BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

RECOMMENDED DECISION

Before
Mark A. Hoyer
Deputy Chief Administrative Law Judge

TABLE OF CONTENTS

I. INTRODUCTION

This Recommended Decision approves, without modification, the Joint Petition for Settlement (Joint Petition or Settlement), which the parties joining therein filed on September 7, 2021, because it is in the public interest, consistent with the Public Utility Code, and supported by substantial evidence.

The Settlement proposes 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. The Settlement provides that Columbia Gas of Pennsylvania, Inc. (Columbia or the Company) will receive an increase in existing base rate operating revenues of approximately 11.87% instead of the 19.91% increase proposed in the 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 originally proposed monthly increase from $100.77 to $115.37 per month, or 14.9%. 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 originally proposed monthly increase from $164.92 to $187.30 per month, or 13.57%.

The end of the suspension period for Columbia's proposed tariff filing is December 29, 2021. The last reasonable Pennsylvania Public Utility Commission Public Meeting before the end of the suspension period is on December 16, 2021.

II. HISTORY OF THE PROCEEDING

On March 30, 2021, Columbia filed with the Pennsylvania Public Utility Commission (Commission) Supplement No. 325 to its Tariff Gas – Pa. P.U.C. No. 9. Supplement No. 325 was issued to be effective for service rendered on or after May 29, 2021. It proposed changes to Columbia's distribution base rates designed to produce an increase in annual revenues of approximately $98.3 million based upon data for a fully projected future test year (FPFTY) ending December 31, 2022.

On April 7, 2021, the Commission's Bureau of Investigation and Enforcement (I&E) filed a Notice of Appearance. Complaints were filed by the Office of Consumer Advocate (OCA) at Docket No. C-2021-3025078 on April 6, 2021, the Office of Small Business Advocate (OSBA) at Docket No. C-2021-3025257 on April 15, 2021, Columbia Industrial Intervenors (CII) at Docket No. C-2021-3025600 on April 29, 2021, the Pennsylvania State University (PSU) at Docket No. C-2021-3025775 on May 7, 2021, Richard C. Culbertson at Docket No. C-2021-3026054 on May 25, 2021, and Ronald Lamb at Docket No. C-2021-3027217 on July 12, 2021.[1]

Petitions to Intervene were filed by the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA) on April 12, 2021, and Pennsylvania Weatherization Providers Task Force (Task Force) on May 3, 2021. On May 5, 2021, Shipley Choice, LLC d/b/a Shipley Energy Company (Shipley) and Retail Energy Supply Association (RESA) (collectively, 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.

On May 6, 2021, the Commission issued an Order suspending Columbia's Supplement No. 325 by operation of law until December 29, 2021. The Order instituted an investigation to determine the lawfulness, justness, and reasonableness of the rates, rules, and regulations contained in the proposed Supplement and assigned the case to the Office of Administrative Law Judge for the prompt scheduling of such hearings as may be necessary culminating in the issuance of a Recommended Decision.

On May 7, 2021, a Call-In Telephonic Prehearing Conference Notice was issued scheduling a prehearing conference for May 17, 2021.

On May 10, 2021, a Prehearing Conference Order was issued.

[1] All these listed formal complaints were consolidated for hearing and disposition at Docket No. R-2021-3024296 by the Fourth Interim Order issued on July 23, 2021.

A prehearing conference was held as scheduled on May 17, 2021. Columbia, I&E, OCA, OSBA, CII, PSU, CAUSE-PA, Shipley/RESA and Task Force were represented at the conference. On May 21, 2021, a Prehearing Order memorializing the matters decided by the undersigned and agreed upon by the parties attending the conference and ordering a litigation schedule for this proceeding was issued.

Two public input hearings were held on June 14, 2021. Two additional public input hearings were held on June 16, 2021. A total of three [?] witnesses testified at these hearings.

Several interim orders were issued in this proceeding to set time limits for responses to discovery motions and to dispose of discovery motions.

On July 28, 2021, Columbia filed a Motion for a Protective Order. On August 3, 2021, a Protective Order was issued.

An evidentiary hearing was held on August 4, 2021, for the purpose of admitting the evidence into the record and allowing *pro se* complainant Mr. Culbertson to conduct cross-examination of Columbia's witness, Mark Kempic. Subsequently, Columbia informed the undersigned that all of the parties with the exceptions of Mr. Culbertson and Mr. Lamb agreed to a settlement in principle of all issues, excluding Mr. Culbertson's issues.

On August 25, 2021, Mr. Culbertson and Columbia filed main briefs.

On August 26, 2021, Columbia filed a motion to strike pages 34-42 of Mr. Culbertson's main brief. Mr. Culbertson filed a response to Columbia's motion to strike on August 30, 2021. On September 2, 2021, the Tenth Interim Order was issued granting Columbia's motion to strike pages 34-42 of Mr. Culbertson's main brief.

On September 7, 2021, a Joint Petition for Settlement (Joint Petition or Settlement) with Statements in Support thereof executed by the signatory parties was filed.[2] Reply briefs were filed on September 7, 2021, by Mr. Culbertson and Columbia.

On September 8, 2021, the Eleventh Interim Order was issued requiring that any objections to the Settlement or comments regarding it be filed and served by September 17, 2021.

No objections to the Settlement were timely filed.

On September 24, 2021, Mr. Culbertson filed a Motion to Properly Respond to the Black Box Settlement Agreement Among the Participants (excluding Culbertson) Rate Case.

On September 29, 2021, the Twelfth Interim Order was issued denying Mr. Culbertson's Motion filed on September 24, 2021 and closing the record.

III. DESCRIPTION AND TERMS OF SETTLEMENT

The 18-page Joint Petition for Settlement includes 12 appendices attached as Appendix A through and including Appendix L. Appendix A is a one-page Comparison of Increased Settlement Revenue Allocation by Class by Party for the Twelve Months Ending December 31, 2022. Appendix B is a 9-page Allocation of Proposed Annual Revenues by Rate Schedule Based on Revenue Requirement for the 12 Months Ended December 31, 2022. Appendix C is Columbia's Supplement to Tariff Gas-Pa. P.U.C. No. 9, which includes rate increases and changes to the existing tariff. Appendices D through and including Appendix L are the Joint Petitioners' Statements in Support of the Settlement.

In the Settlement, the Joint Petitioners proposed that rates be designed to produce an additional $58.5 million in annual base rate operating revenues instead of the Company's filed

[2] The Joint Petition was signed by representatives of Columbia, I&E, OCA, OSBA, CAUSE-PA, CII, Shipley, RESA, PSU and Task Force (the Joint Petitioners).

increase request of approximately $98.3 million. The Settlement provides that Columbia will receive an increase in existing base rate operating revenues of approximately 11.87% instead of the 19.91% increase proposed in the 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. Settlement, pp. 4-5.

According to the Joint Petitioners, the Settlement was achieved after extensive investigation of Columbia's filing, including formal and informal discovery and the submission of direct, rebuttal, surrebuttal and rejoinder testimony that was admitted into the hearing record. The Joint Petitioners unanimously agree that the Settlement is fair, just and reasonable, and therefore in the public interest. The Joint Petitioners claim that 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. Settlement, p. 12.

