

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION)
OF CHESAPEAKE UTILITIES CORPORATION)
FOR APPROVAL OF A CHANGE IN ITS) PSC DOCKET NO. 15-1362
GAS SALES SERVICE RATES ("GSR") TO BE)
EFFECTIVE NOVEMBER 1, 2015)
(FILED SEPTEMBER 1, 2015))

ORDER NO. 8924

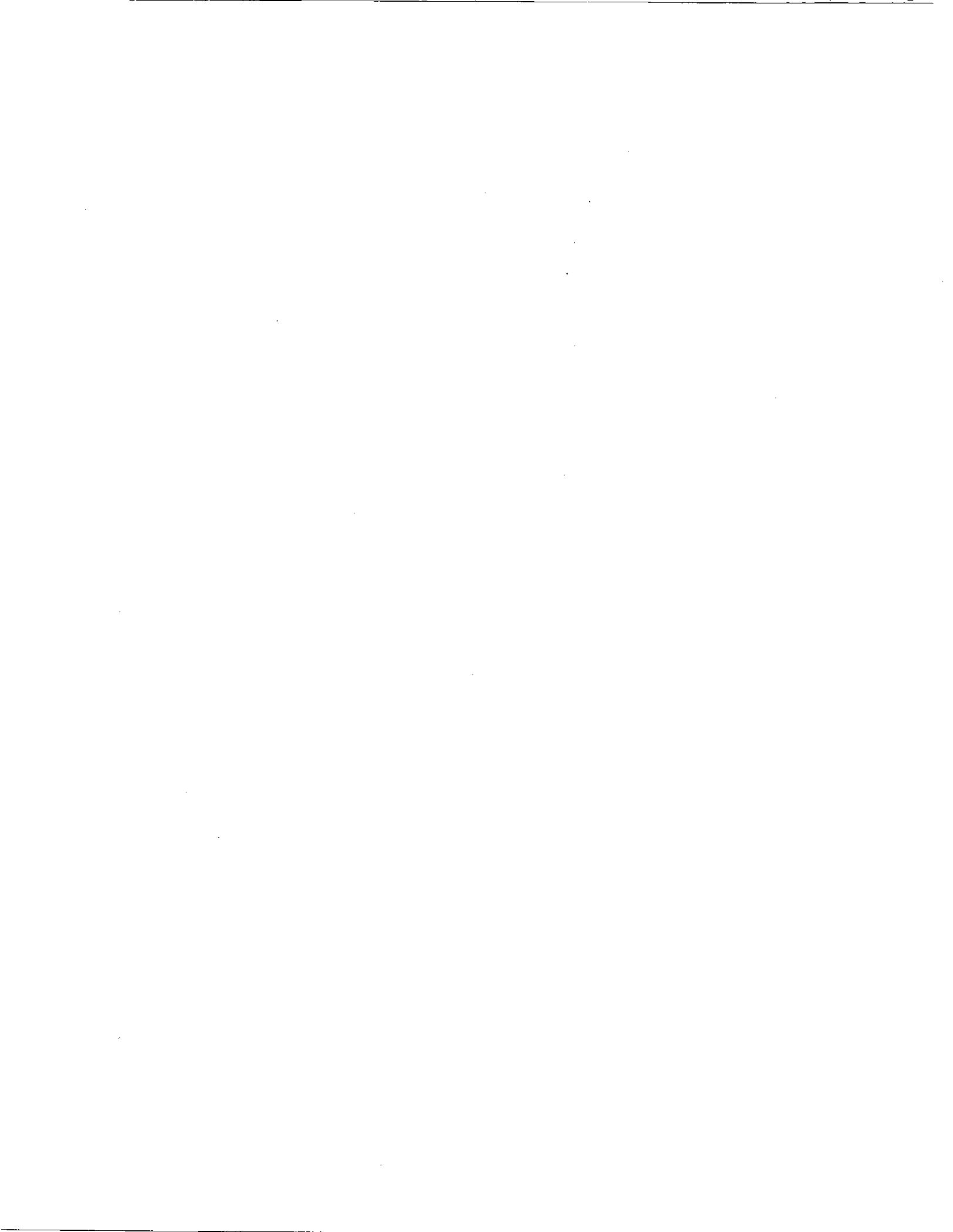
AND NOW, this 9th day of August, 2016:

WHEREAS, the Commission has received and considered the Findings and Recommendations of the Hearing Examiner issued in the above-captioned docket, submitted after a duly-noticed public evidentiary hearing, the original of which is attached hereto as **Exhibit "1"**;

AND WHEREAS, the Hearing Examiner recommends that the Gas Sales Service Rates ("GSR") proposed by Chesapeake Utilities Corporation ("Chesapeake") in its September 1, 2015 Application be approved as just and reasonable for service rendered on and after November 1, 2015;

AND WHEREAS, all parties have agreed to waive the 20-day period under 29 Del. C. § 10126(b) to file exceptions, comments, and arguments regarding the proposed order;

AND WHEREAS, the Hearing Examiner acknowledges that the Proposed Settlement Agreement dated April 5, 2016, a copy of which is attached to the original hereof as **Exhibit "2"**, is endorsed by Chesapeake, the Division of the Public Advocate ("DPA"), and Public Service Commission Staff ("Staff") and is not contested by the Federal Executive Agencies



("FEA") and recommends it be approved as reasonable and in the public interest;

NOW, THEREFORE, IT IS HEREBY ORDERED BY THE AFFIRMATIVE VOTE OF NOT FEWER THAN THREE COMMISSIONERS:

1. The Commission hereby adopts the Findings and Recommendations of the Hearing Examiner, appended to the original hereof as **Exhibit "1"**.

2. That the Commission approves the Proposed Settlement Agreement, appended to the original hereof as **Exhibit "2"**, and Chesapeake's proposed rates.

3. That Chesapeake's proposed Gas Sales Rates per Ccf are approved as just and reasonable rates, effective as set forth below:

<u>Service</u>	<u>Rate Effective on or after November 1, 2015</u>
RS-1, ERS-1, RS-2, ERS-2, GS, EGS, MVS, EMVS, LVS	\$0.681 per Ccf
GLR, GLO	\$0.218 per Ccf
HLFS	\$0.488 per Ccf

4. That Chesapeake's proposed Firm Balancing Rates per Ccf are approved as just and reasonable rates, effective as set forth below:

<u>Service</u>	<u>Firm Balancing Rate</u>
GS, EGS	\$0.081 per Ccf
MVS, EMVS	\$0.091 per Ccf
LVS	\$0.073 per Ccf
HLFS	\$0.024 per Ccf
ITS	\$0.014 per Ccf

5. That all Tariff revisions filed by Chesapeake on September 1, 2015, and the revised rates and charges therein are approved, and shall be effective for gas service rendered on or after November 1,



2015 at the rates set forth above, until further Order of the Commission. No later than two (2) business days from the date of this Order, the Company shall file revised Tariffs which comply with the Order.

6. That the Commission reserves the jurisdiction and authority to enter such further Orders in this matter as may be deemed necessary or proper.

