COLUMBIA STATEMENT NO. 13

**BEFORE THE**
**PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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| Pennsylvania Public Utility Commission | ) | |
| vs. | ) | Docket No. R-2015-2468056 |
| Columbia Gas of Pennsylvania, Inc. | ) | |

DIRECT TESTIMONY OF
SHIRLEY BARDES HASSON
ON BEHALF OF
COLUMBIA GAS OF PENNSYLVANIA, INC.

March 19, 2015

# I. Introduction

Q. Please state your name and business address.

A. Shirley Bardes Hasson, 121 Champion Way, Suite 100, Canonsburg, Pennsylvania.

Q. By whom are you employed and in what capacity?

A. I am employed by Columbia Gas of Pennsylvania, Inc., ("Columbia" or "the Company") as Manager, Regulatory Policy.

Q. What are your responsibilities as Manager, Regulatory Policy?

A. I am responsible for managing regulatory activity before the Pennsylvania Public Utility Commission ("Commission"). This responsibility includes ensuring timely, accurate regulatory filings before the Commission as well as compliance with Columbia's Rates and Rules for Furnishing Gas Service, known as Tariff Gas Pa. P.U.C. No. 9 ("tariff"), and regulations affecting Natural Gas Distribution Companies ("NGDC") within this Commonwealth. I also monitor cases before the Commission, recommend Company participation and develop comments for filing when warranted.

Q. What is your professional experience with the Company?

A. I have been an employee of Columbia since 1987 when I accepted a position in the Company's customer service department. In 1989, I was promoted to Office Operations Training Instructor where I provided customer service and compliance training to telephone representatives and field service technicians. My customer service and training experience required comprehensive knowledge of Chapters 56 (Standards and Billing Practices for Residential Utility Service), 59 (Gas Service), 60 (Natural Gas Transportation Service) and 62 (Natural Gas Supply Customer Choice) of Title 52 of the Pennsylvania Code as well as Columbia's tariff. From 1995 until 2003, I held various positions working with the CHOICE®[1] program and large commercial and industrial transportation, initially as a Distribution Gas Transportation Coordinator, and progressing to Manager, Gas Transportation in 2001. I was significantly involved in the original development, expansion, and modification of the Columbia Choice program ("Choice Program"). I managed employees who provided billing, collections and customer service to Columbia's largest commercial and industrial distribution service customers, and I acted as liaison between the Natural Gas Suppliers and the Company. In 2004, I joined the Regulatory Department as Manager, Regulatory Policy.

Q. Have you testified before this or any other Commission?

A. Yes, I have provided testimony before this Commission in several formal customer complaint cases and in Columbia's last four base rate cases at Docket Nos. R-2009-2149262, R-2010-2215623, R-2012-2321748 and R-2014-2406274. I have also testified before the Maryland Public Service Commission on several occasions on behalf of Columbia Gas of Maryland, Inc.

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[1] Customer CHOICE℠ is a service mark of Columbia Gas of Ohio, Inc. and its use has been licensed by Columbia Gas of Pennsylvania, Inc. CHOICE® is a registered mark of Columbia Gas of Ohio, Inc. and its use has also been licensed by Columbia Gas of Pennsylvania, Inc.

Q. What exhibits are you sponsoring?

A. I am sponsoring Exhibit No. 14 Schedule 1 – the list of reports, data or statements requested by and submitted to the Commission, submitted in compliance with Section 53.53 III.A.26, and Exhibits 14 and 114 Schedule 2, which are copies of the tariff that is currently in effect, and the Company's proposed changes to those tariff pages.

Q. Please explain the scope of your testimony.

A. I will review the tariff revisions proposed in tariff Supplement No. 226 and provide detail behind the proposal of a new service provision.

## II. <u>Tariff Changes Summary</u>

Q. Please provide a brief description of the tariff changes that the Company is proposing.

A. The non-substantive tariff changes include corrections and additions to the Table of Contents, a spelling correction on page 9, Description of Territory, and other non-substantive formatting changes.

Q. What are the substantive tariff changes?

A. Substantive tariff changes include changes to the rates on pages 16-21c, 160 and 161. Revisions are also proposed to: Rule 5. Testing and Inspecting of Customer's Installations; Rule 8. Extensions; and the Rider Universal Service Plan ("Rider USP").

Q. Are there any new Riders or tariff provisions added to the tariff?

A. Yes. The Rider CAC – Choice Administration Charge is once again proposed in the tariff and Rule 21. Flexible Service Provisions is new to the tariff.

