

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	R-2025-3053663
Office of Consumer Advocate	:	C-2025-3053812
Office of Small Business Advocate	:	C-2025-3054329
	:	
v.	:	
	:	
Columbia Gas of Pennsylvania, Inc.	:	

RECOMMENDED DECISION

Before
Emily I. DeVoe
Administrative Law Judge

INTRODUCTION

This decision recommends that the Joint Petition for Settlement of Rate Investigation pursuant to 66 Pa.C.S. § 1307(f), executed and submitted at this docket by Columbia Gas of Pennsylvania, Inc. (Columbia or Company) and the Office of Consumer Advocate (OCA), and unopposed by the Bureau of Investigation and Enforcement (I&E), and the Office of Small Business Advocate (OSBA), be approved without modification as it is in the public interest and is consistent with the requirements of the Public Utility Code.¹ The suspension date of the Company’s filing is October 1, 2025. The last reasonable public meeting date prior to the suspension date is September 11, 2025.

¹ I&E and OSBA, while not signatories to the Settlement, do not oppose the Settlement. Joint Petition for Settlement (Settlement) p. 1, n.1.

HISTORY OF THE PROCEEDINGS

On February 28, 2025, Columbia made its required pre-filing under Section 1307(f) of the Public Utility Code, 66 Pa.C.S. § 1307(f)(3), and 52 Pa. Code § 53.65, in connection with the Company's Purchased Gas Cost (PGC) filing for the period beginning October 1, 2025.

On April 1, 2025, the Company submitted Supplement No. 398 to Tariff Gas Pa. P.U.C. No. 9, along with its definitive filing pursuant to Section 1307(f) of the Public Utility Code. 66 Pa.C.S. § 1307(f). Supplement No. 398 is to become effective for service rendered on and after October 1, 2025, and proposes an increase in its rates for recovery of purchased gas costs of \$0.20855/Therm.

The Pennsylvania Public Utility Commission (Commission) instituted an investigation to determine the lawfulness, justness, and reasonableness of the rates proposed in the Section 1307(f) filing and to satisfy the requirements of Sections 1307, 1317, and 1318 of the Public Utility Code, 66 Pa.C.S. §§ 1307(f), 1317, and 1318.

On March 14, 2025, OCA filed a Notice of Appearance. On March 24, 2025, OCA filed a Formal Rate Complaint and Public Statement docketed C-2025-3053812. On March 26, 2025, I&E filed its Notice of Appearance. On March 31, 2025, OSBA filed its Notice of Appearance, Formal Rate Complaint, and Public Statement docketed at C-2025-3054329.

On March 26, 2025, the Commission issued a Prehearing Conference Notice and Prehearing Conference Order, scheduling a prehearing conference for April 2, 2025.

A prehearing conference was held on April 2, 2025, as scheduled. Columbia, I&E, OCA, and OSBA were all present and represented by counsel. At the prehearing conference, the undersigned established a litigation schedule. The undersigned also set forth discovery rules, which included shorter response times than those provided in the Commission's regulations.²

On April 7, 2025, the undersigned issued a Prehearing Order, which, *inter alia*, confirmed the litigation schedule and consolidated the complaints filed by OCA and OSBA with the rate case docketed at R-2024-3053663.

Columbia served its direct testimony and exhibits on April 1, 2025. No other party submitted testimony.

An Evidentiary Hearing Notice was issued April 5, 2024, scheduling an in-person evidentiary hearing for May 27, 2025, at the Commission's offices in Harrisburg, Pennsylvania.

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 prior to the evidentiary hearing date.

On May 16, 2025, Columbia, OCA, I&E, and OSBA (collectively, Stipulating Parties) filed a Joint Stipulation for the Admission of Evidence (Joint Stipulation), requesting that the evidence be entered into the record by stipulation, waiving cross-examination of all witnesses, and requesting that the evidentiary hearing be cancelled.

² See 52 Pa. Code § 5.341 *et seq.*

On May 19, 2025, the Commission issued a Hearing Cancellation Notice, cancelling the evidentiary hearing scheduled for May 27, 2025.

On May 20, 2025, the undersigned issued an Interim Order Adopting and Entering into the Record the Joint Stipulation for the Admission of Evidence (Interim Order), which adopted the Joint Stipulation and admitted into the record the statements and exhibits listed in the Joint Stipulation. The Interim Order also required the parties to file all admitted evidence with the Commission’s Secretary’s Bureau by 4:00 p.m. on June 3, 2025, and to file and serve the Joint Petition for Settlement, along with statements in support, by June 13, 2025.

