4.26% respectively) (OCA St. No. 2-SR, Exh. KWO-1s);
- a market-based 9.00% return on equity (OCA St. No. 2-SR at 2); and
- an overall return of 6.49% (OCA St. No. 2-SR, Exh. KWO-1S).

Under the Settlement, Columbia will be permitted a total annual revenue increase of \$58.5 million. Settlement ¶ 16. This represents an overall increase of 11.87% over present rates. Settlement ¶ 16. The overall increase allowed by the Settlement is \$39.8 million less than the amount originally requested by the Company.

The Settlement further specifies that Columbia will begin amortizing the total excess accumulated deferred income tax (ADIT) and that the remaining unamortized excess ADIT balance will continue as a reduction to rate base in all future proceedings until the full amount is returned to ratepayers. Settlement ¶ 25.

In general, the Settlement represents a “black box” approach to all individual revenue requirement issues. Black box settlements avoid the need for protracted disputes over the merits of individual revenue adjustments and avoid the need for a diverse group of stakeholders to attempt to reach a consensus on a variety of financial numbers. OCA Witness Effron made multiple adjustments to the Company’s revenue allowance as detailed above. The OCA submits, however, that it is unlikely that the parties would have been able to reach a consensus on each of the disputed accounting and ratemaking issues raised in this matter, as policy and legal positions can differ widely. As such, the parties have not specified a dollar amount for each issue or adjustment raised in this case. Attempting to reach an agreement regarding each adjustment in this proceeding would likely have prevented any settlement from being reached.

Based on an analysis of the Company’s filing, discovery responses received, and testimony by all parties, the revenue increase under the Settlement represents a result that would be within the range of likely outcomes in the event of full litigation of this case. The increase is reasonable and yields a result that is in the public interest, particularly when accompanied by other important conditions contained in the Settlement as will be further discussed below. As such, the OCA submits that the increase agreed to in this Settlement is in the public interest and in the interest of the Company’s ratepayers, and should be approved by the Commission.

2. Distribution System Improvement Charge (“DSIC”) (Settlement ¶¶ 20-21).

Under the Settlement, after the effective date of rates in this proceeding, December 29, 2021, Columbia will be eligible to include plant additions in the DSIC once eligible account balances exceed the levels projected by Columbia at December 31, 2022. Settlement ¶ 20. The Settlement further indicates that the Settlement’s DSIC-related return on equity provision is

included solely for purposes of calculating the DSIC, and is not determinative for future ratemaking purposes. Settlement ¶ 21.

3. Tax Repair Allowance and Mixed Service Cost Normalization Treatment (Settlement ¶¶ 22-23).

After a review of the Company's proposal, and subsequent discovery, the OCA did not oppose the Company's position on this issue.

4. Amortizations.

i. Blackhawk Storage (Settlement ¶ 24-i.)

As part of the Settlement, Columbia will be permitted to continue to recover the amortization of costs related to Blackhawk Storage. Settlement ¶ 24. The Settlement provides that the Company will continue to utilize the previously-approved 24.5 year amortization of the total amount of \$398,865 to be included on books and in rate base as a regulatory asset to reflect the total original cost that began on October 28, 2008. Settlement ¶ 24. After a review of the Company's proposal, and subsequent discovery, the OCA did not oppose the Company's position on this issue.

ii. Other Post-Employment Benefits ("OPEB") Expense (Settlement ¶ 24-ii.)

As part of the Settlement, Columbia will be permitted to continue to recover the amortization of costs related to Corporate Services OPEB-Related Costs. Settlement ¶ 24. The Settlement provides that the Company will continue to utilize the previously-approved ten year amortization of the total amount of \$903,131 to reflect the total original cost that began on July 1, 2013. Settlement ¶ 24. After a review of the Company's proposal, and subsequent discovery, the OCA did not oppose the Company's position on this issue.

iii. Pension Prepayment (Settlement ¶ 24-iii.)

As part of the Settlement, Columbia will be permitted to continue to recover the amortization of costs related to Pension Prepayment. Settlement ¶ 24. The Settlement provides that the Company will continue to utilize the previously-approved ten year amortization of the total amount of \$8,449,772 that began on December 16, 2018. Settlement ¶ 24. After a review of the Company's proposal, and subsequent discovery, the OCA did not oppose the Company's position on this issue.

**iv. COVID-19 Related Uncollectible Accounts Expense
(Settlement ¶ 24-iv.)**

Under the terms of the Settlement, Columbia will discontinue the deferral of COVID-19 related Uncollectibles Accounts Expense as of the implementation dates of the rates contemplated by this Settlement, or earlier if directed by the Commission. Settlement ¶ 24. The amount of \$5,579,245 representing deferrals through December 31, 2020 shall be amortized over a five-year period beginning January 1, 2022. Settlement ¶ 24. The Company shall introduce its claim for incremental uncollectible expenses subsequent to December 31, 2020 in its next base rate proceeding. Settlement ¶ 24. After reviewing the Company's proposal and subsequent discovery, the OCA submits that discontinuation of the deferral of COVID-19 related Uncollectibles Accounts Expense is in the public interest and should be accepted by the Commission.

5. OPEBs (Settlement ¶¶ 26-27).

As part of the Settlement, Columbia will be permitted continue to defer the difference between the annual OPEB expense calculated pursuant to GASB Accounting Standards Codification 715 (Compensation – Retirement Benefits) and the annual OPEB expense allowed in rates of 0\$. Settlement ¶ 26-27. After a review of the Company's proposal, and subsequent discovery, the OCA did not oppose the Company's position on this issue

6. Reporting on Actual Capital Expenditures, Plant Additions, and Retirements (Settlement ¶ 28).

Under the terms of the Settlement, Columbia will provide the Commission's Bureau of Technical Utility Services ("TUS"), I&E, OCA and OSBA an update to Columbia Exhibit No. 108, Schedule 1, which will include actual capital expenditures, plant additions, and retirements by month for the twelve months ending December 31, 2021. Settlement ¶ 28. In Columbia's next base rate proceeding, the Company will prepare a comparison of its actual revenue, expenses and rate base additions for the twelve months ended December 31, 2021. Id. This provision ensures that the statutory advocates and the Commission receive updated information on the Company's actual expenditures. As such, the OCA submits that providing the statutory advocates and TUS with an update in order to provide actual capital expenditures, plant additions, and retirements by month for the twelve months ending December 31, 2021 is in the public interest.

7. Future Debt Issuances (Settlement ¶ 29).

Under the terms of the Settlement, Columbia will preserve and provide to I&E, OCA and OSBA as a part of its next base rate case the following: (1) all documentation supporting debt issued between this base rate case and the next base rate case; and (2) for each issuance the prevailing yield on U.S. utility bonds as reported by Bloomberg Finance L.P. for companies with a credit risk profile equivalent to that of NiSource Inc. Settlement ¶ 29. OCA witness O'Donnell testified that "[s]ince CPA obtains its debt financing from NiSource, it is actually obtaining its debt capital from a source whose financial strength is inferior to its own financial strength. In doing so, CPA is paying a higher cost of debt than it may otherwise obtain if it went directly into the market for its debt placements." OCA St. No. 2-SR at 8-9. The Settlement provision ensures that the statutory advocates and the Commission receive information concerning the Company's debt and debt risk for the next base rate case. As such, the OCA submits that the provision of this documentation is in the public interest and should be approved by the Commission.

B. REVENUE ALLOCATION AND RATE DESIGN

1. Revenue Allocation (Settlement ¶ 31).

In its filing, Columbia proposed to allocate approximately 68.95% of its requested \$98,278,111 million revenue increase to the residential customer class, or rate class RS/RDS. Settlement ¶ 31. The OCA opposed Columbia's allocation proposal, arguing that, although it was based on the Company's Peak & Average Study, it does not reflect adequate movement toward cost-based rates for each customer class, and did not adequately account for the significant subsidies provided to LDS/LGSS and Flex rate customers that receive service at less than cost of service rates. In Direct Testimony, OCA witness Jerome D. Mierzwa proposed a revenue allocation that assigned an increase of 1.85 times the system average increase to the LDS/LGSS rate class and resulted in additional movement toward the cost of service for the RSS/RDS rate class. OCA St. No. 3 at 12-13.

In the Settlement, the parties agreed to a reasonable revenue allocation of the settled upon \$58.5 million increase in Columbia's annual distribution revenues. Settlement Appendix A.

Columbia Gas of Pennsylvania, Inc. Comparison of Increased Settlement Revenue Allocation by Class by Party For the Twelve Months Ending December 31, 2022								
	Total	RS/RDS	SGSS1/SCD1/SGDS1	SGSS2/SCD2/SGD\$2	SDS/LGSS	LDS/LGSS	MDS/NSS	FLEX
Settlement Increase	\$58,500,000	\$36,700,000	\$6,084,001	\$6,573,184	\$5,376,646	\$3,750,000	\$379	\$15,790

The OCA submits that, under the terms of the Settlement, the portion of the revenue requirement increase allocated to the residential customer class of 62.7% is a significant improvement from the 68.95% allocated to the residential class in the Company's initial revenue allocation proposal. Settlement Appendix A. The revenue allocation in the Settlement is in the public interest and should be accepted by the Commission.

2. Rate Design.

a. Residential Rate Design (Settlement ¶ 32).

In its filing, the Company requested that the residential customer charge increase from \$16.75 per month to \$19.33 per month. The OCA opposed any increase to the customer charge as Columbia's current customer charge remains among the highest among natural gas distribution companies in Pennsylvania. OCA St. No. 3 at 15. Additionally, as testified by OCA witness Colton, increasing the residential customer charge would have a disproportionate impact on lower income customers. OCA St. No. 4 at 25-28. Consistent with the OCA's position, under the terms of the proposed Settlement, the residential customer charge will remain at the current level of \$16.75 per month. Settlement ¶ 32. Applying 100% of the rate increase to the volumetric charges will help to offset the impact of the Weather Normalization Adjustment (WNA) on price signals and allow customers – and low income customers, particularly – to control the volumetric portion of their distribution bill through conservation. As a result of the Settlement, the residential customer charge will continue to be \$16.75 per month.

b. Commercial and Industrial Rate Design.

