



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

2 A. Henry A. Catron, 290 W Nationwide Blvd, Columbus, Ohio 43215.

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

4 A. I am the Director of Supply & Capacity Planning in NiSource Corporate Services  
5 Company's Energy Supply and Optimization ("ES&O") group, providing gas supply  
6 planning and demand forecasting services to Columbia Gas of Pennsylvania, Inc.  
7 ("Columbia" or the "Company").

8 **Q. Please describe your primary supply related responsibilities.**

9 A. I am responsible for activities related to gas supply and capacity planning,  
10 forecasting daily and design day demand, and determining the optimum use of  
11 Columbia's supply/capacity assets. I directly manage the development of detailed  
12 long-range plans, short-term operational planning/strategies, and day-to-day  
13 operations to ensure that adequate, reliable gas supplies are available, obtained and  
14 delivered in a least cost manner, consistent with Columbia's obligation to provide  
15 safe and reliable service.

16 **Q. Please describe your professional experience along with your  
17 educational background.**

18 A. I have been employed by NiSource Inc. or its affiliates in the gas supply department  
19 since 1989. From 1989 to 1991 I was Manager, Gas Estimates, where I coordinated  
20 the demand forecasting process for gas distribution affiliates within the Columbia  
21 family of gas distribution companies. From 1991 until 2000 I was Manager,

1 Operational Planning, where I was responsible for short-term operational planning,  
2 peak day forecasting, and daily supply operations. From 2000 to 2010 I was  
3 Manager, Economic Analysis, and was responsible for long-term and short-term  
4 supply planning activities. From 2010 to 2013, I was Manager, Planning and  
5 Demand Forecasting, and in May 2013 I was promoted to my current position.

6 From 1981 to 1989, I was employed by Illinois Power Company in various  
7 positions, including Engineer, Gas Engineer, Planning Engineer, Short-Term  
8 Planning Engineer, and Assistant Gas Distribution Superintendent. In these  
9 positions I was responsible for facility planning, gas and electric strategic planning,  
10 monthly supply and storage planning, and daily activities of construction crews.

11 I attended the University of Kentucky in Lexington, Kentucky and received a  
12 Bachelor of Science Degree in Civil Engineering in 1981.

13 **Q. Have you previously testified before the Pennsylvania Public Utility**  
14 **Commission (“Commission”) or any other regulatory agency?**

15 A. Yes, I have provided testimony to the Commission in support of the Company’s  
16 Purchased Gas Cost proceeding several times. I have also provided testimony to the  
17 Massachusetts Department of Public Utilities and the Maryland Public Service  
18 Commission.

19 **Q. Have you previously filed testimony in this matter?**

20 A. No.

21 **Q. What is the purpose of your rebuttal testimony?**

1    **A.**    I will respond to the certain parts of testimony served in this proceeding by James  
2           Crist for the Pennsylvania State University (“PSU”) and Laura Greenholt-Tasto for  
3           the NGS Parties.

4    **Q.**    **Please summarize your concerns raised by witness James Crist.**

5    **A.**    I will respond to certain claims related to the Company’s use of Operational Flow  
6           Orders (“OFO”)/Operational Matching Orders (“OMO”) orders<sup>1</sup>.

7    **Q.**    **Mr. Crist references operational alerts and orders that Columbia issued**  
8           **during winter 2017-18. Please give an overview of the 2017-18 winter**  
9           **season.**

10   **A.**    Across Columbia’s territory, the 2017-18 winter season, consisting of the months  
11           November 2017 through March 2018, was 1% colder than normal (CTN) with  
12           March 2018 being 18% CTN. All months, except February which was 24% warmer  
13           than normal, were colder than normal. November was 1% CTN, December was 8%  
14           CTN, January was 5% CTN and March was 18% CTN. Between the dates of  
15           December 28 through January 6, the weather was 34% CTN within Pipeline  
16           Scheduling Point (“PSP”) 36, which includes State College. PSP 36 is used as an  
17           example because the largest PSU campus served by the Company is located in State  
18           College. The table below highlights the heating degree days for December 28, 2017  
19           through January 6, 2018 as compared to the normal temperatures for Columbia’s  
20           PSP 36:

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<sup>1</sup> Collectively referred to as “Orders” when no distinction is made between OFOs and OMOs.

**Columbia Gas, Pennsylvania PSP 36  
Actual v Normal Heating Degree Days Comparison**

<b>Date</b>	<b>Actual Heating Degree Days</b>	<b>Normal Heating Degree Days</b>	<b>Percent Variance</b>
12/28/2017	62	39	37%
12/29/2017	55	39	29%
12/30/2017	58	40	31%
12/31/2017	68	39	43%
1/1/2018	58	40	31%
1/2/2018	60	40	33%
1/3/2018	50	40	20%
1/4/2018	61	39	36%
1/5/2018	64	42	34%
1/6/2018	68	42	38%
<b>Average</b>	<b>60</b>	<b>40</b>	<b>34%</b>

1   **Q.   Does the Company use its OFO/OMO orders in a way that**  
2       **“discriminate[s] against those customers that choose to obtain gas**  
3       **supply from competitive marketers versus those customers who choose**  
4       **gas from Columbia”?**

5   **A.   No, absolutely not. The Company uses OFO/OMO orders, as allowed under its**  
6       **Commission-approved Tariffs, as one part of a balanced approach to manage the**  
7       **natural gas supply on its system, every day of the year. This is to ensure a proper**

1 balance between supply and demand, that must be balanced daily within the FERC-  
2 approved tariff limitations of its pipeline contracts and to minimize the likelihood  
3 that the firm sales customers would incur penalty costs related to the activity of the  
4 Company's transport customers/marketers. The Company's tariff allows significant  
5 flexibility for marketers to deliver supply onto its system. However, if left  
6 unchecked, particularly in periods of high demand resulting for cold weather,  
7 imbalances between transportation customers' supplies and requirements could  
8 place the Company in the position of incurring penalty costs as the system operator  
9 or in the alternative to avoid such penalties higher commodity costs that would be  
10 borne by the Company's firm sales customers.

11 I would point out that, excluding the Elective Balancing Service ("EBS")  
12 service, the banking and balancing services for General Distribution Service  
13 ("GDS") customers are made available through the assets temporarily unused, but  
14 paid for by the firm sales customers. These assets are contracted by the Company to  
15 provide firm service to the Company's firm sales customers on Design Day  
16 Conditions. Using the assets to service the sales customers who pay for them during  
17 extreme conditions hardly discriminates against those transportation customers  
18 who do not pay for them.

19 **Q. During the May 1, 2017 through May 1, 2018 period how many days did**  
20 **the Company operate under upstream pipeline operational orders?**

1 A. Columbia Gas Transmission, LLC (“TCO”), which is the Company’s primary  
2 upstream pipeline, had flow orders in place for 255 days between May 1, 2017 and  
3 May 1, 2018.