The following exhibits were admitted into the record:

PARTY	STATEMENT/EXHIBITS
Columbia	Columbia Exhibits 1, 1-A (revised), 1-B (revised), 1-C, 1-D, 1-D-1 (revised), 1-D-2, 1-D-3, 1-E, 1-F, 2, 3, 4, 5 (revised), 5-A, 5-B, 6, 7, 8-A, 8-B, 8-C, 8-D, 8-E, 9, 10, 11, 12, 13, 14, 15 (revised), and 16.
	Supplement No. 398 to Tariff Gas – Pa. P.U.C. No. 9.
	Columbia Statement No. 1, the Direct Testimony of Tina Monnig, and Exhibits TMM-1 and TMM-2.
	Columbia Statement No. 2, the Direct Testimony of Jessica Fischer, and Exhibit JF-1.
	Columbia Statement No. 3, the Direct Testimony of Nicole Paloney.
	Columbia Statement No. 4, the Direct Testimony of Patrick Pluard.

On June 3, 2025, Columbia filed its admitted evidence with the Commission’s Secretary’s Bureau.

On June 13, 2025, Columbia and OCA (collectively, Joint Petitioners) filed a Joint Petition for Settlement of Rate Investigation pursuant to 66 Pa.C.S. § 1307(f) (Joint Petition for Settlement or Settlement). There were three appendices to the Settlement, consisting of Statements in Support filed by Columbia (Appendix A) and OCA (Appendix B), as well as a letter of non-opposition from I&E (Appendix C).

OSBA filed a letter indicating its non-opposition to the Settlement on June 13, 2025.

The gas cost rate in effect as of April 1, 2025, is \$0.57607/Therm. The gas cost rate which Columbia proposed in its April 1, 2025, filing, to be effective on October 1, 2025, is \$0.78191/Therm, which is an increase of \$0.20855/Therm. This is the same gas cost rate the Joint Petitioners propose in the Settlement.

This Recommended Decision recommends the Settlement be adopted without modification as it is in the public interest and there are no objections thereto.

FINDINGS OF FACT

The Joint Petitioners agree that Columbia offered evidence to support the following facts, and, subject to the terms and conditions in the Settlement, these facts are sufficient to approve the Settlement and Columbia's 2024 PGC filing.³

1. Columbia's Exhibit No. 3 lists Federal Energy Regulatory Commission ("FERC") proceedings through calendar year 2024 affecting Columbia's ratepayers. Exhibit No. 3 outlines Columbia's participation in these FERC proceedings.

³ See, Settlement, pp 3-15. These Findings of Fact are provided here *verbatim*. The formatting has been preserved for ease of reference.

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. 35-39; Columbia Ex. No. 3)

2. Columbia was active in relevant FERC cases involving Columbia Gas Transmission, L.L.C. ("TCO"), 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. 35-39, 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. 35-39.

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. 4-22; Revised 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, pp. 4-8)

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. 5)

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, p. 11, Columbia Ex. No. 8-C)

9. Columbia contracts for firm transportation and storage services to meet customers' requirements in its diverse market areas. (Revised Columbia Ex. No. 5; Columbia St. No. 1, pp. 10-15) 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. 23-24, 32-35)

10. 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. (Revised Columbia Ex. No. 5, p. 10)

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. (Revised Columbia Ex. No. 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, pp. 18-19)

12. Following the preparation of the Company's pre-filing in this proceeding, Columbia was advised that the 3-year contract with a large industrial customer ending October 31, 2025, for 5,215 Dth of non-recallable capacity release with TCO will not be renewed by the customer. This non-renewal increases the capacity available to serve remaining firm capacity customers. (Columbia St. No. 1, pp. 4, 19)

13. As a result of the foregoing contract termination, Columbia's existing available capacity equals 103.8% of projected firm demand for contract year 2028-29, the highest projected design day firm requirements in Columbia's 2024 Design Day Forecast. (Revised Columbia Ex. No. 15, p. 2) This variance is just outside 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. (Revised Columbia Ex. No. 5, pp. 10-11; Columbia St. No. 1, pp. 18-19; Columbia Ex. No. TMM-2)

14. Columbia is currently evaluating its options for this capacity, including another marketed release. (Columbia St. No. 1, p. 20)