The OCA did not provide testimony on this issue.

c. Other Charges and Riders.

The Company proposed a continuation of its pilot WNA rider mechanism that is designed to normalize the impact of weather on the recovery of residential usage-based base revenue (outside a 3% band) during the winter months that the WNA is in effect. Under the terms of the Settlement, the WNA mechanism will continue until a final order is entered in the Company's first rate case filed after May 31, 2026. Settlement at ¶ 33. In addition, the Company shall continue to maintain and provide to the OCA, I&E and OSBA by October 1 of each year all reports and records supporting the operation of its WNA for the preceding year, including the Company's monthly computation of the WNA and all data underlying the Company's monthly WNA computation. Id.

The Company also proposed a Revenue Normalization Adjustment (RNA) rider and a Federal Tax Reform Adjustment (FTRA) rider, both of which have been withdrawn without prejudice under the terms of the Settlement. Settlement at ¶¶ 34-35. Through the RNA rider, the Company would collect or refund any variation in Residential revenue that differed from the Benchmark Distribution Revenue per Bill not due to differences between actual and normal weather. In Direct Testimony, OCA witness Mierzwa testified as to the need and reasonableness of the proposed RNA rider:

Columbia's current system of rates and charges, which include fixed monthly customer charges, a Purchased Gas Adjustment mechanism, a Weather Normalization Adjustment, and a Distribution System Improvement Charge, provide for revenue stability and Columbia has not demonstrated that this stability is inadequate.

OCA St. No. 3 at 24. Further, Mr. Mierzwa testified that, in the context of the COVID-19 pandemic, the Company's proposed RNA rider is inappropriate:

The COVID-19 pandemic is another reason Rider RNA should not be approved. There is a great deal of uncertainty concerning the impact of the pandemic on customer usage and unintended consequences could result. For example, the normal usage of Residential customers could change significantly as a result of the pandemic and customers could be assessed charges for these changes in usage. Alternative ratemaking mechanisms such as Rider RNA need to be accompanied by sufficient consumer protections.

Id. at 25. As a result, the OCA opposed the RNA rider as unnecessary and posited that, given the uncertainty surrounding future demands for natural gas service, a mechanism such as the RNA should not be considered at this time.

The Company also introduced a FTRA rider to automatically go into effect if the federal corporate income tax rate increases in the future. OCA witness Mierzwa recommended that the proposed rider be rejected, testifying:

The current corporate Federal income tax rate was put into effect January 1, 2018 as a result of the Tax Cuts and Jobs Act (“TCJA”). In February 2018, this Commission initiated a generic proceeding to determine the effects of the TCJA on the tax liabilities of the public utilities it regulates. It is uncertain when the next change in the corporate Federal income tax rate will occur, and whether the legislation enacting the change will include other provisions which affect corporate Federal income tax liabilities. For example, the TCJA included provisions affecting the tax treatment of net operating loss carrybacks and caps and limited the net interest deduction. Given the uncertainties as to the specific provisions of any legislation changing the corporate Federal income tax rate, such changes should be addressed by the Commission on a generic basis for all the public utilities it regulates rather than on a piecemeal basis as proposed by Columbia.

Id. at 25-26. The OCA opposed this rider as speculative and argued that the Commission handled in a universal proceeding the reduction in the federal corporate income tax rate through the Tax Cuts and Jobs Act and the same process should be implemented if the corporate tax rate were to change again. The OCA submits that the withdrawal of these riders is in the public interest and should be approved by the Commission.

d. Conclusions as to Rate Design.

Based on the OCA’s analysis of the Company’s filing, the discovery responses received, and the testimony in this proceeding, the OCA submits that this increase to the residential class is well within the result that might have been expected had the case been fully litigated. The allocation agreed upon represents a compromise of a contentious issue. For example, pursuant to the Settlement, the residential class will receive a 10.1% increase in rates rather than the 18.6% increase proposed by the Company. Settlement ¶ 23. Further, under the terms of the Settlement, the customer charge will remain at its current amount. As such, the OCA submits that the revenue allocation yields a result that is just and reasonable under the circumstances of this case and so, it is in the public interest and should be approved.

C. UNIVERSAL SERVICE AND ENERGY CONSERVATION.

1. Emergency Repair Fund (Settlement ¶ 37).

As part of this Settlement, the Company will expand the budget for its Emergency Repair Fund from \$600,000 to \$700,000 per year for the years 2022 and 2023. Settlement ¶ 37. This fund provides for the repair and replacement of faulty equipment for low-income homeowners. The Company will recover the actual costs of the expansion of the Emergency Repair Fund through the Rider USP, which has an annual true up. The OCA did not provide testimony on this issue, but the OCA submits that the proposal is in the public interest and should be approved. The proposal will help to increase the program's budget to continue to provide an important benefit to assist low-income customers with maintaining essential natural gas service in the winter months. In the alternative, customers without an operating heating system may turn to potentially dangerous alternative secondary heat sources such as kerosene or electric space heaters in order to stay warm.

2. CAP Exits (Settlement ¶ 38).

OCA witness Colton recommended that the Commission direct the Company to develop remedies for customer exits relating to failure to recertify. OCA St. No. 4 at 59-61. OCA witness Colton also noted a large number of CAP customer participants who were apparently unenrolled from the Company's CAP program after moving from one residence to another within the Company's service area. OCA St. No. 4 at 60.

OCA witness Colton recommended that the Company take actions related to the high number of CAP customer exits from the program due to failure to recertify and customer moves. Mr. Colton recommended that the Company report to the Commission "the number of CAP participants who were removed from CAP due to "moved" who nonetheless remained within the Columbia Gas service territory." OCA St. No. 4 at 61. OCA witness Colton also recommended

that the Company “report to the Bureau of Consumer Services the affirmative steps it will take to reduce the percentage of exits attributable to a failure to recertify.” OCA St. No. 4 at 61.

As a result of the extensive Settlement negotiations, the Parties agreed that the Company will develop remedies for exits from CAP relating to the failure to certify and that the company will automatically re-enroll customers into CAP when they move from one residence to another within the Company’s service territory. Settlement ¶ 38. Regarding Mr. Colton’s accountability recommendations, the Parties agreed that the Company will report to the Bureau of Consumer Services the steps it will take to reduce CAP exits due to a failure to recertify. The reports will provide important information to the Commission about how the Company plans to address the high number of CAP customer exits due to failure to recertify.

The OCA supports this outcome and submits that this was a likely outcome had this case been fully litigated.

3. Customer Assistance Outreach (Settlement ¶ 39).

In the February 18, 2021 Joint Statement of Chairman Brown Dutrieuille and Commissioner Sweet in Docket R-2020-3018835, said the Joint Statement provided that “we believe there are fundamental problems with the affordability of Columbia’s CAP, and most certainly with its outreach efforts, both of which require greater scrutiny than what was given during the course of litigation in this rate case.” Pa. PUC v. Columbia Gas of Pennsylvania, Docket No. R-20203018835, Joint Statement of Chairman Gladys Brown Dutrieuille and Commissioner John Sweet at 3 (Feb. 18, 2021); See also, OCA St. No. 4 at 42-43. In light of the Joint Statement, OCA witness Colton recommended that the Company improve its outreach efforts, particularly regarding customers at or below 0-50% of the Federal Poverty Level. See, OCA St. No. 4 at 44-59.

In particular, OCA witness Colton recommended that the Company expand its network of community partners to expand its grassroots outreach efforts. OCA St. No. 4 at 44-51. OCA witness Colton reviewed the data provided by the Company concerning its ad campaigns and noted that the Company listed 120 “community partners” with which it partners to identify low-income customers. OCA St. No. 5 at 45. OCA witness Colton also performed a zip code analysis to examine the Company’s community partners in areas with the highest concentrations for recipients of food stamps (SNAP), Cash Public Assistance, and Supplemental Security Income (SSI). Mr. Colton found, however, that the Company only partners with one school district of the 135 in its service territory, no food banks, and the Head Start program in only three of the 26 counties in its service territory. OCA St. No. 4 at 46. Mr. Colton noted that the Commission was looking for more than just outreach efforts, but corresponding results too; “It is not merely the activities that Columbia claims it is pursuing that should be the subject of review. It is the results of those activities.” OCA St. No. 4 at 46 (emphasis in original). Mr. Colton recommended that, “Columbia be directed to provide a detailed plan addressing how it intends to expand its CAP outreach to expand CAP participation. OCA St. No. 4 at 50. The Commission’s Final CAP Policy Statement Order also specifically identified that utilities should specifically direct outreach efforts towards customers at or below 0-50% of the Federal Poverty Level. 2019 Amendments to Policy Statement on Customer Assistance Programs, 52 Pa. Code §§ 69.261-69.267, Docket No. M-2019-3012599, Order at 37-38 (Pa. PUC Nov. 5, 2019) (Final CAP Policy Statement Order). OCA witness Colton performed a zip code analysis to examine the Company’s outreach efforts towards customers at or below 50% of the Federal Poverty Level. See, OCA St. No. 4 at 50-59. Mr. Colton found that the Company had not made particular efforts to direct outreach to the 0-50% population and

recommended that the Company's outreach should address this population. OCA St. No. 4 at 57-58.

The OCA submits that the Settlement provisions will help to address the outreach concerns raised by OCA witness Colton in this proceeding. As documented in the Settlement, the Company will develop an outreach campaign to promote existing customer assistance programs and all available resources, reaching out to customers with household incomes of below 50% of poverty through TV and social media ads, electronics materials, and other written materials. The outreach efforts will include a specific Targeted Outreach component that will be directed towards customers with incomes at or below 50% of the Federal Poverty Level. For this Targeted Outreach, the Company will use a third-party contractor to initiate contact with customers with high arrears by using lists of income eligible customers provided by the Company as well as referrals from Community members and Columbia's Customer Service Representatives. Customers who are contacted through the Targeted Outreach will receive information about available assistance and help in enrolling or applying for assistance programs. The Company will recover the costs of the outreach campaign through the Rider USP not to exceed \$200,000 in 2022. Settlement ¶ 39. The OCA supports the Company's Targeted Outreach to increase awareness of the Company's assistance programs for low-income ratepayers, particularly those in the 0-50% of Federal Poverty Level income range, and to help reach those customers with the greatest need for assistance.