4 **Q. Did other upstream pipelines serving the Company have flow orders in**  
5 **place during the May 1, 2017 through May 1, 2018 period?**

6 A. Yes, the Company takes service from four other pipelines which called flow orders  
7 during the specified time period. Tennessee Gas Pipeline (“TGP”) called flow orders  
8 on 85 days, Texas Eastern Transmission Pipeline (“TETCO”) on 32 days, Dominion  
9 Energy Transmission (“DTI”) on 28 days and Equitrans Transmission (“EQT”) on 5  
10 days.

11 **Q. Did the Company need to call OFO/OMOs in response to these**  
12 **upstream pipeline flow orders?**

13 A. Yes. The Company called OFO/ OMO on 70 Days during the May 1, 2017 through  
14 May 1, 2018 period. Mr. Crist shows 68 in testimony.

15 **Q. Please describe when these orders occurred and why.**

16 A. First, I should explain the process behind TCO’s issuance of OFOs. TCO issued  
17 OFOs are transmitted to the Company via email notification and posted to its  
18 electronic bulletin board for public viewing. TCO will issue Storage Bounce orders,  
19 Transportation Critical Day orders, and/or Storage Critical Day orders depending  
20 on the condition of its system. Storage Bounce orders limit by location the amount  
21 of supplies that may be delivered to the Company’s city gates. Transportation

1 Critical Day orders requires parties to operate within their contractually limited  
2 daily total firm entitlement by TCO PSP. Storage Critical Day orders limit daily  
3 injection and/or withdrawal to contractual limits.

4 The Company called Orders on 34 days during the May through October  
5 2017 period, even though it was under pipeline orders on every day during the  
6 period, that is, 184 days. Also notable, the Company lifted the Orders on 11 of these  
7 days once conditions allowed. The TCO orders were the result of their Monthly  
8 Storage Bounce Order, including those days where TCO changed the Monthly  
9 Storage Bounce Order to a Daily Bounce Order or daily restriction which was  
10 imposed on a few weekends and holidays during this period. Columbia's Orders  
11 limited GDS deliveries at the city gate to 110% of actual demand from OMO  
12 customers and pro-rata percentages of the Maximum Daily Quantity ("MDQ") for  
13 OFO customers. However deliveries to the transit point<sup>2</sup> were not restricted,  
14 allowing marketers to deliver any excess volumes above the city gate limitation to  
15 the transit point. So the total volumes delivered were not restricted on any days;  
16 only the location of the deliveries was limited.

17 During the 2017/18 Winter period, the Company had 36 days with Orders in  
18 place as a direct result of TCO's Critical Day in Storage and Transport orders. These

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<sup>2</sup> In order to provide flexibility, manage city gate deliveries and manage associated imbalances within the boundaries set by TCO under an OFO should one be issued, Transit Points were established. The Transit Point provides flexibility to customers and suppliers by providing an alternate point for nominating supplies. Such nominations would not be subject to the same limitations as encompassed in city gate PSP specific orders, should they be implemented, unless or until the sum total of all nominations create an adverse impact on storage management for the Company.

1 OMOs required GDS customers with daily measurement to match deliveries to  
2 actual demand within the 2.5% over delivery tolerance and 5% under delivery  
3 tolerance they are allowed under EBS Option-1, plus any Standby Service they may  
4 have under contract. Each GDS customer must elect either Option-1, full banking  
5 and balancing service, or Option-2 which allows for monthly cash outs and the  
6 opportunity to maintain a bank from day to day within a month. I should note that  
7 OFO percentages do not affect the ability of GDS customers to utilize their EBS  
8 tolerance levels. The EBS volumes can be included when GDS customers nominate  
9 supplies to meet the OFO percentage. OFO customers were directed to deliver a  
10 specific percentage of their MDQ to provide for adequate supplies on the system to  
11 comply with Pipeline Orders.

12 **Q. Please describe the daily balancing features contained in the Company's**  
13 **GDS program versus the other LDCs in Pennsylvania.**

14 A. The Company allows its GDS customers to deliver ANY volume of gas on a day  
15 when it has not issued an OFO/OMO. The other LDCs provide for the following  
16 daily limitations:

- 17 • UGI: +/- 2.5% percent daily balancing (Section 16.3(b)of UGI tariff),
- 18 • PECO: +/-10% of a customer's Total Contract Quantity (Section 2.4 of PECO  
19 tariff),
- 20 • NFG: +2%, in over delivery situations (NFG tariff at First Revised Page No.  
21 114),

- 1           • Peoples: limited volume based on the usage of pools with a daily target  
2           issued two days before delivery (Peoples PA PUC NO. S-2 tariff at Pages 28  
3           and 29);

4           In effect these daily delivery obligations limit the transportation delivery of supply  
5           EVERY day. Columbia limits the GDS delivery of supply ONLY on days, when due  
6           to operational conditions, OFO/OMOs are required.

7   **Q. Does the Company use OFO/OMO orders as a means to serve its**  
8   **residential customers?**

9   A. No, of course not. The Company maintains firm supply contracts that are designed  
10   to fulfill its firm transportation contracts at the city gate during the core winter  
11   period of December through February. Additionally, the Company maintains its  
12   storage services at an inventory to provide full withdrawal capability through the  
13   middle of February. The combination of the firm transport and firm storage service  
14   is maintained to adequately serve the Company's firm sales customers. The  
15   Company does not put firm customers at risk by relying on an unpredictable source  
16   of supply like some GDS marketers.

17   **Q. Please comment on Mr. Crist's suggestion that the Company should**  
18   **increase gas supplies it has delivered on its system to meet the demands**  
19   **of residential customers prior to issuing an Order during periods of**  
20   **very cold weather.**

1 A. During very cold periods, the Company has assets to meet the requirements of its  
2 firm customers. It does not maintain assets to meet the balancing needs, except for  
3 EBS, of GDS customers. A typical OMO percentage of 100% requires the GDS  
4 customer to deliver 100% of their actual daily usage, not considering their EBS. The  
5 Company does not rely on GDS deliveries to serve its firm customers. Furthermore,  
6 under Mr. Crist's suggestion the Company would be obligated to purchase more gas  
7 than its residential customers require to their financial detriment and the benefit of  
8 the GDS customers that the Company does not have an obligation to provide  
9 supply.

10 **Q. Mr. Crist suggests the Company should not be allowed to issue an Order**  
11 **unless the LDC is under restriction of flow orders by an upstream**  
12 **pipeline in the same delivery zone. Do you agree?**

13 A. No, I do not. There are a number of reasons an LDC may need to issue an  
14 OFO/OMO, with the main one being that Columbia is under a flow order from an  
15 upstream pipeline. The Company is very familiar with this condition, as it has  
16 managed flow orders from TCO on more than 70% of the days over the past few  
17 years.

18 Other reasons include complying with upstream pipeline tariffs and warm or  
19 cold conditions when Columbia does not have the flexibility to balance the GDS  
20 market because it is outside of the Company's planning criteria, regardless of  
21 pipeline orders.

1           One example would include complying with TCO's Firm Storage Service  
2 ("FSS") tariff that has injection and withdrawal limits that vary by season and  
3 storage levels that must be met at various times throughout the year. TCO does not  
4 issue flow orders directing compliance with these tariff provisions, but they are  
5 applicable to this Company's operations. The Company must manage these  
6 volumes in order to remain in compliance with TCO's FERC-approved tariff, which  
7 may cause the Company to restrict volumes that are brought on to the system by  
8 GDS Marketers.