The Joint Petition is conditioned upon the Commission's approval of the terms and conditions contained therein without modification. Among other things, the Joint Petitioners agree that if the Commission modifies the Joint Petition, then any Joint Petitioner may elect to withdraw from the Joint Petition and may proceed with litigation and, in such event, the Joint Petition shall be void and of no effect. The Joint Petitioners acknowledge and agree that the Joint Petition, 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. The Joint Petitioners further agree that their Settlement is made without any admission against, or prejudice to, any position that any Joint Petitioner may adopt in the event of any further litigation in these proceedings. The Joint Petitioners recognize that the proposed Settlement does not bind Formal Complainants that do not choose to join the Settlement. Settlement, pp. 12-13.

The Joint Petitioners agree that the Settlement and its terms and conditions may not be cited as precedent in any future proceeding, except to the extent required to implement the Settlement. The Joint Petitioners further agree that 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. The Joint Petition provides that the Settlement is the result of compromise and does not necessarily represent the positions that would be advanced by any Joint Petitioner in these proceedings if they were fully litigated. Joint Petition, p. 13.

Joint Petitioners agree that the 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. The Joint Petitioners further agree that 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. Settlement, p. 13.

If the Commission approves 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. Settlement, p. 14.

The Settlement terms are set forth on pages 5-12 of the Joint Petition. The terms are discussed under the following four subheadings: Revenue Requirement, Revenue Allocation and Rate Design, Universal Service and Conservation, Natural Gas Supplier Issue, and Other. These four subheadings will be used to present the Settlement terms in the Discussion section to follow. The terms contained on pages 5-12 of the Settlement are set forth below *in verbatim*.

IV. SETTLEMENT[3]

1. 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

2. 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.

3. 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 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.

4. 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).

[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.

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

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

7. 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.

8. 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.

9. 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.

10. 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.

11. 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.

12. 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.

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

B. REVENUE ALLOCATION AND RATE DESIGN

14. 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.

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

16. 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.

17. Columbia's Revenue Normalization Adjustment ("RNA") proposal has been withdrawn without prejudice.

18. Columbia's Federal Tax Reform Adjustment ("FTR") Rider has been withdrawn without prejudice.

19. The Company's Gas Procurement Charge ("GPC") and Merchant Function Charge ("MFC") shall be as filed by the Company.

C. UNIVERSAL SERVICE AND CONSERVATION

20. 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.

21. 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.

22. 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.

23. 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 [Universal Service and Energy Conservation Program] (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.

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

25. 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.

26. 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.

27. 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.

28. 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

29. 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

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

V. DISCUSSION OF PUBLIC INPUT, SETTLEMENT AND LITIGATED ISSUES

Three witnesses testified at the 1:00 p.m. public input hearing on June 16, 2021. All three witnesses opposed Columbia's rate increase request. The testifying witnesses were John Kolesnik, Erin McCartney and Michael Hicks, Sr. Transcript of the Public Input Hearing, pp. 86-116. Mr. Hicks also testified concerning service issues specific to him. There were no witnesses at any of the other scheduled public input hearings.

A. Revenue Requirement

The Joint Petitioners agreed to a common outline for their respective statements in support of the Settlement. The first major heading addressed by the Joint Petitioners in their Statements in Support was the Revenue Requirement the Joint Petitioners agree upon. Under the outline heading Revenue Requirement, the Joint Petitioners addressed seven subheadings. The first subheading addressed by the Joint Petitioners was the reasonableness of the revenue allowance.

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; Columbia St. in Support, pp. 3-4.

According to Columbia, 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 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.; Columbia St. in Support, p. 4.

According to Columbia, 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 C.J. 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; Columbia St. in Support, pp. 4-5.

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. According to Columbia, 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.; Columbia St. in Support, p. 5.

Columbia explains that, under the Settlement, with only a few select exceptions further explained in its Statement in Support, 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. Columbia St. in Support, p. 5.

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. Columbia St. in Support, pp. 5-6.

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. According to Columbia, 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. Columbia asserts that 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. Columbia St. in Support, p. 6.

I&E also addressed the Reasonableness of the Revenue Requirement in its Statement in Support. According to I&E, the increase agreed to in the Settlement 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. Like Columbia, I&E explains that 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. According to I&E, 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." *See*, Statement of Commissioner Robert F. Powelson, *Pa. Pub. Util. Comm'n v. Wellsboro Elec. Co.*, Docket No. R-2010-2172662. *See also*, Statement of Commissioner Robe11 F. Powelson, *Pa. Pub. Util. Comm'n v. Citizens' Elec. Co. of Lewisburg, Pa.*, Docket No. R-2010- 2172665; I&E St. in Support, pp. 5-6.

I&E concludes that 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. According to I&E,

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. 66 Pa.C.S. § 1301; I&E St. in Support, p. 6.

Based on an analysis of the Company's filing, discovery responses received, and testimony by all parties, OCA also concludes 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. According to OCA, 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. 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. OCA St. in Support, p. 6.

According to OCA, the revenue requirement permitted by the Settlement 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 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; OCA St. in Support, p. 5.

OCA also discussed the fact that the Settlement is a Black Box Settlement. OCA Witness Dave Effron made multiple adjustments to the Company's revenue allowance that were set forth in OCA's Statement in Support. OCA St. in Support, pp. 4-5. 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 achieved. OCA St. in Support, p. 6.

For its part, OSBA did not address the reasonableness of the revenue requirement agreed to in the Settlement in its Statement in Support. Instead, OSBA focused on revenue allocation and rate design and addressed those topics in its Statement in Support. Those topics will be presented later in this Recommended Decision.

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*.; CAUSE-PA St. in Support, pp. 3-4.

As part of the Settlement, Columbia agreed to reduce the amount of the increase from $98.3 million proposed to 58.5 million. Settlement at ¶ 16. Further, the residential rate increase will be recovered solely through the volumetric charge. Settlement at ¶ 32. According to CAUSE-PA, Columbia also agreed to make critical changes to its universal service programs. Settlement 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. Settlement at ¶¶ 37, 43-45. 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, CAUSE-PA concludes the Settlement is just, reasonable, and in the public interest and should be approved. CAUSE-PA St. in Support, p. 4.

CII submits that the revenue requirement for this proceeding is reasonable and in the public interest. According to CII, the Settlement provides that Columbia will be permitted an increase in existing base rate operating revenues of 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. CII St. in Support, p. 3.

PSU asserts that the Commission should approve the agreed-upon revenue increase. 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. According to PSU, this reduction also serves to lower the overall increase allocated to the SDS/LGSS and LDS/LGSS rate classes, among others. PSU St. in Support, p. 5.

Task Force points out that Columbia proposed in its filing to increase its fixed monthly residential customer charge from $16.75 to $19.33. According to Task Force, such an increase in the fixed charge would have lessened the ability of the residential class to conserve energy and reduce their monthly bills. The Settlement provides that the fixed monthly charge for residential customers will remain at $16.75. Task Force St. in Support, p. 2.

Shipley/RESA did not take a position on the reasonableness of the revenue requirement agreed upon in the Settlement. Shipley/RESA St. in Support, p. 3.

2. Distribution System Improvement Charge (DSIC)

According to Columbia, 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; Columbia St. in Support, p. 6.

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.)[4]; Columbia St. in Support, p. 7.