4. LIURP (Settlement ¶¶ 40-42).

The Company will expand its LIURP Health & Safety Pilot by re-allocating existing LIURP dollars to the pilot to provide services to more high usage households with health and safety issues which prevent delivery of usage reduction services. Settlement ¶ 40. The Company will increase the LIURP budget for Health & Safety repairs from \$200,000 to \$400,000 in 2022 and will subsequently extend the pilot until approval of the Company's next USECP plan with a

maximum budget of \$600,000 per year if homes are available. Settlement ¶ 40. This includes providing for a higher Health & Safety allotment to remediate higher-cost obstacles to weatherization. Settlement ¶ 40. The expansion of the LIURP Health & Safety Pilot will help to expand the pool of customers eligible to receive LIURP assistance and will ensure additional assistance to homeowners seeking to reduce usage and conserve energy during this difficult time.

The Company is also increasing its Low-Income Usage Reduction Program (LIURP) budget by \$200,000 until the effective date of rates of Columbia's next base-rate proceeding. Settlement ¶ 41. The OCA submits that the additional LIURP dollars will allow the Company to treat additional homes and to help LIURP participants to reduce their household natural gas usage. Reductions to CAP participants' usage will reduce their CAP Shortfall and help to reduce the costs of the CAP discount for all other residential ratepayers. As such, the Company's expansion of its LIURP Health & Safety Pilot is in the public interest and should be approved by the Commission.

5. Security Deposits (Settlement ¶¶ 43-45).

The Company is amending its tariff language to indicate that confirmed low-income customers with incomes at or below 150% FPL will not be charged a security deposit. Settlement ¶ 43. Additionally, Columbia will refund all deposits being held for confirmed low-income customers as reported in the Commission's Universal Service Report within 60 days. Settlement ¶ 44. The Company has also agreed to review security deposits that are being held by the Company on a semi-annual basis, issuing a bill credit or refund for any deposit previously collected from a confirmed low-income customer. Settlement ¶ 45. These provisions will address the burden of security deposits on low-income customers, and begin to rectify the past-collection of the security deposits from low-income customers and will conform the Company's practice to the requirements of the Public Utility Code. As such, the provisions in paragraphs 43-45 of the Settlement are in the public interest and should be approved by the Commission.

D. NATURAL GAS SUPPLIER ISSUE (SETTLEMENT ¶ 46).

As part of the Settlement, if the Columbia Gas Transmission (“TCO”) rate case at Federal Energy Regulatory Commission Docket No. RP20-1060-000 materially changes shipper responsibilities on the pipe, i.e., daily balancing, Columbia agrees to convene a collaborative to gather input on ways to address the changes in its tariff. Settlement ¶ 46. The OCA did not provide testimony on this issue.

E. OTHER ISSUES.

The OCA has no further issues to address.

IV. CONCLUSION

The OCA submits that the terms and conditions of the proposed Settlement of this rate investigation, taken as a whole, represents a fair and reasonable resolution of the issues raised by the OCA in this matter. Therefore, the OCA submits that the Settlement should be approved by the Commission, without modification as being in the public interest and in the interest of Columbia Gas's ratepayers.

Respectfully Submitted,

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DATE: September 7, 2021
316929

Appendix G

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

Introduction

The Small Business Advocate is authorized and directed to represent the interests of the small business consumers of utility services in the Commonwealth of Pennsylvania under the provisions of the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 - 399.50. Pursuant to that statutory authority, the Office of Small Business Advocate (“OSBA”) filed a complaint against the rates, terms, and other provisions of Supplement No. 325 to Tariff Gas Pa. P.U.C. No. 9 (“Tariff No. 9”) which was filed with the Pennsylvania Public Utility Commission (“Commission”) by Columbia Gas of Pennsylvania, Inc. (“Columbia” or the “Company”) on March 30, 2021.

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

The Joint Petition

The *Joint Petition* sets forth a list of issues that were resolved through the negotiation process. The following issues were of particular significance to the OSBA when it concluded that the *Joint Petition* was in the best interests of Columbia's small business customers.

III. Specific Settlement Terms

B. Revenue Allocation and Rate Design

1. Revenue Allocation

OSBA witness Robert D. Knecht summarized the cost-of-service methodology used in this proceeding, follows:

[T]he Company offered three allocated cost of service studies ('ACOSSs'), consistent with its past practice. These three simulations of the ACOSS model differ only in how mains costs are allocated. They include a customer-demand ('CD') approach, and 50/50 peak-and-average ('P&A') approach, and an average of those two ('AVG'). The Company indicates that it relies primarily on the P&A approach, recognizing recent Commission precedent, in which the Commission approved [OCA witness] Mr. Mierzwa's P&A ACOSS at Docket No. R-2020-3018835. The Company's revenue allocation proposal is directionally consistent with the results of that ACOSS.

OSBA Statement No. 1-R, at 2.

In developing their respective revenue allocation recommendations, the OCA, I&E and OSBA witnesses explicitly relied on the P&A ACOSS methodology, consistent with the Commission's Opinion and Order in Columbia's just-completed base rates case at Docket No. R-2020-3018835. These parties adopted moderately different methods for addressing the revenue shortfall from the Flex Rate class. PSU relied on the CD ACOSS methodology.

As the ALJ and the Commission are well-aware, the P&A ACOSS assigns smaller customers less costs, and larger customers greater costs. The ACOSS, being the "polestar"

criterion for revenue allocation, results in a greater cost allocation to the Company's larger customers. However, it is important to recognize that the P&A cost allocation method does not apply to the MDS class, since mains costs are directly assigned to those customers.

In addition, revenue allocated to the "Flex" rate customers is not based on cost, and purportedly reflects the rates necessary to retain those customers on the system. As Mr. Knecht observed, costs assigned to the flex rate customer class in the Commission's P&A methodology are nearly ten times the revenues produced by that class, resulting in a shortfall of some \$29.5 million that must be assigned to the other rate classes. The Commission accepted this treatment for Flex rate customers in its recent decision at Docket No. R-2020-3018835. OSBA Statement No. 1, at 9-11. Revenue allocation to those two classes was generally uncontested by the parties.

Even though most parties relied on the P&A ACROSS methodology, the revenue allocation recommendations differed substantially, reflecting different interpretations for the principle of rate gradualism. Thus, with the exception of PSU, the parties generally proposed larger percentage base rate increases for the non-residential classes, and a below system average increase for the residential classes. Mr. Knecht summarized the various revenue allocation proposals at the Company's full revenue request, including I&E's "first dollar relief" ("FDR") proposal, in the following table:

Table IEC-1R Updated						
Summary of Revenue Allocation Proposals (\$000)						
	Columbia	OSBA	OCA	I&E	I&E FDR	PSU
Residential	\$67,627	\$65,827	\$59,718	\$67,627	\$31,627	\$77,225
SGS1	\$8,448	\$8,448	\$10,451	\$8,448	\$8,448	\$8,448
SGS2	\$9,113	\$9,113	\$11,213	\$9,113	\$9,113	\$9,113
Med Gen'l (SDS/LGSS)	\$7,000	\$7,000	\$9,698	\$7,000	\$7,000	\$1,257
Lg Gen's (LDS/LGSS)	\$5,888	\$7,688	\$7,181	\$5,888	\$5,888	\$2,219
MDS	--	--	\$0.0	--	--	\$0.3
Flex	\$15	\$15	\$16.0	\$15	\$15	\$16
Total	\$98,091	\$98,091	\$98,278	\$98,091	\$62,091	\$98,278
Note: OCA and PSU increases includes increase in other non-rate revenues.						
Source: RDK WP2-R, Exhibit PSU-SR-1						

OSBA Statement No. 1-R, at 4, updated to reflect PSU Statement No. 1-SR.

The *Joint Petition* proposes that the originally requested \$98.3 million be reduced to \$58.5 million. *Joint Petition*, at Paragraph 16. To arrive at the revenue allocation proposed in the *Joint Petition*, the parties first scaled-back the overall revenue number.

Ultimately, the *Joint Petition* proposes the following revenue allocation:

- RS/RDS \$36,700,000
- SGSS1/SCD1/SGDS1 \$6,084,001
- SGSS2/SCD2/SGDS2 \$6,573,184
- SDS/LGSS \$5,376,646
- LDS/LGSS \$3,750,000
- MDS/NSS \$379

- FLEX \$15,790

Joint Petition, at Paragraph 31, Appendix A.

The implications of this revenue allocation are shown in the table below. This table reports the scaled-back revenue allocation of each of the parties, measured as a percentage of the overall increase. It essentially reflects the data shown in Mr. Knecht's Table IEc-1R as updated above, and it reflects the I&E FDR proposal at a \$58.5 million increase.

Comparison of Revenue Allocation Proposals to Settlement						
Share of Increase to Each Rate Class						
	Columbia	OSBA	OCA	I&E FDR	PSU	Settlement
Residential	69.0%	67.2%	60.8%	49.1%	78.5%	62.7%
SGS1	8.6%	8.6%	10.6%	13.8%	8.6%	10.4%
SGS2	9.3%	9.3%	11.4%	15.0%	9.3%	11.2%
Med Gen'l (SDS/LGSS)	7.1%	7.1%	9.9%	12.0%	1.3%	9.2%
Lg Gen's (LDS/LGSS)	6.0%	7.8%	7.3%	10.1%	2.3%	6.4%
MDS	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Flex	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Source: OSBA calculations from Table IEc-1R Updated.						

As shown in the table, the small and medium business customers in the SGS1 and SGS2 rate classes faced the potential for large rate increases under the I&E proposal, at about 20 percent of current base rate revenues, and about 1.7 times the system average increase at the *Joint Petition* revenue requirement. Note also that the settlement proposal results in a revenue allocation well within the range of that offered by the various parties. Therefore, the OSBA supports the proposed revenue allocation as a just and reasonable result for this issue.

