

1 **I. Introduction**

2 **Q. Please state your name and business address.**

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

4 **Q. Are you the same Shirley Bardes Hasson who submitted Direct**
5 **Testimony in this proceeding?**

6 A. Yes.

7 **Q. What is the purpose of your Rebuttal testimony?**

8 A. The purpose of my rebuttal testimony is to introduce a tariff change to the Merchant
9 Function Charge ("MFC") rates and uncollectible expense ratios that were not
10 included in Exhibit 14, Schedule 2, Attachment 2 of the Company's original rate case
11 filing on March 16, 2018.

12 **Q. What is the Rider MFC - Merchant Function Charge?**

13 A. The Merchant Function Charge Rider ("MFC") is a ratio that reflects the cost of
14 uncollectibles associated with natural gas costs billed to applicable customers by
15 the Company. The MFC was established in compliance with the Pennsylvania
16 Public Utility Commission's Revised Final Rulemaking Order dated June 23, 2011
17 in Docket No. L-2008-2069114 and is addressed in the PA Code Title 52, § 62.223.
18 Customers eligible for the Choice program who choose to purchase gas from the
19 Company are charged a gas supply cost that includes the MFC.

1 **Q. What is the specific calculation of the rate that results from the MFC**
2 **uncollectible expense ratio?**

3 A. There are actually two MFC uncollectible expense ratios and therefore two
4 different rates associated with the MFC. One ratio represents residential
5 uncollectibles and the other is uncollectibles for Choice-eligible commercial sales
6 service customers served under Rate Schedule SGSS – Small General Sales Service.
7 The Purchased Gas Commodity Cost is multiplied by the uncollectible expense
8 ratio in order to determine the MFC rate.

9 **Q. What Columbia customers are subject to the Rider MFC rate?**

10 A. All residential customers and non-residential customers using 64,400 therms or
11 less per year that purchase their gas supply from the Company are subject to the
12 MFC rate. This includes Rate Schedules RSS – Residential Sales Service, Rate
13 SGSS – Small General Sales Service and Rate CAP – Customer Assistance Plan
14 when a natural gas supplier is not serving the CAP. Currently, CAP customers are
15 being billed the MFC rate because Columbia is providing their gas supply.

16 **Q. Was a change to the MFC rate and uncollectible expense ratio included**
17 **as a tariff change with the proposed Supplement No. 267 Tariff in**
18 **Exhibit 14, Schedule 2, Attachment 2 that was filed with Columbia's**
19 **Base Rate Case on March 16, 2018?**

20 A. The proposed tariff changes inadvertently did not reflect a rate or uncollectible
21 expense ratio change to the MFC in Exhibit No. 14, Schedule 2, Attachment 2 that

1 was filed with the base rate case. However, Exhibit DJM-1 attached to Witness
2 Mays' direct testimony at Columbia Statement No. 3 in the original base rate case
3 filing reflects the new uncollectible expense ratios and MFC rates and, therefore, a
4 proposed tariff revision is necessary.

5 **Q. Is there any change to the Company's claim in this case associated with**
6 **the tariff correction?**

7 A. No. As noted above, the original filing reflected the correct calculations.

8 **Q. What tariff pages are impacted by the change to the MFC uncollectible**
9 **expense ratio?**

10 A. Tariff page numbers 16, 17, 20, 21, 21a, 21c and 161 are impacted by the change.

11 **Q. How are Tariff Page Nos. 16, 17, 20, 21, 21a and 21c affected by the**
12 **revision to Rider MFC uncollectible expense ratio?**

13 A. Exhibit SBH-1R contains the pro forma proposed tariff pages that are affected by
14 a change to the MFC. To be consistent with Exhibit 14, Schedule 2, Attachment 2,
15 of the original rate case filing, Exhibit SBH-1R reflects Purchased Gas Cost rates
16 that were in effect when the rate case was filed on March 16, 2018.

17 Exhibit SBH-1R, pages 1 and 2 of this rebuttal testimony are pro forma Tariff Page
18 Nos. 16 and 17. When compared to those same Tariff Page Nos. in Exhibit No. 14,
19 Schedule 2, Attachment 2 of the March 16, 2018 base rate case filing, the pro forma
20 Page Nos. 16 and 17 reflect a revised gas supply cost.