According to I&E, 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. The Settlement 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). I&E St. in Support, p. 6.

I&E avers that the provisions related to the DSIC are in the public interest and benefit both Columbia and its ratepayers. According to I&E, 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. I&E St. in Support, p. 7.

OCA does not express an opinion with respect to the DSIC provisions in the Settlement in its Statement in Support. According to OCA, under the Settlement, after the

[4] 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.

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; OCA St. in Support, pp. 6-7.

OSBA, CAUSE-PA, CII, PSU, Task Force and Shipley/RESA do not address the DSIC provisions included in the Settlement in their Statements in Support.

3. Tax Repair Allowance and Mixed Service Cost Normalization Treatment

Columbia was the only Joint Petitioner to address the Tax Repair Allowance and Mixed Cost Normalization Treatment in its Statement in Support. I&E mentioned that Columbia agrees in the Settlement to continue to use normalization accounting with respect to the benefits of the tax repairs deduction and tax treatment of Internal Revenue Code Section 263A, I.R.C. § 263A (2020), mixed service costs. According to I&E, these items originated from previous settlements and are simply memorialized in the instant Settlement. I&E St.in Support, p. 7. OCA simply states that it did not oppose Columbia's position on this issue. OCA St. in Support, p. 7.

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. Columbia St. in Support, p. 7.

According to Columbia, 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. Columbia explains that 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. 16, ln. 20. Columbia points out that no party objected to the continuation of the previously approved normalization accounting treatment for MSC. Columbia asserts that the Joint Petitioners' agreement that such treatment will continue is in the public interest and should be approved. Columbia St. in Support, pp. 7-8.

4. Amortizations

The Settlement specifies the continued amortization of certain costs and addresses the amortization of COVID-19 Related Uncollectible Accounts Expense as well. First, 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 according to the Settlement. Settlement ¶ 24(i). No party objected to the Company's inclusion of the Blackhawk Storage amortization amount in its rate filing. Columbia St. in Support, p. 8.

This amortization is a continuation of a previously approved amortization and was unopposed by any party. According to Columbia, the amortization is in the public interest and should be approved. Columbia St. in Support, p. 8.

I&E points out that this provision memorializes Columbia's commitment made in a previous base rate settlement. I&E St. in Support, p. 7. OCA asserts that, after reviewing Columbia's proposal for amortization of the Blackhawk storage and subsequent discovery, OCA did not oppose the Company's position. OCA St. in Support, p. 7. The remaining Joint Petitioners did not discuss the amortization of the Blackhawk storage.

The second amortization provision addressed in the Settlement is the amortization of 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. Columbia contends that 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); Columbia St. in Support, p. 8.

I&E points out that the Settlement provision addressing OPEB expense amortization memorializes Columbia's commitment made in a previous base rate settlement. I&E St. in Support, p. 7. OCA asserts that, after reviewing Columbia's proposal for amortization of the OPEB expense and subsequent discovery, OCA did not oppose the Company's position. OCA St. in Support, p. 7. The remaining Joint Petitioners did not discuss the OPEB expense amortization term contained in the Settlement.

The third amortization provision included in the Settlement addresses 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. Columbia contends that this Settlement term addressing pension prepayment 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. Columbia St. in Support, pp. 8-9.

I&E points out that the Settlement provision addressing the amortization of Pension Prepayment memorializes Columbia's commitment made in a previous base rate settlement. I&E St. in Support, p. 7. OCA asserts that, after reviewing Columbia's proposal for amortization of the Pension Prepayment and subsequent discovery, OCA did not oppose the Company's position. OCA St. in Support, p. 8. The remaining Joint Petitioners did not discuss the amortization of the Pension Prepayment term contained in the Settlement.

The fourth and final amortization provision included in the Settlement addresses the deferral of COVID-19 Related Uncollectible Accounts Expense. 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 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 $5,579,245[5] 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); Columbia St. in Support, p. 9.

Columbia asserts that the Settlement term addressing deferral of COVID-19 Related Uncollectible Accounts Expense 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, according to Columbia, the Settlement recognizes that if the Commission directs Columbia to discontinue the deferral of COVID-19

[5] Columbia Statement No. 4, p. 46.

related Uncollectible Accounts Expense at an earlier date than provided for in the Settlement, Columbia will comply with the Commission's directive. Columbia St. in Support, p. 10.

I&E agreed with Columbia that a five-year amortization period was acceptable for COVID-19 Related Uncollectible Accounts Expense. According to I&E, the Settlement term addressing amortization of COVID-19 Related Uncollectible Accounts Expense 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. I&E St. in Support, p. 8.

For its part, after reviewing the Company's proposal and subsequent discovery, the OCA submits that discontinuation of the deferral of COVID-19 related Uncollectible Accounts Expense is in the public interest and should be accepted by the Commission. OCA St. in Support, p. 8. The remaining Joint Petitioners did not discuss the deferral of COVID-19 Related Uncollectible Accounts Expense term contained in the Settlement.

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. According to Columbia, these provisions were unopposed by any party and are in the public interest as they confirm the ongoing treatment of OPEB expense. Pursuant to the Settlement, Columbia will continue to defer the difference between the annual OPEB expense calculated pursuant to FASB 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; Columbia St. in Support, pp. 10-11.

Regarding the Settlement term addressing OPEBs, I&E asserts that this Settlement term simply memorializes the commitment Columbia made in a previous base rate proceeding. I&E St. in Support, p. 8. OCA asserts that, after reviewing Columbia's proposal for OPEBs and subsequent discovery, OCA did not oppose the Company's position. OCA St. in Support, p. 8. The remaining Joint Petitioners did not discuss the OPEBs term contained in the Settlement.

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

I&E recommended that the Company provide certain updates to Exhibit No. 108, and Columbia 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 the 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, according to Columbia, 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. Columbia St. in Support, p. 11.

Columbia contends 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. Columbia St. in Support, p. 11.

According to I&E, the updates to Columbia Exhibit 108, Schedule 1 are important because "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." I&E St. No. 3, p. 4. 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. I&E St. in Support, p. 9.

According to OCA, 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, I&E, 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. OCA St. in Support, p. 9.

The remaining Joint Petitioners did not discuss this Settlement term in their Statements in Support.

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. According to Columbia, 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. Columbia St. in Support, p. 12.

According to I&E, 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. I&E St. in Support, p. 9. OCA agrees. According to OCA, this 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. OCA St, in Support, p. 9. The remaining Joint Petitioners did not discuss the Future Debt Issuances term contained in the Settlement in their Statements in Support.

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. These items were the subject of extensive litigation and negotiation and reflect a compromise of the positions of all the Joint Petitioners. Columbia St. in Support, p. 12.

1. Revenue Allocation

According to Columbia, 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. Columbia St. in Support, pp. 12-13.

According to Columbia, all Joint Petitioners supported their respective cost of service studies for litigation purposes. However, the Joint Petitioners 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 Increase[6]**	**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%

[6] Columbia Exhibit No. 103, Schedule 8, p. 4.

Flex	$14,820	0.02%	$15,790	0.03%
Total	$98,278,240	100%	$58,500,000	100%

Columbia St. in Support, p. 13.

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. Columbia St. in Support, p. 14.