2. Rate Design

b. Commercial and Industrial Rate Design

Mr. Knecht described the small business customer classes, as follows:

Columbia's tariff has a number of schedules under which non-residential customers take service. These tariff schedules are generally distinguished by size of customer (as measured by annual throughput) and type of service. Service types include the following:

- Sales service, in which customers procure both gas supplies and distribution service from Columbia;
- Retail transportation "Choice" service, in which smaller customers can purchase gas supply from NGSs and purchase both bundled load balancing services and distribution services from Columbia;
- Transportation service, in which larger non-residential customers purchase gas supplies from NGSs, purchase load balancing services as needed from Columbia and/or their NGSs, and purchase distribution service from Columbia.

For cost allocation purposes, Columbia aggregates these disparate rate classes into rate class groups.

OSBA Statement No. 1, at 6. Mr. Knecht continued:

SGSS/SCD/SGDS ('Small General' or 'SGS'): This group consists of three tariff schedules: Small General Sales Service ('SGSS'), Small Commercial Distribution ('SCD'), and Small General Distribution Service ('SGDS'). To reflect the range of costs associated with serving these diverse classes, Columbia has adopted differentiated customer and commodity charges for customers in this group of classes, split between customers with annual consumption above and below 644 Dth. Maximum annual throughput for this class is 6,440 Dth/year. Consistent with recent past practice, the Company separates these two groups for both cost allocation and rate design purposes. For simplicity, I refer to the customers with annual consumption below 644 Dth as 'SGS1,' and the larger customers as 'SGS2.'

Within these two rate class groups, SGSS is sales service, SCD is retail 'Choice' transportation service and SGDS is regular transportation service.

In the SGS1 group, about 69 percent of the load is to sales customers, implying a shopping rate of 31 percent, which is materially higher than the residential shopping rate of 21 percent. The average SGS1 customer size is about 185 Dth per year, which is a little more than double the size of the average residential customer. Of the shopping customers in this group, about two-thirds of the load is in the Choice program. Overall, this class represents about 12 percent of the Company's non-residential throughput.

In the SGS2 group, about 43 percent of the load relate to sales customers, with the majority of SGS2 shopping customers using traditional transportation service. The average SGS2 customer size is 1,584 Dth/year, which is about 9 times the size of the average SGS1 customer. Overall, this class represents 19 percent of the Company's non-residential throughput.

SDS/LGSS ('Medium General'): This rate class group includes both sales and transportation service customers, taking service under Rate Schedules LGSS (sales service) and Small Distribution Service ('SDS') (transportation service). Columbia's 'Small' designation for the transportation customers in this tariff category is misleading, since the *minimum* throughput is 6,440 Dth per year, matching the *maximum* size requirement for the Small General customers. The maximum annual throughput for this class is 54,000 Dth per year, with an average annual customer throughput of about 15,600 Dth. This rate class group (excluding the flex rate customers) represents about 16 percent of non-residential throughput.

LDS/LGSS ('Large General'): This class includes the larger sales customers in the LGSS class along with the transportation service customers taking service under Rate Schedule Large Distribution Service ('LDS'). Minimum throughput is 54,000 Dth per year, matching the Medium General Service upper limit. A significant share of the volume for this rate class is included in the 'Flex' rate class category for cost allocation, revenue allocation and rate design purposes.

MDS ('Mainline'): Customers in this rate class group take service under Rate Schedule Main Line Distribution Service ('MDS'). To be eligible for this service, customers must have annual throughput

over 27,400 Dth and be directly connected to an interstate pipeline (Class I), or have a minimum annual demand of 214,600 Dth and be located within two miles of an interstate pipeline interconnection (Class II). Because these customers require very little in the way of distribution facilities, and because Columbia reports that they are credible “bypass” threats, Columbia uses different cost allocation and rate design methods for this rate class group.

OSBA Statement No. 1, at 6-8 (emphasis in original).

Mr. Knecht made three specific rate design recommendations, all of which were adopted in the *Joint Petition*. First, the SGS1 customer class was to receive a customer of charge of less than \$37 per month at the full claimed revenue requirement. OSBA Statement No. 1, at 26. The *Joint Petition* proposes an SGS1 customer charge of \$29.92. *Joint Petition*, at Paragraph 31, Appendix B (Column 288 Row F).

Second, Mr. Knecht recommended that the customer charge for the SGS2 customer class be assigned no more than a small increase, with a maximum customer charge of \$57.12. OSBA Statement No. 1, at 26. The *Joint Petition* proposes an SGS2 customer charge of \$57.00. *Joint Petition*, at Paragraph 31, Appendix B (Column 325 Row F).

Third, Mr. Knecht recommended that the customer charge for the smallest customers within the SDS/LGSS customer class be assigned no increase and should remain at \$265.00. OSBA Statement No. 1, at 27. The *Joint Petition* proposes to keep the SDS/LDSS customer charge at \$265.00. *Joint Petition*, at Paragraph 31, Appendix B (Column 359 Row F).

In all three rate design issues, the *Joint Petition* has adopted the OSBA position. Therefore, the OSBA supports the rate design proposed by the *Joint Petition* as a just and reasonable resolution to these issues.

Conclusion

For the reasons set forth in the *Joint Petition*, as well as the additional factors that are enumerated in this statement, the OSBA supports the proposed *Joint Petition* and respectfully requests that the ALJ and the Commission approve the *Joint Petition* in its entirety.

Respectfully submitted,

/s/ Steven C. Gray

Steven C. Gray
Senior Supervising
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Attorney ID No. 77538

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Dated: September 7, 2021

Appendix H

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	Docket No. R-2021-3024296
v.	:	
	:	
Columbia Gas of Pennsylvania, Inc.	:	

**STATEMENT OF THE COALITION FOR AFFORDABLE UTILITY SERVICES
AND ENERGY EFFICIENCY IN PENNSYLVANIA (CAUSE-PA) IN SUPPORT OF
JOINT PETITION FOR SETTLEMENT**

The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA), one of the signatory parties to the Joint Petition for Settlement (Joint Petition or Settlement), respectfully requests that the terms and conditions of the Settlement be approved by the Honorable Deputy Chief Administrative Law Judge Mark A. Hoyer (ALJ), and the Pennsylvania Public Utility Commission (Commission). For the reasons stated more fully below, CAUSE-PA asserts that the terms and conditions of the Settlement are in the public interest and should be approved.

I. INTRODUCTION

CAUSE-PA intervened in this proceeding to address, among other issues, whether the proposed rate increase would detrimentally impact the ability of Columbia Gas of Pennsylvania, Inc.'s (Columbia) low-income customers to access service under reasonable terms and conditions. CAUSE-PA specifically addressed the financial harm of the rate increase on low-income households – especially in light of the economic ramifications of the COVID-19 pandemic; as well as the disproportionate impact of the proposed residential (fixed) customer charge on low users and low-income households; the potential erosion of energy efficiency savings through

Columbia's proposed Revenue Normalization Adjust Rider (RNA), and its impact on the low-income households and energy efficiency programming; and the need offset the negative impacts of the proposed rate increase through the adoption of targeted changes to Columbia's universal service programs.

The Settlement would allow Columbia to increase operating revenues by \$58.5 million, much lower than the Company's proposed increase request of approximately \$98.3 million. (Joint Pet. at ¶ 16). A typical residential sales customer using 70 therms of gas per month will see an increase in their monthly bill from \$100.77 to \$109.10, or by 8.27%, rather than the Company's initial proposed increase from \$100.77 to \$115.37 per month, or 14.9%. (*Id.*) This increase to the in residential rates will be recovered solely through the volumetric charge, rather than the fixed customer charge – which will remain at its current rate of \$16.75. (Joint Pet. at ¶ 32).

The Settlement also provides for several critical changes to Columbia's universal service programs, including improvements to the Customer Assistance Program (CAP) recertification processes, CAP outreach policies, and Low Income Usage Reduction Program (LIURP). (Joint Pet. at ¶¶ 38-42). The settlement also contains provisions that will improve the Company's Emergency Repair Fund and improvements to the Company's security deposit collection and retention policies. (Joint Pet. at ¶¶ 37, 43-45).

Although CAUSE-PA's positions in litigation were not fully adopted, the Settlement was arrived at through good faith negotiation by all parties. The Settlement is in the public interest in that it (1) addresses low-income customers' ability to access safe and affordable natural gas service, (2) balances the interests of the parties, and (3) fairly resolves a number of important issues raised by CAUSE-PA and other parties. If the Settlement is approved, the parties will also avoid the considerable cost of further litigation and/or appeals.

II. BACKGROUND

For the purposes of this Statement in Support, CAUSE-PA adopts the procedural history as set forth in the attached Joint Petition. (Joint Pet. at ¶¶ 1-16).

III. SETTLEMENT

When determining whether a proposed rate increase is just and reasonable, special consideration must be given to impact of the proposed rate increase and the resultant rate structure on ability of the most vulnerable members of society to afford natural gas service. It is both unjust and unreasonable to charge rates, which could force families to do without service that is essential to meet basic human needs. (CAUSE-PA St. 1 at 7). Low-income households already struggle to afford necessities. (*Id.* at 12). An increase to cost of natural gas service will only worsen the affordability gap for these customers. (*Id.* at 15).

CAUSE-PA hereby asserts that this Settlement takes rate affordability into account by using structural rate design to limit the disproportionate burdens on low-income households and through enhancements to Columbia's universal service programs. These enhancements will better match needy households with available assistance. Thus, these terms are just, reasonable, and in the public interest and should be approved. The reasons each are in the public interest, are discussed in further depth below.

A. REVENUE REQUIREMENT

In this proceeding, CAUSE-PA opposed the proposed rate increase. CAUSE-PA expert witness Harry Geller explained that increasing rates in the face of the COVID-19 pandemic without taking substantial steps to mitigate the impact of the proposed increase, as well as existing unaffordability of current rates, would be unjust, unreasonable, and contrary to the public interest. (CAUSE-PA St. 1 at 6-7). He further explained that before increasing rates, Columbia should be

required both to take steps to remediate rate unaffordability and ensure that low-income households can reasonably afford to maintain natural gas service to their home. (Id.)

As part of this settlement, Columbia has agreed to reduce the amount of the increase from \$98.3 million proposed to 58.5 million. (Joint Pet. at ¶ 16). Further, the residential rate increase will be recovered solely through the volumetric charge. (Joint Pet. at ¶ 32). Columbia has also agreed to make critical changes to its universal service programs. (Joint Pet. at ¶¶ 38-42). The settlement also provides improvements to the Company's Emergency Repair Fund designed to assist with unexpected need due to the COVID-19 pandemic and improvements to the Company's security deposit collection and retention policies. (Joint Pet. at ¶¶ 37, 43-45).

