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June 22, 2022

VIA E-FILING

Rosemary Chiavetta, Secretary
PA Public Utility Commission
Commonwealth Keystone Building
400 North Street
P.O. Box 3265
Harrisburg, PA 17120

**Re: PA PUC v. Columbia Gas of Pennsylvania, Inc. 1307(f)
Docket No. R-2022-3031172**

Dear Secretary Chiavetta,

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

Columbia respectfully requests that the **HIGHLY CONFIDENTIAL** materials be maintained in the Commission's non-public files and that the **HIGHLY CONFIDENTIAL** materials be made accessible only to appropriate Commission staff, consistent with the Protective Order issued in this proceeding.

Respectfully,

/s/ Lindsay A. Berkstresser

Lindsay A. Berkstresser

Rosemary Chiavetta, Secretary
June 22, 2022
Page 2

LAB/kl

Attachments

cc: Honorable Emily DeVoe (*via email; w/att.*)
Certificate of Service

CERTIFICATE OF SERVICE

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

VIA E-MAIL ONLY

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Date: June 22, 2022

/s/ Lindsay A. Berkstresser

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	R-2022-3031172
Office of Consumer Advocate	:	C-2022-3031435
Office of Small Business Advocate	:	C-2022-3031752
	:	
v.	:	
	:	
Columbia Gas of Pennsylvania, Inc. 1307(f)	:	

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

TO ADMINISTRATIVE LAW JUDGE EMILY I. DEVOE:

I. INTRODUCTION

The Office of Consumer Advocate (“OCA”) and Columbia Gas of Pennsylvania, Inc. (“Columbia” or the “Company”), parties to the above-captioned proceedings (hereinafter collectively referred to as the “Petitioners”), hereby file this Joint Petition for Settlement of Rate Investigation Pursuant to 66 Pa.C.S. § 1307(f) (“Settlement”) and respectfully request that Administrative Law Judge Emily I. DeVoe (the “ALJ”) and the Commission expeditiously approve the Settlement as set forth below. All active parties in this proceeding have agreed to, or do not oppose, the Settlement.¹ In support of this Settlement, the Petitioners state the following:

II. BACKGROUND

1. Columbia is a “public utility” and “natural gas distribution company” (“NGDC”) as those terms are defined in Sections 102 and 2202 of the Public Utility Code, 66 Pa.C.S. §§ 102, 2202. Columbia provides natural gas distribution, sales, transportation, and/or supplier of last resort (“SOLR”) services to customers in portions of 26 counties of Pennsylvania.

¹ The Office of Small Business Advocate (“OSBA”), the Bureau of Investigation and Enforcement (“I&E”), and The Pennsylvania State University (“PSU”) have indicated that they do not oppose the Settlement.

2. On March 1, 2022, as required by 52 Pa. Code §§ 53.64 and 53.65, Columbia filed with the Commission “Information Submitted in Compliance with Act 74 of 1984 and Pursuant to Title 52, Pennsylvania Code, Sections 53.64 and 53.65 Supporting Recovery of Purchased Gas Costs” containing certain pre-filing data required under the Commission’s regulations concerning annual changes to rates for recovery of purchased gas costs.

3. Subsequently, Columbia filed Supplement No. 341 to Tariff Gas Pa. P.U.C. No. 9 (“Supplement No. 341”) to become effective for service rendered on and after October 1, 2022. In Supplement No. 341, Columbia proposed a decrease in its purchased gas cost (“PGC”) rates of \$0.01058/Therm. Supplement No. 341 was docketed by the Commission at Docket No. R-2022-3031172 and was assigned to the ALJ for the issuance of a recommended decision.

4. I&E filed a Notice of Appearance in this proceeding. The OCA and OSBA filed Formal Complaints. The OCA’s Complaint was docketed at C-2022-3031435, and the OSBA’s Complaint was docketed at C-2022-3031752. PSU filed a Petition to Intervene.

5. A prehearing conference was held on April 6, 2022. At the prehearing conference, the ALJ established a litigation schedule. The ALJ also set forth discovery rules, which included shorter response times than those provided in the Commission’s regulations. *See* 52 Pa. Code §§ 5.341 *et seq.* PSU’s Petition to Intervene was granted.

6. On April 6, 2022, the ALJ issued a Prehearing Order that confirmed the litigation schedule established at the Prehearing Conference.

7. The Petitioners conducted substantial discovery in this proceeding. Pursuant to the established litigation schedule, OCA served direct testimony on May 6, 2022. No other party submitted direct testimony in this proceeding.

8. Columbia served rebuttal testimony on May 24, 2022. No other party served rebuttal or surrebuttal testimony.

9. On June 3, 2022, Columbia filed an unopposed Motion for a Protective Order pursuant to the provisions of 52 Pa. Code § 5.365(a). Also on June 3, 2022, ALJ DeVoe issued a Protective Order in accordance with Columbia's request.

10. The parties undertook settlement discussions. As a result of those discussions and the efforts of the parties to examine the issues raised in the proceeding, a settlement in principle of all issues was achieved.

11. On June 3, 2022, counsel for the Company advised the ALJ of the settlement in principle and requested that the scheduled evidentiary hearing be canceled and that the parties be permitted to admit their evidence by stipulation and without cross examination.

12. On June 6, 2022, Columbia and OCA filed a Joint Stipulation for Admission of Evidence.

13. Also on June 2, 2022, the ALJ issued an Interim Order granting the Joint Stipulation for Admission of Evidence and cancelling the evidentiary hearings scheduled for June 7 and 8, 2022.

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

Gas Cost Rate as of April 1, 2022 (per therm)	Proposed² Gas Cost rate (per therm)	Settled Gas Cost rate (per therm)	Difference between Proposed Gas Cost rate and Settled Gas Cost rate
\$0.54943	\$0.53885	\$ 0.53885	\$0

III. PROPOSED FINDINGS OF FACT

The Petitioners agree that the following facts were entered into the record by Columbia, and that subject to the terms and conditions in this Settlement, are sufficient to approve the Settlement and Columbia’s 2022 PGC filing. Columbia requests that the Commission make the following findings of fact and such other findings of fact, if any, as may be required or appropriate:

1. Columbia’s Exhibit No. 3 lists Federal Energy Regulatory Commission (“FERC”) proceedings through calendar year 2021 affecting Columbia’s ratepayers. Exhibit No. 3 outlines Columbia’s participation in these FERC proceedings. Columbia has intervened and actively participated in proceedings of the interstate pipelines serving Columbia. Columbia has been active before the FERC in rulemakings and policy statements that have the potential to significantly impact Columbia’s efforts to provide reliable gas service at the least cost. (Columbia St. No. 1, pp. 42-46; Columbia Ex. No. 3)

² See Exhibit 1-A, Schedule 1, Sheet 1.

