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File #: 204269

June 20, 2024

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: PA Public Utility Commission, *et al.* v. Columbia Gas of Pennsylvania, Inc.
Docket Nos. R-2024-3047014, *et al.***

Dear Secretary Chiavetta:

Attached please find the Joint Petition for Settlement of Rate Investigation Pursuant to 66 Pa. C.S. § 1307(f) on behalf of Columbia Gas of Pennsylvania, Inc., the Office of Consumer Advocate, and the Bureau of Investigation and Enforcement in the above-referenced proceeding. As noted in footnote 1 of the Joint Petition, the Office of Small Business Advocate has represented that it does not oppose the Settlement.

Copies will be provided as indicated on the Certificate of Service.

Respectfully submitted,



Megan E. Rulli

MER/kl
Attachment

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

CERTIFICATE OF SERVICE

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

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Date: June 20, 2024



Megan E. Rulli

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	R-2024-3047014
Office of Consumer Advocate	:	C-2024-3047737
Office of Small Business Advocate	:	C-2024-3047686
	:	
v.	:	
	:	
Columbia Gas of Pennsylvania, Inc.	:	

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

TO ADMINISTRATIVE LAW JUDGE EMILY I. DEVOE:

I. INTRODUCTION

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

II. BACKGROUND

1. Columbia is a “public utility” and “natural gas distribution company” (“NGDC”) as those terms are defined in Sections 102 and 2202 of the Public Utility Code, 66 Pa.C.S. §§ 102,

¹ The Office of Small Business Advocate (“OSBA”) has indicated that it does not oppose the Settlement.

2202. Columbia provides natural gas distribution, sales, transportation, and/or supplier of last resort (“SOLR”) services to customers in portions of 26 counties of Pennsylvania.

2. On March 1, 2024, as required by 52 Pa. Code §§ 53.64 and 53.65, Columbia filed with the Commission “Information Submitted in Compliance with Act 74 of 1984 and Pursuant to Title 52, Pennsylvania Code, Sections 53.64 and 53.65 Supporting Recovery of Purchased Gas Costs” containing certain pre-filing data required under the Commission’s regulations concerning annual changes to rates for recovery of purchased gas costs.

3. On April 1, 2024, Columbia filed Supplement No. 379 to Tariff Gas Pa. P.U.C. No. 9 (“Supplement No. 379”) to become effective for service rendered on and after October 1, 2024. In Supplement No. 379, Columbia proposed an increase in its rates for recovery of purchased gas costs (“PGC”) of \$0.01968/Therm. Supplement No. 379 was docketed by the Commission at Docket No. R-2024-3047014 and was assigned to the ALJ for the issuance of a recommended decision.

4. I&E filed a Notice of Appearance in this proceeding. The OCA and OSBA filed Formal Complaints. The OCA’s Complaint was docketed at C-2024-3047737, and the OSBA’s Complaint was docketed at C-2024-3047686.

5. A prehearing conference was held on April 3, 2024. At the prehearing conference, the ALJ established a litigation schedule. The ALJ also set forth discovery rules, which included shorter response times than those provided in the Commission’s regulations. *See* 52 Pa. Code §§ 5.341 *et seq.*

6. On April 4, 2024, the ALJ issued a Prehearing Order that confirmed the litigation schedule established at the Prehearing Conference.

7. On April 9, 2024, Columbia filed an unopposed Motion for a Protective Order pursuant to the provisions of 52 Pa. Code § 5.365(a).

8. On April 10, 2024, ALJ DeVoe issued a Protective Order in accordance with Columbia's unopposed request.

9. The Petitioners conducted substantial discovery in this proceeding. Pursuant to the established litigation schedule, OCA served direct testimony on May 3, 2024. No other party submitted direct testimony in this proceeding.

10. On May 20, 2024, Columbia served its rebuttal testimony. No other party submitted rebuttal testimony in this proceeding.

11. No party submitted surrebuttal testimony in this proceeding.

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

13. An evidentiary hearing was held on May 31, 2024, for the purpose of admitting the parties' evidence into the record by stipulation and without cross examination. The evidentiary hearing scheduled for June 3, 2024 was cancelled. *See* June 3, 2024 Hearing Cancellation Notice at Docket No. R-2024-3047014.

III. PROPOSED FINDINGS OF FACT

The Petitioners agree that the following facts were entered into the record by Columbia, and that subject to the terms and conditions in this Settlement, are sufficient to approve the Settlement and Columbia's 2024 PGC filing as confirmed by the Settlement. Columbia requests that the Commission make the following findings of fact and such other findings of fact, if any, as may be required or appropriate:

1. Columbia’s Exhibit No. 3 lists Federal Energy Regulatory Commission (“FERC”) proceedings through calendar year 2023 affecting Columbia’s ratepayers. Exhibit No. 3 outlines Columbia’s participation in these FERC proceedings. Columbia has intervened and actively participated in proceedings of the interstate pipelines serving Columbia. Columbia has been active before the FERC in rulemakings and policy statements that have the potential to significantly impact Columbia’s efforts to provide reliable gas service at the least cost. (Columbia St. No. 1, pp. 37-40; Columbia Ex. No. 3)

2. Columbia was active in relevant FERC cases involving Columbia Gas Transmission, L.L.C. (“Columbia Transmission”), Equitrans, L.P. (“Equitrans”), National Fuel Gas Supply Corporation (“National Fuel”), Tennessee Gas Pipeline Company, L.L.C. (“Tennessee”), Texas Eastern Transmission, L.P. (“Texas Eastern”) and Eastern Gas Transmission (“EGTS”). (Columbia St. No. 1, pp. 37-40, Columbia Ex. No. 3)

3. Columbia will continue its policy of active participation in individual pipeline supplier rate and certificate proceedings before the FERC, along with FERC generic type rulemaking and policy proceedings which could have a material impact on Columbia’s costs or operations, as fully described in Columbia Statement No. 1, pp. 37-40.