As discussed more fully below, CAUSE-PA asserts that these provisions of the Settlement will lessen the amount of the increase shouldered by low-income customers and will help mitigate the impact of the rate increase on vulnerable customers through improvements to the Company's Universal Service Programs. Thus, the Settlement is just, reasonable, and in the public interest and should be approved.

B. REVENUE ALLOCATION AND RATE DESIGN

1. REVENUE ALLOCATION

CAUSE- PA did not take a formal position in this proceeding on revenue allocation except to point out that low-income customers already struggle to afford service and that any additional increase would worsen these struggles. (CAUSE-PA St. 1 at 12-16). This settlement takes these concerns into account by lessening the amount of the proposed increase, as well as improvements to universal service and rate design. The rate design and universal service improvements addressing these concerns are discussed below.

2. RATE DESIGN

a) Residential Customer Charge

In this proceeding, Columbia proposed to increase its fixed monthly residential customer charge from \$16.75 to \$19.33. CAUSE-PA witness Harry Geller explained that this level of increase to the fixed charge would undermine the goals of the Company's LIURP program and negatively impact the ability for consumers to control costs through energy conservation measures. (CAUSE-PA St. 1 at 28-29). As part of this settlement, Columbia has agreed that the residential (fixed) customer charge will remain at \$16.75 per month. (Joint Pet. at ¶ 32). Maintaining the customer charge at its current level will protect the ability of low-income households to lower their utility costs by reducing consumption and preserve the Low-Income Usage Reduction Program's ability to effectively reduce customer bills and improve payment behavior. (CAUSE-PA St. 1 at 30). Thus, CAUSE-PA asserts that this provision of the Settlement is just and reasonable and in the public interest and should be approved.

b) Revenue Normalization Adjustment Rider (RNA)

As part of its rate filing, Columbia proposed a Revenue Normalization Adjustment Rider (RNA). CAUSE-PA witness Harry Geller explained that recovering revenue on a per customer basis, rather than a usage basis, negatively impacts low-income households of the ability to control their bill through energy conservation. (CAUSE-PA St. 1 at 31). Under the terms of this settlement, Columbia will withdraw its proposed RNA Rider without prejudice. (Joint Pet. at 34). CAUSE-PA asserts that this provision of the settlement is just, reasonable, and in the public interest, thus it should be approved.

C. UNIVERSAL SERVICE AND CONSERVATION

In testimony, CAUSE-PA witness Harry Geller explained that low-income households, already struggle to afford necessities and must often make impossible trade-offs between paying for shelter, food, utilities, or other basic needs, thus they cannot afford any increased costs for essential services like natural gas. (CAUSE-PA St. 1 at 6-7, 12). Mr. Geller further explained that rates are not just and reasonable if they are not affordable for those seeking to obtain or maintain service, therefore Columbia should not be allowed to increase rates without taking steps to improve affordability for low-income customers. (*Id.* at 6-7). Mr. Geller made several recommendations about ways that Columbia could improve its universal service programs to help address these concerns. (CAUSE-PA St. 1 at 35-36).

The Settlement provides for improvements to Columbia's universal service programs, including improvements to the Emergency Repair Fund, Customer Assistance Program (CAP) recertification processes, CAP outreach policies, and Low-Income Usage Reduction Program (LIURP). (Joint Pet. at ¶¶ 37-42). These improvements are critical to help improve the accessibility of Columbia's universal service programs to those in need, and to help reduce overall household energy usage to help improve affordability over the longer term.

The settlement also contains improvements to the Company's security deposit collection and retention policies. (Joint Pet. at ¶¶ 43-45). The Public Utility Code and Commission regulation prohibit public utilities from charging a security deposit to low-income households, with confirmed income at or below 150% of the federal poverty level.¹ While enrollment in universal service programs is to be encouraged, it cannot be a requirement of security deposit waiver. The

¹ 66 Pa. C.S. § 1404(a.1) (cash deposit prohibition); 52 Pa. Code § 56.32(e) ("a public utility may not require a cash deposit from an applicant who is, based on household income, confirmed to be eligible for a customer assistance program.").

settlement makes important revisions to Columbia's security deposit collection and retention policies to ensure that low-income consumers are not charged a security deposit or are otherwise promptly refunded a security deposit once the Company confirms the household's low-income status.

The details of these Settlement terms are explained more fully below. While Mr. Geller's recommendations regarding necessary policy and programmatic improvements to address unaffordability within Columbia's universal service programs were not fully adopted, the Settlement was reached through extensive negotiations and represent a good faith compromise by the joining parties in light of all relevant factors. Thus, CAUSE-PA asserts that these terms are in the public interest and should be approved by the Commission.

1. Emergency Repair Fund

In testimony, Mr. Geller explained: "Throughout the pandemic, low-income households have experienced disproportionate health and economic harm – with greater job and wage losses, increased food insecurity, and accrual of unprecedented levels of debt for basic life necessities." (CAUSE-PA St. 1 at 7). To assist with the unexpected need and depletion of customers' savings resulting from the COVID-19 Pandemic, this Settlement expands the budget for Columbia's Emergency Repair Fund, which provides for the repair and replacement of faulty equipment for low-income homeowners, from \$600,000 to \$700,000 per year, for the years 2022 and 2023. (Joint Pet. at ¶ 37). CAUSE-PA asserts that this provision is just reasonable and in the public interest, because it will provide emergency repairs to customers in need and help mitigate the acute financial impact of the COVID-19 pandemic on vulnerable households.

2. CAP Enrollment

In testimony, Mr. Geller expressed concern over the Company's CAP enrollment rates, and explained that the Company's CAP only reaches approximately 35% of Columbia's confirmed low-income customers or 25% of estimated low-income customers. (CAUSE-PA St. 1 at 14). Mr. Geller further explained that, even with CAP assistance, Columbia's low-income consumers face disproportionately high energy burdens, which is especially true for Columbia's poorest customers with income at or below 50% FPL. (Id. at 13).

Under the terms of the Settlement, the Company will develop remedies for exits from CAP relating to the failure to recertify and continue to automatically re-enroll customers into CAP when they move from one address to another within the Company's service territory. (Joint Pet. at ¶ 38). The Company will also report to the Bureau of Consumer Services the affirmative steps it will take to reduce the percentage of exits attributable to a failure to recertify within 60 days of the Commission-approved order in this proceeding. (Id.) The Company will also develop an outreach campaign to promote existing customer assistance programs and all available resources, including TV and social media ads, electronic and written materials, and a Targeted Outreach component providing services to customers with household incomes below 50% of poverty that have not received available assistance. (Id. at ¶ 39.).

While these provisions of the Settlement will not help remedy the disproportionate energy burdens shouldered by CAP participants, they will help increase the number of low-income customers who are able to avail themselves of CAP assistance to reduce their monthly bills. These provisions will also help to improve Columbia's CAP retention rate – ensuring CAP customers will not lapse enrollment because they move to a new residence or do not return their paperwork on time. CAUSE-PA asserts that these terms, as part of the overarching settlement, represent a

reasonable compromise and are just and reasonable and in the public interest and should be approved by the Commission.

3. Low Income Usage Reduction Program (LIURP)

In testimony, Mr. Geller explained that the Company's LIURP program can help mitigate the disproportionate impact of the proposed rate increase on low-income, high-use households, but many of these households are unable to access LIURP due to health and safety issues in the home. (CAUSE-PA St. 1 at 24). Thus, he recommended that, as a condition to any approved rate increase, Columbia should be required to extend its health and safety pilot program for an additional term and increase the budget. (*Id.*)

Under the terms of the Settlement, the Company will expand its LIURP Health & Safety Pilot by re-allocating existing LIURP dollars to the pilot to provide services to more high usage households with health and safety issues which prevent delivery of usage reduction services. The Company will increase the LIURP budget for Health and Safety repairs from \$200,000 to \$400,000 in 2022 and will subsequently extend the pilot until approval of the Company's next USECP plan, with a maximum budget of \$600,000 per year if homes are available. (Joint Pet at ¶ 40). The Company will modify the approved formula to include savings associated with CAP credit savings, thus providing for a higher Health & Safety allotment to remediate higher cost obstacles to weatherization such as full roofs and knob and tube re-wiring. (*Id.*) The Company will also increase its LIURP budget by \$200,000 until the effective date of rates in Columbia's next base rate proceeding. (*Id.* at ¶ 41). Also, regarding the large carryover of LIURP funding from 2020, the Company will canvas participating Community Based Organizations to determine if they have the capacity to do additional work and will increase the LIURP allocations of the affirmatively responding CBOs who are on track to meet their existing allocations. (*Id.* at ¶ 42).

These provisions of the settlement will improve the ability of low-income, high-usage households to access comprehensive usage reduction services through LIURP. These terms will help the Company serve additional homes through both the general LIURP program and the Health and Safety Pilot and provide a greater benefit to those homes served through the Pilot – helping to mitigate the disproportionate impact of the rate increase on households that otherwise are unable to meaningfully reduce their usage as a result of housing conditions. In addition to improving low-income energy costs, this provision will also help to improve health and safety in low-income homes and the surrounding community – an essential public policy goal. Thus, CAUSE-PA asserts that these terms are just and reasonable and in the public interest and should be approved by the Commission.

4. Security Deposits

In testimony, Mr. Geller pointed out that Columbia’s tariff indicates that “CAP customers will not be charged security deposits,” and provides for waiver of security deposits for “customers entering into the CAP;” however, he explained that the Commission regulations prohibit security deposits for all households confirmed to be income-eligible for CAP. (CAUSE-PA St. 1 at 34). Mr. Geller identified that Columbia indicated in discovery that it is currently holding \$239,277 in security deposits for 1,494 confirmed low-income customers. (*Id.* at 35). Mr. Geller recommended that Columbia refund all deposits being held for confirmed low-income customers and that Columbia review currently held security deposits on a regular basis and refund any deposit from a confirmed low-income customer. (*Id.*)

Under the terms of the Settlement, Columbia will amend its tariff language to indicate that all “confirmed low-income customers” as reported in the Commission’s Universal Service Report with income at or below 150% FPL will not be charged a security deposit. (Joint Pet. at ¶ 43)

Columbia will also refund all deposits being held for “confirmed low-income customers” as reported in the Commission’s Universal Service Report within 60 days and will review currently held security deposits on a semi-annual basis and issue a bill credit or refund for any deposit previously collected from a confirmed low-income customer. (Id. at ¶¶ 44-45).