A public utility shall not establish or maintain unreasonable differences in rates among rate classes. 66 Pa. C.S. § 1304. I&E asserts that while there may exist sound justification for some discrepancies in rates under the principle of gradualism, this principle alone does not justify "allowing one class of customers to subsidize the cost of service for another class of customers over an extended period of time." *Lloyd v. Pa. Pub. Util. Comm'n,* 904 A.2d 1010, 1019-20 (Pa. Cmwlth. 2006) (*Lloyd*). According to I&E, 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. I&E contends that this movement is consistent with the principles of *Lloyd.* Accordingly, I&E concludes the Settlement 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. I&E St. in Support, pp. 9-10.

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. 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. OCA 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; OCA St. in Support, p. 10.

In the Settlement, OCA asserts that the Joint Petitioners agreed to a reasonable revenue allocation of the settled upon $58.5 million increase in Columbia's annual distribution revenues. Settlement Appendix A. 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. OCA concludes the revenue allocation in the Settlement is in the public interest and should be accepted by the Commission. OCA St. in Support, p. 10.

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; OSBA St. in Support, p. 2.

According to OSBA, in developing their respective revenue allocation recommendations, 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 rate 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. OSBA St. in Support, p. 2.

According to OSBA, the P&A ACOSS assigns smaller customers less costs, and larger customers greater costs. OSBA opines that the ACOSS, being the "polestar" criterion for revenue allocation, results in a greater cost allocation to the Company's larger customers. However, OSBA asserts, 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. OSBA St. in Support, pp. 2-3.

In addition, according to OSBA, 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. According to OSBA, 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. OSBA St. in Support, p. 3.

Even though most Joint Petitioners relied on the P&A ACOSS methodology, the revenue allocation recommendations differed substantially, reflecting different interpretations for the principle of rate gradualism. Thus, with the exception of PSU, the Joint Petitioners generally proposed larger percentage base rate increases for the non-residential classes, and a below system average increase for the residential classes. OSBA St. in Support, p. 3.

According to OSBA, in reviewing the revenue allocation proposals of the Joint Petitioners, small and medium business customers in the SGS1 and SGS2 rate classes faced the potential for large rate increases under the I&E revenue allocation proposal, at about 20%of current base rate revenues, and about 1.7 times the system average increase at the Joint Petition revenue requirement. OSBA asserts that the Settlement revenue allocation proposal results in a

revenue allocation well within the range of that offered by the various parties. Therefore, OSBA supports the proposed revenue allocation as a just and reasonable result for this issue. OSBA St. in Support, p. 5.

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. According to CAUSE-PA, the Settlement takes these concerns into account by lessening the amount of the proposed increase, as well as incorporating improvements to universal service and rate design. CAUSE-PA St. in Support, p. 4.

CII submits that the rate allocation set forth in the Joint Petition is reasonable and should be approved without modification.

Pursuant to Columbia's original filing, Columbia proposed to increase Rate LDS by approximately 30%. Under the Joint Petition, CII asserts that Rate LDS would receive an approximate 19% increase. As discussed more fully in CII's Rebuttal Testimony filed in this proceeding, CII contends that its 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. CII St. in Support, p. 4.

While a 19% increase will still significantly impact Knouse's energy expenses, this increase is 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. CII St. in Support, p. 4.

According to PSU, 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; PSU St. in Support, p. 6.

While PSU continues to support the use of a Customer-Demand Cost of Service Study (COSS) as it argues COSS 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. PSU St. in Support, p. 6.

Task Force and Shipley/RESA, the remaining Joint Petitioners, did not address the revenue allocation agreed to in the Settlement in their respective Statements in Support.

2. Rate Design

a. Residential Rate Design

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 agreed that the residential customer charge will remain at the current rate of $16.75/month. Settlement ¶ 32.; Columbia St. in Support, p. 14.

I&E asserts that 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. I&E St. in Support, p. 10.

According to I&E, 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 way allows customers to have greater control of their gas bills and is in the public interest because it affords customers the opportunity to decrease their usage in an effort to ultimately lower their utility bill. I&E asserts that limiting the increase in the customer charge demonstrates a compromise of the interests of the Joint Petitioners and benefits the Company's ratepayers. Therefore, I&E concludes this provision is in the public interest because it more closely aligns the customer charge with the cost to serve those customers. Furthermore, I&E concludes that conservation is in the public interest and having a customer charge that is aligned with the cost to serve 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. I&E St. in Support, pp. 10-11.

According to OCA, the residential rate design in the Settlement is consistent with its positions that the residential customer charge should remain at the current level of $16.75 per month. Settlement ¶ 32. OCA contends that 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. OCA St. in Support, p. 11.

OSBA did not address the Residential Rate Design in its Statement in Support of the Settlement.

According to CAUSE-PA, 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.

CII and PSU did not address the residential rate design term contained in the Settlement in their Statements in Support.

According to Task Force, Columbia's initial proposal to increase the fixed monthly residential customer charge from $16.75 to $19.33 would have lessened the motive and ability of the residential class to conserve energy and reduce their monthly bill. Task Force St. in Support, p. 2. Task Force supports this provision of the Settlement as it provides that the fixed monthly customer charge for residential customers will remain at $16.75. *Id.*

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, according to Columbia, 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". According to Columbia, 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. Columbia contends that 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"; Columbia St. in Support, pp. 14-15.

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"; Columbia St. in Support, pp. 15-16.

I&E had no specific comments on Commercial and Industrial rate design in its Statement in Support of the Settlement. I&E St. in Support, p. 11. OCA did not provide

testimony or address Commercial and Industrial rate design in its Statement in Support of the Settlement. OCA St. in Support, p. 11.

According to OSBA, OSBA made three specific rate design recommendations, all of which were adopted in the Settlement. First, the SGS1 customer class was to receive a customer of charge of less than $37.00 per month at the full claimed revenue requirement. OSBA Statement No. 1, at 26. The Settlement proposes an SGS1 customer charge of $29.92. Settlement, at Paragraph 31, Appendix B (Column 288 Row F); OSBA St. in Support, p. 8.

Second, OSBA 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 Settlement proposes an SGS2 customer charge of $57.00. Settlement, at Paragraph 31, Appendix B (Column 325 Row F); OSBA St. in Support, p. 8.

Third, OSBA 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 Settlement proposes to keep the SDS/LDSS customer charge at $265.00. Settlement, at Paragraph 31, Appendix B (Column 359 Row F); OSBA St. in Support, p. 8.

According to OSBA, in all three rate design issues it addressed, the Settlement adopted OSBA's position. Therefore, OSBA supports the rate design proposed by the Settlement as a just and reasonable resolution to these issues. OSBA St. in Support, p. 8.

CAUSE-PA did not address Commercial and Industrial rate design in its Statement in Support of the Settlement.

CII points out that the rate increase agreed to in the Settlement 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. According to CII, 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. CII St. in Support, pp. 4-5.

According to PSU, 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. 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. PSU St. in Support, p. 6.

Shipley/RESA and Task Force did not address the Commercial and Industrial rate design agreed to in the Settlement in their Statements in Support.

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. In the present 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 submits that approval of the GPC is reasonable and should be approved. Columbia St. in Support, p. 16.

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 submits that this settlement provision is reasonable and should be approved. Columbia St. in Support, pp. 16-17.