9   **Q. Please comment on Mr. Crist's assertion that Columbia's penalty for**  
10 **non-compliance is unreasonable?**

11   A. The language included in The Company's Tariff at Section 3.8.5.1 has been  
12 approved by the Commission. This provision was recently revised as a result of the  
13 settlement in Columbia's 2016 rate case. PSU was a party to that settlement. A  
14 copy of the relevant settlement term is provided as Exhibit HAC-1R. Previously,  
15 Columbia's penalty provision was a fixed amount equal to \$2.08 per therm of  
16 noncompliance. The penalty amount is designed to be severe enough to encourage  
17 compliance with Company directives, while also not being overly punitive. Mr. Crist  
18 suggests a 20% penalty, which may not be punitive enough to encourage GDS  
19 customers to comply with Company directives in the case of a restriction. GDS  
20 customers could make the financial decision to pay the penalty in lieu of purchasing  
21 the higher-priced natural gas, which, in turn would necessitate the Company

1 making the gas purchase or facing pipeline penalty due to GDS under delivery of  
2 required volumes. Mr. Crist suggests a 20% premium over what it costs the  
3 Company to remedy an imbalance situation, which is not feasible. The Company  
4 makes daily purchasing decisions in order to meet its obligation to supply its  
5 customers with least-cost reliable natural gas; in the case of an imbalance situation,  
6 the volumes of gas and the amounts paid would not be known until a later date, if at  
7 all and subject to objection by GDS customers for the very reason stated above.  
8 Assessing a premium to non-compliant customers after the fact, would not be a  
9 reasonable or prudent gas purchasing method and would not result in service to  
10 firm customers in a least cost manner.

11 **Q. Do you have any comments on Mr. Crist's tariff modifications?**

12 A. I do. Mr. Crist believes that a customer should have the option of delivering gas  
13 during a OMO period to make up a deficiency in the customer's monthly balance or  
14 to make up a deficiency in the following month over a period of the same number of  
15 days that OMOs were in effect, if the OMO is called during the last two weeks of the  
16 delivery month. This is illogical; if the customer were to over deliver during an  
17 OMO period limiting deliveries to make up for a prior delivery deficiency, they  
18 would be violating the OMO. Over delivering in the following month to make up for  
19 a deficiency would cause operational issues for the Company and its sales  
20 customers that cannot be, and is not, allowed. Furthermore, enabling a GDS  
21 customer to fail to deliver or over deliver shifts costs to the residential customers.

1           Mr. Crist also believes that in the cases where that the Company issues a flow  
2 order that is in part due to a flow order received by an interstate pipeline, and a  
3 customer brings its gas onto the Columbia system through an interstate pipeline  
4 that has not issued a flow order, the customer should not be subject to the  
5 Company's flow order. Depending upon the market and the pipeline restriction and  
6 the GDS customers' activity, the Company may not subject the customer to the flow  
7 order, but a blanket statement cannot be made. For example, a market may be  
8 served by multiple pipelines, and deliveries greater or less than customer  
9 requirements on one pipeline may affect the Company's ability to comply with  
10 orders on the other pipeline.

11 **Q. Have you reviewed Laura Greenholt-Tasto's testimony?**

12 A. Yes I have.

13 **Q. Please comment on her statement that shopping customers are**  
14 **subsidizing sales customers' supply cost via OFO/OMOs.**

15 A. Similar to Mr. Crist, Ms. Tasto is mistaken. As I have explained earlier, the  
16 Company does not use Operational Orders to reduce supply costs. The Company  
17 uses Operational Orders, as allowed under its Commission-approved tariffs, as one  
18 part of a balanced approach to manage the natural gas supply on its system, every  
19 day of the year.

20 **Q. Does Columbia avoid purchasing higher priced gas by calling Orders, as**  
21 **claimed by Ms. Tasto?**

1 A. No. As I stated earlier, the Company maintains a rigorous planning process and  
2 firm supply and capacity assets to serve its firm customers under very cold daily and  
3 seasonal temperatures and does not rely on GDS delivers to serve it firm customers  
4 or balance the system. Orders require GDS customers to deliver supplies consistent  
5 with their consumption when the assets under control of the Company must be  
6 used to serve its firm sales customers. The firm sales customers are paying for  
7 those assets and should not be subjected to higher cost supply just because the GDS  
8 customers don't want to pay for the volumes to meet their demands.

9 **Q. Do you have any comments addressing Ms. Tasto's concern with the**  
10 **frequency and duration of the OFOs called by Columbia and, more**  
11 **specifically, her discussion around OFO percentages in PSP 25?**

12 A. Yes. The frequency and duration of flow orders was driven by the restrictions placed  
13 upon Columbia by upstream pipeline companies. In comparing the 2014 and 2018  
14 OFOs, it is important to point out that, while January 2018 overall had an average  
15 temperature of 29 degrees, the days that were under OFO restrictions had an  
16 average temperature of 14 degrees. In comparison, January 2014 had an average  
17 temperature of 12 degrees on the days that were under OFO restrictions. Therefore,  
18 2014 was not significantly colder on average during OFO days. These orders are  
19 driven by daily concerns and the average monthly temperature is not relevant.

20 In addition, the pipeline restrictions placed upon Columbia were different  
21 between the two years for PSP 25. TCO's service territory is divided into Operating

1 and Marketing Areas based on the configuration of its pipeline network that contain  
2 the PSPs that the Company serves. A PSP is a single delivery point or set of delivery  
3 points grouped or designated by an upstream pipeline for purposes of scheduling  
4 gas supplies for delivery by such upstream pipeline. The integrity of the system  
5 determines whether TCO will call an OFO across all Operating Areas or only select  
6 Operating Areas. PSP 25 is located in Operating Area 4. In 2014, the pipeline  
7 restriction was for a storage critical day for January 3 through January 8 (order was  
8 subsequently lifted on January 8th). In those cases, the OFO percentages were  
9 predicated on the forecasted monthly read customers demand in total (across all  
10 PSPs) for those days. Therefore, the OFO percentages were the same across all of  
11 the PSPs. The majority of the remaining OFO days had transportation critical day  
12 for Operating Area 8 in addition to the storage critical day. However, PSP 25 is in  
13 Operating Area 4 and was not subject to the transportation critical day order and its  
14 OFO percentages were the same as the other PSPs.

15 The pipeline orders in 2018 were for transportation critical days in all  
16 operating areas and/or specific to Operating Area 4, which included PSP 25.  
17 Therefore the OFO percentages were based upon forecasted demand for those  
18 customers within PSP 25 and their corresponding MDQs. On six of those days, the  
19 forecasted demand in PSP 25 for OFO customers was near to, or exceeded their  
20 MDQ, the percentage restriction which led to OFO percentages of 90 - 100%.  
21 Contrary to what Ms. Tasto asserts, which is her belief that OFO percentages are

1 simply driven by temperatures, Columbia must consider the types of pipeline orders  
2 it is under, its contractual rights which vary from PSP to PSP and other factors to  
3 manage the system. It was a culmination of factors that led to the “higher” impact  
4 on OFO customers in January 2018 for PSP 25, not just temperatures.