These provisions of the settlement will help ensure that low-income customers are not charged security deposits when setting up accounts, which will help them afford to connect to and maintain natural gas service without making impossible trade-offs for other necessities like food or medicine. (See CAUSE-PA St. 1 at 14). Thus, CAUSE-PA asserts that these provisions are just and reasonable and in the public interest and should be approved by the Commission.

D. NATURAL GAS SUPPLIER ISSUES

CAUSE-PA did not take a position on the natural gas supplier issues resolved by this provision of the Settlement.

E. OTHER

CAUSE-PA did not take a position on the issues resolved by this provision of the Settlement.

F. RESERVED FOR LITIGATION

CAUSE-PA did not take a position on the issues reserved for litigation.

IV. SETTLEMENT IS IN THE PUBLIC INTEREST

The Commission's regulations declare: "It is the policy of the Commission to encourage settlements."² The Commission has explained that the results achieved from a negotiated settlement, in which the interested parties have had an opportunity to participate, "are often preferable to those achieved at the conclusion of a fully litigated proceeding."³

This Settlement was achieved by the Joint Petitioners after an extensive investigation of Columbia's filing, including informal and formal discovery and the submission of direct, rebuttal, surrebuttal and rejoinder testimony by a number of the Joint Petitioners. (Joint Pet. at ¶ 49). Approval of this Settlement will avoid the necessity of further administrative and possibly appellate proceedings regarding the settled issues at what would have been a substantial cost to the Joint Petitioners and Columbia's customers. (Id. at ¶ 50).

Although CAUSE-PA's litigation positions were not fully adopted, the Settlement was arrived at through good faith negotiation by all parties. The Settlement is in the public interest in that it (1) addresses the ability of low-income customers' ability to access safe and affordable service, (2) balances the interests of the parties, and (3) fairly resolves a number of critical issues raised by CAUSE-PA and other parties. If the Settlement is approved, the parties will also avoid the considerable cost of further litigation and/or appeals. Thus, CAUSE-PA hereby asserts that the Settlement is just and reasonable and in the public interest and should, therefore, be approved by the Commission.

² 52 Pa. Code § 5.231.

³ 52 Pa. Code § 69.401.

V. **CONCLUSION**

CAUSE-PA submits that the Settlement, which was achieved by the Joint Petitioners after an extensive investigation of Columbia's filing, is in the public interest. Acceptance of the Settlement avoids the necessity of further administrative and possible appellate proceedings regarding the settled issues at a substantial cost to the Joint Petitioners and Columbia's customers. Accordingly, CAUSE-PA respectfully requests that the Honorable Deputy Chief Administrative Law Judge Mark A. Hoyer and the Pennsylvania Public Utility Commission approve the Settlement without modification.

Respectfully submitted,
PENNSYLVANIA UTILITY LAW PROJECT
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Date: September 7, 2021.

Appendix I

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2021-3024296
	:	
Columbia Gas of Pennsylvania, Inc.	:	

**STATEMENT IN SUPPORT OF THE
COLUMBIA INDUSTRIAL INTERVENORS**

I. INTRODUCTION

1. The Columbia Industrial Intervenors ("CII"), by and through its counsel, submit that the terms of the Joint Petition for Settlement ("Joint Petition" or "Settlement") concurrently filed with the Pennsylvania Public Utility Commission ("PUC" or "Commission") in the above-captioned proceeding reflect a Settlement with respect to Columbia Gas of Pennsylvania, Inc.'s ("Columbia" or "Company"), March 30, 2021, filing of Supplement No. 325 to Tariff Gas – Pa. P.U.C. No. 9 ("Supplement No. 325"), which sought to increase Columbia's total annual operating revenues by \$98.3 million, effective May 29, 2021.

2. As a result of settlement discussions, Columbia, CII, the Office of Consumer Advocate ("OCA"), the Office of Small Business Advocate ("OSBA"), the Bureau of Investigation and Enforcement ("I&E"), Shipley Choice, LLC d/b/a Shipley Energy Company ("Shipley") and the Retail Energy Supply Association ("RESA") (together, "Shipley/RESA"), the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA"), the Pennsylvania State University ("PSU"), and the Weatherization Providers Task Force, Inc. ("Task Force") (collectively, "Parties" or "Joint Petitioners") have agreed upon the terms embodied in the foregoing Joint Petition. CII offers this Statement in Support to further

demonstrate that the Settlement is in the public interest and should be approved without modification.

3. On March 30, 2021, Columbia filed with the Commission Supplement No. 325, which contained proposed changes in rates, rules, and regulations calculated to produce an increase of approximately \$98.3 million in total operating revenues.

4. On April 29, 2021, CII submitted a Complaint in the above-captioned proceeding. As noted in its Complaint, CII members receive natural gas service from Columbia under both sales and transportation rate schedules, including Rate LDS-Large Distribution Service ("Rate LDS"), and use substantial volumes of natural gas in their manufacturing and operational processes. As a result, CII members were concerned that the proposed increase may have an adverse impact on their costs of operations.

5. By Order entered May 6, 2021, the Commission suspended Supplement No. 325 by operation of law until December 29, 2021, and instituted an investigation into the lawfulness, justness, and reasonableness of the rates, rules, and regulations contained in Columbia's proposed Supplement No. 325. Additionally, the Commission assigned this proceeding to Deputy Chief Administrative Law Judge ("ALJ") Mark A. Hoyer for the purposes of scheduling hearings and issuing a Recommended Decision ("R.D."). On May 17, 2021, Deputy Chief ALJ Hoyer convened a Prehearing Conference, in which the procedural schedule for this proceeding was developed.

6. Pursuant to the procedural schedule established in this proceeding, various parties filed Direct, Rebuttal, Surrebuttal, and Rejoinder Testimony. An evidentiary hearing was held on August 4, 2021, for the purposes of presenting testimony and performing cross-examination.

II. STANDARDS FOR APPROVAL OF SETTLEMENT

7. The Commission has a strong policy favoring settlements. As set forth in the Commission's regulations, "[t]he Commission encourages parties to seek negotiated settlements of contested proceedings in lieu of incurring the time, expense and uncertainty of litigation." 52 Pa. Code § 69.391; *see also* 52 Pa. Code § 5.231. In accordance with the Commission's policy encouraging negotiated settlements of contested proceedings, the Joint Petitioners engaged in discussions to resolve the issues raised by various parties. These negotiations resulted in the instant Settlement, which proposes a resolution of the issues between the Joint Petitioners in this proceeding as set forth below.

III. SPECIFIC SETTLEMENT TERMS¹

A. REVENUE REQUIREMENT

8. Columbia's rates will produce an increase in operating revenues of \$58.5 million over current base rates, effective December 29, 2021. In other words, Columbia will receive an increase in existing base rate operating revenues of approximately 11.87% instead of the 19.91% increase proposed in Columbia's filing. This term of the Settlement lowers the total revenue increase amount by approximately 40%, and results in the expenses incurred by the Joint Petitioners (and the Commission) being less than would have been expended if the proceeding had been fully litigated. For these reasons, CII submits that the revenue requirement for this proceeding is reasonable and in the public interest.

¹ As noted in Footnote 3 of the Joint Petition, CII participated in a limited set of issues in this proceeding. For purposes of Statements in Support, the parties agreed to a common outline, which includes several sections and sub-sections. Because CII did not take a position on several of the sub-issues noted in the common outline, CII will not be addressing these issues as part of its Statement in Support.

B. REVENUE ALLOCATION AND RATE DESIGN

1. Revenue Allocation

9. Class revenue allocation will be made pursuant to Appendix "A" attached to the Joint Petition. Pursuant to Columbia's original filing, Columbia proposed to increase Rate LDS by approximately 30%. Under the Joint Petition, Rate LDS would receive an approximate 19% increase.

10. As discussed more fully in CII's Rebuttal Testimony filed in this proceeding, CII members have had to contend with Columbia seeking rate increases approximately every twelve to eighteen months, which have been compounded by several challenges related to the COVID-19 pandemic, including the unknown future impacts of the pandemic. Moreover, currently CII has one member, Knouse Foods Cooperative, Inc. ("Knouse"), which thereby limits the resources available for full litigation of these rate cases on a consistent basis.

11. As a result, while a 19% increase will still significantly impact Knouse's energy expenses, this increase is at least less than that initially proposed by Columbia, as well as those increases to Rate LDS proposed by other parties in this proceeding. Moreover, this resolution allows Knouse to avoid the expenses that would occur from fully litigating this proceeding. As a result, CII submits that the rate allocation set forth in the Joint Petition is reasonable and should be approved without modification.

2. Rate Design

12. Rate design for all classes will be made pursuant to Appendix "B" attached to the Joint Petition. According to Appendix B, the rate increase for Rate LDS will be flowed equally through both the customer charge and the distribution charge. As a result, Rate LDS will receive a 19.9% increase in its customer charge and a 19.9% increase in its distribution rates. As noted

above, while this increase will still significantly impact Knouse, CII submits that flowing the increase equally through both the customer charge and distribution rates is reasonable and should be approved without modification.

C. UNIVERSAL SERVICE AND CONSERVATION

13. For purposes of the Joint Petition, no change is being made with respect to the allocation and collection of Customer Assistance Program ("CAP") costs. In other words, the costs of CAP will continue to be collected only from residential customers. Because only residential customers can benefit from these programs, CII submits that maintaining the status quo with respect to the collection of these costs is reasonable.

D. NATURAL GAS SUPPLIER ISSUE

14. As per Footnote 3 of the Joint Petition, CII did not take a position on this issue during the course of this proceeding. As a result, CII will not be addressing this issue as part of its Statement in Support.

E. OTHER ISSUES

15. The Joint Petitioners agree that approval of the proposed Settlement is in the best interest of the parties involved.