Q. Is there a summary of all the tariff changes available?

A. Yes. Tariff Pages 2, 2a and 2b reflect a List of Changes proposed to the Tariff in this base rate case.

## III. Non-Substantive Tariff Changes

Q. Begin with the Table of Contents and describe the changes there.

A. Page 3 reflects the addition of Rule 21. Flexible Service Provisions on page 70. On page 4, the labeling and page number references were corrected for Electric Generation Distribution Service and Cogeneration Distribution Service and Rider CAC has been added.

Q. What spelling error has been identified and corrected in the Description of Territory?

A. On page 9, under Lawrence County, "Neshannock" was incorrectly spelled "Meshannock". The remaining non-substantive changes are related to formatting.

## IV. Substantive Tariff Changes

Q. What substantive changes appear on pages 16 through 21c?

A. Pages 16 through 20 are the Rate Summary Pages of the tariff. Changes to the customer charges, distribution charges and pass-through charges for each rate schedule appear on pages 16 through 19. Page 20 reflects a change to the Price to Compare.

The Rider Summary on Page 21 reflects changes in the Rider Customer Choice ("Rider CC"), Rider USP, the Gas Procurement Charge Rider ("Rider GPC"), the Merchant Function Charge Rider ("Rider MFC") and the new Choice Administration Charge Rider ("Rider CAC").

Page 21a details the components of the Gas Supply Charge, which includes the Rider GPC and the Rider MFC rate changes.

The Pass-through Charge Summary on page 21b reflects the increase in Rider CC and Rider USP in addition to the newly proposed Rider CAC.

Page 21c details the components of the Price-to-Compare. Since the Rider GPC and Rider MFC both impact the calculation of the Price-to-Compare, the changes to those two Riders are also reflected on this page.

Q. What are the rate changes on Tariff Page Nos. 160 and 161.

A. Tariff Page No. 160 reflects the rate change to the Rider GPC Rate. Tariff Page No. 161 reflects changes to the uncollectible percentages for the Rider MFC.

Q. Moving on to Rule 5. Testing and Inspecting of Customer's Installations – what is changing?

A. One slight change to this Rule is reflected on Page 42 in the title of paragraph 5.2. The Company is proposing to change the title from "Company's Right to Inspect New Customer Service Lines" to "Company's Right to Inspect Customer Service Lines." The Company is removing the word "New" in order to make the heading consistent with the tariff language, which states that Columbia has the right to inspect a new installation before service is introduced "or at any later time."

Q. What is the Company proposing in Rule 8. Extensions?

A. On Page 48, paragraph 8.1 Service Connections the Company proposes to install one-hundred fifty (150) feet of service line for new applicants without charge to the applicant. Paragraph 8.2 Capital Expenditure Policy proposes that the Company will install a main line extension up to one-hundred fifty (150) feet per applicant at no cost to the applicant(s).

Q. What is the basis for these tariff changes?

A. In Columbia Statement No. 14, Company witness Waruszewski provides detailed testimony regarding these tariff changes.

Q. What are the proposed changes to Rider USP?

A. The Company is proposing to add the Emergency Repair Program and the administration costs of the CAP application to the calculation of Rider USP.

Q. Please detail the reasoning behind these changes.

A. Company witness Krajovic, in Columbia Statement No. 12, discusses the reasoning behind the changes to the calculation of Rider USP.

Q. Is Rider CAC – Choice Administration Charge being proposed again?

A. Yes, the Company proposed this Rider in its last case at Docket R-2014-2406274, but withdrew the proposal for purposes of settlement. Tariff Page 164 reflects the addition of Rider CAC.

Q. Please provide detail describing this Rider.

A. Rider CAC is detailed in Columbia Statement No. 12, which is Company witness Krajovic's testimony.

## V. Flexible Service Provisions

Q. Please explain new Rule 21, Flexible Service Provisions.

A. Rule 21 – Flexible Service Provisions has been added to Tariff Page No. 70 to provide the Company with the flexibility to offer service to eligible non-residential Applicants and Customers that request new or expanded gas service but are located in an area of the Company's distribution system that is, or is expected to become, incapable of serving the Applicant's or Customer's total requirements for distribution service on a year round basis.