5 In addition, I would point out that the Company has called fewer summer-  
6 time storage bounce orders since 2016 than in prior years, even as it remains under  
7 pipeline orders for the entire summer period in all years. The following table shows  
8 the number of days by summer season that the Company was operating under a  
9 TCO Summer Bounce Order versus the number of days the Company called  
10 OFO/OMOs in response.

Summer	Days with TCO Storage Bounce Order	Days CPA Called OFO/OMO
2014	141	141
2015	251	199
2016	258	21
2017	223	39
2018 (Through May 31)	61	0

11 **Q. Please comment on Ms. Tasto’s suggestion that Columbia should use**  
12 **the same MDQ methodology for sales customers that it does for**  
13 **shopping customers.**

14 **A.** Ms. Tasto is confusing the methodology of MDQ as it applies to shopping customers  
15 if she believes that it may apply to sales customers. The MDQ is defined in the  
16 Company’s tariff as:

1           “Maximum Daily Quantity” or “MDQ” shall mean a Customer’s maximum  
2           usage during a 24-hour period based on the most recent historical  
3           Customer consumption data. The Company will establish a winter MDQ  
4           for the November through March time period and a summer MDQ for the  
5           April through October time period. However, an adjustment may be made  
6           at any time upon agreement of the Customer and the Company.

7           The MDQ does not apply to the firm sales customers. The Company maintains  
8           assets to serve its firm sales customers during design conditions with an average  
9           daily temperature of -5 degrees. The MDQ is not based on design day conditions; it  
10          is based on the maximum monthly usage from a recent historical period. By the  
11          nature of this calculation it is not adequate for firm sales customers. Furthermore,  
12          Ms. Tasto fails to recognize that the Company must balance supply and demand  
13          daily to the Dth, therefore, in practice the Company must abide by an even greater  
14          management of supplies given that GDS customers do not have this same daily  
15          balancing obligation. Additionally, the Company must manage storage contracted  
16          for and paid by firm sales customers. Lastly, with regard to the Storage Bounce  
17          OFOs, the Company in total must manage to the same level of restriction that it  
18          passes on to GDS customers under its OFOs and therefore is under the same  
19          obligation regardless of the usage of MDQs. Neither Ms. Tasto nor her customers  
20          have these obligations or pay for the storage assets.

21   **Q. Is customer migration between sales and transportation choice**  
22   **accounted for during daily planning?**

23   A. Absolutely. As stated by Ms. Tasto in her direct testimony, the Company uses the  
24   previous three-five year demand during daily planning for its customers. The ratio

1           for firm and non-firm demand is based upon the rolling previous year so customer  
2           migration is taken into account.

3   **Q.    Does this complete your rebuttal testimony?**

4   **A.    Yes.**



17 North Second Street  
12th Floor  
Harrisburg, PA 17101-1601  
717-731-1970 Main  
717-731-1985 Main Fax  
www.postschell.com

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Michael W. Hassell

mhassell@postschell.com  
717-612-6029 Direct  
717-731-1985 Direct Fax  
File #: 164279

September 2, 2016

***VIA ELECTRONIC FILING***

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

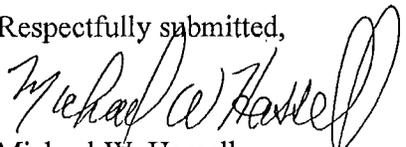
**Re: Pennsylvania Public Utility Commission, et al. v. Columbia Gas of Pennsylvania,  
Inc.  
Docket Nos. R-2016-2529660, etc.**

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Dear Secretary Chiavetta:

Attached please find the Joint Petition for Settlement of the above-referenced proceeding. Copies will be provided as indicated on the Certificate of Service.

Respectfully submitted,

  
Michael W. Hassell

MWH/skr  
Enclosure

cc: Certificate of Service  
Honorable Katrina L. Dunderdale  
Debra Backer (via e-mail)  
Jeffrey McCracken (via e-mail)  
Marc Hoffer (via e-mail)  
Marie Intrieri (via e-mail)

**CERTIFICATE OF SERVICE  
(Docket No. R-2016-2529660)**

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

**VIA E-MAIL AND FIRST CLASS MAIL**

Erin L. Gannon, Esquire  
Amy E. Hirkakis, Esquire  
Lauren Burge, Esquire  
Office of Consumer Advocate  
555 Walnut Street  
Forum Place, 5th Floor  
Harrisburg, PA 17101-1923

Carrie B. Wright, Esquire  
Bureau of Investigation & Enforcement  
PO Box 3265  
Commonwealth Keystone Building  
400 North Street, 2nd Floor West  
Harrisburg, PA 17105-3265

Daniel G. Asmus, Esquire  
Office of Small Business Advocate  
Commerce Building  
300 North Second Street, Suite 202  
Harrisburg, PA 17101

Charis Mincavage, Esquire  
Kenneth R. Stark, Esquire  
McNees Wallace & Nurick LLC  
100 Pine Street  
PO Box 1166  
Harrisburg, PA 17108-1166  
*Counsel for CII*

Todd S. Stewart, Esquire  
Whitney E. Snyder, Esquire  
Hawke McKeon & Sniscak LLP  
100 N. 10th Street  
Harrisburg, PA 17101  
*Counsel for NGS Parties*

Patrick Cicero, Esquire  
Elizabeth R. Marx, Esquire  
Joline Price, Esquire  
Pennsylvania Utility Law Project  
118 Locust Street  
Harrisburg, PA 17101  
*Counsel for CAUSE-PA*

Thomas J. Sniscak, Esquire  
Christopher M. Arfaa, Esquire  
William E. Lehman, Esquire  
Hawke McKeon & Sniscak LLP  
100 North Tenth Street  
Harrisburg, PA 17101  
*Counsel for PSU*

Joseph L. Vullo, Esquire  
Burke Vullo Reilly Roberts  
1460 Wyoming Avenue  
Forty Fort, PA 18704  
*Counsel for CAAP*

Daniel Clearfield, Esquire  
Carl R. Shultz, Esquire  
Sarah C. Stoner, Esquire  
Eckert Seamans Cherin & Mellott, LLC  
213 Market Street, 8<sup>th</sup> Floor  
Harrisburg, PA 17101  
*Counsel for Direct Energy*

**VIA FIRST CLASS MAIL:**

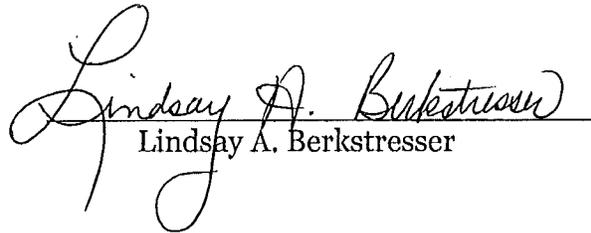
Ralph E. Miller  
3638 Kortni Drive  
Dover, PA 17315

