BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility)
   Commission)
)
)
vs.)   Docket No. R-2015-2468056
)
)
Columbia Gas of Pennsylvania, Inc.)
)
)

REBUTTAL TESTIMONY OF
AMY L. EFLAND
ON BEHALF OF
COLUMBIA GAS OF PENNSYLVANIA, INC.

July 16, 2015

1   **I.   <u>Introduction</u>**

2

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

4   **A.**   My name is Amy L. Efland and my business address is 290 W. Nationwide Blvd.

5   Columbus, OH 43215.

6   **Q.   Are you the same Amy Efland who filed testimony in this proceeding?**

7   **A.**   Yes.

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

9   **A.**   The purpose of this rebuttal testimony is to respond to the Direct Testimony

10   submitted by Jeremy B. Hubert on behalf of the Commission's Bureau of

11   Investigation and Enforcement ("I&E"). Mr. Hubert recommends the projection for

12   average use per Residential customer for the Fully Forecasted Rate Year ("FFRY")

13   period ending December 31, 2016 to be 92.92 Dth. I will explain why the Company

14   does not agree with Mr. Hubert's projection.

15   **Q.   What average use per Residential customer is being proposed by Mr.**
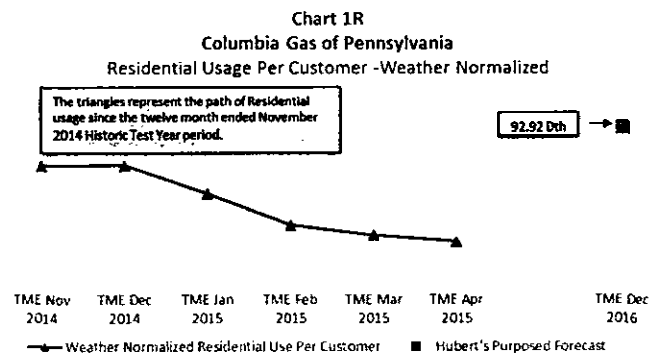
16   **Hubert?**

17   **A.**   Mr. Hubert is proposing that the level of Residential use for the Fully Forecasted

18   Rate Year Period be 92.92 Dth. Using information provided in I&E-RS-1D, Mr.

19   Hubert calculates an average annual increase in Residential usage of 0.56 Dth

20   presented in his Exhibit I&E Exhibit No. 3 Schedule 7.

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1   **Q.**   **Do you agree with Mr. Hubert's use of the most recent six-year period**

2   **(2009-TME November 2014) to calculate the average change in**

3   **Residential usage?**

4   **A.**   No. Mr. Hubert calculates an average increase in Residential use per customer

5   utilizing a very limited time period from 2009 to November 2014. The use of such a

6   limited time period of information can overstate the influence of short-term

7   fluctuations on future projections.

8   **Q.**   **Have you reviewed the most recent Residential use per customer levels**

9   **that became available after the case was filed and compared them to the**

10   **HTY twelve months ending November 2014 period?**

11   **A.**   Yes, Residential use per customer levels continue to fall at a rate very close to that

12   forecasted. Chart 1R shows that the weather normalized twelve month level of

13   Residential use per customer has exhibited a downward trend four months in a row

14   for the twelve month periods ending December 2014 through April 2015. The TME

15   April 2015 level of 89.6 Dth is 2.2 Dth or 2.4% below the HTY TME November 2014

16   level of 91.8 Dth.

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Chart 1R
Columbia Gas of Pennsylvania
Residential Usage Per Customer -Weather Normalized

1 **Q. Utilizing Mr. Hubert's calculation method, what would the Residential**

2 **usage per customer projection for the Fully Forecasted Rate period be**

3 **when incorporating the most current usage TME April 2015 data?**

4 A. Using Mr. Hubert's method, I have calculated the Residential usage per customer

5 for the FFRY period replacing the TME November 2014 usage data with the more

6 current TME April 2015 period. Using the data reflected in Table 1R, I calculated

7 the average change in usage for Residential customers over the most recent six-year

8 period (2009 – TME April 2015) to be 0.12 Dth per year. Based on the actual

9 weather normalized usage per customer for the TME April 2015 of 89.6 Dth, the

10 projected Fully Forecasted Rate Year Residential usage per customer drops from

11 Mr. Hubert's proposed 92.92 Dth to 89.8 Dth. Column A in Table 2R reflects Mr.

12 Hubert's original projection and column B shows the same calculations utilizing the

13 more current TME April 2015 data. The calculation employing the most recent six

14 year period of data shows that the projected FFRY estimate drops from 92.92 Dth

15 to 89.8 Dth which is a 3.1 Dth or a 3.3% drop over the proposed level advocated by

16 Mr. Hubert.

Table 1R		
	Columbia Gas of Pennsylvania	
	Residential Annual Dth per Customer	Dth
	Normalized for Weather	Annual Change
1991	117.9	
1992	119.2	1.30
1993	118.6	-0.60
1994	116.5	-2.10
1995	114.8	-1.70
1996	115.7	0.90
1997	112.3	-3.40
1998	108.2	-4.10
1999	106.6	-1.60
2000	107.9	1.30
2001	106.5	-1.40
2002	103.4	-3.10
2003	103.4	0.00
2004	101.3	-2.10
2005	96.0	-5.30
2006	90.0	-6.00
2007	92.6	2.60
2008	91.2	-1.40
2009	89.0	-2.20
2010	89.5	0.50
2011	89.0	-0.50
2012	86.8	-2.20
2013	90.1	3.30
TME November 2014	91.8	1.7
TME April 2015	89.6	-0.50