BY ORDER OF THE COMMISSION:

Chair

Commissioner

Commissioner

Commissioner

Commissioner

ATTEST:

Secretary



EXHIBIT 1

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION OF)
CHESAPEAKE UTILITIES CORPORATION)
FOR APPROVAL OF A CHANGE IN ITS GAS) PSC Docket No. 15-1362
SALES SERVICE RATES ("GSR") TO BE)
EFFECTIVE NOVEMBER 1, 2015)
(FILED SEPTEMBER 1, 2015))

FINDINGS AND RECOMMENDATIONS OF THE HEARING EXAMINER

DATED: July 19, 2016

R. Campbell Hay
HEARING EXAMINER



EXHIBIT 2

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EXHIBIT 2

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IN THE MATTER OF THE APPLICATION OF)
CHESAPEAKE UTILITIES CORPORATION)
FOR APPROVAL OF A CHANGE IN ITS GAS) PSC Docket No. 15-1362
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EFFECTIVE NOVEMBER 1, 2015)
(FILED SEPTEMBER 1, 2015))

R. Campbell Hay, duly appointed Hearing Examiner in this Docket pursuant to 26 Del. C. §502 and 29 Del. C. ch. 101 and by Commission Order No. 8811 dated November 3, 2015, reports to the Commission as follows:

I. APPEARANCES

On behalf of the Applicant, Chesapeake Utilities Corporation ("Chesapeake") or ("the Company"):

By: WILLIAM A. DENMAN, ESQ., PARKOWSKI, GUERKE AND SWAYZE,
P.A.
SARAH E. HARDY, REGULATORY ANALYST

On behalf of the Federal Executive Agencies ("FEA"):

By: LT. COL. JOHN C. DEGNAN, ESQ.,
AFLOA/JACE-ULFSC
THOMAS A. JERNIGAN, ESQ., AFLOA/JA-
ULFSC

On behalf of the Public Service Commission Staff ("Staff"):

By: BRENDA MAYRACK, ESQ., DEPUTY ATTORNEY GENERAL
JASON R. SMITH, PUBLIC UTILITIES ANALYST

On behalf of the Division of the Public Advocate ("DPA"):

By: REGINA A. IORII, ESQ., DEPUTY ATTORNEY GENERAL
ANDREA B. MAUCHER, PUBLIC UTILITIES ANALYST



II. BACKGROUND

1. On September 1, 2015, Chesapeake filed with the Delaware Public Service Commission ("the Commission" or "PSC") an Application seeking approval to change its GSR Rates effective November 1, 2015 as follows: (1) decrease the Company's current GSR rate from \$1.069 per Ccf to \$0.681 per Ccf for customers served under rate schedules RS-1, ERS-1, RS-2, ERS-2, GS, EGS, MVS, EMVS, and LVS; (2) decrease the Company's current GSR rate from \$0.552 per Ccf to \$0.218 per Ccf for customers served under rate schedules GLR and GLO; (3) decrease the Company's current GSR rate from \$0.849 per Ccf to \$0.488 per Ccf for customers served under rate schedule HLFS; (4) increase the Company's firm balancing rate for transportation customers served under rate schedule GS and EGS from \$0.000 per Ccf to \$0.081 per Ccf; (5) increase the Company's firm balancing rate for transportation customers served under rate schedule MVS and EMVS from \$0.000 per Ccf to \$0.091 per Ccf; (6) increase the Company's firm balancing rate for transportation customers served under rate schedule LVS from \$0.058 per Ccf to \$0.073 per Ccf; (7) increase the Company's firm balancing rate for transportation customers served under rate schedule HLFS from \$0.012 per Ccf to \$0.024 per Ccf; and (8) increase the Company's firm balancing rate for transportation customers served under rate schedule ITS from \$0.001 per Ccf to \$0.014. (Exh. 2, pp.9-10)¹

¹ The Evidentiary Hearing Exhibits will be cited herein as "Exh. _." References to the pages of the Evidentiary Hearing transcript will be cited as "Tr. _." Schedules from the Company's Application or pre-filed testimony will be referred to as "Sch. _."



2. Comparing the proposed rates in the Application to the rates approved in the last GSR filing, an average RS-2 customer using 700 Ccf per year will experience an annual decrease of approximately 24.2%, or \$22.63 per month. During the winter heating season, an RS-2 customer using 120 Ccf per month will experience a decrease of approximately 27.1%, or \$46.56 per winter month. *Id.* at p.1

3. With its Application, Chesapeake also submitted pre-filed testimony from Sarah E. Hardy, Regulatory Analyst III, and William R. Kriss, Manager of Gas Supply and Transportation Services. (Exhs. 3 & 4)

4. In Order No. 8792 dated September 22, 2015, the Commission authorized the proposed GSR rates and firm balancing rates to become effective for usage on or after November 1, 2015, subject to refund and pending further review and final decision by the Commission.

5. The Commission designated me as the Hearing Examiner in Order No. 8811, dated November 3, 2015.

6. The DPA exercised its statutory right of intervention on September 2, 2015.

7. The FEA timely filed a Petition to Intervene in this matter on October 8, 2015, which was granted by Order No. 8820 dated November 12, 2015.

8. Notice of the filing of the Application and opportunity for written public comment was published in The News Journal on



October 13, 2015 and the Delaware State News on October 7, 2015.
(Exh. 1, pp.1,4)

9. Order No. 8792 set a deadline for objections or written comments to be filed by October 30, 2015. The Commission received no written comments.

10. On January 27, 2016, Staff and the DPA filed the direct testimony of Jerome D. Mierzwa, Principal and Vice President of Exeter Associates, Inc. In addition, Staff submitted pre-filed testimony from Jason R. Smith, PSC Public Utilities Analyst III. (Exhs. 5 & 6)

III. PRE-FILED TESTIMONY

A. Company Witness Sarah Hardy - Direct

11. Ms. Hardy submitted pre-filed direct testimony regarding the mechanics of the three GSR charges, the development of the firm and interruptible sales volumes and total system requirements, and the development of the unaccounted for gas volumes. (Exh. 3, p.3)

12. Ms. Hardy testified that the rates were calculated based on the estimated purchased gas costs and estimated sales volumes for the twelve months ending October 31, 2016. Ms. Hardy explained that the total projected firm gas costs recoverable through the gas cost recovery mechanism are \$26,547,398; of which \$21,099,465 are fixed costs and \$5,447,933 are variable costs. *Id.* at p.6

13. Ms. Hardy explained that the GSR charges are changing because commodity gas charges are anticipated to decrease by \$11,656,161 since the last GSR filing. *Id.* at pp.6-7

14. Ms. Hardy testified that variable costs are decreasing due to



a current over-collection balance of \$4,748,188 and the elimination of an under-collection of \$2,406,446 that was included in the last GSR filing. She added that the projected cost of flowing commodity gas for the upcoming year has decreased as well. *Id.*

15. As to fixed costs, Ms. Hardy explained that the decrease of \$1,439,351 is attributable to an increase in the transportation balancing rate credit resulting from transportation program changes out of PSC Docket No. 13-383 and an increase in both Eastern Shore Natural Gas (ESNG) and upstream capacity release revenues. *Id.* at p.7

16. Ms. Hardy summarized the process by which Chesapeake determines the three different GSR levels² and calculates the GSR. She noted three initial steps: (1) develop the sales and associated gas supply requirements forecast; (2) forecast supplier rates and calculate annual purchased gas costs associated with serving firm sales customers; and (3) derive the GSR charges utilizing the first two steps.³ *Id.* at pp.7-11