15. There is a level of uncertainty surrounding the future need for this capacity due to TCO's rate case pending at FERC, which includes a proposal to implement 1/24th hourly rights on TCO's system. (Columbia St. No. 1, pp. 20-21)

16. If TCO were to hold Columbia to 1/24th of hourly rights, Columbia would likely need to contract additional capacity over its design day requirements in order to meet the maximum hourly demand on TCO, which in turn would require Columbia to provide an hourly adjustment to its design day requirement to be included in the calculation, similar to the adjustment made for areas served by EGTS. (Columbia St. No. 1, pp. 20-21) Columbia preliminarily estimates that if this 1/24th of hourly rights proposal is adopted, Columbia would experience a capacity deficit of 19,000 Dth, or -2.8%. (Columbia St. No. 1, p. 22)

17. Due to the uncertainty surrounding TCO's 1/24th hourly tariff proposal and its significant impact to Columbia's capacity portfolio, Columbia proposed to evaluate its capacity portfolio and design day requirements and provide an update in next year's 1307(f) filing. (Columbia St. No. 1, p. 22)

18. TCO is an unaffiliated interstate pipeline. Numerous TCO 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 TCO facilities, the vast majority of Columbia's peak day supply is delivered by TCO. (Columbia St. No. 1, pp. 10-12; Revised Columbia Ex. No. 5, pp. 10-11)

19. Columbia contracts with TCO 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)

20. TCO provides approximately 71% of Columbia's winter season demand and about 79% of Columbia's Design Day capacity. (Revised Columbia Ex. No. 5, p. 10)

21. The majority of Columbia's TCO 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 TCO 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. (Revised Columbia Ex. No. 5, p. 11)

22. Columbia contracts for three primary firm services from TCO: 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 TCO, 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 TCO'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, pp. 10-11)

23. In addition to its contracts for transportation and storage from TCO, 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, p. 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, pp. 12-13)

(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. 13)

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

(e) Columbia excludes from the PGC the cost of the Equitrans storage service, approximately 9,384 Dth/day of the associated 19,130 Dth/day of the winter season FTS Transportation Quantity ("TQ"), and the EGTS storage service and associated 4,800 Dth/day

FTNN transportation contract, to provide service to General Distribution Service (“GDS”) customers under Columbia’s Elective Balancing Service (“EBS”) Option 1. (Columbia St. No. 1, p. 13; Revised Columbia Ex. No. 5, p. 11)

(f) Columbia contracts for firm transportation service with Tennessee totaling 23,600 Dth/day. A total of approximately 19,300 Dth/day is required to serve the design peak day firm customer demand in Columbia markets directly connected to Tennessee, while approximately 4,300 Dth/day is delivered to Columbia’s National Fuel capacity. On days when the 19,300 Dth/day delivered directly to Columbia cannot be absorbed by those markets, Columbia can divert that supply to Tennessee interconnects with Columbia Transmission for injection into storage or delivery to other Columbia markets that are served by Columbia Transmission. (Columbia St No. 1, pp. 13-14)

(g) Columbia contracts for firm transportation service under two rate schedules with Texas Eastern, FT-1 and Comprehensive Delivery Service (“CDS”), totaling 25,635 Dth/day. A total of 22,553 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. 14)

(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, pp. 14-15)

24. In the last year, the Company acquired one new contract and renewed two contracts: (1) 9,300 Dth of firm transportation on Tennessee with a one winter only term of November 1, 2024, through March 31, 2025; and (2) Columbia renewed its TCO FSS contract in the amount of 21,948,692 Dth and a TCO SST contract in the amount of 395,714 Dth, which were set to expire on March 31, 2025. Columbia entered into the Tennessee contract to serve the Warrendale area. (Columbia St. No. 1, pp. 15-16, Revised Columbia Ex. No. 5, p. 12)

25. In April 2023, 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. This precedent agreement will serve the York market. (Revised Columbia Ex. No. 5, p. 12)

26. Columbia continues to evaluate alternatives to its existing supply and capacity portfolio on an ongoing basis. (Columbia St. No. 1, p. 16; Revised Ex. No. 5, p. 13)

27. 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)

28. 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 TCO'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; Revised Columbia Ex. No. 5, p. 9)