1 Exhibit SBH-1R, page 3 is pro forma Tariff Page No. 20 which reflects a change to
2 the Price to Compare for both Residential and Commercial Gas Supply when
3 compared to Tariff Page No. 20 included in Exhibit 14, Schedule 2, Attachment 2.

4 Pro forma Tariff Page No. 21 specifies the residential and commercial rate per
5 therm for Rider MFC when applying the uncollectible expense ratio to the current
6 Purchased Gas Commodity Cost.

7 Pro forma Tariff Page No. 21a reflects the revised Rider MFC rates in the
8 calculation of the Gas Supply Charge that appears on monthly bills for customers
9 served under Rate CAP – Customer Assistance Plan, Rate RSS – Residential Sales
10 Service and Rate SGSS – Small General Sales Service.

11 Finally, Pro forma Tariff Page No. 21c includes the revised MFC rates in the
12 calculation of the Price to Compare for both residential and commercial customers
13 eligible for the Choice program.

14 Please see Table 1 below for a reference reflecting the pro forma Tariff Page Nos.
15 16, 17, 20 and 21 included as Exhibit SBH-1R to this rebuttal testimony and the
16 same Tariff pages as originally filed in Exhibit 14, Schedule No. 2, Attachment 2.
17 Tariff Page Nos. 21a, 21c and 161 do not have a corresponding page in Exhibit 14,
18 Schedule No. 2, Attachment 2, because there were not any proposed changes to
19 these pages when the rate case was originally filed.

Table 1

Tariff Page No.	Exhibit SBH-1R	Exh. No. 14, Sch. No. 2, Att. 2
16	Page 1 of 7	Page 8 of 46
17	Page 2 of 7	Page 9 of 46
20	Page 3 of 7	Page 12 of 46
21	Page 4 of 7	Page 13 of 46
21a	Page 5 of 7	None
21c	Page 6 of 7	None
161	Page 7 of 7	None

Q. What is the proposed change on Tariff Page No. 161?

A. Tariff Page No. 161 is the Rider MFC – Merchant Function Charge description. The proposed change to this page is reflected in the residential and non-residential uncollectible expense ratio. Pro forma Tariff Page No. 161 is Page No. 7 of 7 of Exhibit SBH-1R to this rebuttal testimony.

Q. Is there anything else you want to add to your rebuttal testimony regarding the MFC?

A. Yes, for clarification purposes, I offer that the Company's Tariff Compliance filing in this case at Docket No. R-2018-2647577 will include any change to Rider MFC approved by the Pennsylvania Public Utility Commission.

Q. Does this complete your Prepared Rebuttal Testimony?

A. Yes, it does.

Supplement No. to
Tariff Gas - Pa. P.U.C. No. 9
Revised Page No. 16
Canceling Page No. 16

Columbia Gas of Pennsylvania, Inc.

Rate Summary

Rate per thm

Residential Rate Schedules	Distribution Charge	Revenue Normalization Adjustment	Gas Supply Charge	Gas Cost Adjustment	Pass-Through Charge	State Tax Adjustment Surcharge	Total Effective Rate
			<u>1/</u>		<u>2/</u>	<u>3/</u>	
Rate RSS - Residential Sales Service							
Customer Charge	\$ 18.25					0.00	18.25
Usage Charge	\$ 0.64140	-	0.30612	(0.00525)	0.22392	0.00000	1.16619
Rate RDS - Residential Distribution Service							
Customer Charge	\$ 18.25					0.00	18.25
Usage Charge:							
Customers Electing CHOICE	\$ 0.64140	-	-	-	0.19285	0.00000	0.83425