2. Columbia was active in relevant FERC cases involving Columbia Gas Transmission, L.L.C. (“Columbia Transmission”), Equitrans, L.P. (“Equitrans”), National Fuel Gas Supply Corporation (“National Fuel”), Tennessee Gas Pipeline Company, L.L.C. (“Tennessee”), Texas Eastern Transmission, L.P. (“Texas Eastern”) and Eastern Gas Transmission (“EGTS”). (Columbia St. No. 1, pp. 42-46, Columbia Ex. No. 3)

3. Columbia will continue its policy of active participation in individual pipeline supplier rate and certificate proceedings before the FERC, along with FERC generic type rulemaking and policy proceedings which could have a material impact on Columbia’s costs or operations, as fully described in Columbia Statement No. 1, pp. 42-46.

4. Columbia has full responsibility for purchasing all of its gas supplies directly from producers and marketers. To the extent that affiliated interests offer Columbia gas supplies under competitive terms and conditions, Columbia will consider those supplies like all others in accordance with its policy of purchasing gas supplies from reliable sources at the lowest cost. (Columbia Ex. No. 8-C)

5. Columbia’s gas purchasing objectives and strategies seek a portfolio of least-cost supply from both Pennsylvania and interstate producers. Columbia also seeks capacity that is flexible and reliable. These efforts will continue. (Columbia St. No. 1, pp. 6-22; Columbia Ex. No. 5, p. 1)

6. Columbia is responsible for balancing all deliveries to its city gates on a daily basis. All transportation and storage capacity services are provided to Columbia from non-affiliated pipeline companies. (Columbia St. No. 1, Columbia Ex. No. 8-C)

7. Columbia contracts for firm transportation and storage services to meet customers’ requirements in its diverse market areas. (Columbia Ex. No. 5; Columbia St. No. 1, p. 13)

Columbia's firm contracts for gas supply provide it with sufficient supply to meet the human needs demand of firm customers under design weather conditions. (Columbia St. No. 1, pp. 38-42)

8. Columbia's available capacity is approximately 102.3% of projected firm demand for contract year 2025-26. This variance is within the bounds contained in Columbia's Portfolio Design Policy, which provides that Columbia will have sufficient capacity to be within a range of up to 103% of the highest of its projected design day firm requirements for the five year period of its Design Day Forecast. (Columbia Ex. No. 5, pp. 9-10; Columbia Statement No. 1, pp. 21-22; Columbia Ex. No. TMM-2)

9. Columbia's capacity portfolio contains a substantial amount of storage. Storage capacity enables Columbia to purchase a majority of its annual customer requirements during the summer months. Some of the summer purchase volume is used to serve current customer demand, while storing most of the volume to serve customer demand the following winter. (Columbia Ex. No. 5, pp. 10-11)

10. Columbia Transmission is an unaffiliated interstate pipeline. Numerous Columbia Transmission facilities are used to transport and store Columbia's supply purchases. Because Columbia's local market areas are spread across Pennsylvania and are connected primarily, and in many cases exclusively, to Columbia Transmission facilities, the vast majority of Columbia's peak day supply is delivered by Columbia Transmission. (Columbia St. No. 1, pp. 12-14; Columbia Ex. No. 5, pp. 10-11)

11. Columbia has several contracts for Firm Transportation Service ("FTS") with Columbia Transmission. (Columbia Ex. No. 5, pp. 10-12) Columbia has a contract for 11,666 Dth of city-gate capacity with Columbia Transmission, which is used to serve pipeline scheduling

points that are capacity constrained and is necessary to meet firm requirements in these areas. This contract has a termination date of October 31, 2022. (Exhibit No. 5, p. 10)

12. Columbia also contracts with Columbia Transmission for 60,551 Dth designed using a tiered renewal approach with two tiers remaining. The next tier expires on October 31, 2022, and is for 39,496 Dth/day. The final tier equals 21,055 Dth/day with a termination date of October 31, 2025. The tiered approach provides contracting flexibility. (Exhibit No. 5, p. 11)

13. The majority of Columbia's Columbia Transmission capacity also has grandfathered Maximum Daily Delivery Obligation ("MDDO") and Daily Delivery Quantity ("DDQ") rights. These grandfathered MDDO and DDQ rights provide Columbia the necessary flexibility to receive varying volumes at each of its approximately 300 individual receipt points from Columbia Transmission each day. This flexibility is critical to the efficient operation of Columbia's transportation services and the efficient, least cost management of Columbia's capacity portfolio. (Columbia Ex. No. 5, p. 10)

14. In analyzing its capacity portfolio and available alternatives, Columbia entered into discussions with Columbia Transmission to determine if additional firm transportation capacity could serve as a lower cost alternative to Columbia Transmission storage. As a result of those discussions, Columbia entered into negotiations and executed an additional firm transportation contract for 39,380 Dth/day with Columbia Transmission effective March 1, 2022. Columbia also obtained under the Right-of-First-Refusal process a reduction in its Firm Storage Service contract by 2,543,832 Dth and Storage Service Transportation contract by 45,862 Dth/day effective April 1, 2022. (Columbia Ex. No. 5, p. 11)

15. In addition to its contracts for transportation and storage from Columbia Transmission, Columbia has access to various other pipelines. These arrangements currently include the following:

(a) Columbia has six firm transportation contracts and three storage contracts with Eastern Gas and Transmission and Storage (“EGTS”). The first transportation contract, provided under EGTS’s rate schedule Firm Transportation No-Notice - General Storage Service (“FTNN-GSS”), for 6,000 Dth per day, is utilized to transport storage supplies from EGTS’s storage fields to Columbia’s city gates. Storage supplies are also transported to Columbia’s city gates via a transportation contract under EGTS’s rate schedule Firm Transportation (“FT”). This contract has a quantity of 3,000 Dth per day from November through March of each year, and 2,000 Dth per day from April through October of each year. The associated storage contract with EGTS provides Columbia with 9,000 Dth/day of peak day deliverability and approximately 941,176 Dth of seasonal supply. Columbia utilizes these EGTS contracts to provide supplies to its customers in Beaver County through its Darlington interconnect and in Cranberry Township through its Warrendale interconnect. (Columbia St. No. 1, pp. 14-15)

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

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

(c) Lastly, Columbia has 255 Dth/day of FT capacity with EGTS that provides service to an interconnection serving the Centre Hall market. (Columbia St. No. 1, p. 15)

(d) Columbia also contracts for firm transportation and storage service with Equitrans. The storage service provides peak day deliverability of 19,130 Dth and 2,000,000 Dth of seasonal capacity. The maximum winter season city gate deliveries total 55,000 Dth per day including up to 19,130 Dth from storage. Summer capacity levels are sculpted with 32,000 Dth per day in April and October and 20,000 Dth per day May through September. (Columbia St. No. 1, p. 15; Exhibit No. 5, p. 11)

(e) Columbia excludes from the PGC the cost of the Equitrans storage service, approximately 10,941 Dth/day of the associated 19,130 Dth/day of the winter season FTS Transportation Quantity (“TQ”), and the EGTS storage service and associated 4,800 Dth/day FTNN transportation contract, to provide service to General Distribution Service (“GDS”) customers under Columbia’s Elective Balancing Service (“EBS”) Option 1. (Columbia St. No. 1, p. 16; Columbia Ex. No. 5, p. 11)

(f) Columbia contracts for firm transportation service with Tennessee totaling 23,600 Dth/day. A total of approximately 19,300 Dth/day is

required to serve the design peak day firm customer demand in Columbia markets directly connected to Tennessee, while approximately 4,300 Dth/day is delivered to Columbia's National Fuel capacity. On days when the 19,300 Dth/day delivered directly to Columbia cannot be absorbed by those markets, Columbia can divert that supply to Tennessee interconnects with Columbia Transmission for injection into storage or delivery to other Columbia markets that are served by Columbia Transmission. (Columbia St No. 1, p. 16)

- (g) Columbia also has contracts for long-haul firm transportation service with Texas Eastern. It was determined that an additional 1,200 Dth/day was required to meet the needs of the Uniontown, State College, and York market areas. As a result, Columbia contracted with Texas Eastern for this amount effective January 1, 2022, with an expiration date of December 31, 2027. In addition, Columbia has Texas Eastern capacity of 22,535 Dth/day. A total of 20,453 Dth/day is required to serve peak day firm customer demand in Columbia markets directly connected to Texas Eastern, while 3,082 Dth/day must be delivered to Columbia Transmission as an upstream supply in order to meet peak day demand in Columbia markets served by Columbia Transmission. Columbia also contracts for 10,000 Dth/day of winter season, market-area firm backhaul transportation capacity. Columbia utilizes this capacity to satisfy cold weather requirements behind the city gates connected to Texas Eastern. (Columbia St. No. 1, pp. 16-17; Columbia Ex. No. 5, p. 12)

- (h) Columbia contracts for 4,304 Dth/day of city gate capacity under the FTS rate schedule of National Fuel. This capacity provides service to Columbia's Warren market area. (Columbia St. No. 1, p. 17)
- (i) In addition, Columbia also has a contract with National Fuel consisting of enhanced firm transportation (EFT) of 4,000 Dth per day, of which 1,571 Dth per day is received at the Mercer Interconnection and delivered to a newly requested delivery point interconnection in Allegheny County, while 2,429 Dth per day is received from National Fuel's storage receipt point and delivered to the new delivery point in Allegheny County. Additionally, National Fuel provides an enhanced storage service (ESS) with a Maximum Storage Quantity (MSQ) of 267,143 Dth, a Maximum Daily Injection Quantity (MDIQ) of 1,571 Dth per day, and a Maximum Daily Withdrawal Quantity (MDWIQ) of 2,429 Dth per day to be used in combination with the EFT service. (Columbia St. No. 1, p. 17)

16. Columbia continues to evaluate alternatives to its existing supply and capacity portfolio on an ongoing basis. (Columbia St. No. 1, p. 18)

17. In order for Columbia to meet its objective of securing and delivering competitively-priced, reliable gas supplies, Columbia has developed a portfolio of gas purchase contracts, which can include long-term, short-term and spot contracts, that have flexibility both to meet reliability standards and to be able to take advantage of low priced opportunities where available and operationally feasible. (Columbia St. No. 1)

18. Columbia maintains a program for purchasing local production. In addition to local gas purchases delivered directly into Columbia's system, Columbia purchased Appalachian pool

gas delivered by producers into Columbia Transmission's system and redelivered to Columbia under transportation agreements. Although it is certain that Pennsylvania production enters the Appalachian production pools, once the gas is part of pool supplies it is commingled with other sources of supply. Thus, the portion of these supplies coming from Pennsylvania production is not known. (Columbia St. No. 1, pp. 27-28)

19. Columbia annually submits Request for Proposals ("RFP") to numerous suppliers identified as capable and willing to provide firm gas supplies to Columbia. Columbia requests proposals for supplies with varying term lengths, nomination flexibility and pricing options. (Columbia St. No. 1, p. 25)

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

21. In the twelve months ended January 31, 2022, Columbia did not shut in or withhold from the market any gas supply or transportation or storage capacity other than for the purposes of retaining sufficient supply to assure reliable supply and balancing services under colder than normal conditions. (Columbia Ex. No. 8-E)

22. Neither Columbia nor its affiliates withheld any gas from the market or caused any gas supplies to be withheld from the market that should have been utilized as part of a least-cost fuel procurement policy. (Columbia Ex. No. 8-E)

23. Columbia retains firm contractual rights to all storage, other upstream pipeline and capacity, if any, and all capacity assignments made to Natural Gas Suppliers ("NGSs") participating in Columbia's Customer Choice program are made on a recallable basis. This allows Columbia to maintain service in the event an NGS fails to deliver supplies under Columbia's

Customer Choice Program, which is consistent with Columbia's obligations as the SOLR. (Columbia St. No. 1, pp. 35-36)