29. For capacity that is not required for balancing or SOLR services, Columbia submits Requests for Proposals ("RFP") to all suppliers licensed to conduct business on Columbia's system. The RFPs define the delivery points required by Columbia to receive gas supplies, as well as a general outline of the daily delivery volumes by point of delivery. (Columbia St. No. 1, pp. 16-17) Columbia did not receive any offers from suppliers in response to the RFP. (Columbia St. No. 1, p. 17)

30. 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. 4)

31. In the twelve months ended January 31, 2025, 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)

32. 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)

33. 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)

34. 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. 34-35)

35. Pursuant to TCO’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. TCO may also issue operational flow orders mandating storage withdrawals with penalties for noncompliance. Noncompliance with TCO’s tariff limitations could result in confiscation by the pipeline of volumes exceeding tariff limits. (Revised Columbia Ex. No. 5, p. 16)

36. 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. (Revised Columbia Ex. No. 5; Columbia St. No. 1, pp. 5-10)

37. 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. (Revised Columbia Ex. No. 5, pp. 4-5)

38. In order for Columbia to inject sufficient gas supplies into its storage accounts, particularly its FSS account with TCO, 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 TCO's SST capacity at secondary receipt and delivery points. (Columbia St. No. 4, p. 6)

39. Columbia manages its off-system sales and capacity release programs under its Unified Sharing Mechanism ("USM"). Pursuant to the USM, customers receive 75% of the net USM proceeds and Columbia retains the remaining 25% of net proceeds. The customers' share of USM proceeds is passed back 100% through the Purchased Gas Demand Cost ("PGDC"). (Columbia St. No. 4, pp. 8-9)

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

41. 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

⁴ 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).

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, p. 12)^[5]

DESCRIPTION AND TERMS OF SETTLEMENT

In accordance with Rule 5.231 of the Commission’s Rules of Practice and Procedure, 52 Pa. Code § 5.231, the parties explored the possibility of settlement. As a result of settlement discussions, the parties achieved a settlement in principle under which all issues are resolved. The Settlement, which is fully executed by Columbia and OCA, consists of 20 pages. I&E and OSBA were not signatories to the Settlement. The Settlement contains, as appendices, Statements in Support from Columbia and OCA, and a letter of non-opposition from I&E. OSBA separately filed a letter indicating its non-opposition to the Settlement.

Joint Petitioners agree to the Settlement terms set forth below:⁶

A. GENERAL

43. Columbia’s 2025 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 2025 PGC filing as filed, and make the findings described in Section V of this Settlement.

B. CAPACITY PORTFOLIO

44. Due to the uncertainty surrounding TCO’s 1/24th hourly tariff proposal in its pending Section 4 rate case at FERC and its potential impact to Columbia’s capacity

⁵ Settlement, pp. 3-15.

⁶ These terms are included here *verbatim*.

portfolio, Columbia will further evaluate its capacity portfolio and design day requirements and provide an update in its 2026 1307 (f) filing.^[7]

OCA reviewed Columbia’s purchased gas costs and gas purchasing practices and concluded that both are consistent with the standards set forth in the Public Utility Code. The Joint Petitioners request that the Commission make the findings required by Sections 1307 and 1318.⁸

The Settlement also includes the usual “conditions of settlement” that are typically included in rate settlements. These terms, which, among other things, protect the parties’ rights to file exceptions if any part of the Settlement is modified, condition the agreement upon approval by the Commission, and provide that no party is bound in future rate cases by any particular position taken in this case. These additional terms and conditions will not be repeated here *verbatim*. The reader is directed to the Settlement.⁹

PARTIES’ POSITIONS ON THE SETTLEMENT

The Settlement specifically addresses three issues: (1) the proposed increase in PGC, effective October 1, 2025; and (2) Columbia’s capacity portfolio.

Columbia

Columbia avers that the fact that the Settlement is unopposed is, in and of itself, strong evidence the Settlement is reasonable and in the public interest.¹⁰ It argues the Settlement was achieved after a comprehensive investigation of Columbia’s gas

⁷ Settlement, ¶¶ 43-44.

⁸ 66 Pa.C.S. §§ 1307, 1318; Settlement, ¶ 43, 45-49.

⁹ Settlement, ¶¶ 51-54.