17. Ms. Hardy then described the three methodologies used to calculate the three GSRs. High Load Factor Service (HLFS) rates are calculated based on the combination of a weighted average demand and commodity rate developed on an overall 71.57%⁴ load factor for the customer class and the overall system weighted average cost rate. For example, the fixed gas cost rate of \$24.78 per Ccf is divided by 261

² The three levels are (1) HLFS; (2) GLO and GLR; and (3) RS-1, ERS-1, RS-2, ERS-2, GS, EGS, MVS, EMVS, and LVS. Exh. 3, pp.9-11

³ In addition to the first two steps, GSR charges are derived by calculating three gas cost rates: A fixed rate (total fixed costs divided by firm peak day capacity requirements), a commodity rate (total firm commodity costs divided by firm sales volumes for November 2015 through October 2016), and a system average rate (total firm gas costs divided by firm sales volume). *Id.*

⁴ See Schedule J.



days (71.57% of 365 days) and then added to the commodity rate to arrive at the volumetric rate of \$0.245 per Ccf. The average of the volumetric rate and the system average rate is the GSR. The Gas Lighting (GLO and GLR) rates are similarly calculated, but using a 100% load factor. The remaining rate schedules are assigned the remaining firm purchased gas costs after the firm purchased gas costs have been calculated for the above mentioned rates schedules. The associated costs are then divided by the remaining volume minus any shared margins.⁵ *Id.* at pp.9-11

18. Ms. Hardy then testified that the sales and associated gas supply requirements are forecasted by analyzing the major variables that affect sales volumes, such as the number of customers to be served, the rate schedule classification of those customers, temperature, and larger individual commercial and industrial customer sales volumes or demands.⁶ *Id.* at p.13

19. Ms. Hardy explained that sales volumes were forecasted using actual sales volumes billed to each customer class during each month for the entire twelve-month period of November 2015 through October 2016 with adjustments to reflect average temperature, customer growth and customers switching among rate classes. *Id.* at pp.13-14

20. Ms. Hardy discussed the balancing rates that are being proposed in this filing, the reasons for the changes in the balancing

⁵ Shared margins are any margins the Company receives as a result of interruptible transportation service, off system sales or capacity releases. According to PSC Docket No. 12-450F, Chesapeake retains 7.5% of all capacity release credits and credits 92.5% to the firm ratepayers. In addition, in accordance with PSC Docket No. 09-398F, Chesapeake is allowed to retain 100% of interruptible transportation margins up to \$675,000. Once the limit has been reached, they may retain 10%. *Id.* at pp.11-12

⁶ According to Ms. Hardy's testimony, sales volumes are normalized based on a ten-year average of degree days for the months of July 2006 through June 2015. *Id.* at p.13

rates, and how the balancing rates for each transportation customer class were calculated. *Id.* At pp. 22-33. It should be noted that neither the Staff nor the DPA took issue with the Company's calculations or proposed balancing rates.

21. Ms. Hardy also testified regarding Chesapeake's Compliance with prior Commission Orders and Settlement Agreements. *Id.* at pp.34-37

22. Ms. Hardy stated that in compliance with the settlement agreement in PSC Docket No. 14-0299, Chesapeake agreed to monitor the level of its under collection balance; continue the margin sharing mechanism by keeping 7.5% of the capacity valuation credits received from the Asset Manager, while crediting the remaining 92.5% to GSR customers; and credit 100% of any capacity release revenues received outside an Asset Management Agreement in regards to Texas Eastern and ESNG, as associated with Texas Eastern, to GSR customers.⁷ *Id.* at pp.34-36

B. Company Witness William Kriss

23. William R. Kriss, Manager of Gas Supply and Transportation Services for Chesapeake, submitted pre-filed direct testimony regarding the gas costs used in the calculation of the proposed GSR, as well as Chesapeake's gas supply and procurement activities as required by Commission Order No. 4767. Exh. 4, p.3

24. Mr. Kriss testified that Chesapeake currently receives a mix of transportation and storage services from Transcontinental Gas Pipe

⁷ As a result of this agreement, Chesapeake is allowed to continue to recover the costs associated with these entities. *Id.* at p.35



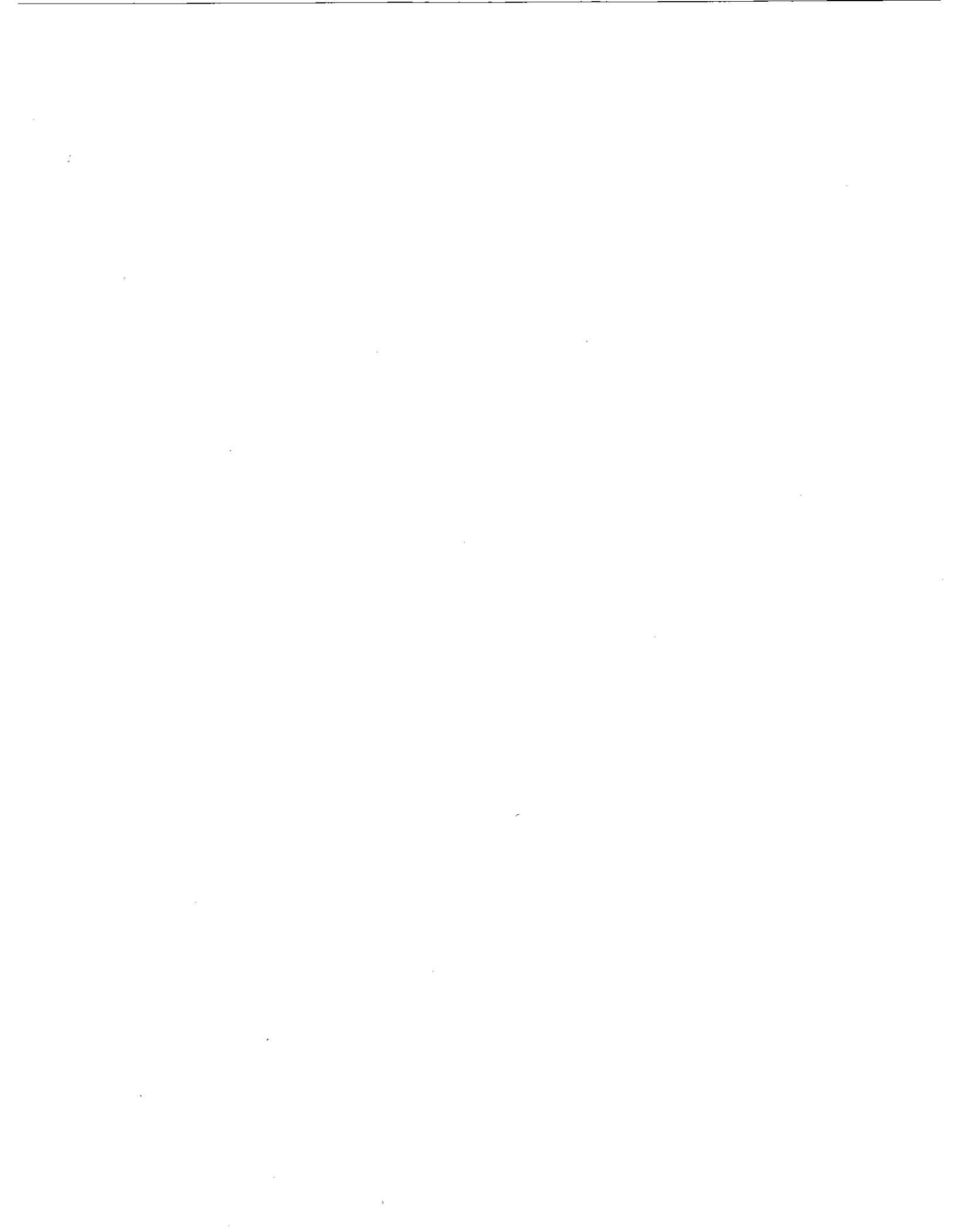
Line Company, LLC (Transco); Columbia Gas Transmission, LLC (Columbia); Texas Eastern Transmission, LP (TETCO); and Eastern Shore Natural Gas Company (ESNG).⁸ *Id.* at pp.3-4