24. Pursuant to Columbia Transmission's tariff, Columbia must plan the use of storage so that no more than 65% of its FSS seasonal storage quantity remains in inventory after February 1 and no more than 25% remains after April 1. Columbia Transmission may also issue operational orders mandating storage withdrawals with penalties for noncompliance. Noncompliance with Columbia Transmission's tariff limitations could result in confiscation by the pipeline of volumes exceeding tariff limits. (Columbia Ex. No. 5, pp. 15-17)

25. For supply planning purposes, Columbia determines customer demand under various weather scenarios. Columbia determines customer demand under a colder-than-normal weather scenario to plan its gas supply and capacity portfolio to ensure that it is adequate to meet increased customer demand. Columbia also determines customer demand under a warmer-than-normal weather scenario to plan the flexibility needed in its supply and capacity portfolio to meet reduced customer demand at least cost. (Columbia Ex. No. 5; Columbia St. No. 1, pp. 6-7)

26. On all days, including days of peak demand, Columbia must be ready to serve the demand of Sales Service customers and to provide balancing for CHOICE Service customers. To ensure reliability, Columbia has established design parameters for estimating Sales Service and CHOICE Service customer demand under extreme weather conditions. Columbia's Design Day Forecast is based on design day conditions consisting of current day design temperature, prior day design temperature, current day design wind speed, and occurrence on a weekday. Columbia updates the design conditions approximately every five to ten years. (Columbia Ex. No. 5, pp. 3-5; Columbia St. No. 1, pp. 9-10)

27. Columbia manages its off-system sales and capacity release programs under its Unified Sharing Mechanism (“USM”). Pursuant to the USM, customers receive 75% of the net USM proceeds and Columbia retains the remaining 25% of net proceeds. The customers’ share of USM proceeds is passed back 100% through the PGDC. (Columbia St. No. 1, pp. 32-34)

IV. SETTLEMENT

28. The Petitioners agree to resolve the following issues as set forth below:

A. GENERAL

29. Columbia’s 2022 PGC filing meets the standards set forth in Section 1317 and 1318 of the Public Utility Code, 66 Pa. C.S., §§ 1317 and 1318, and the Commission should approve Columbia’s 2022 PGC filing as filed, and make the findings described in Section V. of this Settlement, subject to the additional Settlement terms set forth below.

B. ASSET MANAGEMENT AGREEMENT (AMA)

30. For purposes of settlement, Columbia and the OCA agree that Columbia sufficiently demonstrated that its gas costs related to the Texas Eastern AMA resulted in lower costs than if Columbia itself managed the Texas Eastern FT capacity that was released, and that OCA’s recommended disallowance of gas costs related to the Texas Eastern AMA will not be accepted, and Columbia will be permitted to recover the gas costs associated with the Texas Eastern AMA, as well as retain its portion of the AMA fee.

C. HEDGING

31. Columbia agrees to investigate modifications to its Gas Cost Procurement Strategy, specifically including hedging, that could further mitigate future potential rate volatility. This assessment will be provided as part of Columbia’s 2023 PGC pre-filing. All parties reserve the right to propose any changes to Columbia’s Gas Procurement Strategy as a result of this review.

V. STANDARDS AND FINDINGS

32. This proceeding is a consolidation of two reviews that the Commission is required to undertake pursuant to Sections 1307 and 1318 of the Public Utility Code. Pursuant to Section 1307(f) of the Public Utility Code, 66 Pa.C.S. § 1307(f), the Commission must determine whether Columbia has met the standards of Section 1318, 66 Pa.C.S. § 1318, with regard to the gas costs Columbia has incurred during a historic 12-month period. The historic period reviewed in this proceeding is the 12-month reconciliation period ended January 31, 2022. In addition, because Columbia has filed a tariff proposing a new rate reflecting a change in its natural gas costs, the Commission must determine whether the specific findings of Section 1318 can be made with regard to the period that rates will be in effect in the Application Period. This finding is a condition precedent to the Commission's approval of the Company's proposed rates. 66 Pa.C.S. § 1318. It is to be noted that the provisions of Section 1318(a) are applicable to all gas utilities that recover their gas costs pursuant to Section 1307(f). The new tariff rate is intended to become effective October 1, 2022.

33. Columbia did not make any purchases from affiliates during the historic period. To the extent that affiliated interests offer Columbia gas supplies under competitive terms and conditions, Columbia will consider those supplies like all others in accordance with its policy of purchasing gas supplies from reliable sources at the lowest cost. Therefore, it is requested that the Commission make the findings under Section 1318(b) concerning gas supplies from affiliates.

A. HISTORIC RECONCILIATION PERIOD STANDARDS

34. With respect to Columbia's gas purchases and gas purchasing practices during the twelve-month historic reconciliation period ended January 31, 2022, it is requested that the Commission find that Columbia has met the standards set out in Section 1318 of the Public Utility Code, 66 Pa.C.S. § 1318, and required by Section 1307(f)(5) of the Public Utility Code, 66 Pa.C.S.

§ 1307(f)(5), as to all actual purchased gas costs in the historic period. It is requested that the Commission find, pursuant to Section 1307(f)(5) of the Public Utility Code, and based upon the evidence presented by the Petitioners in this case, that, during the twelve months ended January 31, 2021: (1) Columbia met the requirements of Section 1318(a) of the Public Utility Code by pursuing a least-cost fuel procurement policy, consistent with its obligation to provide safe, adequate and reliable service to its customers; and (2) Columbia met the requirements of Section 1318(b) of the Public Utility Code relating to its consideration of offers from affiliates for gas, transportation and storage services.

B. PROJECTED AND INTERIM PERIOD FINDINGS

35. With respect to the twelve-month period beginning October 1, 2022, which is the period of time during which the proposed rates contained in this Settlement would be in effect, it is requested that the Commission make the findings under Section 1318 of the Public Utility Code, including Sections 1318(a)(1) through (a)(4), and 1318(b)(1) through (b)(3), based upon information presently available and based upon evidence of record in this proceeding concerning Columbia's purchasing policies.