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

5. Columbia’s gas purchasing objectives and strategies seek a portfolio of least-cost supply from both Pennsylvania and interstate producers. Columbia also seeks capacity that is

flexible and reliable. These efforts will continue. (Columbia St. No. 1, pp. 4-29; Columbia Ex. No. 5, p. 1)

6. Columbia contracts for sufficient firm gas supplies to serve, at a minimum, the demand of its firm service customers under design weather conditions, both design day and seasonal. Firm gas supplies include storage supplies, purchases under firm gas supply contracts and firm monthly and daily gas supply purchases, delivered through firm transportation capacity and local gas supplies on a seasonal basis. (Columbia St. No. 4, p. 4)

7. Columbia purchases firm supplies to provide flexibility in recognition of annual fluctuations in seasonal and daily demand and to minimize gas costs for its customers. (Columbia St. No. 4, p. 4)

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

9. Columbia contracts for firm transportation and storage services to meet customers' requirements in its diverse market areas. (Columbia Ex. No. 5; Columbia St. No. 1, pp. 10-12) Columbia's firm contracts for gas supply provide it with sufficient supply to meet the human needs demand of firm customers under design weather conditions. (Columbia St. No. 1, pp. 23-25, 33-37)

10. Columbia's available capacity is approximately 101.8% of projected firm demand for contract year 2027-28. This variance is within the bounds contained in Columbia's Portfolio Design Policy, which provides that Columbia will have sufficient capacity to be within a range of up to 103% of the highest of its projected design day firm requirements for the five year period of

its Design Day Forecast. (Columbia Ex. No. 5, pp. 10-11; Columbia Statement No. 1, p. 19; Columbia Ex. No. TMM-2)

11. Columbia's reconciliation of its firm peak day capacity entitlement level with its future years' firm design day demand includes a maximum hourly design adjustment ("Max Hour Adjustment") to the design day demand. (Columbia Ex. 5, p. 9; Columbia Ex. TMM-2) The Max Hour Adjustment was made to account for the potential of hourly flow restrictions on Eastern Gas Transmission and Storage ("EGTS"). (Columbia St. No. 1, p. 19)

12. EGTS imposes hourly restrictions in its pipeline pursuant to its tariff. The threat of hourly restrictions has increased in recent winters, including an hourly restriction issued on two separate occasions during the winter of 2022-2023 on EGTS' PL-1 System, which serves the State College market. EGTS also issued several alert notices for potential hourly restrictions during the winter of 2023-2024. (Columbia St. No. 1, pp. 20-21)

13. Columbia would have received a penalty during the winter of 2022-2023 if its capacity had equaled the actual firm daily throughput. In addition, if Columbia's hourly demand exceeds its hourly rights, then EGTS may experience low pressure on its system, which could negatively impact Columbia's ability to provide reliable service to its customers. (Columbia St. No. 1, p. 23)

14. Columbia's capacity portfolio contains a substantial amount of storage. Storage capacity enables Columbia to purchase a majority of its annual customer requirements during the summer months. Some of the summer purchase volume is used to serve current customer demand, while storing most of the volume to serve customer demand the following winter. (Columbia Ex. No. 5, pp. 10-12)

15. Columbia Transmission is an unaffiliated interstate pipeline. Numerous Columbia Transmission facilities are used to transport and store Columbia's supply purchases. Because Columbia's local market areas are spread across Pennsylvania and are connected primarily, and in many cases exclusively, to Columbia Transmission facilities, the vast majority of Columbia's peak day supply is delivered by Columbia Transmission. (Columbia St. No. 1, pp. 9-11; Columbia Ex. No. 5, pp. 10-11)

16. Columbia contracts with Columbia Transmission for 60,551 Dth of Firm Transportation capacity, under a contract expiring March 31, 2026, to retain enough capacity to meet firm demands. (Exhibit No. 1-D-3 Attachment 1, p. 1; Exhibit No. 5, p. 10)

17. The majority of Columbia's Columbia Transmission capacity also has grandfathered Maximum Daily Delivery Obligation ("MDDO") and Daily Delivery Quantity ("DDQ") rights. These grandfathered MDDO and DDQ rights provide Columbia the necessary flexibility to receive varying volumes at each of its approximately 300 individual receipt points from Columbia Transmission each day. This flexibility is critical to the efficient operation of Columbia's transportation services and the efficient, least cost management of Columbia's capacity portfolio. (Columbia Ex. No. 5, pp. 10-11)

18. Columbia contracts for three primary firm services from Columbia Transmission: Firm Transportation Service ("FTS"), Firm Storage Service ("FSS"), and Storage Service Transportation ("SST"). The FTS capacity provides for the firm transportation of flowing gas supplies delivered by Columbia Transmission, either from Appalachian receipt points or interconnects with upstream pipelines, to Columbia's city gates or storage. The FSS capacity provides daily injection and withdrawal capacity into or out of storage, along with firm daily deliverability and seasonal storage capacity. SST capacity primarily is used to provide firm

transportation of storage volumes from Columbia Transmission's storage fields to Columbia's city gates. SST capacity also transports flowing gas supplies, in excess of Columbia's FTS capacity level, to fill storage during the summer. The use of FSS in conjunction with SST provides Columbia with its primary daily no-notice balancing service. (Columbia St. No. 1, p. 10)

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

- (a) Columbia has six firm transportation contracts and three storage contracts with EGTS. The first transportation contract, provided under EGTS's rate schedule Firm Transportation No-Notice - General Storage Service ("FTNN-GSS"), for 6,000 Dth per day, is utilized to transport storage supplies from EGTS's storage fields to Columbia's city gates. Storage supplies are also transported to Columbia's city gates via a transportation contract under EGTS's rate schedule Firm Transportation ("FT"). This contract has a quantity of 3,000 Dth per day from November through March of each year, and 2,000 Dth per day from April through October of each year. The associated storage contract with EGTS provides Columbia with 9,000 Dth/day of peak day deliverability and approximately 941,176 Dth of seasonal supply. Columbia utilizes these EGTS contracts to provide supplies to its customers in Beaver County through its Darlington interconnect and in Cranberry Township through its Warrendale interconnect. (Columbia St. No. 1, pp. 11-12)