Richard Collins  
440 Monmouth Drive  
Cranberry Twp., PA 16066-5756

Michael Pikus  
430 Ascent Drive #9103  
Wexford, PA 15090

James Testrake and Martha Bunce  
86 Cornen Street Lower  
Bradford, PA 16701

Date: September 2, 2016

  
Lindsay A. Berkstresser

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	Docket Nos. R-2016-2529660
Office of Consumer Advocate	:	C-2016-2535301
Office of Small Business Advocate	:	C-2016-2538051
Columbia Industrial Intervenors	:	C-2016-2541753
Pennsylvania State University	:	C-2016-2541623
Ralph Miller	:	C-2016-2538611
Michael Pikus	:	C-2016-2538843
Richard Collins	:	C-2016-2547479
James Testrake	:	C-2016-2555931
	:	
v.	:	
	:	
Columbia Gas of Pennsylvania, Inc.	:	

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**JOINT PETITION FOR SETTLEMENT**

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**TO ADMINISTRATIVE LAW JUDGE KATRINA L. DUNDERDALE:**

**I. INTRODUCTION**

The Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”), the Office of Consumer Advocate (“OCA”), the Office of Small Business Advocate (“OSBA”), Columbia Industrial Intervenors (“CII”),<sup>1</sup> Dominion Retail, Inc. (“Dominion”), Shipley Energy Company (“Shipley”), Interstate Gas Supply, Inc. (“IGS”) and AMERIGreen Energy (“AMERIGreen”),<sup>2</sup> Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”), Community Action Association of Pennsylvania (“CAAP”), The Pennsylvania State University (“PSU”), Direct Energy Business, LLC, Direct Energy Services, LLC, and

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<sup>1</sup> CII’s members for purposes of this proceeding are Glen-Gery Corporation and Knouse Foods Cooperative, Inc.

<sup>2</sup> For purposes of this Settlement, Dominion, Shipley, IGS and AMERIGreen are referred to collectively as the NGS Parties.

Direct Energy Business Marketing, LLC (collectively, "Direct Energy") and Columbia Gas of Pennsylvania, Inc. ("Columbia" or the "Company"), parties to the above-captioned proceedings (hereinafter collectively referred to as the "Joint Petitioners"), hereby join in this Joint Petition for Settlement ("Settlement") and hereby respectfully request that Administrative Law Judge Katrina L. Dunderdale ("ALJ Dunderdale" or the "ALJ") and the Commission expeditiously approve the Settlement as set forth below. The Settlement has been agreed to or is not opposed by all active parties in this proceeding.<sup>3</sup>

As fully set forth and explained below, the Joint Petitioners have agreed to a settlement of all issues in the above-captioned general base rate proceeding (the "2016 Base Rate Filing"). Among other provisions, the Settlement provides for increases in rates designed to produce \$35 million in additional base rate revenue based upon the pro forma level of operations for the twelve months ended December 31, 2017. In support of the Settlement, the Joint Petitioners state the following:

## **II. BACKGROUND**

1. Columbia is a "public utility" and "natural gas distribution company" ("NGDC") as those terms are defined in Sections 102 and 2202 of the Public Utility Code, 66 Pa.C.S. §§ 102, 2202. Columbia provides natural gas distribution, sales, transportation, and/or supplier of last resort services to approximately 421,000 residential, commercial, and industrial customers in portions of 26 counties of Pennsylvania.

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<sup>3</sup> Four individual Columbia customers filed Formal Complaints against the Company's proposed rate increase. However, the customers did not attend the Prehearing Conference, did not file testimony, and did not otherwise actively participate in this matter. As indicated on the Certificate of Service, Columbia is serving a copy of the Settlement on the inactive customer complainants.

2. On March 18, 2016, Columbia filed with the Commission Supplement No. 241 to its Tariff Gas – Pa. P.U.C. No. 9 (“Supplement No. 241” or “base rate filing”). Supplement No. 241, issued March 18, 2016 and to be effective May 17, 2016, proposed an increase in revenues of approximately \$55.3 million which represents an 11.23% increase in operating revenues based upon a pro forma fully projected future test year (“FPFTY”) ending December 31, 2017. The filing was made in compliance with the Commission’s regulations, and contained all supporting data and testimony required to be submitted in conjunction with a tariff change seeking a general rate increase.

3. On April 21, 2016, the Commission issued an Order initiating an investigation of Columbia’s proposed general rate increase and suspending Columbia’s Supplement No. 241 until December 19, 2016, unless otherwise directed by Order of the Commission.

4. Formal Complaints were filed on behalf of the OCA (C-2016-2535301), OSBA (C-2016-2538051), PSU (C-2016-2541623), CII (C-2016-2541753), Ralph Miller (C-2016-2538611), Michael Pikus (C-2016-2538843), Richard Collins (C-2016-2547479) and James Testrake (C-2016-2555931).

5. In addition, CAAP, CAUSE-PA, Direct Energy and the NGS Parties filed Petitions to Intervene.

6. A prehearing conference was scheduled for April 28, 2016. Joint Petitioners who participated in the prehearing conference filed prehearing memoranda identifying potential issues and witnesses.

7. The initial prehearing conference was held as scheduled on April 28, 2016. At the prehearing conference, ALJ Dunderdale established the litigation schedule. The ALJ also set forth discovery rules, which, pursuant to the Joint Petitioners’ agreement,

included shorter response times than those provided in the Commission's regulations. See 52 Pa. Code §§ 5.341 *et seq.*

8. On April 29, 2016, the ALJ issued a Prehearing Order that confirmed the litigation schedule established at the Prehearing Conference.

9. On May 11, 2016, Columbia filed Supplement No. 245 to Tariff Gas Pa. PUC No. 9, suspending Columbia's Supplement No. 241 until December 19, 2016.

10. The Joint Petitioners conducted substantial formal and informal discovery in this proceeding. Pursuant to the established litigation schedule, I&E, OCA, Direct Energy, CII, OSBA, CAAP and the NGS Parties served direct testimony on June 16, 2016.

11. On July 13, 2016, I&E, OCA, OSBA, CAUSE-PA, PSU, CII, Direct Energy, the NGS Parties and Columbia served rebuttal testimony.

12. On July 26, 2016, OSBA, CII, I&E, OCA, PSU, Direct Energy, the NGS Parties and Columbia served surrebuttal testimony.

13. On July 27, 2016, Columbia filed a Motion for a Protective Order.

14. Columbia and PSU filed rejoinder outlines on August 1, 2016.

15. On July 28, 2016, the parties informed the ALJ that a partial settlement had been reached and requested that the first day of the evidentiary hearing be canceled to allow additional time for settlement negotiations on the remaining issues.

16. On July 28, 2016, the ALJ issued an Interim Order canceling the first day of the scheduled evidentiary hearing.

17. The ALJ issued a Protective Order in this proceeding on August 2, 2016.

18. On August 3, 2016, an evidentiary hearing was held for the purpose of submitting testimony and exhibits for the record by stipulation. The parties waived

cross-examination of all witnesses. Columbia's filing, testimony and exhibits and the testimony and exhibits served by the other parties during the course of the proceeding were formally introduced and admitted into the evidentiary record at the hearing.