In Columbia's 2012 base rate proceeding, the Commission approved the establishment of a pilot Weather Normalization Adjustment 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; Columbia St. in Support, p. 17.

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. According to Columbia, this Settlement provision is consistent with the reporting requirements agreed to in prior rate case settlements regarding the WNA. Columbia St. in Support, p. 17.

Columbia contends that the Settlement provisions continuing the WNA are in the public interest and should be approved. According to Columbia, 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. Columbia asserts that 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, Columbia concludes 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. Columbia St. in Support, p. 18.

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. I&E St. in Support, pp. 11-12.

The Company proposed a Revenue Normalization Adjustment (RNA) in this proceeding. Columbia asserts that the RNA it proposed 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. 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 agreed to withdraw the RNA proposal. Settlement ¶ 34; Columbia St. in Support, p. 18. OCA and CAUSE-PA submit that withdrawal of the RNA proposal is in the public interest and should be approved by the Commission. OCA St. in Support, p. 13; CAUSE-PA St. in Support, p. 5.

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 agreed to withdraw the FTR proposal. Settlement ¶ 35; Columbia St. in Support, p. 18. OCA submits that withdrawal of the FTR proposal is in the public interest and should be approved by the Commission. OCA St. in Support, p. 13.

d. Conclusions as to Rate Design

According to Columbia, 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. Columbia St. in Support, p. 19.

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, I&E asserts that the rate design demonstrates a compromise of the interests of the parties. As such, I&E concludes the rate design provisions contained in the Settlement are in the public interest. I&E St. in Support, p. 12.

Based on OCA's analysis of the Company's filing, the discovery responses received, and the testimony in this proceeding, OCA submits that the 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, 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. OCA St. in Support, p. 13.

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. PSU St. in Support, p. 7.

C. Universal Service and Conservation

In direct testimony, 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 agreed to undertake several initiatives to address 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 contends that 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. Columbia St. in Support, p. 19.

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). Settlement 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. CAUSE-PA St. in Support, p. 6.

The Settlement also contains improvements to the Company's security deposit collection and retention policies. Settlement at ¶¶ 43-45. According to CAUSE-PA, 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.[7] While enrollment in universal service programs is to be encouraged, it cannot be a requirement of security deposit waiver. The 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

[7] 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.".

deposit once the Company confirms the household's low-income status. CAUSE-PA St. in Support, pp. 6-7.

I&E, OSBA, PSU, and Shipley/RESA did not address Universal Service and Conservation in their Statements in Support of the Settlement.

CII addressed CAP costs generally in its Statement in Support. For purposes of the Settlement, no change is being made with respect to the allocation and collection of CAP costs. In other words, the costs of CAP will continue to be collected only from residential customers. CII asserts that 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. CII St. in Support, p. 5.

1. Emergency Repair Fund

OCA offered testimony 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 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; Columbia St. in Support, pp. 19-20.

According to Columbia, 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, Columbia concludes this Settlement term should be approved. Columbia St. in Support, p. 20.

OCA submits that Columbia's proposal to expand the budget for its Emergency Repair Fund is in the public interest and should be approved. OCA St. in Support, p. 14. OCA asserts that 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. OCA St. in Support, p. 14. 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. OCA St. in Support, p. 14. 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. CAUSE-PA St. in Support, p. 7.

2. CAP Exits

OCA expressed a concern with the number of customers who are removed from CAP for failure to recertify their income. OCA Statement No. 4, p. 59-61. OCA 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 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. Columbia 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; Columbia St. in Support, p. 20.

In the Settlement, Columbia agreed to develop remedies for exits from CAP relating to the failure to recertify. The Company agreed to 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 agreed to 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 St. in Support, p. 20.

According to Columbia, its 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, Columbia submits that this Settlement term should be approved. Columbia St. in Support, p. 21.

According to OCA, as a result of the extensive settlement negotiations, the Joint Petitioners agreed that Columbia will develop remedies for exits from CAP relating to the failure to recertify 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 OCA's accountability recommendations, the Joint Petitioners 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. OCA supports this outcome and submits that this was a likely outcome had this case been fully litigated. OCA St. in Support, p. 15.

According to CAUSE-PA, these provisions will 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. CAUSE-PA St. in Support, pp. 8-9.

3. Customer Assistance Outreach

OCA 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. OCA 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 St. in Support, p. 21.

Columbia 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 the Federal poverty level. Columbia Statement No. 13-R, p. 4; Columbia St. in Support, p. 21.

The Settlement provides that Columbia will develop an outreach campaign to promote existing customer assistance programs utilizing 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. Settlement ¶ 39; Columbia Statement No. 13-R, p. 5; Columbia St. in Support, pp. 21-22.

According to Columbia, 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. Columbia contends 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, Columbia concludes these Settlement terms should be approved. Columbia St. in Support, p. 22.

The February 18, 2021 Joint Statement of Chairman Brown Dutrieuille and Vice Chairman Sweet in Docket R-2020-3018835, 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. Pub. Util. Comm'n v. Columbia Gas of Pa.,* Docket No. R-2020-3018835, Joint Statement of Chairman Gladys Brown Dutrieuille and Vice Chairman David W. Sweet at 3 (Feb. 18, 2021); *See also,* OCA St. No. 4 at 42-43. In light of the Joint Statement, OCA witness Roger Colton recommended that the Company improve its outreach efforts, particularly regarding customers at or below 0-50% of the Federal Poverty Level. OCA St. No. 4 at 44-59; OCA St. in Support, p. 15.

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% Federal Poverty Level population and recommended that the Company's outreach should address this population. OCA St. No. 4 at 57-58; OCA St. in Support, pp. 16-17.

OCA submits that the Customer Assistance Outreach provisions of the Settlement will help to address the outreach concerns raised by OCA witness Colton in this proceeding. 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. OCA St. in Support, p. 17.

In testimony, CAUSE-PA witness Harry 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% Federal Poverty Level. *Id*. at 13; CAUSE-PA St. in Support, p. 13.

According to CAUSE-PA, while the provisions of the Settlement addressing CAP enrollment 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. CAUSE-PA contends that 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. CAUSE-PA St. in Support, pp. 8-9.

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.[8] Columbia St. in Support, p. 22.

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.[9] 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; Columbia St. in Support, p. 22.

Columbia witness Deborah A. 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

[8] *See Columbia Gas of Pennsylvania, Inc. Universal Service and Energy Conservation Plan for 2019-2021,* Docket No. M-2018-2645401, at pp. 26-27 (Order entered August 8, 2019).

[9] *Id.* at pp. 27-28.

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; Columbia St. in Support, p. 23.

In the Settlement, the Joint Petitioners 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; Columbia St. in Support, p. 23.

According to Columbia, 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, Columbia submits that these Settlement terms should be approved. Columbia St. in Support, pp. 23-24.

Task Force witness Eugene M. 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; Columbia St. in Support, p. 24.

In the 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 Joint Petitioners 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; Columbia St. in Support, p. 24.

According to Columbia, the Settlement terms represent a reasonable compromise of the Joint Petitioners' 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. Columbia contends that 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, Columbia concludes the Settlement terms are in the public interest and should be approved. Columbia St. in Support, p. 25.

According to OCA, 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. OCA St. in Support, p. 18.

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. OCA St. in Support, p. 18.