36. The Petitioners agree that, based upon evidence of record in this proceeding concerning Columbia's projected gas purchases and gas purchasing policies, it appears that Columbia's projected gas purchases and projected gas purchasing policies will comply with the standards of Section 1318 of the Public Utility Code. Nevertheless, it is expressly understood and agreed that the findings relating to the rate to become effective October 1, 2022, are made solely for the purpose of setting prospective rates that shall be subject to the standards of Section 1318, and further reviewed in an appropriate future proceeding. This Section of the Settlement is not intended to limit or prevent in any way present or future complainants from reviewing, after such projected gas purchases have been made and gas purchasing practices have been implemented,

whether Columbia's gas purchases and gas purchasing practices have, in fact, complied with the standards of Section 1318. If, in an appropriate future proceeding, gas purchases and gas purchasing practices relating to the period October 1, 2022, through September 30, 2023, are challenged, the Commission's findings in this Section of the Settlement shall pose no bar to the examination of such purchases and practices including, but not limited to, disallowance of, or reductions to, such costs during the one-year period commencing October 1, 2022.

37. The Petitioners agree that future examination of the gas costs relating to the period February 1, 2022, through September 30, 2023, to determine whether Columbia's experienced and projected gas purchases and gas purchasing practices complied with the standards set forth in Section 1318 of the Public Utility Code shall be permitted and that the Commission's adoption of the findings under this Section of the Settlement shall not be construed to limit or prevent any disallowance or reduction of such costs.

VI. CONDITIONS OF SETTLEMENT

38. The Settlement is conditioned upon the Commission's approval of the terms and conditions contained in this Settlement without modification. If the Commission modifies the Settlement, any Petitioner may elect to withdraw from the Settlement and may proceed with litigation and, in such event, the Settlement shall be void and of no effect. Such election to withdraw must be made in writing, filed with the Secretary of the Commission and served upon all Petitioners within five (5) business days after the entry of an Order modifying the Settlement.

39. This Settlement is proposed by the Petitioners to settle all issues in the instant proceeding. If the Commission does not approve the Settlement and the proceedings continue, the Petitioners reserve their respective procedural rights to hearing and briefing, and to argue their respective positions. The Settlement is made without any admission against, or prejudice to, any

position that any party may adopt in the event of any subsequent litigation of these proceedings, or in any other proceeding.

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

41. Attached as Appendices "A" and "D" are Statements of Support submitted by the Petitioners, setting forth the bases upon which they believe the Settlement is in the public interest, as well as letters of non-opposition from I&E and PSU.

VII. CONCLUSION

WHEREFORE, the Petitioners, by their respective counsel, respectfully request that the Honorable Administrative Law Judge Emily I. Devoe and the Commission approve this Settlement, including all terms and conditions thereof, and that the Commission enter an Order consistent with this Settlement and mark the complaints at Docket Nos. C-2022-3031435 and C-2022-3031752 closed.

Respectfully submitted,

/s/ Lindsay A. Berkstresser

Date: June 22, 2022

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and

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For: Columbia Gas of Pennsylvania, Inc.

/s/ Laura Antinucci

Date: 6/22/2022

Laura Antinucci, Esquire
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For: Office of Consumer Advocate

PUBLIC VERSION

PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

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

Columbia Gas of Pennsylvania, Inc. (“Columbia” or the “Company”) submits this Statement in Support of the Joint Petition for Settlement in the above-captioned proceedings (“Settlement”). Signatories to the Settlement are the Office of Consumer Advocate (“OCA”) and Columbia, parties to the above-captioned proceeding (hereinafter collectively referred to as the “Joint Petitioners”). The Pennsylvania Public Utility Commission’s (“Commission”) Bureau of Investigation and Enforcement (“I&E”), the Office of Small Business Advocate (“OSBA”), and The Pennsylvania State University (“PSU”) have indicated that they do not oppose the Settlement. The Settlement resolves all issues in this proceeding. OCA and Columbia are the only parties who submitted testimony in this proceeding.

Commission policy promotes settlements. *See* 52 Pa. Code § 5.231. Settlements lessen the time and expense that the parties must expend litigating a case and, at the same time, conserve precious administrative resources. The Commission has indicated that settlement results are often preferable to those achieved at the conclusion of a fully-litigated proceeding. *See* 52 Pa. Code § 69.401. In order to accept a settlement, the Commission must first determine that the proposed terms and conditions are in the public interest. *Pa. Pub. Util. Comm’n v. York Water Co.*, Docket

No. R-00049165 (Order entered Oct. 4, 2004); *Pa. Pub. Util. Comm'n v. C.S. Water and Sewer Assocs.*, 74 Pa. P.U.C. 767 (1991).

As an initial matter, the fact that the Settlement is unopposed is, in and of itself, strong evidence that the Settlement is reasonable and in the public interest. The Settlement was achieved after a comprehensive investigation of Columbia's gas purchasing practices, including extensive discovery and discussion among the parties. Columbia submits that the Settlement fairly balances the interests of the Company and its customers and, therefore, is in the public interest. Columbia respectfully requests that Administrative Law Judge Emily I. DeVoe (the "ALJ") and the Commission approve the Settlement in its entirety and without modification. Columbia notes that by resolving all of the issues in this proceeding through the Settlement, the parties were able to successfully avoid a portion of the costs associated with litigation.

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

I. THE SETTLEMENT IS IN THE PUBLIC INTEREST

A. APPROVAL OF COLUMBIA'S 2022 PGC FILING

The Settlement provides for the approval of Columbia's 2022 PGC filing as filed, subject to the terms contained in the Settlement. Settlement ¶ 29. In accordance with the proposed findings of facts and statutory findings contained in the Settlement, the Company's 2022 PGC filing, subject to the terms set forth in the Settlement, is in the public interest and should be approved.

Approval of Columbia's 2022 PGC filing, subject to the terms set forth in the Settlement, is in the public interest because the record evidence demonstrates that Columbia has met the standards set forth in Sections 1307 and 1318 of the Public Utility Code, 66 Pa. C.S., §§ 1307 and 1318. Pursuant to Section 1307(f) of the Public Utility Code, 66 Pa.C.S. § 1307(f), the

Commission must determine whether Columbia has met the standards of Section 1318, 66 Pa.C.S. § 1318, with regard to the gas costs Columbia has incurred during a historic 12-month period. The historic period reviewed in this proceeding is the 12-month reconciliation period ended January 31, 2022. In addition, because Columbia has filed a tariff proposing a new rate reflecting a change in its natural gas costs, the Commission must determine whether the specific findings of Section 1318 can be made with regard to the period that rates will be in effect in the projected period. This finding is a condition precedent to the Commission's approval of the Company's proposed rates. 66 Pa.C.S. § 1318. Section 1318 provides:

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

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

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

(3) The utility has taken all prudent steps necessary to obtain lower cost gas supplies on both short-term and long-term bases both within and outside the Commonwealth, including the use of gas transportation arrangements with pipelines and other distribution companies.