19. The Joint Petitioners held numerous settlement discussions over the course of this proceeding. As a result of those discussions and the efforts of the Joint Petitioners to examine the issues in the proceeding, the Joint Petitioners have been able to agree to a settlement of all issues.

20. Joint Petitioners have agreed to a base rate increase, an allocation of that revenue increase to the rate classes, and a rate design for all rate classes to recover the portion of the rate increase allocated to such classes. Additionally, all other issues presented in the proceeding have been resolved by the Settlement. The Joint Petitioners are in full agreement that the Settlement is in the best interests of Columbia and its customers.

21. In the Settlement, the Joint Petitioners have proposed that rates be designed to produce an additional \$35 million in annual base rate operating revenues instead of the Company's filed increase request of \$55.3 million. Upon approval of the Settlement, Columbia will receive an increase in existing base rate operating revenues of approximately 7.12%, instead of the 11.23% increase proposed in Columbia's filing. A typical residential sales customer using 70 therms of gas purchased from Columbia per month will see an increase in their monthly bill from \$77.33 to \$83.05, or by 7.34%, instead of the monthly increase to \$86.97, or 12.47%, that was originally proposed in the filing. The total bill for a small commercial customer using 158 therms of gas purchased from Columbia per month will increase from \$128.29 to \$136.07, or by 6.06%, instead of the monthly increase to \$139.74, or 8.93% that was originally proposed in the filing.

The total bill for a small industrial customer using 1,328 therms of gas purchased from Columbia per month would increase from \$898.48 to \$952.17, or by 5.98%, instead of the monthly increase to \$958.63, or 6.69% that was originally proposed in the filing.

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

### III. SETTLEMENT<sup>4</sup>

23. The following terms of this Settlement reflect a carefully balanced compromise of the interests of all the Joint Petitioners in this proceeding. The Joint Petitioners unanimously agree that the Settlement, which resolves all issues in this proceeding, is in the public interest. The Joint Petitioners respectfully request that the 2016 Base Rate Filing, including those tariff changes included in Supplement No. 241 and specifically identified in Appendix "D" attached hereto, be approved subject to the terms and conditions of this Settlement specified below:

#### A. REVENUE REQUIREMENT

24. Rates will be designed to produce an increase in operating revenues of \$35 million based upon the pro forma level of operations for the twelve months ended December 31, 2017.

25. As of the effective date of rates in this proceeding, Columbia will be eligible to include plant additions in the DSIC once eligible account balances exceed the levels projected by Columbia at December 31, 2017. The foregoing provision is included solely for purposes of calculating the DSIC, and is not determinative for future ratemaking purposes of the projected additions to be included in rate base in a FPFTY filing.

26. For purposes of calculating its DSIC, Columbia shall use the equity return rate for gas utilities contained in the Commission's most recent Quarterly Report on the

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<sup>4</sup> The NGS Parties agree to the settlement terms related to natural gas supplier issues as set forth in paragraphs 50-57 of the Settlement but take no position on the remaining settlement terms.

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

27. Columbia will continue to use normalization accounting with respect to the benefits of the tax repairs deduction. It is agreed that Columbia has completed the amortization of the \$37.4 million tax refund previously received by Columbia, which is attributable to the change in method for the repairs deduction. Changes in the refund amount, above or below the \$37.4 million, shall be reflected in accumulated deferred income taxes to be created under the normalization method of accounting.

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

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

- (i) NIFIT – Continued amortization of non-Company labor start-up costs of the new financial software of \$1,260,764, over a three-year period that began on December 18, 2015.
- (ii) Blackhawk Storage – Continuation of the previously-approved 24.5 year amortization of the total amount of \$398,865 to be included on books and in rate base as a regulatory asset to reflect the total original cost that began on October 28, 2008.
- (iii) Corporate Services OPEB-Related Costs – Continuation of the previously-approved amortization of the regulatory asset of \$903,131 associated with the

transition of NiSource Corporate Services Company from a cash to accrual basis for OPEBs, over a ten-year period that began July 1, 2013.

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

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

32. On or before April 1, 2017, Columbia will provide the Commission's Bureau of Technical Utility Services ("TUS"), I&E, OCA and OSBA an update to Columbia Exhibit No. 108, Schedule 1, which will include actual capital expenditures, plant additions, and retirements by month for the twelve months ending December 31, 2016. On or before April 1, 2018, Columbia will update Exhibit No. 108, Schedule 1 filed

in this proceeding for the twelve months ending December 31, 2017. In Columbia's next base rate proceeding, the Company will prepare a comparison of its actual revenue, expenses and rate base additions for the twelve months ended December 31, 2017. However, it is recognized by the Joint Petitioners that this is a black box settlement that is a compromise of Joint Petitioners' positions on various issues.

33. For all future debt issuances during the twelve month periods ending December 31, 2016 and December 31, 2017, Columbia will provide to TUS, I&E, OCA and OSBA, within 60 days of issuance, all loan documentation filed with the Commission in compliance with orders in filings submitted by Columbia pursuant to Chapter 19 of the Pennsylvania Public Utility Code. In addition, Columbia will preserve and provide to I&E, OCA and OSBA as a part of its next base rate case the following: (1) all documentation supporting debt issued between this base rate case and the next base rate case; and (2) for each issuance the prevailing yield on U.S. utility bonds as reported by Bloomberg Finance L.P. for companies with a credit risk profile equivalent to that of NiSource Finance Corp.

34. The Company's Gas Procurement Charge ("GPC") shall continue at the current rate of \$0.00695/therm.

35. The Merchant Function Charge ("MFC") shall be 1.52% for residential customers and 0.37% for non-residential customers. These are the charges as filed by Columbia. The revised MFC rates shall be reflected in the Purchase of Receivables ("POR") discount rates.

36. Tariff rates will go into effect on December 19, 2016.

37. Customers will not be charged separate processing fees for bill payments using third party debit card, credit card, Automated Clearinghouse ("ACH") or walk-in

locations. All processing fees will be considered “above-the-line” for ratemaking purposes. Parties reserve their rights to challenge in a future base rate proceeding the recovery of processing fees through rates, and Columbia reserves the right in response to cease payment of such third-party costs.

**B. REVENUE ALLOCATION AND RATE DESIGN**

38. The Residential customer charge will remain at the current \$16.75/month.

39. Small General Service customer charges will remain at the current \$21.25/month ( $\leq 6440$  therms) and \$48.00/month ( $> 6440$  therms).

40. Revenue allocation to the classes is set forth in Appendix “A.” Rate design for all classes shall be as set forth in Appendix “B.”<sup>5</sup> Revenue allocation and rate design reflect a compromise and do not endorse any particular cost of service study.