(b) Columbia has two additional storage contracts and three FTNN and FT transportation contracts with EGTS that are utilized to meet the demand and balancing requirements in the State College market. The storage contracts provide for daily withdrawal of 15,000 Dth/day and 4,800 Dth/day with seasonal quantities of 930,000 Dth and 240,000 Dth, respectively. Columbia utilizes 19,800 Dth/day of Rate Schedule FTNN transportation capacity to deliver the EGTS storage supplies to the State College market. Additionally, Columbia has 5,000 Dth/day of FT capacity which it also uses to serve the State College market. (Columbia St. No. 1, p. 12)

(c) Lastly, Columbia has 255 Dth/day of FT capacity with EGTS that provides service to an interconnection serving the Centre Hall market. (Columbia St. No. 1, p. 12)

(d) Columbia also contracts for firm transportation and storage service with Equitrans. The storage service provides peak day deliverability of 19,130 Dth and 2,000,000 Dth of seasonal capacity. The maximum winter season city gate deliveries total 55,000 Dth per day including up to 19,130 Dth from storage. Summer capacity levels are sculpted with 32,000 Dth per day in April and October and 20,000 Dth per day May through September. (Columbia St. No. 1, pp. 12-13; Exhibit No. 5, p. 11)

(e) Columbia excludes from the PGC the cost of the Equitrans storage service, approximately 9,635 Dth/day of the associated 19,130 Dth/day of the winter season FTS Transportation Quantity (“TQ”), and the EGTS storage service and associated 4,800 Dth/day FTNN transportation contract,

to provide service to General Distribution Service (“GDS”) customers under Columbia’s Elective Balancing Service (“EBS”) Option 1. (Columbia St. No. 1, pp. 12-13; Columbia Ex. No. 5, pp. 10-11)

(f) Columbia contracts for firm transportation service with Tennessee totaling 23,600 Dth/day. A total of approximately 19,300 Dth/day is required to serve the design peak day firm customer demand in Columbia markets directly connected to Tennessee, while approximately 4,300 Dth/day is delivered to Columbia’s National Fuel capacity. On days when the 19,300 Dth/day delivered directly to Columbia cannot be absorbed by those markets, Columbia can divert that supply to Tennessee interconnects with Columbia Transmission for injection into storage or delivery to other Columbia markets that are served by Columbia Transmission. (Columbia St No. 1, p. 13)

(g) Columbia contracts for firm transportation service under two rate schedules with Texas Eastern, FT-1 and Comprehensive Delivery Service (“CDS”), totaling 23,635 Dth/day. A total of 20,453 Dth/day is required to serve the design peak day firm customer demand in Columbia markets directly connected to Texas Eastern while 3,082 Dth/day must be delivered to Columbia Transmission, as an upstream supply, to meet design day demand in Columbia markets served by Columbia Transmission. (Columbia St. No. 1, p. 13; Columbia Ex. No. 5, pp. 11-12)

- (h) Columbia contracts for 4,304 Dth/day of city gate capacity under the FTS rate schedule of National Fuel. This capacity provides service to Columbia's Warren market area. (Columbia St. No. 1, p. 14)
- (i) In addition, Columbia also has a contract with National Fuel consisting of enhanced firm transportation (EFT) of 4,000 Dth per day, of which 1,571 Dth per day is received at the Mercer Interconnection and delivered to the Columbia Findlay Township delivery point interconnection in Allegheny County, while 2,429 Dth per day is received from National Fuel's storage receipt point and delivered to the Findlay Township delivery point. Additionally, National Fuel provides an enhanced storage service ("ESS") with a Maximum Storage Quantity ("MSQ") of 267,143 Dth, a Maximum Daily Injection Quantity ("MDIQ") of 1,571 Dth per day, and a Maximum Daily Withdrawal Quantity ("MDWIQ") of 2,429 Dth per day to be used in combination with the EFT service. (Columbia St. No. 1, p. 14)

20. In the past year, Columbia acquired two new contracts: (1) 7,000 Dth of firm transportation on Tennessee with a one winter only term of December 1, 2023, through February 29, 2024; and (2) 2,000 Dth firm transportation on Texas Eastern for a term of December 1, 2023, through November 30, 2024. Columbia entered into these two contracts to address market needs in the Warrendale and Uniontown areas, respectively. (Columbia St. No. 1, p. 15, Columbia Ex. No. 5, p. 11)

21. In addition, Columbia entered into a precedent agreement for capacity as a result of an open season on Texas Eastern's Appalachia to Market III offering. The negotiated agreement has a term of 15 years and is for 3,000 Dth/day from November 1, 2027, through October 31, 2028,

and 5,000 Dth/day beginning November 1, 2028, for the remainder of the agreement. Columbia entered into the precedent agreement to meet forecasted growth in the York area, which was expected to exceed its supply/capacity by the 2031/32 winter season. (Columbia St. No. 1, p. 15, Columbia Ex. No. 5, p. 12)

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

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

24. Columbia maintains a program for purchasing local production. In addition to local gas purchases delivered directly into Columbia's system, Columbia purchased Appalachian pool gas delivered by producers into Columbia Transmission's system and redelivered to Columbia under transportation agreements. Although it is certain that Pennsylvania production enters the Appalachian production pools, once the gas is part of pool supplies it is commingled with other sources of supply. Thus, the portion of these supplies coming from Pennsylvania production is not known. (Columbia St. No. 1, p. 10; Columbia St. No. 4, p. 7; Columbia Ex. 5, p. 9)

25. Columbia annually submits Requests for Proposals ("RFP") to numerous suppliers identified as capable and willing to provide firm gas supplies to Columbia. Columbia requests proposals for supplies with varying term lengths, nomination flexibility and pricing options. (Columbia St. No. 1, pp. 17-18)

26. Columbia's gas purchases were a least cost supply mix during the historic reconciliation period, consistent with reliable service. (Columbia Ex. No. 8-C; Columbia St. No. 4, p. 3)

27. In the twelve months ended January 31, 2024, Columbia did not shut in or withhold from the market any gas supply or transportation or storage capacity other than for the purposes of retaining sufficient supply to assure reliable supply and balancing services under colder than normal conditions. (Columbia Ex. No. 8-E)

28. Columbia's gas purchasing strategy is to contract for a portfolio of gas supplies and capacity that has the flexibility both to meet reliability standards and be able to take advantage of low-price opportunities when available and operationally feasible. (Columbia St. No. 4, p. 4)