¹⁰ Columbia’s Statement in Support, p. 1.

purchasing practices, including extensive discovery and discussion among the parties.¹¹ No parties submitted testimony in opposition to Columbia's filing, providing further support to the appropriateness of resolving this proceeding through settlement. *Id.* Columbia avers the Settlement fairly balances the interests of the Company and its customers.¹²

Columbia notes the Joint Petitioners agree that: (1) Columbia's 2025 PGC as filed complies with the requirements of Section 1318 of the Public Utility Code, 66 Pa.C.S. § 1318(a); and (2) 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.¹³ Columbia argues approval of its 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.¹⁴

Regarding Columbia's capacity portfolio, the Company explains that, 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.¹⁵ Based on Columbia's 2024 Design Day Forecast, spanning the winter seasons of 2024-25 through 2028-29, Columbia's existing peak day capacity is slightly outside the Portfolio Design Policy.¹⁶ Columbia avers that, following the preparation of the Company's pre-filing in this proceeding, it was determined that the 3-year contract with a large industrial customer ending October 31, 2025, for 5,215 Dth of non-recallable

¹¹ *Id.*, p. 2.

¹² *Id.*

¹³ *Id.*, p. 4; *see* Columbia Ex. No. 8-E.

¹⁴ Columbia's Statement in Support, p. 6.

¹⁵ Columbia's Statement in Support, pp. 6-7; Columbia St. No. 1, p. 19.

¹⁶ Revised Columbia Ex. No. 15, p. 2; Columbia St. No. 1, p. 19.

capacity release with TCO will not be renewed by the customer.¹⁷ Columbia explains that this removal increased the capacity available to serve firm service customers and resulted in a projected firm demand of 103.8% for contract year 2028-29.¹⁸

Columbia notes it is currently evaluating its options for this capacity, including another marketed release.¹⁹ Columbia explains, however, there is a level of uncertainty surrounding the future need for this capacity due to TCO's rate case pending at FERC, which includes a proposal to implement 1/24th hourly rights on the TCO system.²⁰ Columbia explains that, if TCO were to hold Columbia to 1/24th of hourly rights, it would require supplying customers to meet their maximum hourly demand multiplied by 24, which would likely exceed the total daily demand.²¹ Columbia further notes, as temperatures grow colder, there are greater chances of the maximum hourly demand exceeding the daily Maximum Daily Quantity Columbia has contracted.²²

Columbia submits that it would likely need to contract additional capacity over its design day requirements in order to meet the maximum hourly demand on TCO, which in turn would require Columbia to provide an hourly adjustment to its design day requirement to be included in the calculation, similar to the adjustment currently made for areas served by EGTS.²³ Columbia estimates that if the 1/24th hourly rights proposal is approved by FERC, Columbia would face a capacity deficit in relation to peak day requirements of approximately 19,800 Dth.²⁴ Due to the uncertainty surrounding TCO's 1/24th hourly tariff proposal and its significant impact to Columbia's capacity portfolio.

¹⁷ Columbia's Statement in Support, p. 7.

¹⁸ Columbia St. No. 1, pp. 4, 19.

¹⁹ Columbia St. No. 1, p. 20.

²⁰ Columbia St. No. 1, pp. 20-21.

²¹ Columbia Statement in Support, p. 7.

²² Columbia St. No. 1, p. 21.

²³ Columbia St. No. 1, pp. 20-21.

²⁴ Columbia St. No. 1, p. 22.

Columbia proposed to evaluate its capacity portfolio and design day requirements and provide an update in next year's 1307(f) filing.²⁵

Columbia notes that no party opposed the Company's Portfolio Capacity proposal, and in the Settlement, the Joint Petitioners agree to accept the Company's proposal to evaluate its capacity portfolio and design day requirements and provide an update in next year's 1307(f) filing.²⁶

Columbia argues that approval of this Settlement provision is in the public interest because it allows time for the resolution of TCO's rate case filing and the implementation of TCO's tariff proposal, if approved. Further, this evaluation will provide Columbia an opportunity to perform an updated Design Day Forecast and analyze whether changes to Columbia's capacity portfolio are needed.²⁷ For these reasons and as explained in the testimony of Columbia witness Monnig, the settlement term allowing the Company to evaluate its capacity portfolio and design day requirements is in the public interest and should be approved.²⁸

The Office of Consumer Advocate

OCA submits that the proposed Settlement is in the public interest and should be approved. OCA, with the assistance of its technical expert witness, Mr. Mierzwa, conducted discovery in this proceeding through four sets of interrogatories.²⁹

²⁵ Columbia St. No. 1, p. 22.
²⁶ Settlement ¶ 48.
²⁷ Columbia St. No. 1, p. 22.
²⁸ Columbia Statement in Support, p. 8.
²⁹ OCA's Statement in Support, p. 2.