25. Mr. Kriss testified that Chesapeake's winter season upstream capacity entitlements, effective November 1, 2014, were 77,942 Dts/day. This has not changed since the last filing. *Id.* at p.4

26. Mr. Kriss explained that Chesapeake includes three storage services in its Asset Management Agreement (AMA) and contracts for two storage services on ESNG. The AMA storage services are Transco's Washington Storage Service (WSS), Eminence Storage Service (ESS), and Columbia's Firm Storage Service (FSS). Mr. Kriss explained that while Chesapeake designates the quantities of gas to be injected or withdrawn from the storage services, the quantities are actually paper transactions; thus, they may differ from actual storage activity since the AMA allows the Asset Manager to withdraw and inject at its discretion. Any discrepancy is reconciled on a monthly basis. *Id.* at pp.5-7

27. Next, Mr. Kriss discussed Chesapeake's gas supply procurement activities. He testified that in order to minimize exposure to market volatility, most of Chesapeake's gas supply costs during the winter months are based on fixed prices that are set prior to the beginning of the delivery month. This minimizes, but does not eliminate, the need for daily spot purchases. In addition, Mr. Kriss testified that, in accordance with settlement agreements in PSC Docket Nos. 06-278F

⁸ See Schedule C.2 for a breakdown of the mix.



and 09-398F, Chesapeake enters into physical transactions for natural gas for the upcoming twelve-month period on the second Wednesday of each month. *Id.* at pp.7-8

28. Mr. Kriss testified regarding Chesapeake's relationship with its Asset Manager and the services the Asset Manager provides. He explained that the Asset Manager provides capacity management. The Asset Manager also provides supply and dispatch scheduling on pipelines upstream of ESNG, firm and interruptible gas supply, balancing of supply resources, and monthly accounting and reporting of transactions. Through these services, the Asset Manager provides Chesapeake with access to reliable and flexible supply alternatives and enhanced fixed cost recovery relating to transportation and storage requirements. Mr. Kriss testified that the AMA was extended to March 31, 2017. Asset Management fees⁹ will increase by 17.1% in the second year and another 17.1% in the third year. Additionally, Chesapeake retains the right and ability to recall upstream capacity for release in the open market. *Id.* at pp.8-10

29. Mr. Kriss then discussed Chesapeake's supply plans for winter 2015-2016. He stated that approximately 50% of the expected winter requirements will have been procured using Chesapeake's Natural Gas Commodity Procurement Plan ("Plan").¹⁰ According to Mr. Kriss' testimony, the Asset Manager ensures the availability of supply

⁹ See Asset Manager Fee discussion, *infra* at paragraph 32 and the related footnote.

¹⁰ Chesapeake's Natural Gas Commodity Procurement Plan parameters were implemented effective July 12, 2007 as a result of the Settlement Agreement in PSC Docket No. 06-287F and was amended in the Settlement Agreement in PSC Docket No. 09-398F. The parameters of the Plan dictate that Chesapeake will enter into physical transactions for natural gas for the upcoming twelve-month period on the second Wednesday of each month. Details of the Plan will be discussed in a separate confidential filing to be submitted with the annual hedging report. Exh.4, pp.8-10



resources to supplement supply and storage already procured. He testified that Chesapeake will continue to maintain "no requirements"¹¹ contracts with its suppliers to ensure alternative sources of supply are available when and if needed. *Id.*

C. DPA and Staff Witness Jerome Mierzwa

30. Mr. Mierzwa testified that he was retained on behalf of the DPA and Commission Staff to review the GSR Application and evaluate the reasonableness of Chesapeake's gas procurement practices and policies. Exh.6 at pp.2-3

31. Mr. Mierzwa testified that he found that Chesapeake had not correctly applied the procedures for the recovery of excess upstream capacity costs that were approved in PSC Docket No. 13-383. The settlement in Docket No. 13-383 required Chesapeake to include its 10% share of capacity release revenues in the amount allocated to firm sales and transportation customers, but Chesapeake had failed to do so. Mr. Mierzwa testified that had the procedures been correctly applied, release revenues would have resulted in an additional \$188,867 credit to firm sales customers. He recommended that Chesapeake revise its Application to reflect the change. *Id.* at p.3-4, 8

32. Mr. Mierzwa further recommended that Chesapeake should regularly evaluate the reasonableness of its AMA fees to ensure GSR customers receive the maximum benefit from the utilization of upstream

¹¹ "No requirements" contracts are contracts that can provide firm gas supply upon the execution of confirmations by both parties. *Id.* at p.10



pipeline capacity.¹² He testified that Chesapeake does not currently evaluate the reasonableness of the AMA fee. He stated that the reasonableness of the AMA fee can be evaluated by comparing the fee to an estimate of the revenues which would be realized by GSR customers if Chesapeake, rather than releasing capacity to the Asset Manager (including capacity release revenues and off-system sales revenues) managed its interstate pipeline capacity. If, after the comparison, the fee received by Chesapeake from the Asset Manager exceeds the benefit to GSR customers should Chesapeake maintain its own upstream capacity, the AMA fee can be considered reasonable. *Id.* at pp.3-4, 10-11

33. Mr. Mierzwa recommended that Chesapeake, Staff and the DPA hold quarterly discussions to review Chesapeake's hedging program, its under-/over- collection balances, and other areas of interest. Mr. Mierzwa testified that although Chesapeake's hedging program is designed to mitigate the volatility of its GSR, the mitigating impact of its hedging program is being offset by its under- and over-collection balances. The discussions would include determining whether measures should be implemented in the annual GSR Application to mitigate changes in rates caused by the amortization of the under- and over-collection balances. Mr. Mierzwa observed that Delmarva currently holds quarterly discussions with Staff and the DPA to

¹² The Asset Manager can release the capacity assigned to it by Chesapeake to others. The assigned capacity can also be used to make off-system sales to generate revenue. In either case, the Asset Manager generates revenue that is retained by the Asset Manager. If there was no Asset Manager, Chesapeake would be able to use the capacity releases and off-system sales to generate revenue that would be passed on to GSR customers. Chesapeake may also be able to purchase gas at prices lower than the proscribed AMA prices, the benefit of which would pass to GSR customers, as well. Exh.6, p.11



address such matters. *Id.* at pp.12-13 Mr. Mierzwa also testified that he recommended that Staff and the DPA should not oppose opening a discussion with the Company regarding future AMA arrangements with an affiliate of the Company. *Id.* at pp. 4; 11-12.