**C. UNIVERSAL SERVICE AND CONSERVATION**

41. Columbia may use the residential portion of pipeline penalty credits and refunds received through February 28, 2018, as a funding source for the Hardship Fund. Prior to February 28, 2018, Columbia may file a request with the Commission to continue to use the residential portion of pipeline credits and refunds to fund the Hardship Fund. Columbia agrees to continue to develop plans, in consultation with its Universal Service Advisory Council, to seek out additional funding from voluntary sources. Columbia will provide a report on ideas developed and implemented to increase voluntary contributions to the Hardship Fund as part of any request to continue applying pipeline credits and refunds to the Hardship Fund, as well as in its next base rate proceeding and Universal Service Plan proceeding. Further, Columbia commits to continue to explore joint outreach efforts with other regional public utilities

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<sup>5</sup> Direct Energy takes no position with respect to the rate design set forth in Appendix “B”.

and community agencies for funding of its Hardship Fund. Columbia will remove Hardship Fund recovery from the Rider USP.

42. Columbia's Low Income Usage Reduction Program ("LIURP") funding will continue at the level of \$4.75 million per year as agreed to in the Commission-approved settlement of Columbia's base-rate proceeding at Docket No. R-2014-2406274, which provides that parties agreed not to propose any further change to LIURP funding for a period of three years commencing with the effective date of rates in that proceeding. Any unspent funds will be carried over and added to the following year's funding.

43. Columbia agrees to continue to partner with Community Based Organizations ("CBOs"), including member agencies of CAAP and Pennsylvania Weatherization Providers in the development, implementation and administration of its LIURP program.

44. Columbia agrees to extend its Third Party Notification Program to include all Customer Assistance Program ("CAP") reminder notices, including notices of potential CAP removal such as income verification requests. Additionally, Columbia agrees to make Third Party Notification forms available at local CBOs, and will encourage CBOs to include Third Party Notification forms in processing other assistance. Customers should be informed that completion of a Third Party Notification form is completely voluntary.

45. Columbia agrees to provide brochures on all programs to non-utility access points, such as CBOs. Columbia shall authorize and encourage CBOs to disseminate brochures to applicants for other assistance.

46. Columbia agrees to reduce the base participation level for its CAP from 25,300 to 23,000. Further, the universal service cost offset will remain 7.5%.

47. Columbia agrees to review the list of customers with high CAP credits (over \$1,000) from the prior year and prioritize those customers for weatherization when possible. Once this list has been exhausted, Columbia will use the high usage CAP customer list as well as eligible customers requesting weatherization.

**D. PROGRAMS TO EXPAND THE AVAILABILITY OF GAS SERVICE**

48. Columbia's Large Customer Incentive ("LCI") proposal is approved with the following modification: customers participating in the program will be required to pay 30% of the uneconomic portion upfront or have a repayment period that does not exceed ten (10) years. Columbia agrees to provide the following information related to Columbia's LCI proposal, as applicable:

- a) Main and service investment per project;
- b) Net Present Value ("NPV") model results for each project, inclusive of the main and service allowances;
- c) Required LCI deposit by project;
- d) Number of customers connected by each project and number of subsequent connections;
- e) Annual non-gas revenues received by project, separated into base rate and LCI repayment revenues (principal and interest stated separately);
- f) Annual usage by project;
- g) Average investment cost per customer by project; and
- h) Number of new service requests for projects in which the NPV model is run, but the project does not proceed to construction.

49. Columbia agrees to withdraw its proposed multi-unit incentive proposal. Columbia reserves the right to present this proposal in a future proceeding and all parties reserve their rights to support or oppose such proposal if filed.

**E. NATURAL GAS SUPPLIER ISSUES<sup>6</sup>**

50. Effective upon approval of the Settlement, Columbia agrees to remove the designation of enrollment type from its NGS customer submission procedure.

51. Columbia agrees to utilize pages 4 and 5 of the existing customer application, plus an additional page requiring updated contact information (emergency, billing and mailing), as a shortened version of the agency form for GDS customers who seek to change their NGS supplier (as further modified per paragraph 52, below). This shortened agency form shall be effective for contracts rendered on or after thirty (30) days after the entry of the Commission Order approving this Settlement.

52. As soon as possible, but in no event no later than six months following the entry of a Commission Order approving the Settlement, Columbia agrees to modify its supplier agency form (pages 4-5) and its Aviator Agreement to include authorization for the supplier to have access to all of the customer's usage information on the Aviator system, or a comparable current or future system and to obtain revised authorization forms from all current customers. Columbia shall insure that a customer's Aviator data shall be available to the customer's current supplier.

53. With respect to the calculation of penalties for over and under deliveries during an operational order, Columbia shall adopt an index-based penalty structure. The revised penalty structure, for non-compliance with Operational Flow Orders

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<sup>6</sup> The OCA takes no position on the settlement terms regarding natural gas supplier issues as set forth in paragraphs 50-57 of the Settlement.

("OFOs") and Operational Matching Orders ("OMOs"), as well as the non-compliance charges related to Choice deliveries, shall be 3 times the highest of the midpoint prices reflected in Platts Gas Daily for the day of the OMO or OFO non-compliance, from the applicable indices, depending upon the market area utilized, as set forth on Appendix "C". In the event no midpoint prices are published in Platts Gas Daily on a particular day, the highest price paid by Columbia on that day shall be used as the index price. Columbia shall update the applicable indices on 60 days' notice to Customer Proxies in the event of a change in applicable indices.

54. Within ninety (90) days of the entry of an Order by the Commission approving this Settlement:

- a) Columbia agrees to propose in a non-general tariff filing that all customers eligible to be served on Rate Schedules SDS, LDS and MLDS [Small Distribution Service, Large Distribution Service, and Main Line Distribution Service] must have installed Electronic Flow Correctors ("EFC") and telephonic equipment to transmit daily usage information to Columbia. Columbia further agrees to propose that it install, own, operate and maintain all equipment, including telephonic or similar technology, provided that Columbia is granted rate recovery of reasonable and prudent capital and operating and maintenance costs to own, operate and maintain the capability to obtain daily information from such customers. To the extent that any associated costs will not be rate based, Columbia shall be permitted to seek to create a regulatory asset for such costs and propose to recover them in its next base rate case. All Parties retain their rights to support or oppose such proposal in the non-general rate filing. Issues

related to cost allocation and rate recovery of the costs associated with this equipment will be addressed in the Company's next base rate proceeding.

- b) For customers who have EFC and operating telephonic equipment to transmit daily usage information installed, Columbia agrees on a commercially reasonable basis to provide customer usage data in the GTS0005 Reports and in the Aviator-EMDCS data base by 1 PM following the day for which the data is being provided.

55. Subsequent to the Commission's approval of the non-general tariff filing and Columbia's installation of equipment to obtain daily information, as addressed in Paragraph 54, above, in addition to any other remedy a supplier may have, a supplier shall be subject to Modified OMO Penalties with respect to any OMO customer with an EFC and operating telephone equipment for which Columbia does not have daily usage data available, by the end of an OMO Period. An OMO Period is defined as one or more OMO days issued within a calendar month. Modified OMO penalties shall mean the penalty that would otherwise be applicable pursuant to paragraph 53 except that the penalty multiplier shall be 1.5 times rather than 3 times.