OCA explains that, after its review, it did not identify any issues relevant to this proceeding that warranted the filing of testimony.³⁰

As a result of its review in this proceeding, OCA submits that Columbia's PGC filing meets the requirements of 66 Pa.C.S. Sections 1307(f) and 1318, and that the Settlement is in the public interest. As such, OCA argues that the Commission should approve Columbia's proposed PGC rate and tariff changes in accordance with the Settlement.³¹

DISCUSSION

The Commission encourages parties in contested on-the-record proceedings to settle cases.³² Settlements eliminate the time, effort, and expense of litigating a matter to its ultimate conclusion, which may entail review of the Commission's decision by the appellate courts of Pennsylvania. Such savings benefit not only the individual parties, but also the Commission and all ratepayers of a utility, who otherwise may have to bear the financial burden such litigation necessarily entails.

By definition, a "settlement" reflects a compromise of the positions the parties of interest held, which arguably fosters and promotes the public interest. When active parties in a proceeding reach a settlement, the principal issue for Commission consideration is whether the agreement reached suits the public interest.³³ In their supporting statements, Columbia and OCA take the position that this Settlement resolves the issues in this case, fairly balances the interests of Columbia and its ratepayers, is in

³⁰ *Id.*

³¹ *Id.*, p. 3.

³² *See* 52 Pa. Code § 5.231.

³³ *Pa. Pub. Util. Comm'n v. CS Water & Sewer Assocs.*, 74 Pa.P.U.C. 767 (1991).

the public interest, is consistent with the requirements of Sections 1307 and 1318 of the Public Utility Code,³⁴ and should be approved.

The parties represent that they thoroughly investigated Columbia's PGC filing through discovery, with OCA noting it did not identify any issues warranting the submission of rebuttal testimony. The Joint Petitioners agree Columbia's information showed that Columbia: (1) engaged in least cost policies to procure natural gas for its customers; (2) requested rates for purchased gas costs that are just and reasonable; (3) fully and vigorously represented the interests of its ratepayers in proceedings before the FERC and other relevant non-PUC proceedings; (4) took all prudent steps necessary to negotiate favorable gas supply contracts and to relieve itself or alleviate the impact from terms in existing contracts with its gas suppliers, which are or may be adverse to the interests of its ratepayers; (5) took all prudent steps necessary during the relevant time period 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; (6) did not withhold from the market or cause to be withheld from the market any gas supplies which should have been used as part of a least cost fuel procurement policy; (7) fully and vigorously attempted to obtain less costly gas supplies on both short-term and long-term bases from nonaffiliated interests; and (8) obtained contracts for the purchase of gas from any affiliated interest during the relevant time period consistent with a least cost fuel procurement policy.³⁵ Further, I note no party objected to the amount of increase in price per Dth.

Further, no party objected to the Company's proposal to evaluate its capacity portfolio and design day requirements and provide an update in next year's

³⁴ 66 Pa.C.S. §§ 1307, 1318.

³⁵ See 66 Pa.C.S. § 1318(a), (b).

1307(f) filing.³⁶ The terms related to the capacity portfolio are in the public interest because they allow time for the resolution of TCO's rate case filing and the implementation of TCO's tariff proposal, if approved. Further, these terms provide Columbia with an opportunity to perform an updated Design Day Forecast and analyze whether changes to Columbia's capacity portfolio are needed. Additionally, they preserve this issue for further evaluation in Columbia's 2026 1307(f) filing, when circumstances surrounding TCO's rate case are more settled and additional data is available.

Accordingly, I recommend the Commission adopt the Joint Petition for Settlement and approve Columbia's 1307(f) filing, because it is in the public interest and is consistent with the requirements of Sections 1307 and 1318 of the Public Utility Code, 66 Pa.C.S. §§ 1307, 1318.

CONCLUSIONS OF LAW

1. The Commission has jurisdiction over the subject matter and the parties to this proceeding. 66 Pa.C.S. §§ 1307(f), 1317, 1318.

2. There is sufficient evidence in the record to make the findings required by Section 1318 of the Public Utility Code. 66 Pa.C.S. § 1318.

3. Columbia Gas of Pennsylvania, Inc. is pursuing a least cost fuel procurement policy during the relevant time period consistent with its obligation to provide safe, adequate, and reliable service to its customers in compliance with Section 1318 of the Public Utility Code. 66 Pa.C.S. § 1318.