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

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

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

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

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

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

66 Pa.C.S. § 1318.

Upon review of Columbia's filing and after substantial discovery, the Joint Petitioners agree that, subject to the terms set forth in the Settlement, Columbia's 2022 PGC case as filed complies with the requirements of Section 1318 of the Public Utility Code, 66 Pa C.S. § 1318(a), and that the record evidence supports a finding that Columbia is pursuing a least cost fuel procurement policy, consistent with the utility's obligation to provide safe, adequate and reliable service to its customers. See Columbia Ex. No. 8-E. Therefore, the Settlement requests that the Commission make the findings as set forth in Section 1318 that are required to approve Columbia's PGC filing.

Specifically, with respect to Section 1318(a)(1), the record demonstrates that Columbia has intervened and actively participated in the Federal Energy Regulatory ("FERC") proceedings of

the interstate pipelines serving Columbia, including Columbia Gas Transmission, L.L.C. (“Columbia Transmission”), Equitrans, L.P. (“Equitrans”), National Fuel Gas Supply Corporation (“National Fuel”), Tennessee Gas Pipeline Company, L.L.C. (“Tennessee”), Texas Eastern Transmission, L.P. (“Texas Eastern”) and Eastern Gas Transmission and Storage (“EGTS”). Columbia St. No. 1, pp. 41-46; Columbia Ex. No. 3. Columbia has been active before the FERC in proceedings that have the potential to significantly impact Columbia’s efforts to provide reliable gas service at the least cost. Columbia will continue its policy of active participation in individual pipeline supplier rate and certificate proceedings before the FERC, along with FERC generic type rulemaking and policy proceedings which could have a material impact on Columbia’s costs or operations, as fully described in Columbia Statement No. 1, pp. 41-46.

Concerning Sections 1318(a)(2) and (3), the record demonstrates that Columbia has taken all prudent steps necessary to negotiate favorable gas supply contracts and to relieve the utility from terms in existing contracts with its gas suppliers which are or may be adverse to the interests of the utility's ratepayers. The record further demonstrates that Columbia has taken all prudent steps necessary to obtain lower cost gas supplies on both short-term and long-term bases both within and outside the Commonwealth, including the use of gas transportation arrangements with pipelines and other distribution companies. In order for Columbia to meet its objective of securing and delivering competitively-priced, reliable gas supplies, Columbia has developed a portfolio of gas purchase contracts, which can include long-term, short-term and spot contracts, that have flexibility both to meet reliability standards and to be able to take advantage of low priced opportunities where available and operationally feasible. See Columbia St. No. 1. Columbia continues to evaluate alternatives to its existing supply and capacity portfolio on an ongoing basis and makes changes to those contracts when it is prudent to do so. Columbia St. No. 1, p. 18.

Columbia annually submits Request for Proposals (“RFP”) to numerous suppliers identified as capable and willing to provide firm gas supplies to Columbia. Columbia requests proposals for supplies with varying term lengths, nomination flexibility and pricing options. Columbia St. No. 1, p. 25. Columbia also maintains a program for purchasing local production. In addition to local gas purchases delivered directly into Columbia’s system, Columbia purchased Appalachian pool gas delivered by producers into Columbia Transmission’s system and redelivered to Columbia under transportation agreements. Columbia St. No. 1, pp. 27-28.

In accordance with Section 1318(a)(4), neither Columbia nor its affiliates withheld any gas from the market or caused any gas supplies to be withheld from the market that should have been utilized as part of a least-cost fuel procurement policy. Columbia Ex. No. 8-E.

Although Columbia did not make any purchases from affiliates during the historic period, the Settlement requests that the Commission make the findings under Section 1318(b) concerning gas supplies from affiliates. To the extent that affiliated interests offer Columbia gas supplies under competitive terms and conditions, Columbia will consider those supplies like all others in accordance with its policy of purchasing gas supplies from reliable sources at the lowest cost. Columbia Ex. No. 8-C.

Finally, consistent with Section 1318(c), in the twelve months ended January 31, 2022, Columbia did not shut in or withhold from the market any gas supply or transportation or storage capacity other than for the purposes of retaining sufficient supply to assure reliable supply and balancing services under colder than normal conditions. Columbia Ex. No. 8-E.

Approval of Columbia’s PGC filing, subject to the terms set forth in the Settlement, is in the public interest because Columbia has complied with all relevant provisions of the Public Utility

Code with respect to its PGC, as demonstrated by the undisputed facts set forth above and as more fully explained in Columbia’s PGC filing.

B. ASSET MANAGEMENT AGREEMENT (“AMA”)

Generally, an Asset Management Agreement (“AMA”) is a transaction in which Columbia temporarily releases the use of a pipeline asset to a supplier in return for a fee and a commitment to deliver a certain quantity of gas to specific points on Columbia’s system. Columbia St. No. 4-R, p. 4. According to Columbia’s sharing program, customers receive 75% of total AMA fees collected and Columbia retains 25% of total AMA fees collected. Columbia St. No. 4-R, p. 5.

Pertinent to the Settlement of this proceeding is an AMA that Columbia entered with Colonial Energy, Inc. (“Colonial”) to manage a portion of Columbia’s capacity on Texas Eastern Transmission, LLC (“Texas Eastern”). **BEGIN HIGHLY CONFIDENTIAL** [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] **END HIGHLY CONFIDENTIAL**

Columbia St. No. 4-R, pp. 4-5. This gas was needed to satisfy Columbia’s customers’ summer demand, as well as meet storage fill requirements for the upcoming winter season. Columbia St. No. 4-R, pp. 4-5.