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

30. Columbia retains firm contractual rights to all storage, other upstream pipeline and capacity, if any, and all capacity assignments made to Natural Gas Suppliers ("NGSs") participating in Columbia's Customer Choice program are made on a recallable basis. This allows Columbia to maintain service in the event an NGS fails to deliver supplies under Columbia's Customer Choice Program, which is consistent with Columbia's obligations as the SOLR. (Columbia St. No. 1, p. 36-37)

31. Pursuant to Columbia Transmission's tariff, Columbia must plan the use of storage so that no more than 65% of its FSS seasonal storage quantity remains in inventory after February 1 and no more than 25% remains after April 1. Columbia Transmission may also issue operational orders mandating storage withdrawals with penalties for noncompliance. Noncompliance with

Columbia Transmission's tariff limitations could result in confiscation by the pipeline of volumes exceeding tariff limits. (Columbia Ex. No. 5, pp. 15-17)

32. For supply planning purposes, Columbia determines customer demand under various weather scenarios. Columbia determines customer demand under a colder-than-normal weather scenario to plan its gas supply and capacity portfolio to ensure that it is adequate to meet increased customer demand. Columbia also determines customer demand under a warmer-than-normal weather scenario to plan the flexibility needed in its supply and capacity portfolio to meet reduced customer demand at least cost. (Columbia Ex. No. 5; Columbia St. No. 1, pp. 4-8)

33. On all days, including days of peak demand, Columbia must be ready to serve the demand of Sales Service customers and to provide balancing for CHOICE Service customers. To ensure reliability, Columbia has established design parameters for estimating Sales Service and CHOICE Service customer demand under extreme weather conditions. Columbia's Design Day Forecast is based on design day conditions consisting of current day design temperature, prior day design temperature, current day design wind speed, and occurrence on a weekday. Columbia updates the design conditions approximately every five to ten years. (Columbia Ex. No. 5, pp. 3-5; Columbia St. No. 1, pp. 6-8)

34. In order for Columbia to inject sufficient gas supplies into its storage accounts, particularly its FSS account with Columbia Transmission, to meet winter season customer demand, it purchases gas supplies in volumes exceeding its FTS capacity during the summer. These additional gas purchases are made under spot market contracts and delivered to its storage accounts using Columbia Transmission's SST capacity at secondary receipt and delivery points. (Columbia St. No. 4, p. 6)

35. Columbia manages its off-system sales and capacity release programs under its Unified Sharing Mechanism (“USM”). Off-system sales include exchanges with third-parties, also known as “park and loan” transactions. (Columbia St. No. 4, p. 8; Columbia St. No. 4-R pp. 2-3) Pursuant to the USM, customers receive 75% of the net USM proceeds and Columbia retains the remaining 25% of net proceeds. The customers’ share of USM proceeds is passed back 100% through the Purchased Gas Demand Cost (“PGDC”). (Columbia St. No. 4, pp. 8-9)

36. Consistent with the 2023 1307(f) Settlement, Columbia executed financial hedges according to the agreed upon program.² (Columbia St. No. 4, p. 11)

37. The Company’s financial hedges are carried out under a product known as a “fixed to float,” whereby the price is fixed upon execution and settles out monthly at the NYMEX Henry Hub futures expiration price. Upon the expiration of the contract, the difference between the expiration price and fixed price is exchanged between Columbia and the supplier. The funds received flow through to the PGC customers. (Columbia St. No. 4, pp. 11-12)

IV. SETTLEMENT

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

A. GENERAL

39. Columbia’s 2024 PGC filing meets the standards set forth in Sections 1317 and 1318 of the Public Utility Code, 66 Pa.C.S., §§ 1317 and 1318, and the Commission should approve Columbia’s 2024 PGC filing as filed, and make the findings described in Section V of this Settlement.

² See *Pa. PUC, et al. v. Columbia Gas of Pennsylvania, Inc.*, Docket Nos. R-2023-303860, et al. (Order approving settlement entered Aug. 24, 2023).

B. MAX HOUR ADJUSTMENT

40. The Company's proposed Max Hour adjustment, included in Table 4 of Columbia Exhibit No. 5 and described on page 20 of the direct testimony of Tina Monnig (Columbia St. No. 1), is accepted.

C. PARK AND LOAN TRANSACTIONS

41. The OCA agrees to not challenge the completed park and loan transactions or pursue a disallowance of costs related thereto in the historic review period as set forth in the Direct Testimony of Jerome D. Mierzwa based on the explanation contained in the Company's Rebuttal Testimony, which fully satisfied the concerns of the OCA.

V. STANDARDS AND FINDINGS

42. This proceeding is a consolidation of two reviews that the Commission is required to undertake pursuant to Sections 1307 and 1318 of the Public Utility Code. Pursuant to Section 1307(f) of the Public Utility Code, 66 Pa.C.S. § 1307(f), the Commission must determine whether Columbia has met the standards of Section 1318, 66 Pa.C.S. § 1318, with regard to the gas costs Columbia has incurred during a historic 12-month period. The historic period reviewed in this proceeding is the 12-month reconciliation period ended January 31, 2024. In addition, because Columbia has filed a tariff proposing a new rate reflecting a change in its natural gas costs, the Commission must determine whether the specific findings of Section 1318 can be made with regard to the period that rates will be in effect in the Application Period. This finding is a condition precedent to the Commission's approval of the Company's proposed rates. 66 Pa.C.S. § 1318. It is to be noted that the provisions of Section 1318(a) are applicable to all gas utilities that recover their gas costs pursuant to Section 1307(f). The new tariff rate is intended to become effective October 1, 2024.

43. Columbia did not make any purchases from affiliates during the historic period. (Columbia Ex. 8-A, p. 1) To the extent that affiliated interests offer Columbia gas supplies under competitive terms and conditions, Columbia will consider those supplies like all others in accordance with its policy of purchasing gas supplies from reliable sources at the lowest cost. Therefore, it is requested that the Commission make the findings under Section 1318(b) concerning gas supplies from affiliates.