Average change for periods between 2009 and TME November 2014	0.56

Average change for periods between 2009 and TME April 2015	0.12

Average change for periods between 1991 and TME April 2015	-1.23

	Table 2R	
	A	B
	Hubert	Revised Hubert
	FFRY Projection	FFRY Projection
	(2009-TME November 2014)	(2009-TME April 2015)
HTY UPC - TME November 2014	91.8	
HTY UPC - TME April 2015		89.6
Two Year Change in Use Per Customer	1.1	0.2
Columbia Gas of Pennsylvania		
FFRY Residential Use Projection	92.92	89.8

1   Q.   **What would the impact on Mr. Hubert's proposed adjustment be to**

2   **base rate revenues when utilizing the updated FFRY period residential**

3   **usage level reflecting the April 2015 period?**

4   A.   Mr. Hubert proposes the FFRY Residential usage level of 92.92 Dth resulting in a

5   total adjustment to present revenues for the Residential class of $20,730,130. Of

6   the $20,730,130 adjustment, $8,968,442 reflects the Non-Gas Base Revenue

7   portion, $147,920 and $143,876 reflect the Gas Procurement and Merchant

8   Function charges respectively, with the balance of the adjustment, $11,469,892,

9   representing the Gas Cost Revenue portion. These adjustments are shown on I&E

10   Exhibit No.3 Schedule 5, lines 5 to 14, column F. After updating Mr. Hubert's

11   calculations utilizing more current information, residential usage per customer

12   drops to 89.8 Dth, resulting in an updated Non-Gas Base Revenue adjustment of

13      $3,899,639. Table 3R details the impact on revenue due to the 3.1 Dth change in

14   usage by subtracting Mr. Hubert's proposed level of 92.92 Dth from the revised

15   projection of 89.8 Dth.

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Table 3R				
Difference Usage / Dth	Residential Customers	Change in Volume / Dth	$/Dth	Change in Base Rate Revenue
3.1	388,034	1,202,905	4.2138	$ 5,068,803

19 Q.   **What time period do you suggest should have been used by Mr. Hubert**

20   **to more accurately calculate the Residential usage?**

21 A.   I continue to believe that Columbia's use of a long-term, twenty-year trend is

22   proper. The time period employed to calculate future usage levels ought to reflect

1   an average historical trend to ensure that one particular period does not

2   unreasonably influence the forecast. The instability of Mr. Hubert's method is

3   demonstrated with the incorporation of TME April 2015 data. Replacing the

4   November 2014 period of data with the April 2015 period, resulted in 56% decline

5   in Mr. Hubert's Base Revenue Adjustment. The vulnerability of Mr. Hubert's

6   methodology can also be seen by extending the period of data used to estimate the

7   annual change in usage by one time period. Mr. Hubert utilizes data representing

8   the 2009 to TME November 2014 timeframe to arrive at the estimated annual

9   change in Residential usage of 0.56 Dth. When extending this timeframe by one

10   year, reflecting the 2008 to November 2014 time period, the average annual change

11   in usage drops 82% from 0.56 Dth to 0.10 Dth, further affirming the instability of

12   Mr. Hubert's estimation method. Columbia's method takes into account both short

13   term and long term usage patterns, yielding a more reasonable projection.

14 **Q.** **Have you reviewed the current monthly performance of the Future Test**

15   **Year projections?**

16 **A.** Yes. Based on current information, the Forecast is performing well for the Future

17   Test Year period months December 2014 to April 2015. Chart 2R shows that the

18   monthly forecast variance is small, reflecting an overall variance for the period of

19   December 2014 to April 2015 to be 1.31%. This is well within in the expected

20   performance range of the forecast model and is further confirmation that the

21   forecast method and projections provided by Columbia are both reasonable and

22   accurate.

Chart 2R
Columbia Gas of Pennsylvania
Monthly Residential Use Per Customer
Forecast compared to Weather Normalized Actual usage
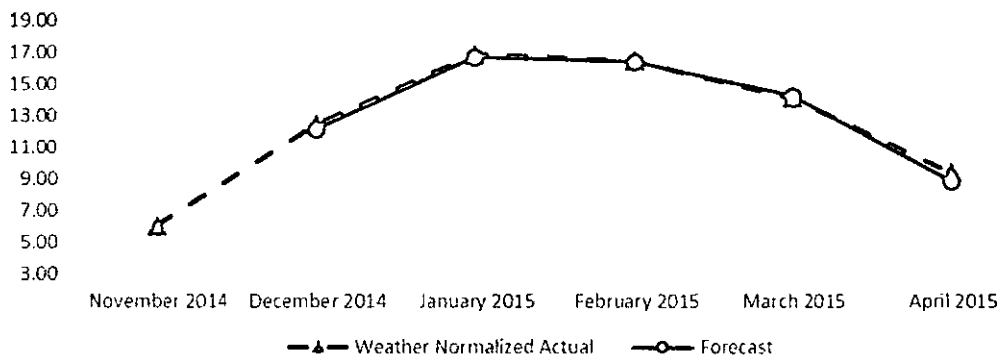
Q. **Do you still recommend the Residential use per customer level of 87.36 Dth for the Fully Forecasted Rate Year TME 2016?**

A. Yes. Several factors including limited end-uses for natural gas, increasing appliance efficiency and higher building standards will continue to contribute to the future downward trend in usage. The company's comprehensive statistical forecast method takes into account both the short term and the long-term usage trend, and also accounts for future economic and end-use factors. These are all important elements in determining the future level of Residential usage. Additionally, the strong recent performance of the forecast further validates that the projections provided by Columbia are both reasonable and accurate. I continue to recommend the Fully Forecasted Rate Year Residential use per customer level of 87.36 Dth calculated using the forecast methodology presented on pages 9 through 12 in my Direct Testimony.

1   **Q.**   **Does this conclude your prepared rebuttal testimony?**

2   **A.**   Yes it does.