D. Staff Witness Jason Smith

34. Mr. Smith testified that he had examined Chesapeake's Application, testimony, and schedules, as well as Chesapeake's responses to data requests, prior GSR dockets, prior Commission Orders, prior settlement agreements, and Chesapeake's quarterly hedging reports and supply plan. Exh. 5, p.2

35. Mr. Smith testified that Chesapeake had complied with and met the Minimum Filing Requirements and that the schedules and calculations in the Application conformed to Chesapeake's tariff. *Id.* at p.5

36. In his testimony, Mr. Smith stated that the rates proposed by Chesapeake were just, reasonable, and in the public interest. He testified that Staff recommended that the Commission approve the GSR and firm balancing rates as submitted by Chesapeake. *Id.* at pp. 5-6

37. Mr. Smith discussed the settlement agreement reached in PSC Docket No. 14-0299 in which Chesapeake agreed to continue to monitor the level of its under-collection balance to determine whether a change in the methodology used to calculate its GSR is necessary. Mr. Smith stated that the most recent estimate of Chesapeake's projected under-collection of \$5,615,075 (or 14.66%) for the year ending October 31, 2015 exceeds the 4.5% threshold in Chesapeake's tariff. As a



result, Mr. Smith testified that the parties should discuss how to more efficiently address over/under collections prior to Chesapeake's next GSR filing. *Id.* at pp.7-8

38. Mr. Smith testified that he agreed with Mr. Mierzwa that Chesapeake should evaluate the reasonableness of its AMA with a comparison of expected benefits for GSR customers as discussed, *supra* at paragraph 32. *Id.* at pp.9-10

39. Mr. Smith testified that he also agreed with Mr. Mierzwa that Chesapeake had incorrectly applied the recovery of excess upstream interstate pipeline capacity costs from firm sales and transportation customers. Mr. Smith stated that an additional \$188,867 should be credited to firm sales customers. *Id.* at pp.12-13

E. Company Witness Sarah Hardy - Rebuttal

40. Ms. Hardy testified on rebuttal that Chesapeake agreed that it had incorrectly applied the recovery of excess upstream interstate pipeline capacity costs. Ms. Hardy stated that Chesapeake should have subtracted the sales customers' 90% share of the capacity release revenue amount from total capacity costs to determine the remaining costs to be recovered from sales and transportation customers. Ms. Hardy explained that the calculation in Chesapeake's direct testimony erroneously subtracted the full share of the capacity release revenue amount. Ms. Hardy testified that subtracting 90% of the share of capacity release revenue ensured that the sales and transportation customers shared in the recovery of Chesapeake's 10% share of the capacity release revenue. (Exh.7, pp.4-6)



41. Ms. Hardy stated that Chesapeake recalculated the "estimated" capacity release revenues used in the original calculation and used actual capacity release revenues. Using actual capacity release revenues, the total credit to sales customers would increase to \$1,070,000 from \$988,760. She further explained that the difference of \$81,940 is made up of two components: (1) the difference due to actual vs. estimated capacity release revenues (\$62,043); and (2) the difference due to the original incorrect calculation methodology used by the Company (\$19,897). *Id.* at p.6

42. Ms. Hardy testified that the difference due to the new calculation methodology should be trued up through the monthly over/under collection report, with the remaining \$19,897 included in Chesapeake's next GSR filing as a reduction to costs allocated to sales customers. *Id.*

43. Ms. Hardy stated that Chesapeake agreed that it would be helpful to regularly evaluate the reasonableness of its current AMA fee by comparing that fee with the expected benefits the GSR customers would receive if Chesapeake retained and managed its upstream interstate pipeline capacity without an asset manager, but that it was not feasible because: (1) Chesapeake does not have a current book of business that does not involve asset management fees that could be the source for such an analysis; (2) Chesapeake has neither sufficient staffing nor sufficient expertise for in-house management of pipeline capacity upstream of ESNG; and (3) managing a book of business without an asset manager could expose Chesapeake to price risk that may



require financial hedging of both commodity and basis. Ms. Hardy testified that in order to perform the type of analysis suggested by Mr. Mierzwa, the parties would need to agree on a wide range of assumptions. *Id.* at p. 9 Ms. Hardy testified that a more suitable alternative would be to have PESCO, a Chesapeake affiliate that provides asset management services to other entities, manage Chesapeake's assets over a trial period and determine how to monetize the assets for the benefit of GSR customers. *Id.* at pp.7-8

44. Ms. Hardy testified that Chesapeake is agreeable to an open dialogue among the parties to discuss future asset management arrangements, as well as having quarterly discussions with the parties in order to mitigate issues and improve reporting on the issues discussed. *Id.* at p.9

IV. EVIDENTIARY HEARING

45. The evidentiary hearing was held on Thursday, April 14, 2016 beginning at 10 a.m. The record, as developed at the evidentiary hearing, consists of a verbatim transcript of 37 pages and 8 hearing exhibits. The parties stipulated to the admissibility of the 8 hearing exhibits. *Tr.*, p.12

A. William R. Kriss, Gas Supply Manager for Chesapeake

46. Mr. Kriss testified that his role in this docket was to provide support for the gas sales rate, as filed, and to discuss Chesapeake's gas supply and procurement activity. *Id.* at p.15

47. Mr. Kriss adopted his pre-filed testimony as his testimony for the Evidentiary Hearing. *Id.* at pp.15-16



B. Sarah Hardy, Senior Marketing Analyst for Chesapeake

48. Ms. Hardy testified that her role in this docket was to discuss the mechanisms of the three GSR charges; explain the development of the firm and interruptible sales and total system requirement and discuss the development of the unaccounted for gas volume; support the calculation of GSR charges to be effective with service rendered on and after November 1, 2015; support the mechanics of the proposed balancing rates for transportation service; discuss the impact of the GSR charges on residential bills; and, ensure compliance with gas cost provisions outlined in previous Commission Orders. *Id.* at pp.17-18

49. Ms. Hardy adopted her pre-filed rebuttal testimony and her pre-filed direct testimony (with the exception of the changes made in her pre-filed rebuttal testimony) as her testimony for the Evidentiary Hearing. *Id.* at p.19

50. Ms. Hardy testified that Chesapeake supported the Proposed Settlement Agreement. *Id.* at p.20

C. Andrea Maucher, DPA Public Utilities Analyst

51. Ms. Maucher testified that the DPA, in conjunction with Staff, retained Mr. Mierzwa to review Chesapeake's Application. Ms. Maucher adopted Mr. Mierzwa's pre-filed testimony as her own for purposes of the Evidentiary Hearing. *Id.* at p.29

52. Ms. Maucher then discussed why she believed the Proposed Settlement Agreement was just and reasonable. She stated that the GSR is a pass-through of gas commodity costs that Chesapeake incurs to



provide gas to its customers, and the calculations are either correct or they are not. As originally set forth in the Application, Ms. Maucher testified that the calculations were not correct, as Mr. Mierzwa determined; however, Chesapeake corrected the error and will credit GSR customers with \$19,897 in its next GSR Application. *Id.* at pp.30-32

53. In addition, Ms. Maucher testified that Chesapeake will credit the monthly over/under collection of \$62,043¹³ resulting from capacity release revenues to GSR customers in Chesapeake's next GSR Application. Ms. Maucher stated that Chesapeake had agreed to monitor its over/under collection balances, which will be discussed in quarterly meetings. She stated that the purpose of the quarterly discussions is to determine if additional measures need to be taken to reduce the volatility of GSR rates in the future caused by over/under collection balances. *Id.* at p.31

54. Ms. Maucher explained that Chesapeake agreed with the DPA and Staff to either reach a suitable sharing mechanism with PESCO, or to use a request for proposal process in selecting the next Asset Manager.