³⁶ Settlement ¶ 44.

4. Columbia Gas of Pennsylvania, Inc.'s rates for purchased gas costs, as the settling parties have agreed upon in this proceeding, during the relevant time period, are just and reasonable and in compliance with Section 1318 of the Public Utility Code. 66 Pa.C.S. § 1318.

5. Columbia Gas of Pennsylvania, Inc. has fully and vigorously represented the interests of its ratepayers in proceedings before the Federal Energy Regulatory Commission and other relevant non-Commission proceedings during the relevant time period in compliance with Section 1318(a)(1) of the Public Utility Code. 66 Pa.C.S. § 1318(a)(1).

6. Columbia Gas of Pennsylvania, Inc. has taken all prudent steps necessary to negotiate favorable gas supply contracts and to relieve itself or alleviate the impact from terms in existing contracts with its gas suppliers, which are or may be adverse to the interests of its ratepayers, during the relevant time period in compliance with Section 1318(a)(2) of the Public Utility Code. 66 Pa.C.S. § 1318(a)(2).

7. Columbia Gas of Pennsylvania, Inc. has taken all prudent steps necessary during the relevant time period 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 compliance with Section 1318(a)(3) of the Public Utility Code. 66 Pa.C.S. § 1318(a)(3).

8. Columbia Gas of Pennsylvania, Inc. has not withheld from the market or caused to be withheld from the market during the relevant time period any gas supplies which should have been used as part of a least cost fuel procurement policy in compliance with Section 1318(a)(4) of the Public Utility Code. 66 Pa.C.S. § 1318(a)(4).

9. Columbia Gas of Pennsylvania, Inc. has fully and vigorously attempted to obtain less costly gas supplies on both short-term and long-term bases from nonaffiliated interests during the relevant time period in compliance with Section 1318(b)(1) of the Public Utility Code. 66 Pa.C.S. § 1318(b)(1).

10. Columbia Gas of Pennsylvania, Inc.'s contracts for the purchase of gas from any affiliated interest during the relevant time period are consistent with a least cost fuel procurement policy in compliance with Section 1318(b)(2) of the Public Utility Code. 66 Pa.C.S. § 1318(b)(2).

11. Neither Columbia Gas of Pennsylvania, Inc. nor any affiliated interest during the relevant time period has withheld from the market any gas supplies, which should have been used as part of a least cost fuel procurement policy in compliance with Section 1318(b)(3) of the Public Utility Code. 66 Pa.C.S. § 1318(b)(3).

12. Proceedings brought pursuant to 66 Pa.C.S. § 1307(f)(1) are to reflect actual and projected increases or decreases in natural gas costs.

13. The Commission investigation must determine if existing rates imposed by a utility are unjust or unreasonable. 66 Pa.C.S. § 1307(a).

14. The Joint Petition for Settlement of the Rate Investigation executed and submitted at this docket by Columbia Gas of Pennsylvania, Inc., and the Office of Consumer Advocate, and unopposed by the Commission's Bureau of Investigation and Enforcement, and the Office of Small Business Advocate is in the public interest. *Pa. Pub. Util. Comm'n v. CS Water & Sewer Assocs.*, 74 Pa.P.U.C. 767 (1991).

ORDER

THEREFORE,

IT IS RECOMMENDED:

1. That the Joint Petition for Settlement of the Rate Investigation pursuant to 66 Pa.C.S. § 1307(f), executed and submitted at this docket by Columbia Gas of Pennsylvania, Inc. and the Office of Consumer Advocate, and unopposed by the Bureau of Investigation and Enforcement and the Office of Small Business Advocate be approved without modification.

2. That Columbia Gas of Pennsylvania, Inc. be permitted to file a tariff supplement, on at least one day's notice to the Commission, containing changes in rates to provide for the recovery of its costs of purchased gas, consistent with the terms and conditions of the Joint Petition for Settlement of the Rate Investigation pursuant to 66 Pa.C.S. § 1307(f).

3. That upon the filing of a tariff supplement by Columbia Gas of Pennsylvania, Inc., acceptable to the Commission as conforming with this Order and the Joint Petition for Settlement of the Rate Investigation pursuant to 66 Pa.C.S. § 1307(f), and the Commission's approval thereof, the purchased gas cost rates established therein shall become effective for service rendered on and after October 1, 2025.

4. That the Complaint of the Office of Small Business Advocate at Docket No. C-2025-3054329 be dismissed.