In OCA witness Mierzwa’s direct testimony, Mr. Mierzwa recommended that certain gas purchase costs related to Columbia’s AMA be disallowed based on his belief that the AMA was not structured according to least cost procurement standards. OCA St. No. 1, pp. 3-13. Specifically, Mr. Mierzwa argued that structuring the Company’s AMA to provide for Zone M-3 pricing for a portion of the supplies was unreasonable, and the AMA should have been structured

to purchase all of the gas supplies based on Zone M-2 pricing. OCA St. No. 11, pp. 9-10. As a result, Mr. Mierzwa recommended that **BEGIN HIGHLY CONFIDENTIAL** [REDACTED] **END HIGHLY CONFIDENTIAL** of purchase gas costs related to the Company's purchase of supplies under the AMA be disallowed, as well as Columbia's 25% share of the AMA fee. OCA St. No. 1, p. 3.

In rebuttal testimony, Columbia witness Pluard explained that Columbia's decision to enter the AMA was reasonable and consistent with least cost and reliable gas supply planning at the time the decision was made. Columbia witness Pluard pointed out several errors in Mr. Mierzwa's analysis and calculations. Columbia St. No. 4-R, pp. 6-10. For example, in reaching his conclusion that all purchases should have been priced based on Zone M-2 index prices, Mr. Mierzwa failed to consider the expected Zone M-2 vs. Zone M-3 price differential at the time the AMA was executed and failed to account for the associated transportation cost of moving the supply to Zone M-3. Columbia St. No. 4-R, pp. 6-7. Based upon this corrected analysis, Mr. Pluard demonstrated that the AMA was expected to produce a net benefit for customers as compared to purchasing all supplies at Zone M-2 prices. Columbia St. No. 4-R, pp. 8-9.

Columbia witness Pluard also explained that Mr. Mierzwa overlooked important reliability reasons for Columbia's decision. Using Zone M-2 receipt points as suggested by Mr. Mierzwa would have changed the primary receipt point to a secondary receipt point, which is less firm and subject to supplies being cut because Texas Eastern is not obligated to deliver gas to secondary points under its contract with Columbia. Capacity reductions could result in an inability to effectively fill winter storage and/or Columbia having to purchase higher priced supplies. Columbia St. No. 4-R, p. 7.

Following the submission of Columbia's rebuttal testimony, the OCA and Columbia agreed that Columbia sufficiently demonstrated that its gas costs related to the Texas Eastern AMA resulted in lower costs than if Columbia itself managed the Texas Eastern capacity that was released. Therefore, the Settlement does not accept the OCA's recommended disallowances related to the AMA. Settlement ¶ 30. This Settlement term should be approved because it is in the public interest for Columbia to pursue a least cost and reliable gas procurement policy and to recover all necessary and prudent costs that the Company incurs to serve PGC customers. Columbia has demonstrated in this proceeding that its Texas Eastern AMA was reasonable and consistent with least cost procurement standards.

C. HEDGING

Hedging programs are aimed at mitigating volatility in commodity prices by paying a premium to "lock in" future pricing. Hedging programs are not cost savings mechanisms and are not meant to be started and stopped based on changes in current market prices. Columbia St. No. 4-R, p. 12. Columbia does not currently operate a hedging program. However, Columbia did operate a Commission-approved hedging program until 2013 when the program was terminated as a result of the Commission-approved settlement of Columbia's 2013 PGC proceeding. Columbia St. No. 4-R, p. 12.

In his direct testimony, OCA witness Mr. Mierzwa cited the recent spike in commodity price volatility and recommended that Columbia re-institute a hedging program. OCA St. No. 1, pp. 13-16. In rebuttal testimony, Columbia witness Pluard explained that Columbia supports working with stakeholders on a potential future hedging program. Mr. Pluard explained that the Company would commit to discuss the viability, benefits, risks and possible structures of a new Commission-approved hedging program. Columbia St. No. 4-R, p. 12. As a result, the Settlement provides that Columbia will investigate modifications to its Gas Cost Procurement Strategy,

specifically including hedging, that could further mitigate future potential rate volatility. Settlement ¶ 31. The Settlement further provides that Columbia will provide its assessment as part of the Company's next PGC pre-filing. The Settlement also reserves all parties' respective rights to propose any changes to Columbia's Gas Procurement Strategy in the next PGC case. Settlement ¶ 31.

Given the recent volatility in commodity prices, it is in the public interest to explore whether a hedging program could be beneficial to smooth price volatility. This Settlement term should be approved because it provides the Company and interested stakeholders an opportunity to fully evaluate any potential hedging program and to provide input before such a program may be implemented. Because hedging programs require long-term commitments by both customers and the Company, it is in the public interest to allow the Company and stakeholders time to explore this option and for Columbia to provide an assessment in its next PGC case. Notably, the Settlement preserves parties' rights with respect to presenting proposals on Columbia's Gas Procurement Strategy in the next PGC case after reviewing Columbia's assessment. Columbia's commitment to examine this important and timely issue is in the public interest and should be approved.

II. CONCLUSION

The Settlement resolves all issues raised during this proceeding. For the reasons explained above, and those set forth in the proposed findings in the Settlement, the resolution of the issues contained within the Settlement is in the public interest. The Settlement should be approved without modification.

Respectfully submitted,

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Date: June 22, 2022

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	
v.	:	Docket No. R-2022-3031172
Columbia Gas of Pennsylvania	:	
1307(f) Proceeding	:	

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

The Office of Consumer Advocate (OCA), one of the signatory parties to the Joint Petition for Settlement of 2022-2023 PGC Proceeding (Settlement), finds the terms and conditions of the Settlement to be in the public interest for the following reasons:

I. INTRODUCTION

On March 1, 2022, pursuant to Sections 53.64 and 53.65 of the Commission’s Rules and Regulations, Columbia Gas of Pennsylvania, Inc. (Columbia or Company) submitted its pre-filing information in support of its annual purchased gas cost (PGC) filing. 66 Pa. C.S. § 1307(f); 52 Pa. Code §§ 53.64, 53.65. Relative to the current rate of \$0.54943/Therm, Columbia’s pre-filing anticipated a decrease of \$0.01058/Therm to a rate of \$0.53885/Therm for service rendered on and after October 1, 2022. Columbia submitted its definitive annual PGC filing on April 1, 2022.