55. ¹⁴ *Id.* at pp.31-32

D. Jason Smith, PSC Public Utilities Analyst III

56. Mr. Smith adopted both his and Mr. Mierzwa's pre-filed testimony as his own for purposes of the Evidentiary Hearing. *Id.* at pp.35-36

¹³ \$62,043 is the difference between the use of estimated rather than actual capacity release revenues. Tr., p.31

¹⁴ See paragraph 62, section i, *infra*.



57. Mr. Smith testified that Staff agreed with Chesapeake's proposed rate changes. He reiterated Ms. Maucher's statement regarding the validity of the calculations. *Id.* at p.36

58. Mr. Smith identified two areas of concern to Staff. The first concern was the way that Chesapeake applied the recovery of the excess upstream interstate pipeline capacity cost for firm sales and transportation customers. He explained that pursuant to the Settlement Agreement in PSC Docket No. 13-383, Chesapeake should have subtracted only 90% of the capacity release revenue as the amount passed to GSR customers. According to Mr. Smith, Chesapeake originally subtracted 100%. *Id.* at pp.36-37

59. Mr. Smith stated that the second concern was Chesapeake's use of estimated sales figures, rather than actual sales figures, as the basis for the calculation. Mr. Smith acknowledged that at the time the Application was filed, actual figures were not available, and acknowledged that the calculation has since been updated to reflect actual sales. *Id.* at pp.37-38

60. Mr. Smith testified that Staff supported the Proposed Settlement Agreement because, except for the aforementioned calculation concerns which had been corrected to Staff's and the DPA's satisfaction, there were no other concerns regarding the Application. Mr. Smith stated that entering into the Settlement Agreement avoids unnecessary litigation. *Id.* at pp.38-39



61. Finally, Mr. Smith stated that Staff believed that the Proposed Settlement Agreement results in rates that are just and reasonable. *Id.* at p.39

V. **PROPOSED SETTLEMENT AGREEMENT**

62. Prior to the Evidentiary Hearing on April 14, 2016, I was presented with a Proposed Settlement Agreement, attached hereto as Attachment 1, signed by Chesapeake, DPA, and Staff (the "Settling Parties"). The Federal Executive Agencies did not sign the agreement; however, the FEA did not challenge the Agreement.

63. In the Agreement, the Settling Parties agreed as follows:

- a. The proposed rates as set forth in Chesapeake's Application are just and reasonable; Exh.8, p.2
- b. The difference due to the use of estimated, rather than actual, capacity release revenues should be trued up through Chesapeake's monthly over/under collection report in the amount of \$62,043, which will be included in Chesapeake's next GSR filing; *Id.* at p.3
- c. The difference due to the incorrect calculation methodology used originally by Chesapeake compared to the correct methodology will be credited in Chesapeake's next GSR filing in the amount of \$19,897; *Id.*
- d. Chesapeake agrees to continue to monitor the level of its over/under collection balance to determine whether a change in the methodology used to calculate its GSR



is necessary; *Id.*

- e. The Settling Parties will hold quarterly discussions to review Chesapeake's over/under collection balances, hedging program, and other issues of interest to the Settling Parties; *Id.*
- f. Chesapeake will continue to utilize its annual Long-Term Supply and Demand Strategic Plan (Supply Plan) as a mechanism by which to notify the Settling Parties of the need for all new capacity additions; *Id.* at pp.3-4
- g. Chesapeake will continue to review its design day forecasting methodology each year at the time the Supply Plan is developed to ensure its validity, as well as review and comment on any alternative design day forecasting methodology proposals submitted by Staff and/or the DPA; *Id.* at p.4
- h. With respect to fixed margins pursuant to Chesapeake's current AMA, Chesapeake will continue to be allowed to retain seven and one half percent (7.5%) of the fixed margins, while crediting the GSR with ninety-two and one half percent (92.5%). *Id.*
- i. Prior to the execution of a new AMA (or the renewal of the existing AMA), Chesapeake will either: (1) reach an agreement with Staff and DPA regarding a sharing mechanism (rather than a flat fee) to be used in an AMA with the Company's marketing affiliate, PESCO; or

(2) use a Request for Proposal (RFP) process to select the next Asset Manager. *Id.* at pp.4-5

j. The Settling Parties will meet and confer regarding the potential for Chesapeake's affiliate PESCO to manage Chesapeake's gas supply in lieu of the current RFP process. If the Settling Parties agree that if such an arrangement is accepted by Staff and DPA prior to August 12, 2016 (which date can be extended by mutual agreement), the Company will not be required to issue an RFP for a new AMA. If no such agreement is reached regarding PESCO, the Company will issue an RFP and will provide Staff and DPA with the information set forth in paragraph 12 of the Settlement Agreement; *Id.*

k. Chesapeake will continue to be allowed to recover Texas Eastern capacity costs and the ESNG capacity costs associated with the Texas Eastern interconnect; however, 100% of any capacity release revenues received outside of an AMA will be credited to the GSR; *Id.* at p.5

l. Chesapeake will continue to provide Staff and DPA with updates regarding any intervention by Chesapeake in Federal Energy Regulatory Commission (FERC) proceedings, including the actions taken as a result; *Id.*; and



m. Chesapeake will continue to notify Staff and DPA of any supplier refunds; include updates on steps taken to mitigate effects of changes in gas costs; provide information on the total sales volumes, costs, and margins by month for Interruptible Gas Transportation sales; and calculate the impact on its proposed GSR rates had a thirty-year average degree days been used.

Id. at p.6

VI. FINDINGS AND RECOMMENDATIONS

64. Pursuant to the Commission's instructions, I hereby submit for consideration these proposed Findings and Recommendations.

65. The Commission has jurisdiction in this matter pursuant to 26 Del. C. §§201(a), 303 (b), 304 and 306.

66. After having reviewed the entire record, I conclude that the Settlement Agreement is in the public interest, results in just and reasonable rates and should be approved.

67. First, 26 Del. C. §512(a) provides that "insofar as practicable, the Commission shall encourage the resolution of matters brought before it through stipulations and settlements." Clearly, this reflects a legislative intent that the Commission welcomes settlements of part or all of a case.

68. Second, I note that each of the Settlement's signatories represents a different constituency and comes to the case with different interests. Chesapeake's interest is in recovering all of its actual gas costs (as 26 Del. C. §303(b) permits). Staff is



required to balance the utility's and ratepayers' interests. And 29 Del. C. §8716(e)(2) charges the DPA with advocating for the lowest reasonable rates for consumers consistent with maintaining adequate utility service and an equitable distribution of rates among all the utility's customer classes. Despite these disparate interests and responsibilities, the parties have reached agreement. This, in my view, is a significant factor weighing in favor of approving the Settlement.

69. Third, the witnesses for both Staff and the DPA testified that they had reviewed Chesapeake's forecasts, methodologies and calculations of the proposed GSR rates and found them to be in compliance with previous Commission Orders, reasonable, and accurate, with the exception of the calculation of the capacity release revenues in the amount allocated to firm sales and transportation customers; however, Chesapeake corrected that calculation and the Staff and the DPA agree with the corrected calculation reflected in the Settlement. The correction will be reflected in the Company's next GSR Application. Otherwise, the proposed GSR rates were not challenged.