16. The Joint Petitioners agree that the Company should be authorized to file a tariff supplement containing the rates set forth in the Joint Petition.

17. The Joint Petition reflects compromises on all sides presented without prejudice to any position any Joint Petitioner may have advanced so far in this proceeding.

18. The Joint Petition is presented without prejudice to any position any party may advance in future proceedings involving the Company.

19. CII supports the foregoing Joint Petition because it is in the public interest; however, in the event that the Joint Petition is rejected by the Deputy Chief ALJ or the Commission, CII will resume its litigation position, which differs from the terms of the Joint Petition.

20. As set forth above, CII submits that the Settlement is in the public interest and adheres to Commission policies promoting negotiated settlements. The Settlement was achieved after numerous negotiations. Although Joint Petitioners have invested time and resources in the negotiation of the Joint Petition, this process has allowed the parties, as well as the Commission, to avoid expending the substantial resources that would have been required to fully litigate this proceeding while still reaching a just, reasonable, and non-discriminatory result. Joint Petitioners have thus reached an amicable resolution to this dispute as embodied in the Settlement. Approval of the Settlement will permit the Commission and Joint Petitioners to avoid incurring the additional time, expense, and uncertainty of further current litigation in this proceeding. *See* 52 Pa. Code § 69.391.

IV. CONCLUSION

WHEREFORE, the Columbia Industrial Intervenors respectfully request that the Administrative Law Judge and the Pennsylvania Public Utility Commission approve the foregoing Joint Petition for Settlement without modification.

Respectfully submitted,

McNEES WALLACE & NURICK LLC

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Dated: September 7, 2021

Appendix J

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	Docket Nos.	R-2021-3024296
Office of Consumer Advocate	:		C-2021-3025078
Office of Small Business Advocate	:		C-2021-3025257
Columbia Industrial Intervenors	:		C-2021-3025600
Pennsylvania State University	:		C-2021-3025775
Richard C. Culbertson	:		C-2021-3026054
Ronald Lamb	:		C-2021-3027217
	:		
v.	:		
	:		
Columbia Gas of Pennsylvania, Inc.	:		

**STATEMENT OF
THE PENNSYLVANIA STATE UNIVERSITY
IN SUPPORT OF
THE JOINT PETITION FOR SETTLEMENT**

The Pennsylvania State University (“PSU”) submits this Statement in Support¹ of the Joint Petition for Settlement (the “Joint Petition”) filed by the Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”), the Office of Consumer Advocate (“OCA”), the Office of Small Business Advocate (“OSBA”), Columbia Industrial Intervenors (“CII”), Shipley Choice, LLC d/b/a Shipley Energy Company (“Shipley”) and the Retail Energy Supply Association (“RESA”) (collectively, “Shipley/RESA”), the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”), The Pennsylvania State University (“PSU”), the Pennsylvania Weatherization Providers Task Force

¹ PSU participated on a limited set of issues and agrees to the settlement terms related to revenue allocation, and rate design in paragraph 31, and Appendices A and B and assignment of CAP costs. PSU takes no position on the remaining settlement terms but does not oppose the settlement of all other issues by the settling parties.

(“Task Force”) and Columbia Gas of Pennsylvania, Inc. (“Columbia” or the “Company”), parties to the above-captioned proceedings (collectively “Joint Petitioners”).

As indicated in the Joint Petition, the proposed settlement (the “Settlement”) has been agreed to by all active parties in this proceeding, except for the two individual complainants, Richard C. Culbertson and Ronald Lamb. Accordingly, and as discussed more fully below, PSU offers its support for the Settlement terms related to the issues in which it participated in this proceeding; namely, revenue allocation, rate design, and assignment of Customer Assistance Program costs in paragraph 31 of the Settlement, and Appendices A and B to the Settlement. While PSU takes no position on the remaining settlement terms it does not, however, oppose the remainder of the Settlement. PSU requests that the presiding Administrative Law Judge and the Commission grant the Joint Petition and approve the Settlement as submitted, without modification. In support thereof, PSU avers as follows:

I. INTRODUCTION

1. On March 30, 2021, Columbia filed with the Commission Supplement No. 325 to its Tariff Gas – Pa. P.U.C. No. 9 (“Supplement No. 325” or “base rate filing”). Supplement No. 325, to be effective May 29, 2021, proposed an increase in revenues of approximately \$98.3 million, which represents a 19.91% increase in base rate revenues, based upon a pro forma fully projected future test year (“FPFTY”) ending December 31, 2022.

2. On May 6, 2021, the Commission issued an Order initiating an investigation of Columbia’s proposed general rate increase and suspending Columbia’s Supplement No. 325 until December 29, 2021. This case was then assigned to the Office of Administrative Law Judge (OALJ) and further assigned to Administrative Law Judge Mark A. Hoyer (ALJ Hoyer).

3. On May 7, 2021, in response to Columbia's base rate filing, PSU filed a Formal Complaint regarding the proposed rate increases. PSU is a major customer of Columbia for natural gas service with a number of separate accounts. PSU primarily takes service as a member of the Large Distribution Service/Large General Sales Service ("LDS/LGSS") customer classes, but it also takes service under the Small Distribution Service ("SDS"), Small General Sales Service ("SGSS"), and Residential Sales Service ("RSS") classes.

4. An initial Prehearing Conference was held on May 17, 2021, whereafter ALJ Hoyer issued a Prehearing Order setting forth the litigation schedule and modifications to the Commission's discovery rules, such as shorter response times than those provided in the Commission's regulations. See 52 Pa. Code §§ 5.341 *et seq.*

5. After review and investigation of the Company's filing, PSU served the following testimony in support of its position:

- a. The Direct Testimony of James L. Crist (PSU Statement No. 1) on June 16, 2021;
- b. The Rebuttal Testimony of James L. Crist (PSU Statement No. 1-R) on July 14, 2021; and
- c. The Surrebuttal Testimony of James L. Crist (PSU Statement No. 1-SR) on July 27, 2021.

6. The Joint Petitioners held numerous settlement discussions over the course of this proceeding and, as a result, the Joint Petitioners were able to achieve an agreement in principle of most issues prior to the evidentiary hearing. An evidentiary hearing was then held on August 4, 2021, for the limited purpose of admitting the evidence into the record, including PSU's previously-served testimony, and allowing for brief cross-examination of any outstanding issues.

7. Subsequently, the Joint Petitioners reached a settlement in principle. With the exception of the issues raised by Richard C. Culbertson, the Settlement satisfactorily addresses all issues in this case, including issues related to the various cost of service studies and rate allocation amongst the various rate classes, including, in particular, the LDS/LGSS rate classes.

8. The Joint Petitioners now submit this Joint Petition for Settlement for the Commission's consideration.

II. STANDARDS FOR APPROVAL OF SETTLEMENT

9. In order to accept a settlement, the Commission must determine that the proposed terms and conditions are in the public interest. Pa. Pub. Util. Comm'n v. CS Water and Sewer Assoc., 74 Pa. PUC 767 (1991); Pa. Pub. Util. Comm'n. v. Philadelphia Electric Co., 60 Pa. PUC 1 (1985).

10. Additionally, Commission policy "encourage[s]" settlements. 52 Pa. Code §5.231. Settlements lessen the time and expense the parties must expend litigating a case and at the same time conserves the resources of the Commission. The Commission has indicated that settlement results are often preferable to those achieved at the conclusion of a fully litigated proceeding. 52 Pa. Code § 69.401.

III. SPECIFIC SETTLEMENT TERMS

11. PSU generally supports Commission approval of the Settlement and its terms, without modification, as it is in the public interest. PSU notes, however, that the Settlement resolves many complex issues, some of which PSU did not actively take a position on. Thus, PSU will only address those areas of the Settlement that are of particular interest to PSU, including revenue allocation, rate design, and the assignment of universal service costs. PSU takes no position on other provisions of the Settlement.

A. REVENUE REQUIREMENT

12. In the Settlement, the Joint Petitioners have proposed that rates be designed to produce an additional \$58.5 million in annual base rate operating revenues instead of the Company's filed increase request of approximately \$98.3 million. Settlement ¶ 19. If approved, Columbia will receive an increase in existing base rate operating revenues of approximately 11.87%, instead of the 19.91% increase proposed in Columbia's filing. Settlement ¶ 16.

1. Reasonableness of Revenue Allowance

13. PSU submits that the reduction to the overall revenue requirement is in the public interest and a reasonable outcome based upon the issues presented in this proceeding. This reduction also serves to lower the overall increase allocated to the SDS/LGSS and LDS/LGSS rate classes, among others. Accordingly, the Commission should approve the agreed-upon revenue increase.

2. Distribution System Improvement Charge ("DSIC") – N/A

3. Tax Repair Allowance and Mixed Service Cost Normalization Treatment – N/A

4. Amortizations – N/A

5. OPEBs – N/A

6. Reporting on Actual Capital Expenditures, Plant Additions, and Retirements – N/A

7. Future Debt Issuances – N/A

B. REVENUE ALLOCATION AND RATE DESIGN

1. Revenue Allocation

14. The Settlement provides that the agreed-upon revenue increase will be allocated in the manner set forth in Appendix A accompanying the Settlement. Settlement ¶ 31. More specifically, the increase for the SDS/LGSS classes under the terms of the Settlement will be \$5,376,646, which is less than the \$6,998,530 increase originally proposed by the Company and the increase for the LDS/LGSS classes under the terms of the Settlement will be \$3,750,000, which is less than the \$5,888,366 increase originally proposed by the Company. Settlement, App. A.

15. While PSU continues to support the use of a Customer-Demand Cost of Service Study (COSS) as it better aligns with principles of cost causation, the Settlement explicitly provides that the Settlement and revenue allocation does not endorse or rely upon any particular COSS. Settlement ¶ 31. Thus, PSU is generally supportive of the agreed-upon revenue allocation as a compromise of competing positions that results in the rate of return of the SDS/LGSS and LDS/LGSS classes being closer to the system average rate of return than it would under other competing proposals.