Q. What prompted Columbia to develop Rule 21?

A. The Company has been approached by an existing non-residential customer that currently uses natural gas for its offices. However, the Customer has expressed an interest in converting its processing plant, which currently uses oil, to natural gas. This Customer's processing facility is located in an area of the Company's system with capacity limitations and under the existing tariff the Customer would have to make a significant financial contribution to upgrade the main line to eliminate the capacity limitation. Absent the upgrade to the main line, Columbia would have to reject the Customer's request for service for their increased load. Through discussions with this Customer, the Company identified that the Customer does not operate its processing plant year round.

Q. Are there other considerations for the Company proposing the Flexible Service Provisions?

A. Yes. Rule 21 will provide Columbia with another means to attract new or provide expanded service to existing non-residential customers who would otherwise use alternative fuels or relocate their facilities. Specifically, the Flexible Service Provisions will allow Columbia to provide limited distribution service to those new or existing customers, who will not be impacted by the Company's ability to provide limited distribution service. The Company's current tariff requires it to provide distribution service to any customer on its system 365 days of the year, absent an Emergency[2]. The Flexible Service Provisions enable the Company, at its sole discretion, to enter into an agreement with an eligible Applicant or Customer to provide limited distribution service, including the flexibility to provide distribution service less than 365 days of the year.

Q. Which customer classes are eligible to receive service under the Flexible Service Provisions?

A. Non-residential Applicants or existing non-residential Customers who wish to increase their usage, and who qualify for Rate Schedules SDS, LDS, MLDS, LGSS or MLSS by using more than 64,400 therms annually.

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[2] As specified in Rule 2. Service Limitations.

Q. Are there other qualification requirements associated with the Flexible Service Provisions?

A. Yes. As I noted above, the Applicant or existing Customer's facility must be located on a portion of the Company's system where there are capacity limitations. Additionally, the Applicant or existing Customer must enter into an agreement with the Company specifying the service limitations and any other terms associated with providing service including when the Company will not provide total distribution service requirements in the individual customer's circumstance.

Q. Under the current tariff what options does the Company have when it receives a request for service in an area with capacity limitations?

A. As specified in the current tariff, Paragraph 3.2 Right to Reject, the Company may reject applications *"(b) If the Company does not have adequate facilities to render the service desired"*, or the Company could require the Applicant/existing Customer to make a financial contribution to cover the costs of increasing the main line to a size that would eliminate the Company's capacity limitations in that segment of the system in order to serve the Applicant or customer's new load. Of course, the Applicant or customer has the ability to refuse the financial contribution and forego using the Company for distribution service.

Q. What would the Company consider before entering into an agreement under the Flexible Service Provisions?

A. The most important Company consideration is maintaining safe, reliable service to its existing customers and their existing load. Therefore, before entering into an agreement under the Flexible Service Provisions, the Company will carefully consider its available capacity to ensure that providing distribution service under the Flexible Service Provisions to each eligible Applicant or eligible existing customer will not impact the distribution service currently provided to the existing customers and their existing load on that portion of the Company's system.

Q. Once served under this provision will the Customer be served under this provision indefinitely?

A. Potentially, however, the agreement may be terminated if, during the term of the agreement, the Company increases its main line capacity to a level that accommodates the Customer's total requirements for distribution service.

Q. What rates will Customers pay when receiving service subject to the Rule 21?

A. As specified in paragraph 21.3 Rate on Tariff page 70, the Customer will pay the rates specified or negotiated under the applicable rate schedule.

Q. In what circumstance would the rate be negotiated?

A. The rate would only be negotiated if the Customer met the requirements to qualify for Rule 20. Flexible Rate Provisions.

Q. So is it possible that a Customer could be served under Rule 20 Flexible Rate Provisions and Rule 21 Flexible Service Provisions?

A. Yes.

Q. What is the Company's incentive for adding the Flexible Service Provisions?

A. The Flexible Service Provisions would provide the Company with the opportunity to increase load on its system at no cost to the Company, its customers, or the Applicant or existing customer who is requesting distribution service for additional load. As evidenced by the Rider New Area Service proposed by the Company and approved by the Commission in Docket No. R-2014-2407345, and the changes to "Rule 8. Extensions" proposed in this base rate case by Company witness Waruszewski, the Company is continually seeking opportunities to extend access to natural gas for Applicants or existing customers who want to increase their natural gas load. The Flexible Service Provisions are simply one more way to extend natural gas distribution service in the Company's territory.

Q. Does this conclude your direct testimony?

A. Yes, it does.