70. Fourth, the Settlement is in the public interest because it avoids the cost of a litigated evidentiary hearing, thereby reducing expenses that would otherwise be passed through to ratepayers.

71. For the foregoing reasons, I conclude that the Settlement Agreement, which is attached hereto as Exhibit "1," results in just and reasonable rates and is in the public interest, and recommend



that the Commission approve it. I attach a form of Order implementing my recommendations hereto as Exhibit "2."

Respectfully submitted,

/s/ Campbell Hay
R. Campbell Hay
PSC Hearing Examiner



BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION OF)
CHESAPEAKE UTILITIES CORPORATION)
FOR APPROVAL OF A CHANGE IN ITS) PSC DOCKET NO. 15-1362
GAS SALES SERVICE RATES ("GSR"))
TO BE EFFECTIVE NOVEMBER 1, 2015)
(FILED SEPTEMBER 1, 2015))

PROPOSED SETTLEMENT

On this 5th day of April, 2016, Chesapeake Utilities Corporation, a Delaware corporation (hereinafter "Chesapeake" or the "Company"), the Delaware Public Service Commission Staff ("Staff"), and the Division of the Public Advocate (the "DPA") (all of whom together are the "Settling Parties") hereby propose a settlement that, in the Settling Parties' view, appropriately resolves all issues raised in this proceeding.

I. INTRODUCTION

1. On September 1, 2015, pursuant to 26 *Del. C.* §§ 303(b), 304, and 306, Chesapeake filed with the Delaware Public Service Commission (the "Commission") an application (the "Application") for a change in its Gas Sales Service ("GSR") rates to be effective for service rendered on and after November 1, 2015. By Commission Order No. 8792 dated September 22, 2015, the Commission allowed Chesapeake's proposed rates to go into effect on November 1, 2015, on a temporary basis, and subject to refund, pending a full evidentiary hearing and a final decision of the Commission.

2. The DPA intervened in this docket on September 2, 2015. On January 27, 2016, the Staff filed both separate testimony, and, along with the DPA, joint testimony. By Order No. 8820 dated November 12, 2015, the Hearing Examiner granted the Federal



Executive Agencies leave to intervene in this docket. The Federal Executive Agencies did not file any testimony or comments in this docket.

3. In their pre-filed testimony, Staff and DPA updated the Company's calculations to reflect actual rather than estimated capacity release revenues and questioned the accuracy of the methodology used by the Company for the recovery of excess upstream interstate pipeline capacity costs from firm sales and transportation customers.

4. In its rebuttal testimony, the Company agreed that the estimated capacity release revenues should be updated to reflect actual revenues and that the Company misinterpreted the methodology to be used for the recovery of excess upstream interstate pipeline capacity costs from firm sales and transportation customers. The Company, however, did not agree with the amount of the adjustment recommended by Staff/DPA.

5. During the course of this proceeding, the Settling Parties have conducted substantial written discovery in the form of data requests.

6. The Settling Parties have conferred in an effort to resolve all cost recovery and reporting issues raised in this proceeding. The Settling Parties acknowledge that the parties may differ as to the proper resolution of many of these issues. Notwithstanding these differences, the Settling Parties have agreed to enter into this Proposed Settlement on the terms and conditions contained herein because they believe that this Proposed Settlement will serve the interest of the public and the Company, while meeting the statutory requirement that rates be both just and reasonable. The Settling Parties agree that subject to the approval of the Hearing Examiner, the terms and conditions of this Proposed Settlement will be presented to the Commission for the Commission's approval.



II. SETTLEMENT PROVISIONS

7. The Settling Parties agree that the Company's proposed rates as set forth in the Company's Application are just and reasonable. Accordingly, the Settling Parties recommend to the Hearing Examiner and the Commission that the rates set forth on the attached **Exhibit A** be approved as just and reasonable for the periods set forth on **Exhibit A**. The Settling Parties agree that the difference due to the use of estimated, rather than actual, capacity release revenues should be trueed up through the Company's monthly over/under collection report. The Settling Parties agree that the amount of the true up is a credit of \$62,043.00. The Settling Parties agree that the difference due to the calculation methodology used originally by the Company compared to the methodology subsequently agreed upon by the Settling Parties will be included in the Company's next annual GSR filing as a reduction to costs allocated to sales customers. The Settling Parties agree that the amount to be credited to sales customers is \$19,897.00.

8. The Company agrees to continue to monitor the level of its over/under collection balance to determine whether a change in the methodology used to calculate its GSR rate is necessary. The Company agrees to hold quarterly discussions with the Staff and DPA, at their request, for the purpose of reviewing the Company's over/under collection balances, hedging program, and other areas of interest to the Settling Parties, such as what measures could be implemented in the Company's annual GSR filing to reduce the volatility of GSR rates caused by the amortization of gas cost over-and-under collections.

9. The Company agrees to continue to utilize its annual Long-Term Supply and Demand Strategic Plan ("Supply Plan") as a mechanism by which to notify the Settling



Parties of the need for all new capacity additions. When the Company needs to acquire capacity that was not previously identified in its most recent Supply Plan, the Company agrees to continue to provide the information agreed to in the Settlement Agreements to PSC Docket Nos. 08-296F and 09-398F regarding Eastern Shore Natural Gas Company ("ESNG") capacity acquisitions and agrees to continue providing this information for potential upstream capacity additions as well. The Company will provide this information for both ESNG and upstream capacity on a confidential basis only. The Company will also continue to review its design day forecasting methodology each year at the time the Supply Plan is developed to ensure its validity. The Company will also review and comment on any alternative design day forecasting methodology proposals submitted by either Staff or the DPA during the course of any review of the Company's Supply Plan.

10. The Company's Asset Management Agreement ("AMA") will expire on March 31, 2017. Under the AMA, the Company receives certain fixed margins on a monthly basis. The Settling Parties agree that with respect to said fixed margins, the Company shall be allowed to continue to retain seven and one half percent (7.5%) of the fixed margins, with the remaining ninety-two and one half percent (92.5%) being credited to ratepayers in the Company's GSR rates.

11. Chesapeake agrees that prior to the execution of a new AMA or the renewal of the existing AMA, the Company will either: (1) reach an agreement with Staff and DPA regarding a sharing mechanism (rather than a flat fee) to be used in an AMA with the Company's marketing affiliate, Peninsula Energy Services Company, Inc. (PESCO) or (2) use a Request for Proposal (RFP) process to select its next asset manager. The Settling Parties agree to meet and confer regarding the potential for PESCO to manage the



Company's gas supply in lieu of the current RFP process. The Settling Parties agree that if such an arrangement is accepted by Staff and DPA prior to August 12, 2016 (which date can be extended by the parties' mutual agreement), the Company will not be required to issue an RFP for a new AMA.

12. If no such agreement regarding PESCO is reached, then the Company will issue an RFP and will provide Staff and DPA with (a) a copy of the RFP; (b) the number of entities receiving the Company's RFP; (c) the number of responses; (d) the evaluation criteria relied upon by the Company; and (e) other documents as may be reasonably requested by Staff and DPA. Such documents will be provided on a confidential basis, after the award is made.

13. Chesapeake shall be allowed to continue to recover the Texas Eastern capacity costs and the ESNG capacity costs associated with the Texas Eastern interconnect. With respect to any capacity release revenues received outside of an Asset Management Agreement associated with this capacity, one hundred percent (100%) of any capacity release revenues associated with the release of this capacity will be credited to the GSR.