A. HISTORIC RECONCILIATION PERIOD STANDARDS

44. With respect to Columbia's gas purchases and gas purchasing practices during the twelve-month historic reconciliation period ended January 31, 2024, it is requested that the Commission find that Columbia has met the standards set out in Section 1318 of the Public Utility Code, 66 Pa.C.S. § 1318, and required by Section 1307(f)(5) of the Public Utility Code, 66 Pa.C.S. § 1307(f)(5), as to all actual purchased gas costs in the historic period. It is requested that the Commission find, pursuant to Section 1307(f)(5) of the Public Utility Code, and based upon the evidence presented by the Petitioners in this case, that, during the twelve months ended January 31, 2024: (1) Columbia met the requirements of Section 1318(a) of the Public Utility Code by pursuing a least-cost fuel procurement policy, consistent with its obligation to provide safe, adequate and reliable service to its customers; and (2) Columbia met the requirements of Section 1318(b) of the Public Utility Code relating to its consideration of offers from affiliates for gas, transportation and storage services.

B. PROJECTED AND INTERIM PERIOD FINDINGS

45. With respect to the twelve-month period beginning October 1, 2024, which is the period of time during which the proposed rates contained in this Settlement would be in effect, it is requested that the Commission make the findings under Section 1318 of the Public Utility Code, including Sections 1318(a)(1) through (a)(4), and 1318(b)(1) through (b)(3), based upon

information presently available and based upon evidence of record in this proceeding concerning Columbia's purchasing policies.

46. The Petitioners agree that, based upon evidence of record in this proceeding concerning Columbia's projected gas purchases and gas purchasing policies, it appears that Columbia's projected gas purchases and projected gas purchasing policies will comply with the standards of Section 1318 of the Public Utility Code. Nevertheless, it is expressly understood and agreed that the findings relating to the rate to become effective October 1, 2024, are made solely for the purpose of setting prospective rates that shall be subject to the standards of Section 1318, and further reviewed in an appropriate future proceeding. This Section of the Settlement is not intended to limit or prevent in any way present or future complainants from reviewing, after such projected gas purchases have been made and gas purchasing practices have been implemented, whether Columbia's gas purchases and gas purchasing practices have, in fact, complied with the standards of Section 1318. If, in an appropriate future proceeding, gas purchases and gas purchasing practices relating to the period October 1, 2024, through September 30, 2025, are challenged, the Commission's findings in this Section of the Settlement shall pose no bar to the examination of such purchases and practices including, but not limited to, disallowance of, or reductions to, such costs during the one-year period commencing October 1, 2024.

47. The Petitioners agree that future examination of the gas costs relating to the period February 1, 2024, through September 30, 2025, to determine whether Columbia's experienced and projected gas purchases and gas purchasing practices complied with the standards set forth in Section 1318 of the Public Utility Code shall be permitted and that the Commission's adoption of the findings under this Section of the Settlement shall not be construed to limit or prevent any disallowance or reduction of such costs.

VI. CONDITIONS OF SETTLEMENT

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

49. This Settlement is proposed by the Petitioners to settle all issues in the instant proceeding. If the Commission does not approve the Settlement and the proceedings continue, the Petitioners reserve their respective procedural rights to hearing and briefing, and to argue their respective positions. The Settlement is made without any admission against, or prejudice to, any position that any party may adopt in the event of any subsequent litigation of these proceedings, or in any other proceeding.

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

51. Attached as Appendices "A" and "B" are Statements of Support submitted by Columbia and OCA, respectively, setting forth the bases upon which they believe the Settlement is in the public interest. Attached as Appendix "C" is I&E's letter regarding the Settlement.

VII. CONCLUSION

WHEREFORE, the Petitioners, by their respective counsel, respectfully request that the Honorable Administrative Law Judge Emily I. Devoe and the Commission approve this Settlement, including all terms and conditions thereof, without modification and that the Commission enter an Order consistent with this Settlement and mark the complaints at Docket Nos. C-2024-3047737 and C- C-2024-3047686 closed.

Respectfully submitted,



Date: 6/20/24

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For: Columbia Gas of Pennsylvania, Inc.

Date: 6/19/24

/s/ Melanie Joy El Atieh

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Date: _____

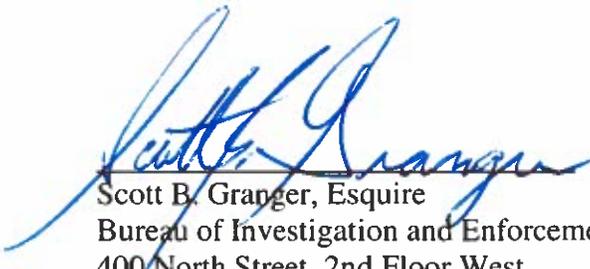
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Appendix A

PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	R-2024-3047014
Office of Consumer Advocate	:	C-2024-3047737
Office of Small Business Advocate	:	C-2024-3047686
	:	
v.	:	
	:	
Columbia Gas of Pennsylvania, Inc.	:	

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

Columbia Gas of Pennsylvania, Inc. (“Columbia” or the “Company”) submits this Statement in Support of the Joint Petition for Settlement in the above-captioned proceedings (“Settlement”). Signatories to the Settlement are the Office of Consumer Advocate (“OCA”), the Pennsylvania Public Utility Commission’s (“Commission”) Bureau of Investigation and Enforcement (“I&E”), and Columbia, parties to the above-captioned proceeding (hereinafter collectively referred to as the “Joint Petitioners”).¹ The Settlement resolves all issues in this proceeding.

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

¹ The Office of Small Business Advocate (“OSBA”) has indicated that it does not oppose the Settlement.

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

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

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

I. THE SETTLEMENT IS IN THE PUBLIC INTEREST

A. APPROVAL OF COLUMBIA'S 2024 PGC FILING

The Settlement provides for the approval of Columbia's 2024 PGC filing as filed. Settlement ¶ 39. In accordance with the proposed findings of facts and statutory findings contained in the Settlement, the Company's 2024 PGC filing is in the public interest and should be approved.