56. Proposed Rules Applicable to Distribution Service ("RADS") 2.7.2 shall be withdrawn, to be discussed as part of the collaborative to be held pursuant to Paragraph 57.<sup>7</sup>

57. Within sixty (60) days of the entry of a Commission order approving this Settlement, Columbia shall convene a collaborative with the parties to this proceeding and all interested Suppliers on its system to discuss new approaches to deal with

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<sup>7</sup> The NGS Parties, for purposes of this settlement only, are not opposing inclusion of RADS 4.9.5 in the tariff at this time.

ongoing pipeline delivery constraints, including the creation of new market “orders”. The Collaborative shall conclude within 120 days of its initiation, unless extended by consensus of the parties participating. Any resolutions requiring tariff changes shall be reflected in a proposed non-general tariff filing by Columbia at the conclusion of the collaborative. Without limitation to other issues that may be addressed in the collaborative, the parties will address how transparency may be achieved as to Columbia’s nominations to alternate delivery points under RADS 4.9.5, including information that Columbia could share with suppliers regarding actual nominations. At the conclusion of the collaborative, Columbia will file a letter report with the Commission summarizing the results and consensus recommendations of the collaborative.

**F. OTHER**

58. Columbia will continue its efforts to reduce restoration costs, through efforts including, but not limited to, coordinating pipe replacement projects with other street projects, using private rights-of-way, avoiding temporary restoration, and replacing pipe using trenchless construction techniques, all where technically, operationally and economically feasible.

59. Except as otherwise modified by this Settlement, the Company’s proposed tariff revisions are approved.

**IV. SETTLEMENT IS IN THE PUBLIC INTEREST**

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

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

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

#### **V. CONDITIONS OF SETTLEMENT**

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

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

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

66. The Commission's approval of the Settlement shall not be construed to represent approval of any Joint Petitioner's position on any issue, except to the extent

required to effectuate the terms and agreements of the Settlement in these and future proceedings involving Columbia.

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

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

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

70. If the ALJ adopts the Settlement without modification, the Joint Petitioners waive their individual rights to file exceptions with regard to the Settlement.

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

1. That the Honorable Administrative Law Judge Katrina L. Dunderdale and the Commission approve this Settlement including all terms and conditions thereof, without modification;

2. That the Commission's investigation at Commission Docket R-2016-2529660 and the complaints of OCA, OSBA, PSU, CII at Docket Nos. C-2016-2535301, C-2016-2538051, C-2016-2541623, and C-2016-2541623, respectively, shall be marked closed.

3. That the customer complaints of Ralph Miller (C-2016-2538611), Michael Pikus (C-2016-2538843), Richard Collins (C-2016-2547479) and James Testrake (C-2016-2555931) associated with this proceeding be dismissed.

4. That the Commission enter an Order consistent with the Settlement, terminating the proceeding and authorizing Columbia Gas of Pennsylvania, Inc. to file the form of tariff supplement attached as Appendix "D" as provided herein, effective for service rendered on and after December 19, 2016.

Respectfully submitted,

  
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Michael W. Hassell, Esquire  
Lillian S. Harris, Esquire  
Lindsay A. Berkstresser, Esquire  
Post & Schell, P.C.  
17 North Second Street, 12<sup>th</sup> Floor  
Harrisburg, PA 17101-1601

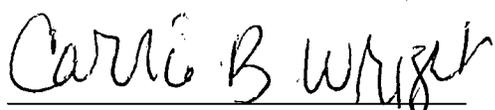
Date: 9/2/2016

And

Theodore J. Gallagher, Esquire  
Meagan Bielanin Moore, Esquire  
Columbia Gas of Pennsylvania, Inc.  
121 Champion Way, Suite 100  
Canonsburg, PA 15317

And

Andrew S. Tubbs, Esquire  
NiSource Corporate Services Company  
800 N. Third Street, Suite 204  
Harrisburg, PA 17102  
*For: Columbia Gas of Pennsylvania, Inc.*



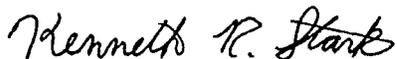
Carrie B. Wright, Esquire  
Bureau of Investigation and Enforcement  
Commonwealth Keystone Building  
400 North Street, 2nd Floor West  
PO Box 3265  
Harrisburg, PA 17105-3265  
*For: Bureau of Investigation and  
Enforcement*



Erin Gannon, Esquire  
Lauren M. Burge, Esquire  
Amy E. Hirkakis, Esquire  
Office of Consumer Advocate  
555 Walnut Street  
5th Floor, Forum Place  
Harrisburg, PA 17101-1923  
*For: Office of Consumer Advocate*



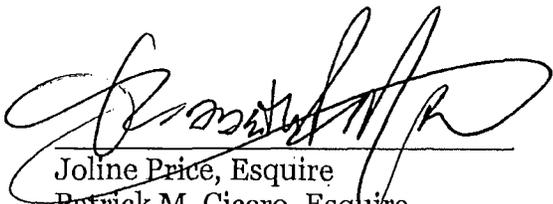
Daniel G. Asmus, Esquire  
Office of Small Business Advocate  
300 North Second Street, Suite 202  
Harrisburg, PA 17101  
*For: Office of Small Business Advocate*



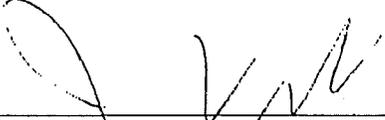
Charis Mincavage, Esquire  
Kenneth R. Stark, Esquire  
McNees Wallace & Nurick LLC  
100 Pine Street  
P.O. Box 1166  
Harrisburg, PA 17108-1166  
*For: Columbia Industrial Intervenors*



Todd S. Stewart, Esquire  
Whitney Snyder, Esquire  
Hawke McKeon & Sniscak LLP  
100 N. 10th Street  
Harrisburg, PA 17101  
*For: NGS Parties*



Joline Price, Esquire  
Patrick M. Cicero, Esquire  
Elizabeth R. Marx, Esquire  
Pennsylvania Utility Law Project  
118 Locust Street  
Harrisburg, PA 17101  
*For: Coalition for Affordable Utility  
Services and Energy Efficiency in  
Pennsylvania*



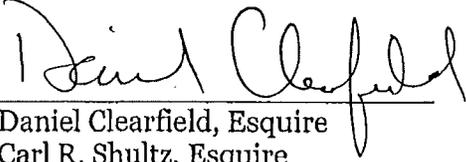
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Joseph Vullo, Esquire  
Burke Vullo Reilly Roberts  
1460 Wyoming Ave.  
Forty Fort, PA 18704  
*For: Community Action Association of  
Pennsylvania*



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Thomas J. Sniscak, Esquire  
Christopher M. Arfaa, Esquire  
William E. Lehman, Esquire  
Hawke, McKeon & Sniscak LLP  
100 North Tenth St.  
Harrisburg, PA 17101  
*For: The Pennsylvania State University*



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Daniel Clearfield, Esquire  
Carl R. Shultz, Esquire  
Sarah C. Stoner, Esquire  
Eckert Seamans Cherin & Mellott, LLC  
P.O. Box 1248  
Harrisburg, PA 17101  
*For: Direct Energy*