2. Rate Design

a. Residential Rate Design- N/A

b. Commercial and Industrial Rate Design

16. As stated above, the Settlement reduces the Company's revenue increase in this matter resulting in settlement rates that are less than those initially proposed by the Company. See Settlement, App. B, Sch. 7. For these reasons, PSU supports the Settlement's Commercial and Industrial rate design as it is in the public interest.

c. Other Charges and Riders

17. PSU would also note that the Settlement does not adopt or incorporate the OCA's proposal to allocate universal service costs to all customer classes. PSU supports the agreement to retain the Company's existing allocation of universal service costs to the residential customer classes. Allocating these program costs to customer classes that are not eligible to participate would violate principles of cost causation -- the 'polestar' of ratemaking.

d. Conclusions as to Rate Design

18. For the reasons set forth above, PSU submits that the rate design terms set forth in the Settlement are reasonable, in the public interest, and should be approved by the Commission, without modification.

C. UNIVERSAL SERVICE AND CONSERVATION – N/A

D. NATURAL GAS SUPPLIER ISSUE – N/A

E. OTHER ISSUES – N/A

IV. CONCLUSION

19. PSU supports the Joint Petition because the Settlement is without prejudice or admission to any position any party, including PSU, may take in any subsequent or different proceeding. In addition, the Settlement will enable the parties to avoid the expenditure of significant additional time and expense that would have been necessary to fully litigate this proceeding to a conclusion. This will result in significant savings to all parties, as well as to Columbia's customers.

20. For all of these reasons, PSU submits that the Settlement is in the public interest and requests that the Commission approve the Settlement as presented in the Joint Petition for Settlement.

Respectfully submitted,

/s/ Whitney E. Snyder

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DATED: September 7, 2021

Counsel for The Pennsylvania State University

Appendix K

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2021-3024296
	:	
Columbia Gas of Pennsylvania, Inc.	:	

**PENNSYLVANIA WEATHERIZATION PROVIDERS TASK FORCE INC.'S
STATEMENT IN SUPPORT OF JOINT PETITION
FOR SETTLEMENT**

NOW COMES the Intervenor, the Pennsylvania Weatherization Providers Task Force, Inc. (Providers Task Force) and files this Statement in Support of the Joint Petition for Settlement in the above-captioned matter and agrees to its terms based upon the following:

1. The Pennsylvania Weatherization Providers Task Force, Inc. (Providers Task Force), is a Pennsylvania non-profit corporation and a statewide association of thirty-seven (37) organizations providing utility assistance and energy conservation services in each of the Commonwealth's sixty-seven counties
2. The Providers Task Force, through its member agencies, Pennsylvania community-based organizations, administers universal service programs for several utility companies in Pennsylvania.
3. Although the Providers Task Force joins in the settlement of all issues, this Statement in Support will address only those issues that the Providers Task Force addressed in its intervention and testimony.
4. The Providers Task Force intervened in this proceeding to address the Company's universal service programs, rate design proposals and the general need to provide relief to low-income ratepayers during the Covid-19 pandemic and resulting impact.

5. The Providers Task Force presented the direct testimony of Eugene M. Brady. Mr. Brady's testimony addressed the Company's universal service program and rate design.

6. The Providers Task Force supports the Joint Petition for Settlement and believes that it is in compliance with the applicable laws and regulations and serves the public interest based upon the following:

A. The Settlement increases funding for the Company's LIURP program for the residential class. This increase will help low-income customers deal with the effect of the rate increase resulting from this Settlement;

B. The Company has agreed to increase funding for its LIURP Health and Safety Pilot by \$200,000 annually and to extend that pilot until approval of its next Universal Service and Energy Conservation Plan. This will allow more homes to receive energy conservation measures;

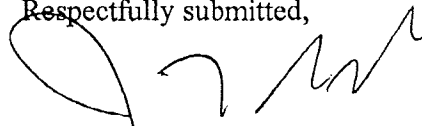
C. The Company proposed in its initial filing to increase its fixed monthly residential customer charge from \$16.75 to \$19.33. Such an increase in the fixed charge would have lessened the motive and ability of the residential class to conserve energy and reduce their monthly bill. The Settlement provides that the fixed monthly customer charge for residential customers will remain at \$16.75;

D. This settlement is consistent with the Commission's obligation under the Natural Gas Customer Choice and Competition Act to ensure that universal service programs are appropriately funded and available and that energy conservation measures are promoted and available to consumers, particularly low-income consumers. The increase in rates resulting from this case requires an examination of the Company's universal service programs to

ensure that universal service programs remain appropriately funded and available. The Providers Task Force joins in the settlement because it believes that it adequately addresses the funding of the Company's universal service programs considering this rate increase.

WHEREFORE, the Pennsylvania Weatherization Providers Task Force respectfully requests that the settlement be approved.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Joseph L. Vullo', is written over the typed name and address.

JOSEPH L. VULLO, ESQUIRE
I.D. No. 41279
Burke Vullo Reilly Roberts
1460 Wyoming Avenue
Forty Fort, PA 18704
Attorney for the Pennsylvania
Weatherization Providers Task Force

Appendix L

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission,	:	
	:	
v.	:	Docket No. R-2021-3024296
	:	
Columbia Gas of Pennsylvania, Inc.	:	

**SHIPLEY CHOICE LLC AND
THE RETAIL ENERGY SUPPLY ASSOCIATION
STATEMENT IN SUPPORT OF PARTIAL SETTLEMENT**

TO ADMINISTRATIVE LAW JUDGE MARK A. HOYER

AND NOW, come Shipley Choice LLC d/b/a Shipley Energy (“Shipley”) and The Retail Energy Supply Association¹ (“RESA”)(collectively “Shipley/RESA”) and hereby submit this Statement in Support of the Partial Settlement (“Settlement”) in the above-captioned matter being filed simultaneously herewith. Shipley/RESA respectfully submit that the Settlement is in the public interested and should be approved by the Pennsylvania Public Utility Commission (“Commission”) in its entirety. In support thereof, Shipley/RESA state as follows:

1. On or about March 30, 2021, Columba Gas of Pennsylvania, Inc. (“Columbia” or “Company”) filed a Supplement No. 325 to Tariff Gas – Pa. P.U.C. No. 9 (“Supplement No. 267”) seeking to increase operating revenues by approximately \$98.3 million, or approximately 14.49%.

¹ The views expressed in this filing represent the position of the Retail Energy Supply Association (RESA) as an organization but may not represent the views of any particular member of the Association. Founded in 1990, RESA is a broad and diverse group of retail energy suppliers dedicated to promoting efficient, sustainable and customer-oriented competitive retail energy markets. RESA members operate throughout the United States delivering value-added electricity and natural gas service at retail to residential, commercial and industrial energy customers. More information on RESA can be found at www.resausa.org.

2. By Order dated May 6, 2021, the Pennsylvania Public Utility Commission (“Commission”) suspended the effective date of the tariff until December 29, 2021.

3. On May 5, 2021, Shipley/RESA petitioned to intervene in the above-captioned proceeding, amending a Petition to Intervene filed by Shipley and Interstate Gas Supply, Inc.(“IGS”), on April 16, 2021, by substituting RESA in place of IGS.

4. By Prehearing Order dated May 21, 2021, the Petition to Intervene of Shipley/RESA was granted.

5. Shipley/RESA’s primary concern in this matter, as stated in their Prehearing Memorandum, was to ensure that the results of the ongoing Columbia Gas Transmission (“TCO”) rate case at FERC Docket RP20-1060-001, et. al., did not impact the ability of suppliers to deliver gas to the Columbia Gas of Pennsylvania (“Columbia”) system. As Shipley/RESA noted in their Prehearing Conference Memorandum, the requirements proposed by TCO in its rate case had “the potential to greatly increase the difficulty of scheduling on the TCO pipeline system, and thus increase the risk of Columbia being penalized by TCO and in turn seeking to pass that risk on to NGSs operating on its system.”

6. During the course of the litigation of this matter, the parties to the FERC matter reached a partial settlement that effectively removed the provisions of concern from consideration as part of the TCO rate case. The proposed settlement would prohibit TCO from including any such provisions in a tariff filing until 2026 at the earliest. Out of an abundance of caution, and because the TCO settlement is not yet final, and may not be final for some time, Shipley/RESA and Columbia agreed, as part of the Settlement of this matter, that in the event that the TCO Settlement failed and TCO sought to include the same or similar provisions in a rate filing, that Columbia would convene a group of interested stakeholders, including suppliers and large

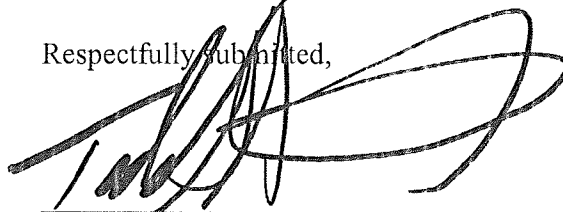
customers, to seek agreement on how to adapt to such new requirements. (See, Section D, ¶ 46 of the Settlement).

7. Paragraph 46, specifically, and the Settlement is in the public interest for a number of reasons, not the least of which is that it generally promotes the concept of the Natural Gas Distribution Company and Natural Gas Suppliers that serve customers on the NGDC system working together to solve and address mutual problems. Promoting cooperation is good policy whether the issue arises in the context of some third-party act, as in the instant matter, or the desire of the NGDC or the NGSs for operational changes to improve the system. The public interest is served by this particular provision is in the public interest because the changes proposed by TCO were almost universally rejected and would impose restrictions and requirements on Columbia and NGSs that would generate costs and penalties that would eventually end up in end-user bills. To the extent that the FERC was/is inclined to ever approve such measures, it would be critical for all affected parties to develop a strategy and process for minimizing the negative impacts. In this case that seems unlikely, but the safe play is to the prepare for the worst. If the TCO settlement is approved, this provision costs nothing. That is the best measure of its worth – it is there if needed and if not, causes no harm.

8. Shipley/RESA take no position on the remainder of the Settlement.

WHEREFORE, Shipley/RESA respectfully submit that the Settlement in this matter, is in the public interest and should be approved as submitted with all due haste:

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Todd S. Stewart', written over a horizontal line.

Todd S. Stewart
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*Counsel for Shipley Choice, LLC d/b/a
Shipley Energy and the Retail Energy Supply
Association*

DATED: September 7, 2021