According to CAUSE-PA, the Settlement provisions addressing LIURP will improve the ability of low-income, high-usage households to access comprehensive usage reduction services through LIURP. CAUSE-PA asserts that these terms will help the Company serve additional homes through both the general LIURP program and the Health and Safety Pilot to 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, CAUSE-PA contends that this provision will help to improve health and safety in low-income homes and the surrounding community – an essential public policy goal. Thus, CAUSE-PA asserts that the LIURP terms included in the Settlement are just and reasonable and in the public interest and should be approved by the Commission. CAUSE-PA St. in Support, p. 10.

Task Force concludes that the LIURP terms contained in the Settlement will help low-income customers deal with the effect of the rate increase resulting from this Settlement and will allow more homes to receive energy conservation measures, and therefore should be approved by the Commission. Task Force St. in Support, p. 2.

5. Security Deposits

CAUSE-PA witness Geller made several recommendations with respect to security deposits. CAUSE PA Statement No 1, pp. 34-35. First, he recommended that the Company refund security deposits from low-income customers that are currently being retained by the Company. Second, that the Company review accounts on a regular basis to refund any

security deposits collected from low-income customers. Third, 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; Columbia St. in Support, p. 25.

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; Columbia St. in Support, pp. 25-26.

In the 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. According to Columbia, this clarification is consistent with Columbia's existing practice and complies with the Commission's regulations, which prohibits 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. 52 Pa. Code § 56.32; Columbia St. in Support, p. 26.

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. Columbia submits that 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. According to Columbia, the Settlement terms regarding

security deposits are consistent with the Commission's regulations and should be approved. Columbia St. in Support, p. 26.

According to OCA, 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, OCA concludes the provisions in paragraphs 43-45 of the Settlement are in the public interest and should be approved by the Commission. OCA St. in Support, p. 18.

According to CAUSE-PA, its witness, 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 was 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.*; CAUSE-PA St. in Support, p. 10.

According to CAUSE-PA, the provisions of the Settlement addressing security deposits for these low-income customers 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. CAUSE-PA St. in Support, p. 11.

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); Columbia St. in Support, pp. 26-27.

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. According to Columbia, 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 submits that its 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. Columbia St. in Support, p. 26.

Aside from Columbia, Shipley/RESA was the only other Joint Petitioner to address this issue in its Statement in Support of the Settlement.

According to Shipley/RESA, and Settlement ¶ 46 specifically, 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 (NGDC) 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 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. Shipley/RESA asserts that, 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. Shipley/RESA St. in Support, p. 3.

E. Other Issues

Columbia's proposed tariff is set forth in Appendix C to the Settlement. The tariff incorporates the terms that were agreed to in the Settlement. Further, the Settlement provides that, except as otherwise modified by the Settlement, the Company's proposed tariff changes are approved. Settlement ¶ 47. According to Columbia, it proposed several non-substantive tariff changes, which were unopposed. Columbia Statement No. 12, p. 3. Two of the Company's substantive tariff changes were also unopposed. Columbia submits that, 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. Columbia St. in Support, p. 27.

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, Columbia contends that this tariff change is in the public interest and should be approved. Columbia St. in Support, pp. 27-28.

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. According to Columbia, this 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; Columbia St. in Support, p. 28.

The other Joint Petitioners did not address other issues in this proceeding.

F. Issues Raised By Complainant Richard C. Culbertson

Complainant Richard C. Culbertson appeared in this proceeding *pro se* and participated fully. Mr. Culbertson participated in discovery. He attended public input hearings and cross-examined witnesses. He served and offered into evidence written direct and surrebuttal testimony that was stipulated into evidence by the parties to this proceeding at the evidentiary hearing on August 4, 2021. He cross-examined Columbia's witness, Mark Kempic, at the evidentiary hearing. Mr. Culbertson also filed a main brief and a reply brief in this proceeding raising issues of concern to him.

In this case, the issues reserved for litigation relate to claims that were raised by Mr. Culbertson in his individual Complaint. These issues were not presented by Columbia in its filing. As the proponent of a rule or order, Mr. Culbertson bears the burden of proof pursuant to Section 332(a) of the Public Utility Code, 66 Pa. C.S. § 332(a), which provides that the party seeking a rule or order from the Commission has the burden of proof in that proceeding. It is axiomatic that "[a] litigant's burden of proof before administrative tribunals as well as before most civil proceedings is satisfied by establishing a preponderance of evidence which is substantial and legally credible." *Samuel J. Lansberry, Inc. v. Pa. Pub. Util. Comm'n*, 134 Pa. Cmwlth. 218, 222-23, 578 A.2d 600, 602 (1990) (*Lansberry*). The preponderance of the evidence standard requires proof by a greater weight of the evidence. *Commonwealth. v. Williams,* 732 A.2d 1167 (Pa. 1999). Mr. Culbertson must prove his case by a preponderance of the evidence. *Lansberry*; Columbia M.B., p. 6.

Additionally, any finding of fact necessary to support an adjudication of the Commission must be based on substantial evidence. *Met-Ed Indus. Users Group v. Pa. Pub. Util. Comm'n,* 960 A.2d 189 (Pa. Cmwlth. 2008) (citing 2 Pa.C.S. § 704). Substantial evidence is such relevant evidence as a reasonable mind might accept as adequate to support a conclusion. *Borough of E. McKeesport v. Special/Temporary Civil Serv. Comm'n,* 942 A.2d 274 (Pa. Cmwlth. 2008). Although substantial evidence must be "more than a scintilla and must do more than create a suspicion of the existence of the fact to be established," *Kyu Son Yi v. State Bd. of Vet. Med*., 960 A.2d 864, 874 (Pa. Cmwlth. 2008) (internal citation omitted), the "presence of conflicting evidence in the record does not mean that substantial evidence is lacking." *Allied Mechanical & Elec., Inc. v. Pa. Prevailing Wage Appeals Bd.*, 923 A.2d 1220, 1228 (Pa. Cmlwth. 2007) (internal citation omitted). Columbia M.B., p. 6.

Here, Mr. Culbertson has failed to provide substantial and legally credible evidence in support of his contentions regarding Columbia's rates and service. Mr. Culbertson has also failed to demonstrate with substantial evidence that Columbia violated the Public Utility Code, the Commission's regulations or orders, or the Company's Commission-approved tariff. Columbia, M.B., p. 7.

In his Main Brief, Mr. Culbertson asserts that an investigation to determine the reasonableness of Columbia's requested rate increase has not occurred as required by the Commission's Order entered on May 6, 2021, suspending Columbia's proposed tariff supplement and opening an investigation (Suspension Order). Culbertson M.B., pp. 6-7. Based on his belief that an investigation has not occurred, Mr. Culbertson claims that the undersigned cannot issue a reliable recommendation to the Commission. Culbertson M.B., pp. 6-7. Mr. Culbertson is incorrect with respect to his assertion that there has been no investigation of Columbia's proposed rate increase. Columbia R.B., p. 3.