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

The OCA retained Jerome D. Mierzwa as its expert to review the Company's filing. On May 6, 2022, the OCA submitted the Direct Testimony of Jerome D. Mierzwa. No other party filed direct testimony. Columbia submitted Rebuttal Testimony on May 24, 2022. The OCA declined to submit Surrebuttal Testimony on June 2, 2022 as the Company's Rebuttal Testimony fully resolved all of the OCA's concerns in this proceeding.

The parties informed ALJ DeVoe that a settlement had been reached on all issues and the evidentiary hearings in this matter were cancelled. The parties filed a Joint Stipulation for Admittance of Evidence on June 6, 2022 and ALJ DeVoe instructed the parties to file the Settlement and all Statements in Support by June 22, 2022.

Based on its review of the Company's filing and the testimony filed, the OCA submits that the Company has met the requirements of 66 Pa. C.S. Sections 1307(f) and 1318, and the Settlement is a reasonable resolution of the Company's 2022 PGC proceeding.

II. SETTLEMENT

A. PGC Rates

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

B. TETCO Asset Management Agreement Costs

In his Direct Testimony, OCA Witness Jerome D. Mierzwa, recommended that Columbia's share of the fees received under an Asset Management Agreement (AMA) Columbia entered into with Colonial Energy, Inc. (Colonial) during the historic review period that provided for the delivery of gas supplies by Texas Eastern Transmission, LP (Texas Eastern) be returned to PGC customers. OCA St. 1 at 3-13. The AMA with Colonial was in effect for the period April through October 2021. Id. at 3. Specifically, Mr. Mierzwa testified that,

There are two general options available with respect to purchasing the gas supplies to be delivered under Columbia's Texas Eastern firm transportation capacity: (1) the Company can purchase the gas supplies itself and arrange for the delivery of those supplies under its Texas Eastern firm transportation capacity; or (2) the Company can release all or a portion of its Texas Eastern capacity to an Asset Manager under an AMA which would purchase gas supplies and arrange for the delivery of those supplies under the released Texas Eastern capacity. The lowest cost option may be not to enter into an AMA and have the Company itself procure the necessary gas supplies.

Id. at 11-12. The information provided to Mr. Mierzwa in the Company's filing and interrogatory responses led Mr. Mierzwa to reasonably conclude that the terms and conditions of the Colonial AMA may be inconsistent with least-cost gas procurement standards. Id. at 3.

In the Rebuttal Testimony of Patrick Pluard, Columbia Statement No. 4-R, the Company provided additional explanatory information regarding the Columbia's request for proposal (RFP) process used for the TETCO AMA and the least-cost procurement basis for entering the AMA. Columbia St. 4-R at 4-6. The Company's explanation of its reasoning for entering the TETCO AMA sufficiently addressed the OCA's concerns that entering the agreement may have been inconsistent with least-cost gas procurement standards.

For purposes of settlement, the parties state their agreement that Columbia sufficiently demonstrated that its gas costs related to the TETCO AMA resulted in lower costs than if Columbia

itself managed the Texas Eastern FT capacity released to Colonial, and that OCA's recommended disallowance in gas costs related to the TETCO AMA will not be accepted, and Columbia will be permitted to recover the gas costs associated with the TETCO AMA, as well as retain its portion of the AMA fee. Settlement ¶ 30.

C. Natural Gas Hedging Program

Mr. Mierzwa also raised in his Direct Testimony that Columbia has not engaged in natural gas commodity gas price hedging activity since 2013 and that there has been a significant recent increase in natural gas prices and in the volatility of those prices. OCA St. 1 at 3 and 13-16. Mr. Mierzwa, therefore, recommended that Columbia should re-institute a gas price hedging program to ensure that price volatility is mitigated in the current market. Id. at 3.

In Mr. Pluard's Rebuttal Testimony, the Company agreed Columbia to work with stakeholders to discuss the viability, benefits, risks, and possible structures of a new Commission-approved hedging program. Columbia St. 4-R at 12. The OCA was satisfied with the Company's commitment to explore the reinstatement of a gas price hedging program to ensure that price volatility is mitigated to the extent reasonable given recent volatility trends in the gas market.

Under the terms of the Settlement, the Company agrees to investigate modifications to its Gas Cost Procurement Strategy, specifically including hedging, that could further mitigate future potential rate volatility. Settlement ¶ 31. This assessment will be provided as part of Columbia's 2023 PGC pre-filing and the parties reserve the right to propose any changes to Columbia's Gas Procurement Strategy as a result of this review. Id. The Settlement provisions addressing the natural gas hedging program establish a reasonable resolution of this proceeding and should be approved as in the public interest.

III. CONCLUSION

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

Respectfully Submitted,

/s/ Laura J. Antinucci

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June 22, 2022

VIA ELECTRONIC FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor (filing room)
PO Box 3265
Harrisburg, PA 17105-3265

Re: Pennsylvania Public Utility Commission v. Columbia Gas of Pennsylvania, Inc.
(1307(f) Proceeding); Docket No. R-2022-3031172; **THE PENNSYLVANIA
STATE UNIVERSITY'S NON-OPPOSITION TO JOINT PETITION FOR
SETTLEMENT**

Dear Secretary Chiavetta:

Intervenor the Pennsylvania State University does not oppose the Settlement terms within
the Joint Petition for Settlement filed in this matter on June 22, 2022.

Very truly yours,

/s/ Whitney E. Snyder

Thomas J. Sniscak
Whitney E. Snyder
Phillip D. Demanchick Jr.

Counsel for The Pennsylvania State University

WES/das



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
COMMONWEALTH KEYSTONE BUILDING
400 NORTH STREET, HARRISBURG, PA 17120

BUREAU OF
INVESTIGATION
&
ENFORCEMENT

June 21, 2022

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

Re: Pennsylvania Public Utility Commission v.
Columbia Gas of Pennsylvania, Inc. – 1307(f)
Docket No.: R-2022-3031172
I&E Letter of Non-Opposition of Settlement

Dear Secretary Chiavetta:

Please accept this letter as notification that the Bureau of Investigation and Enforcement (I&E) **does not oppose the settlement** reached in the above-referenced proceeding.

Should you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in cursive script that reads 'Erika L. McLain'.

Erika L. McLain
Prosecutor
Bureau of Investigation and Enforcement
PA Attorney ID No. 320526
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ELM/ac