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

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

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

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M. A. Huwar - President

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Columbia Gas of Pennsylvania, Inc.		Rate Summary					Supplement No. to Tariff Gas - Pa. P.U.C. No. 9 Revised Page No. 17 Canceling Page No. 17	
		Rate per thm					State Tax Adjustment Surcharge	Total Effective Rate
Commercial / Industrial Rate Schedules <= 64,400 therms - 12 Months Ending October	Distribution Charge	Gas Supply Charge	Gas Cost Adjustment	Pass-through Charge	3/	2/		
Rate SGSS - Small General Sales Service								
Customer Charge:								
Annual Throughput <= 6,440 thm	\$ 22.75						22.75	
Annual Throughput > 6,440 thm and <= 64,400 thm	\$ 48.00						48.00	
C&I Network Charge (Per Bill):								
Annual Throughput => 50,000 thm and <= 64,400 thm	\$ 319.60	5/					319.60	
Usage Charge								
Annual Throughput <= 6,440 thm	\$ 0.43643	0.30285	(0.00525)	0.12277			0.85680	
Annual Throughput > 6,440 thm and <= 64,400 thm	\$ 0.38082	0.30285	(0.00525)	0.12277			0.80119	
Rate SCD - Small Commercial Distribution								
Customer Charge:								
Annual Throughput <= 6,440 thm	\$ 22.75						22.75	
Annual Throughput > 6,440 thm and <= 64,400 thm	\$ 48.00						48.00	
C&I Network Charge (Per Bill):								
Annual Throughput => 50,000 thm and <= 64,400 thm	\$ 319.60	5/					319.60	
Usage Charge: Customers Electing CHOICE								
Annual Throughput <= 6,440 thm	\$ 0.43643	-	-	0.09170			0.52813	
Annual Throughput > 6,440 thm and <= 64,400 thm	\$ 0.38082	-	-	0.09170			0.47252	
Rate SGDS - Small General Distribution Service								
Customer Charge:								
Annual Throughput <= 6,440 thm	\$ 22.75						22.75	
Annual Throughput > 6,440 thm and <= 64,400 thm	\$ 48.00						48.00	
C&I Network Charge (Per Bill):								
Annual Throughput => 50,000 thm and <= 64,400 thm	\$ 319.60	5/					319.60	
Usage Charge - Priority One								
Annual Throughput <= 6,440 thm	\$ 0.42423	-	-	0.12277			0.54700	
Annual Throughput > 6,440 thm and <= 64,400 thm	\$ 0.36862	-	-	0.12277			0.49139	
Usage Charge - Non-Priority One								
Annual Throughput <= 6,440 thm	\$ 0.42423	-	-	0.00010			0.42433	
Annual Throughput > 6,440 thm and <= 64,400 thm	\$ 0.36862	-	-	0.00010			0.36872	

1/ Please see Page No. 21a for rate components.
 2/ Please see Page No. 21b for rate components.
 3/ The STAS percentage is reflected on Page No. 20 and is applied to the Customer Charge and the Distribution Charge.
 4/ Plus Rider EBS Option 1 or 2 - See Page 21.
 5/ The C&I Network Charge will first appear on a customer's bill after the network equipment has been installed at the customer's facility and is operating as designed.

Issued: Effective:

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Supplement No. to
Tariff Gas - Pa. P.U.C. No. 9
Revised Page No. 20
Cancelling Page No. 20

Columbia Gas of Pennsylvania, Inc.

Other Rates Summary

Description	Rate per thm		Applicable Rate Schedules
	Rate	\$/ thm	
Penalty Credit/Pipeline Refund Passback - Non-Residential	\$ (0.00106)	1/	SGSS/SGDS-P1/SCD/LGSS/MLSS
Price to Compare for Residential Gas Supply	\$ 0.33194	2/	RSS
Price to Compare for Commercial Gas Supply	\$ 0.32867	2/	SGSS (< = 64,400 thms)
State Tax Adjustment Surcharge Percentage	0.00000%		Customer and Distribution Charges on all rates
Rate SS - Standby Service	\$ 0.77466		Per thm based on a customer's Maximum Daily Firm Requirement. See Pages 134 - 136 herein for detail.
Commercial and Industrial Network Charge per bill	\$ 319.60	3/	SGSS/SGDS/SCD/DGDS => 50,000 and <= 64,400 thms/year
	\$ 319.60	3/	SDS/LGSS/DGDS >64,400 and <= 540,000 thms/year
	\$ 368.76	3/	LDS/LGSS/DGDS >540,000 thms/year
	\$ 351.52	3/	MLDS/MLSS/DGDS/NSS otherwise qualifying for Main Line Service

1/ Penalty Credit and Pipeline Refund passback effective October 2017-September 2018.