Approval of Columbia's 2024 PGC filing is in the public interest because the record evidence demonstrates that Columbia has met the standards set forth in Sections 1307 and 1318 of the Public Utility Code, 66 Pa. C.S., §§ 1307 and 1318. Pursuant to Section 1307(f) of the Public Utility Code, 66 Pa.C.S. § 1307(f), the Commission must determine whether Columbia has met the standards of Section 1318, 66 Pa.C.S. § 1318, with regard to the gas costs Columbia has incurred during a historic 12-month period. The historic period reviewed in this proceeding is the

12-month reconciliation period ended January 31, 2024. In addition, because Columbia has filed a tariff proposing a new rate reflecting a change in its natural gas costs, the Commission must determine whether the specific findings of Section 1318 can be made with regard to the period that rates will be in effect in the projected period. This finding is a condition precedent to the Commission's approval of the Company's proposed rates. 66 Pa.C.S. § 1318. Section 1318 provides:

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

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

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

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

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

(b) Limitation on gas purchased from affiliates.--In any instance in which a natural gas distribution company purchases all or part of its gas supplies from an affiliated interest, as that term is defined in section 2101 (relating to definition of affiliated interest),

the commission, in addition to the determinations and findings set forth in subsection (a), shall be required to make specific findings with regard to the justness and reasonableness of all such purchases. Such findings shall include, but not be limited to findings:

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

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

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

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

66 Pa.C.S. § 1318.

Upon review of Columbia's filing and after substantial discovery, the Joint Petitioners agree that Columbia's 2024 PGC case, as filed, complies with the requirements of Section 1318 of the Public Utility Code, 66 Pa C.S. § 1318(a), and that the record evidence supports a finding that Columbia is pursuing a least cost fuel procurement policy, consistent with the utility's obligation to provide safe, adequate and reliable service to its customers. *See* Columbia Ex. No. 8-E. Therefore, the Settlement requests that the Commission make the findings as set forth in Section 1318 that are required to approve Columbia's PGC filing.

Specifically, with respect to Section 1318(a)(1), the record demonstrates that Columbia has intervened and actively participated in the Federal Energy Regulatory Commission ("FERC") proceedings of the interstate pipelines serving Columbia, including Columbia Gas Transmission, L.L.C. ("Columbia Transmission"), Equitrans, L.P. ("Equitrans"), National Fuel Gas Supply Corporation ("National Fuel"), Tennessee Gas Pipeline Company, L.L.C. ("Tennessee"), Texas

Eastern Transmission, L.P. (“Texas Eastern”) and Eastern Gas Transmission and Storage (“EGTS”). Columbia St. No. 1, pp. 37-40; Columbia Ex. No. 3. Columbia has been active before the FERC in proceedings that have the potential to significantly impact Columbia’s efforts to provide reliable gas service at the least cost. Columbia will continue its policy of active participation in individual pipeline supplier rate and certificate proceedings before the FERC, along with FERC generic-type rulemaking and policy proceedings which could have a material impact on Columbia’s costs or operations, as fully described in Columbia Statement No. 1, pp. 37-40.

Concerning Sections 1318(a)(2) and (3), the record demonstrates that Columbia has taken all prudent steps necessary to negotiate favorable gas supply contracts and to relieve the utility from terms in existing contracts with its gas suppliers which are or may be adverse to the interests of the utility's ratepayers. The record further demonstrates that Columbia has taken all prudent steps necessary to obtain lower cost gas supplies on both short-term and long-term bases both within and outside the Commonwealth, including the use of gas transportation arrangements with pipelines and other distribution companies. In order for Columbia to meet its objective of securing and delivering competitively-priced, reliable gas supplies, Columbia has developed a portfolio of gas purchase contracts, which can include long-term, short-term and spot contracts, that have flexibility both to meet reliability standards and to be able to take advantage of low priced opportunities where available and operationally feasible. *See* Columbia St. No. 1, pp. 9-23. Columbia continues to evaluate alternatives to its existing supply and capacity portfolio on an ongoing basis and makes changes to those contracts when it is prudent to do so. Columbia St. No. 1, p. 16. Columbia annually submits Request for Proposals (“RFP”) to numerous suppliers identified as capable and willing to provide firm gas supplies to Columbia. Columbia requests

proposals for supplies with varying term lengths, nomination flexibility and pricing options. Columbia St. No. 1, pp. 17-18. Columbia also maintains a program for purchasing local production. In addition to local gas purchases delivered directly into Columbia's system, Columbia purchased Appalachian pool gas delivered by producers into Columbia Transmission's system and redelivered to Columbia under transportation agreements. Columbia St. No. 1, p. 10; Columbia St. No. 4, p. 7; Columbia Ex. No. 5, p. 9.

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

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

Finally, consistent with Section 1318(c), in the twelve months ended January 31, 2024, Columbia did not shut in or withhold from the market any gas supply or transportation or storage capacity other than for the purposes of retaining sufficient supply to assure reliable supply and balancing services under colder than normal conditions. Columbia Ex. No. 8-E.

Approval of Columbia's PGC filing is in the public interest because Columbia has complied with all relevant provisions of the Public Utility Code with respect to its PGC, as demonstrated by the undisputed facts set forth above, in the Settlement, and as more fully explained in Columbia's PGC filing.

B. MAXIMUM HOURLY DESIGN ADJUSTMENT (“MAX HOUR ADJUSTMENT”)

In assessing the reasonableness of its contracted pipeline capacity, Columbia has a policy that its design day capacity be within 103% of its peak day requirements, five years into the future. Columbia St. No. 1, p. 19. As explained in the direct testimony of Columbia witness Monning, Columbia’s reconciliation of its firm peak day capacity entitlement level with its future years’ firm design day demand includes a Max Hour Adjustment to the design day demand. Columbia St. No. 1, pp. 19-23; Columbia Ex. TMM-2; Columbia Ex. No. 5, p. 9. The Max Hour Adjustment was made to account for the potential of hourly flow restrictions on EGTS. Columbia St. No. 1, p. 19. EGTS’s FERC-approved tariff allows it to impose peak usage restrictions on the basis of hourly demands. Columbia St. No. 1, p. 21. EGTS has increased its enforcement of hourly restrictions in recent years. *Id.* The enforcement of hourly demand restrictions by EGTS has potential real world consequences for Columbia. For example, Columbia would have received a penalty during the winter of 2022-2023 if its capacity had equaled the actual firm daily throughput, because Columbia would have exceeded its EGTS hourly flow limits. Columbia St. No. 1, p. 23. In addition, if Columbia’s hourly demand exceeds its hourly rights, then EGTS may experience low pressure on its system, which could negatively impact Columbia’s ability to provide reliable service to its customers. Columbia St. No. 1, p. 23. To address the need to account for sufficient capacity to meet the hourly demand requirements of EGTS on a design day, Columbia has included a Max Hour Adjustment.