Columbia's filing has been subject to an extensive and detailed investigation by eight other active parties in this proceeding. Columbia provided material supporting its claim in accordance with the Commission's regulations and filing requirements for a proposed general rate increase in excess of $1 million. 52 Pa. Code § 53.53. *See* Columbia Statement Nos. 1-14; Columbia Exhibit Nos. 1-17; 101-117 and 400-414; Columbia Standard Data Responses COS 1-21, ROR 1-23 and RR 1-55. Columbia has responded to over 800 formal interrogatories, including subparts, from the various parties. Multiple expert witnesses have reviewed Columbia's filing information and the testimony of Columbia's witnesses and have submitted their own testimony analyzing Columbia's case. Four public input hearings and a technical evidentiary hearing were held to hear public opinion and to examine Columbia's case. A thorough investigation of Columbia's requested rate increase has occurred, and a comprehensive evidentiary record exists. Columbia R.B., pp. 3-4.

Mr. Culbertson also asserts that there is not reasonable assurance that the rates agreed to in the Settlement are just, reasonable and lawful. Culbertson M.B., pp. 6-7. However, Mr. Culbertson has provided no factual basis to overcome the substantial evidence of record supporting the rate increase agreed to by Joint Petitioners to the Settlement. Although the utility seeking a rate increase has the ultimate burden of proof, a party proposing an adjustment to a ratemaking claim of a utility bears the burden of presenting some evidence or analysis tending to demonstrate the reasonableness of the adjustment. *See, e.g., Pa. Pub. Util. Comm'n v. Phila. Elec. Co.*, Docket No. R-891364, 1990 Pa. PUC LEXIS 155 (May 16, 1990); *Pa. Pub. Util. Comm'n v. Breezewood Tel. Co.*, Docket No. R-901666, 1991 Pa. PUC LEXIS 45 (January 31,

1991). Mr. Culbertson presented no evidence challenging any specific aspect of Columbia's case, including the detailed information provided regarding the Company's rate base, capital investments and O&M expenses. *See* Columbia Exhibit No. 108 and Columbia Exhibit No. 104. Mr. Culbertson also did not challenge any of the evidence presented by the other active parties to this proceeding who are parties to the Settlement. Columbia, R.B., p. 4.

The Commission has accepted settlements as satisfying the requirements of the Public Utility Code and the Commission's regulations and orders on numerous occasions. *See, e.g., Pa. Pub. Util. Comm'n v. Aqua Pa., Inc*., Docket Nos. R-2018-3003558, 2019 Pa. PUC LEXIS 170 (Order entered May 9, 2019) (denying exceptions to recommended decision and approving settlement of all issues without modification); *Pa. Pub. Util. Comm'n et al. v. PPL Elec. Utils. Corp.*, Docket Nos. R-00072155, 2007 Pa. PUC LEXIS 58 (Order entered December 6, 2007) (approving settlement of rate case). Mr. Culbertson has been provided his due process rights to challenge Columbia's evidence of record[10] and was provided an opportunity to comment on and object to the Settlement. *See* 52 Pa. Code § 69.406. However, he has offered no factual evidence or arguments to rebut the substantial evidence of record presented by the Joint Petitioners that fully supports the Settlement. Columbia R.B., p. 5.

Mr. Culbertson made allegations concerning Columbia's audits, internal controls, rates, rate base and safety that he failed to support with substantial evidence in this proceeding. *See Met-Ed Indus. Users Group v. Pa. Pub. Util. Comm'n*, 960 A.2d 189 (Pa. Cmwlth. 2008) (citing 2 Pa.C.S. § 704); *See also Lansberry*.

Not all of the issues raised by Mr. Culbertson in this proceeding will be addressed in this Recommended Decision because they are not relevant to this base rate filing or germane for consideration here. Issues relating to discovery were raised previously and addressed in interim orders. Issues concerning gas service to another ratepayer who testified at a public input hearing are not relevant and cannot be raised by Mr. Culbertson, who is not an attorney and cannot represent another ratepayer.

[10] Mr. Culbertson engaged in discovery, submitted direct and surrebuttal testimony, and cross-examined Columbia's witness, Mr. Kempic, at the evidentiary hearing held in this proceeding.

The primary issue underlying Mr. Culbertson's Complaint in this proceeding is his belief that Columbia improperly disconnected an inactive service line at 1608 McFarland Road, Pittsburgh, Pennsylvania, and subsequently required Mr. Culbertson to replace the customer-owned portion of the service line before restoring service. *See* Culbertson 2021 Rate Complaint, pp. 10, 25, 27-30, 40-46, 50, 53, 59. These same issues were fully litigated in a separate complaint proceeding initiated by Mr. Culbertson against Columbia that is currently pending before the Commission. *See Culbertson v. Columbia Gas of Pa., Inc.*, Docket No. F-2017-2605797 (Initial Decision issued October 4, 2019) (exceptions filed October 24, 2019).

It is recommended that all of the claims raised in the complaint of Mr. Culbertson for which he is the proponent be dismissed for failure to meet the burden of proof in this proceeding. 66 Pa.C.S. § 332.

G. Recommendation-Settlement In The Public Interest

The Joint Petitioners in this proceeding represent many interests. I&E, OCA and OSBA represent the public interest, the interests of residential customers and the interests of small business customers, respectively. In addition, the Joint Petitioners include CII, CAUSE-PA, PSU, Shipley/RESA and Task Force. To reach a settlement of all issues with the aforementioned parties in such a base rate case is unusual. It represents hours of negotiation and a great deal of cooperation. The Settlement addresses, or takes off the table, every contested issue in this proceeding. Because all of the diverse interests represented by the Joint Petitioners have been satisfied, the Settlement benefits Columbia's customers. It saves the parties and the Commission the time and expense of fully litigating this matter. The parties have avoided the need to prepare for and participate in extensive, contentious hearings, prepare briefs, reply briefs, exceptions, replies to exceptions and possible appellate litigation. Columbia's customers benefit from these cost savings.

The Joint Petition for Settlement was served on all non-signatory parties to this base rate case. Objections to the proposed Settlement were to have been filed on or before September 17, 2021. No objections or comments were filed.

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. Pub. Util. Comm'n v. MXenergy Elec. 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. Pub. Util. Comm'n v. Windstream Pa., LLC*, Docket No. M-2012-2227108, 2012 Pa. PUC LEXIS 1535 (Opinion and Order entered Sept. 27, 2012); *Pa. Pub. Util. Comm'n v. C.S. Water & Sewer Assocs.*, Docket No. R-881147, 74 Pa. PUC 767 (Opinion entered Jul. 22, 1991).

Under the Settlement, with only a few select exceptions, 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. "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.

The Commission has accepted settlements as satisfying the requirements of the Public Utility Code and the Commission's regulations and orders on numerous occasions. *See, e.g., Pa. Pub. Util. Comm'n v. Aqua Pa., Inc*., Docket No. R-2018-3003558, 2019 Pa. PUC LEXIS 170 (Order entered May 9, 2019) (denying exceptions to recommended decision and approving settlement of all issues without modification); *Pa. Pub. Util. Comm'n et al. v. PPL Elec. Utils. Corp.*, Docket No. R-00072155, 2007 Pa. PUC LEXIS 58 (Order entered December 6, 2007) (approving settlement of rate case).

Upon due consideration of the terms and conditions of the Joint Petition for Settlement, including the Statements in Support of the Joint Petitioners, this Settlement

constitutes a fair, just and reasonable resolution of the Commission's investigation. Therefore, the Joint Petition for Settlement is in the public interest and should be approved.