14. Chesapeake agrees to continue to provide Staff and DPA with periodic updates regarding any intervention by the Company in Federal Energy Regulatory Commission ("FERC") proceedings and the actions taken by the Company on behalf of the Company's ratepayers, including, but not limited to, an enumeration of each issue and the position that the Company is actively pursuing. The Company will provide such periodic updates to Staff and DPA subject to the Company's ability to provide this information on a confidential basis when appropriate.



15. As agreed in prior dockets, the Company will continue with the following practices: (a) the Company will notify Staff and the DPA of any supplier refunds that may impact the GSR charges; (b) the Company will continue to include in future GSR applications an update on steps taken to mitigate the effects of changes in gas costs; (c) the Company will provide information on the total sales volumes, costs, and margins by month for Interruptible Gas Transportation sales as part of its GSR applications; and (d) the Company will calculate the impact on its proposed GSR rates had a thirty-year average degree days been used and provide such information as part of the discovery process, when and if requested.

III. STANDARD PROVISIONS AND RESERVATIONS

16. The provisions of this Proposed Settlement are not severable except by written agreement of the Settling Parties.

17. This Proposed Settlement represents a compromise for the purposes of settlement and shall not be regarded as a precedent with respect to any rate making or any other principle in any future case or in any existing proceeding, except that, consistent with and subject to the provisos expressly set forth below, this Proposed Settlement shall preclude any Settling Party from taking a contrary position with respect to issues specifically addressed and resolved herein in proceedings involving the review of this Proposed Settlement and any appeals related to this Proposed Settlement. No party to this Proposed Settlement necessarily agrees or disagrees with the treatment of any particular item, any procedure followed, or the resolution of any particular issue addressed in this Proposed Settlement other than as specified herein, except that each Settling Party agrees that the Proposed Settlement may be submitted to the Commission for a determination that



it is in the public interest and that no Settling Party will oppose such a determination. Except as expressly set forth below, none of the Settling Parties waives any rights it may have to take any position in future proceedings regarding the issues in this proceeding, including positions contrary to positions taken herein or previously taken.

18. If this Proposed Settlement does not become final, either because it is not approved by the Commission or because it is the subject of a successful appeal and remand, each of the Settling Parties reserves its respective rights to submit additional testimony, file briefs, or otherwise take positions as it deems appropriate in its sole discretion to litigate the issues in this proceeding.

19. This Proposed Settlement will become effective upon the Commission's issuance of a final order approving this Proposed Settlement and all the settlement terms and conditions without modification. After the issuance of such final order, the terms of this Proposed Settlement shall be implemented and enforceable notwithstanding the pendency of a legal challenge to the Commission's approval of this Proposed Settlement or to actions taken by another regulatory agency or Court, unless such implementation and enforcement is stayed or enjoined by the Commission, another regulatory agency, or a Court having jurisdiction over the matter.

20. The obligations under this Proposed Settlement, if any, that apply for a specific term set forth herein shall expire automatically in accordance with the term specified and shall require no further action for their expiration.

21. The Settling Parties may enforce this Proposed Settlement through any appropriate action before the Commission or through any other available remedy. The Settling Parties shall consider any final Commission order related to the enforcement or



interpretation of this Proposed Settlement as an appealable order to the Superior Court of the State of Delaware. This shall be in addition to any other available remedy at law or in equity.

22. If a Court grants a legal challenge to the Commission's approval of this Proposed Settlement and issues a final non-appealable order which prevents or precludes implementation of any material term of this Proposed Settlement, or if some other legal bar has the same effect, then this Proposed Settlement is voidable upon written notice by any of the Settling Parties.

23. This Proposed Settlement resolves all of the issues specifically addressed herein; provided, however, that this Proposed Settlement is made without admission against or prejudice to any factual or legal positions which any of the Settling Parties may assert (a) if the Commission does not issue a final order approving this Proposed Settlement without modifications; or (b) in other proceedings before the Commission or other governmental body. This Proposed Settlement is determinative and conclusive of all of the issues addressed herein and, upon approval by the Commission, shall constitute a final adjudication as to the Settling Parties of all of the issues in this proceeding.

24. This Proposed Settlement is expressly conditioned upon the Commission's approval of all of the specific terms and conditions contained herein without modification. If the Commission fails to grant such approval, or modifies any of the terms and conditions herein, this Proposed Settlement will terminate and be of no force and effect, unless the Settling Parties agree in writing to waive the application of this provision. The Settling Parties will make their best efforts to support this Proposed Settlement and to secure its approval by the Commission.

25. It is expressly understood and agreed that this Proposed Settlement constitutes a negotiated resolution of the issues in this proceeding and any related court appeals.

IV. CONCLUSION

Intending to legally bind themselves and their successors and assigns, the undersigned parties have caused this Proposed Settlement to be signed by their duly authorized representatives.

Dated: 4/5/2016

Chesapeake Utilities Corporation

By: *C. James Moore V.P.*

**Delaware Public Service Commission
Staff**

Dated: _____

By: _____

The Division of the Public Advocate

Dated: _____

By: _____

all of the issues addressed herein and, upon approval by the Commission, shall constitute a final adjudication as to the Settling Parties of all of the issues in this proceeding.

24. This Proposed Settlement is expressly conditioned upon the Commission's approval of all of the specific terms and conditions contained herein without modification. If the Commission fails to grant such approval, or modifies any of the terms and conditions herein, this Proposed Settlement will terminate and be of no force and effect, unless the Settling Parties agree in writing to waive the application of this provision. The Settling Parties will make their best efforts to support this Proposed Settlement and to secure its approval by the Commission.

25. It is expressly understood and agreed that this Proposed Settlement constitutes a negotiated resolution of the issues in this proceeding and any related court appeals.

IV. CONCLUSION

Intending to legally bind themselves and their successors and assigns, the undersigned parties have caused this Proposed Settlement to be signed by their duly authorized representatives.

Chesapeake Utilities Corporation

Dated: _____

By: _____

**Delaware Public Service Commission
Staff**

Dated: 4/5/16

By: Conkie S. McJowell



Dated: 4/4/16

The Division of the Public Advocate

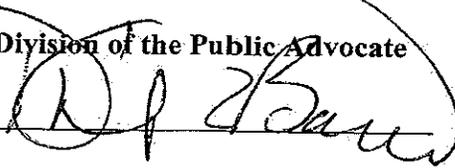
By: 



EXHIBIT A

CHANGES TO THE GSR RATES

Approved Rate for usage on or after November 1, 2015, and until changed by further order of the Commission:

a.	RS-1, ERS-1, RS-2, ERS-2, GS, EGS, MVS, EMVS, LVS	From \$1.069 per Ccf to \$.681 per Ccf
b.	GLR, GLO	From \$0.552 per Ccf to \$0.218 per Ccf
c.	HLFS	From \$0.849 per Ccf to \$0.488 per Ccf
d.	Firm Balancing Rate-GS and EGS	New Rate of \$.081 per Ccf
e.	Firm Balancing Rate-MVS and MEVS	New Rate of \$0.091 per Ccf
f.	Firm Balancing Rate-LVS	From \$0.058 per Ccf to \$0.073 per Ccf
g.	Firm Balance Rate-HLFS	From \$0.012 per Ccf to \$0.024 per Ccf
h.	ITS Balancing Rate	\$0.014 per Ccf