No party opposed the Company’s proposed Max Hour Adjustment. In the Settlement, the Joint Petitioners agree to accept the Company’s Max Hour Adjustment as set forth in Table 4 of Columbia Exhibit No. 5 and described on page 20 of the direct testimony of Columbia witness Monning. Settlement ¶ 40.

Approval of the Max Hour Adjustment is in the public interest because it allows the Company to recognize additional flexibility for Columbia's EGTS contracts, remain in compliance with the hourly restrictions of EGTS, and have enough firm capacity to serve its firm customers across its system and provide reliable service. Columbia St. No. 1, p. 23. For these reasons and as explained in the testimony of Columbia witness Monnig, the Settlement term approving the Max Hour Adjustment is in the public interest and should be approved.

C. COMPLETED PARK AND LOAN TRANSACTIONS

As explained in the direct testimony of Columbia witness Pluard, Columbia manages its off-system sales and capacity release programs under its Unified Sharing Mechanism ("USM"), including exchange transactions with third-parties known as "park and loan" transactions. Columbia St. No. 4, p. 8; Columbia St. No. 4-R pp. 2-3. During a park transaction, a third party will give Columbia gas on a day or a series of days, after which Columbia will return the gas. Similarly, for a loan transaction, a third party will take gas from Columbia on a day or a series of days and return it later. Columbia St. No. 4-R, p. 2. Columbia typically receives a payment, or premium, from the third party for the exchange, which lowers rates for customers. The premium amount received is shared 75% to PGC customers and 25% to Columbia, pursuant to the terms of the USM. Columbia St. No. 4-R, p. 2.

In his direct testimony, OCA witness Mierzwa recommended a disallowance related to certain of the Company's park and loan transactions completed during the historic review period, claiming that PGC customers were harmed by these transactions because they increased the purchased gas costs of Columbia's PGC customers. OCA St. No. 1, pp. 5, 8. In rebuttal testimony, Columbia witness Pluard explained that the OCA's claim that customers were harmed by these transactions was based on the erroneous assumption that gas was somehow bought or not bought at the published Inside FERC monthly rate to complete these transactions. Columbia St. No. 4-R,

pp. 2-3. As witness Pluard explained, park and loan transactions are completely different from purchases and sales; rather, parks and loans are transactions that the Company uses to manage storage levels, as well as pipeline restrictions, during various temperature swings. Columbia St. No. 4-R, pp. 2-3. In his rebuttal testimony, Columbia witness Pluard detailed how Columbia managed each of the exchange transactions questioned by OCA witness Mierzwa. This demonstration showed that each transaction was not managed by sales of gas in the relevant months, but instead was managed through use of storage. Mr. Pluard further showed that the exchanges helped Columbia to meet its daily, monthly, or seasonal storage targets, and avoid potential pipeline penalties for storage balances outside of monthly storage limits. *See* Columbia St. No. 4-R, pp. 4-10.

In the Settlement, the Joint Petitioners agree that OCA's proposal to disallow costs related to completed park and loan transactions in the historic review period will not be adopted because the Company's rebuttal testimony on this issue fully satisfied the concerns of the OCA. Settlement ¶ 41. This Settlement term is in the public interest and should be approved because it maintains Columbia's existing process for completing park and loan transactions under its USM, which in turn helps the Company lower rates for customers and achieve storage targets. For these reasons and as explained in the testimony of Columbia witness Pluard, the Settlement term approving the completed park and loan transactions is in the public interest and should be approved.

II. CONCLUSION

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

Respectfully submitted,

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Date: June 20, 2024

Appendix B

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	
Office of Consumer Advocate	:	
Office of Small Business Advocate	:	Docket Nos. R-2024-3047014
	:	C-2024-3047737
v.	:	C-2024-3047686
	:	
Columbia Gas of Pennsylvania, Inc.	:	
	:	

STATEMENT OF THE OFFICE OF CONSUMER ADVOCATE
IN SUPPORT OF SETTLEMENT

The Office of Consumer Advocate (OCA), one of the signatory parties to Joint Petition for Settlement of Rate Investigation pursuant to 66 Pa. C.S. § 1307(f) (Settlement), finds the terms and conditions of the Settlement regarding the Company’s compliance with the requirements of 66 Pa. C.S. §§ 1307(f) and 1318 to be in the public interest and hereby submits this Statement in Support.

I. INTRODUCTION

On March 1, 2024, Columbia Gas of Pennsylvania, Inc. (Columbia or Company) submitted its purchased gas cost (PGC) pre-filing information in support of its annual reconciliation of PGC rates pursuant to Section 1307(f) of the Public Utility Code. *See* 52 Pa. Code §§ 53.64, 53.65; *see also* 66 Pa. C.S. § 1307(f). On April 1, 2024, Columbia submitted its definitive filing providing additional supporting data and exhibits as well as the written testimony of witnesses in support of Tariff Supplement No. 379, to be effective for service rendered on and after October 1, 2024. In Supplement No. 379, Columbia proposes an increase in its rates for recovery of purchased gas costs of \$0.01968/Therm.

The Company's 1307(f) filing was assigned to the Office of Administrative Law Judge and was further assigned to the Honorable Administrative Law Judge (ALJ) Emily I. DeVoe for investigation and scheduling of hearings to determine whether Columbia's gas costs comply with the standards set forth in the Public Utility Code. The OCA filed a Formal Complaint in this proceeding on March 21, 2024, to evaluate the reasonableness of the Company's proposed PGC rates. The OCA submitted the written Direct Testimony of Jerome D. Mierzwa in this proceeding.¹ A complete procedural history of this proceeding can be found in the Joint Petition for Settlement at Section II.