The Revenue Requirement, Revenue Allocation and Rate Design agreed to by the Joint Petitioners in the Settlement are all within the range of likely outcomes should this matter have been fully litigated by the Joint Petitioners. The Joint Petitioners all agree that the Settlement terms are within the public interest and satisfy their concerns. The Joint Petitioners each filed Statements in Support which accompanied the Settlement stating as much.

The Settlement addressed Universal Service issues and CAP issues of heightened concern as a result of the COVID-19 pandemic and the economic hardships experienced by low-income customers. There are terms included in the Settlement, discussed above, designed to improve outreach to low-income customers who may be eligible for help. There are terms designed to increase CAP enrollment of eligible customers and to ensure that CAP customers stay enrolled when changing residences or recertifying income eligibility.

VI. CONCLUSIONS OF LAW

1. The Commission has jurisdiction over the subject matter and the parties to this proceeding. 66 Pa.C.S. §§ 501, *et seq*.; 66 Pa.C.S. § 1308(d).

2. The Commission has jurisdiction to employ the concept of a Fully Projected Future Test Year as authorized by Act 11 of 2012. As amended under Act 11, Section 315 of the Public Utility Code allows a utility to project investment, and correspondingly include it in the utility's claimed revenue requirement, through the twelve-month period beginning with the first month that the new rates will be placed in effect. 66 Pa.C.S. §§ 308, *et seq*.; 66 Pa.C.S. § 315.

3. Rates charged by public utilities must be just and reasonable and cannot result in unreasonable rate discrimination. 66 Pa.C.S. §§ 1301 and 1304.

4. A public utility seeking a general rate increase has the burden of proof to establish the justness and reasonableness of every element of the rate increase request. 66 Pa.C.S. § 315(a); *Pa. Pub. Util. Comm'n* v. *Aqua Pa., Inc.*, Docket No. R-00038805, 236 PUR 4th 218, 2004 Pa. PUC LEXIS 39 (August 5, 2004).

5. A public utility, in proving that its proposed rates are just and reasonable, does not have the burden to defend affirmatively claims made in its filing that no other party has questioned. *Allegheny Ctr. Assocs. v. Pa. Pub. Util. Comm'n*, 570 A.2d 149, (Pa. Cmwlth. 1990).

6. A party proposing an adjustment to a ratemaking claim of a utility bears the burden of presenting some evidence or analysis tending to demonstrate the reasonableness of the adjustment. *See*, e.g., *Pa. Pub. Util. Comm'n v. Phil. Elec. Co.*, Docket No. R-891364, 1990 Pa. PUC LEXIS 155 (May 16, 1990); *Pa. Pub. Util. Comm'n v. Breezewood Tel. Co.*, Docket No. R-901666, 1991 Pa. PUC LEXIS 45 (January 31, 1991).

7. Tariff provisions previously approved by the Commission are deemed just and reasonable and, therefore, a party challenging a previously approved tariff provision bears the burden to demonstrate that the Commission's prior approval is no longer justified. *See*, e.g., *Pa. Pub. Util. Comm'n v. Phila. Gas Works*, Docket No. R-00061931, 2007 Pa. PUC LEXIS 45 (September 28, 2007).

8. A party who raises an issue that is not included in a public utility's general rate case filing bears the burden of proof. *Pa. Pub. Util. Comm'n v. Metro. Edison Co., et al.*, Docket No. R-00061366, 2007 Pa. PUC LEXIS 5 (January 11, 2007).

9. A litigant's burden of proof before administrative tribunals as well as before most civil proceedings is satisfied by establishing a preponderance of evidence which is substantial and legally credible. *Samuel J. Lansberry, Inc. v. Pa. Pub. Util. Comm'n*, 134 Pa. Cmwlth. 218, 578 A.2d 600 (1990).

10. Any finding of fact necessary to support an adjudication of the Commission must be based on substantial evidence. *Met-Ed Indus. Users Group v. Pa. Pub. Util. Comm'n*, 960 A.2d 189 (Pa. Cmwlth. 2008) (citing 2 Pa.C.S. § 704).

11. Complainant Richard C. Culbertson has failed to provide substantial and legally credible evidence to support his claims regarding Columbia's rates and service and has therefore failed to prove his claims by a preponderance of the evidence. *Met-Ed Indus. Users Group v. Pa. Pub. Util. Comm'n*, 960 A.2d 189 (Pa. Cmwlth. 2008) (citing 2 Pa.C.S. § 704); *Cuthbert v. City of Philadelphia*, 417 Pa. 610, 209 A.2d 261 (1965); *B & K Inc. v. Commonwealth Dep't of Highways*, 398 Pa. 518, 159 A.2d 206 (1960); *Mid-Atl. Power Supply Ass'n v. Pa. Pub. Util. Comm'n*, 746 A.2d 1196 (Pa. Cmwlth. 2000) (citation omitted).

12. The Joint Petition for Settlement is in the public interest and is consistent with the requirements contained in *Lloyd v. Pa. Pub. Util. Comm'n*, 904 A.2d 1010 (Pa.Cmwlth. 2006).

VII. ORDER

THEREFORE,

IT IS RECOMMENDED:

1. That the Joint Petition for Settlement that Columbia Gas of Pennsylvania, Inc., the Bureau of Investigation and Enforcement of the Pennsylvania Public Utility Commission, the Office of Consumer Advocate, the Office of Small Business Advocate, Columbia Industrial Intervenors, Shipley Choice, LLC d/b/a Shipley Energy Company, Retail Energy Supply Association, the Pennsylvania State University, the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania, and Pennsylvania Weatherization Providers Task Force have filed on September 7, 2021 at Docket No. R-2021-3024296, including all terms and conditions stated therein, be approved and adopted without modification.

2. That Columbia Gas of Pennsylvania, Inc., shall be permitted to file a tariff supplement incorporating the terms of the Joint Petition for Settlement and changes to rates, rules and regulations as set forth in Appendix C of the Joint Petition for Settlement, to become effective upon at least one day's notice after entry of the Commission's Order approving the Joint Petition for Settlement, for service rendered on and after December 29, 2021, which tariff supplement increases Columbia Gas of Pennsylvania, Inc.'s rates so as to permit an annual increase in base rate operating revenues of not more than $58,500,000.

3. That the following complaints consolidated with the Commission's investigation at Docket No. R-2021-3024296 are dismissed: Richard C. Culbertson at Docket No. C-2021-3026054 and Ronald Lamb at Docket No. C-2021-3027217.

4. That the following complaints be granted and denied consistent with tariff supplement incorporating the terms of the Joint Petition for Settlement and changes to rates, rules and regulations as set forth in Appendix C of the Joint Petition for Settlement: Office of Consumer Advocate at Docket No. C-2021-3025078, Office of Small Business Advocate at Docket No. C-2021-3025257, Columbia Industrial Intervenors at Docket No. C-2021-3025600 and the Pennsylvania State University at Docket No. C-2021-3025775.

5. That the Commission's investigation at Docket No. R-2021-3024296 and the formal complaints at Docket Nos. C-2021-3025078, C-2021-3025257, C-2021-3025600, C-2021-3025775, C-2021-3026054, and C-2021-3027217, be marked closed.

Date: October 5, 2021

/s/
Mark A. Hoyer
Deputy Chief Administrative Law Judge