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

3/ The C&I Network Charge will first appear on a customer's bill after the network equipment has been installed at the customer's facility and is operating as designed.

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Supplement No. to
Tariff Gas - Pa. P.U.C. No. 9
Revised Page No. 21
Canceling Page No. 21

Columbia Gas of Pennsylvania, Inc.

Rider Summary

Riders	Rate	Applicable Rate Schedules
Customer Choice - Rider CC	\$ 0.00010 /thm	RSS/RDS/SGSS/SGDS/SCD/DGDS
Universal Service Plan - Rider USP	\$ 0.10009 /thm	RSS/RDS
Distribution System Improvement Charge - Rider DSIC	0.000000%	This percentage is applied to a portion of the Distribution Charge and the Customer Charge. See Pages 177-180 for Rider DSIC details.
Elective Balancing Service - Rider EBS:		
Option 1 - Small Customer	\$ 0.01618 /thm	SGDS/SDS
Option 1 - Large Customer	\$ 0.00843 /thm	LDS/MLDS
Option 2 - Small Customer	\$ 0.00697 /thm	SGDS/SDS
Option 2 - Large Customer	\$ 0.00226 /thm	LDS/MLDS
Gas Procurement Charge - Rider GPC	\$ 0.00695 /thm	RSS/SGSS/LGSS/MLSS
Merchant Function Charge - Rider MFC	\$ 0.00414 /thm	RSS
Merchant Function Charge - Rider MFC	\$ 0.00087 /thm	SGSS
Revenue Normalization Adjustment - Rider RNA	\$ - /thm	RSS/RDS
Purchased Gas Cost - Rider PGC	Pg. 21a & 21b	Rate Schedules specified on Page 21a & 21b

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Effective:

Supplement No. to
Tariff Gas - Pa. P.U.C. No. 9
Revised Page No. 21a
Canceling Page No. 21a

Columbia Gas of Pennsylvania, Inc.

Gas Supply Charge Summary

Rate per thm

Rate Schedule	PGCC	Rider GPC	Rider MFC	Total Gas Supply Charge
Rate CAP - Customer Assistance Plan	\$ 0.29503	0.00695	0.00414	0.30612
Rate RSS - Residential Sales Service	\$ 0.29503	0.00695	0.00414	0.30612
Rate SGSS - Small General Sales Service	\$ 0.29503	0.00695	0.00087	0.30285
Rate LGSS - Large General Sales Service	\$ 0.29503	0.00695	-	0.30198
Rate MLSS - Main Line Sales Service	\$ 0.29503	0.00695	-	0.30198

Issued:

M. A. Huwar - President

Effective:

Supplement No. to
Tariff Gas - Pa. P.U.C. No. 9
Revised Page No. 21c
Canceling Page No. 21c

Columbia Gas of Pennsylvania, Inc.

Customer Class	Price-to-Compare (PTC) Summary Rate per thm					Total Price-to- Compare
	PGCC	Gas Cost Adjustment	Capacity Assignment Factor	Rider GPC	Rider MFC	
Residential	\$ 0.29503	(0.00525)	0.03107	0.00695	0.00414	0.33194
Commercial < = 64,400 thm/year	\$ 0.29503	(0.00525)	0.03107	0.00695	0.00087	0.32867

Issued:

M. A. Huwar - President

Effective:

Supplement No. to
Tariff Gas – Pa. P.U.C. No. 9
Revised Page No. 161
Canceling Revised Page No. 161

Columbia Gas of Pennsylvania, Inc.

RIDER MFC – MERCHANT FUNCTION CHARGE

APPLICABILITY

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

CHARACTER OF RATE

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

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

RATE

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

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

Residential uncollectible expense ratio	1.40342%	(D)
Non-residential uncollectible expense ratio	0.29613%	(D)

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

CALCULATION OF RATE

The Rider MFC rate is calculated as follows:

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

where:

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

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

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