The OCA submits that the Settlement is in the public interest for the reasons set forth below.

II. SETTLEMENT IS IN THE PUBLIC INTEREST

The Commission encourages parties in contested, on-the-record proceedings to settle cases. *See* 52 Pa. Code § 5.231. A settlement, by definition, reflects a compromise of the parties' positions. When active parties in a proceeding reach a settlement, the principal issue for Commission consideration is whether the settlement suits the public interest. *Pa. PUC v. CS Water and Sewer Associates*, 74 Pa. PUC 767, 711 (1991); *see also Pa. PUC v. Phila. Electric Co.*, 60 Pa. PUC 1, 21 (1985).

The OCA submits that this proposed Settlement is in the public interest and should be approved. The OCA, with the assistance of its expert witness, Mr. Mierzwa, conducted discovery in this proceeding through five sets of interrogatories.

As part of his review, Mr. Mierzwa reviewed Columbia's actual gas procurement activity during the historic review period of February 1, 2023 through January 31, 2024, for consistency

¹ *See* OCA Statement 1 of Jerome D. Mierzwa.

with least-cost gas procurement standards. OCA St. 1 at 4-5. Actual and projected purchased gas costs and revenues experienced by Columbia during the 2023 PGC period (August 1, 2023 through July 31, 2024) are reconciled, and any under- or over-collections are reflected in determining the PGC rate applicable during the 2024 PGC period (August 1, 2024, through July 31, 2025). *Id.* at 4. The 2024 PGC rate, through quarterly PGC rate adjustments, will reflect projected purchased gas costs for that period, adjusted for the 2023 PGC period purchased gas cost net under-collections or over-collections. *Id.* at 4.

In his Direct Testimony, Mr. Mierzwa expressed concern with Columbia's park and loan transactions² because they could have increased the purchased gas costs for Columbia's PGC customers, which would be inconsistent with Columbia's statutory, least-cost procurement obligation. OCA St. 1 at 6. In determining the impact of Columbia's park and loan transactions, Mr. Mierzwa used Columbia Gas Transmission index prices as reported by *INSIDE FERC's Gas Market Report* given that Columbia Gas Transmission is Columbia's primary interstate service provider. *Id.* at 7. Mr. Mierzwa recommended that Columbia present an analysis and demonstrate in its rebuttal testimony that an adjustment is not appropriate; otherwise, he recommended a reduction to the PGC rate to be recovered from PGC customers. *Id.* at 8. Most importantly, Mr. Mierzwa testified that he had attempted to address his concerns through discovery but that the Company had responded to OCA's interrogatory Set 4, question 4, in a way (under a confidential response) that provided no analysis or demonstration that PGC customers were not adversely

² A park is a transaction wherein a counterparty delivers gas to Columbia during one month and Columbia returns that gas during a subsequent month. A loan is a transaction wherein Columbia delivers gas to a counterparty during one month and the counter-party returns that gas during a later month. A park or loan can be for an extended period of multiple months. Columbia generally receives a fee from the counterparty for its park and loan transactions. The fee is currently shared 75% with PGC customers and Columbia retains the remaining 25% under the Company's Unified Sharing Mechanism. OCA St. 1 at 5.

affected by the Company's park and loan transaction that had been completed during the historical period. *Id.* at 9.

In Rebuttal Testimony, Columbia St. No. 4-R, Mr. Patrick Pluard testified that the gas subject to the park and loan transactions was not bought and sold at the published Inside FERC monthly rate and was used to achieve month-end storage withdrawal targets and seasonal storage targets to avoid penalties and, in the process, it received a fee and shared that revenue with PGC customers. Columbia St. No. 4-R at 3-4, 5-6. Mr. Pluard explained fully how each of the park and loan exchanges listed in Mr. Mierzwa's Exhibit JDM-1 resulted in no ratepayer harm. *Id.* at 4-10.

The Settlement provides that the OCA's concerns with the park and loan transactions discussed in Mr. Mierzwa's testimony are satisfied based on the full explanation contained in Mr. Pluard's rebuttal testimony. Settlement ¶ 41. Accordingly, in the Settlement, the OCA agreed to not challenge the completed park and loan transactions or pursue a disallowance of costs related thereto in the historic review period as set forth in the Direct Testimony of Jerome D. Mierzwa. Settlement ¶ 41. The Company's Rebuttal testimony of Mr. Pluard and the Settlement provisions, taken together, address the OCA's concerns and recommendations on these issues and represent a reasonable compromise of the parties' positions in this proceeding and is in the public interest; thus, it should be approved.

As a result of its review of the filing and testimony in this proceeding, the OCA submits that Columbia's PGC filing meets the requirements of 66 Pa. C.S. § 1307(f) generally and specifically with regard to showing that the Company's natural gas costs are consistent with a least cost fuel procurement policy required by 66 Pa. C.S. § 1318. As such, the OCA submits that the

Commission should approve Columbia’s proposed PGC rate and tariff changes in accordance with the Settlement.

III. CONCLUSION

The Office of Consumer Advocate submits that the terms of the Settlement are in the public interest and in the interest of Peoples’ ratepayers. Based on the above reasons, the Office of Consumer Advocate submits that the Commission should approve the proposed Settlement.

Respectfully submitted,

/s/ Melanie Joy El Atieh
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Counsel for:
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Consumer Advocate

DATED: June 20, 2024

Appendix C



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

BUREAU OF
INVESTIGATION
&
ENFORCEMENT

June 20, 2024

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

Re: Pennsylvania Public Utility Commission v.
Columbia Gas of Pennsylvania, Inc. - 1307(f)
Docket No. R-2024-3047014
I&E Letter of Non-Opposition of Settlement

Dear Secretary Chiavetta:

Please accept this letter as notification that the Bureau of Investigation and Enforcement (I&E) does not oppose the settlement reached in the above-referenced proceeding as set forth in the Joint Petition for Settlement. I&E reviewed the Columbia Gas 1307(f) filing and elected to not file any written testimony or raise any objections.

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

Sincerely,

A handwritten signature in black ink that reads 'Scott B. Granger'.

Scott B. Granger
Prosecutor
Bureau of Investigation and Enforcement
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