

- I&E Exhibit No. 3 – The Exhibit to accompany the Direct Testimony of Ethan H. Cline
- I&E Statement No. 3-R – The Rebuttal Testimony of Ethan H. Cline
- I&E Statement No. 3-SR – The Surrebuttal Testimony of Ethan H. Cline
- Verification of Ethan H. Cline
- I&E Statement No. 4 – The Direct Testimony of Tyler Merritt
- I&E Exhibit No. 4 – The Exhibit to accompany the Direct Testimony of Tyler Merritt
- I&E Statement No. 4-SR – The Surrebuttal Testimony of Tyler Merritt
- Verification of Tyler Merritt

I&E Statement No. 1-R
Witness: D. C. Patel

PENNSYLVANIA PUBLIC UTILITY COMMISSION

v.

COLUMBIA GAS OF PENNSYLVANIA, INC.

Docket No. R-2022-3031211

Rebuttal Testimony

of

D. C. Patel

Bureau of Investigation & Enforcement

Concerning:

LOW-INCOME USAGE REDUCTION PROGRAM

HARDSHIP FUND

UPDATE TO I&E EXHIBIT NO. 1

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1 **INTRODUCTION OF WITNESS**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is D. C. Patel, and my business address is Pennsylvania Public Utility
4 Commission, Commonwealth Keystone Building, 400 North Street, Harrisburg,
5 PA 17120.

6
7 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

8 A. I am employed by the Pennsylvania Public Utility Commission (Commission) in
9 the Bureau of Investigation & Enforcement (I&E) as a Fixed Utility Financial
10 Analyst.

11
12 **Q. ARE YOU THE SAME D. C. PATEL WHO IS RESPONSIBLE FOR THE**
13 **DIRECT TESTIMONY CONTAINED IN I&E STATEMENT NO. 1 AND**
14 **THE SCHEDULES IN I&E EXHIBIT NO. 1?**

15 A. Yes.

16
17 **Q. DOES YOUR REBUTTAL TESTIMONY INCLUDE AN**
18 **ACCOMPANYING EXHIBIT?**

19 A. Yes. I&E Exhibit No. 1-R contains schedules that support my rebuttal testimony.

20
21 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

22 A. The purpose of my rebuttal testimony is to address the direct testimony of:
23 (1) Pennsylvania Weatherization Providers Task Force (PWPTF) witness Eugene

1 M. Brady concerning his recommended increase to Columbia Gas of
2 Pennsylvania, Inc's. (Columbia or Company) Low Income Usage Reduction
3 Program (LIURP) budget by \$846,000 beginning in the 2023 program year
4 (PWPTF Statement No. 1, pp. 6-8); (2) Office of Consumer Advocate (OCA)
5 witness Roger D. Colton concerning his recommended increase in the LIURP
6 production goal and associated cost (OCA Statement 4, pp. 44-46); (3) Coalition
7 for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-
8 PA) witness Harry S. Geller concerning his recommended increase in LIURP
9 budget by a percentage equal to the percentage increase of any approved
10 residential rate increase in this proceeding (CAUSE-PA Statement No. 1, pp. 25-
11 29); and (4) PWPTF witness Eugene M. Brady concerning his recommended
12 increase in the Company's contribution to the Hardship Fund commensurate with
13 the percentage increase in residential rates that result from this proceeding
14 (PWPTF Statement No. 1, p. 8).

15
16 **LIURP**

17 **RESPONSE TO PWPTF WITNESS EUGENE M. BRADY**

18 **Q. SUMMARIZE MR. BRADY'S DIRECT TESTIMONY CONCERNING**
19 **COLUMBIA'S LIURP BUDGET.**

20 A. Mr. Brady states that the Company's annual funding for LIURP, Warm Wise for
21 the years 2022 and 2023 is set at \$5,075,000 and there is an unmet need for
22 LIURP services. Therefore, he is proposing an additional annual increase of
23 \$846,000 in funding for the LIURP budget beginning in the 2023 program year
24 (PWPTF Statement No. 1, pp. 6-7).

1 **Q. WHAT IS THE BASIS FOR MR. BRADY’S RECOMMENDATION?**

2 A. Mr. Brady refers to the most recent need assessment where the Company
3 estimated that there were 18,647 households eligible for LIURP services and the
4 Company estimates that it would take 26 years to weatherize the homes of those
5 eligible for LIURP (PWPTF Statement No. 1, p. 6).

6 Next, he states that with over 18,000 customers in need of LIURP services,
7 there is a great need for those services, and, therefore, suggests that with a rate
8 increase granted, the number of customers served annually be increased by 75.
9 Applying a LIURP cost of approximately \$11,280 per recipient, Mr. Brady
10 estimates an additional annual LIURP funding of \$846,000 ($\$11,280 \times 75$)
11 beginning in the 2023 program year (PWPTF Statement No. 1, p. 7).

12
13 **Q. DO YOU AGREE WITH MR. BRADY’S RECOMMENDATION?**

14 A. No.

15
16 **Q. WHAT IS THE BASIS FOR YOUR RECOMMENDED DISALLOWANCE**
17 **OF MR. BRADY’S PROPOSAL?**

18 A. While Mr. Brady’s recommendation is well-intentioned, it is inappropriate to
19 consider increasing the LIURP budget in the instant proceeding. Per Columbia’s
20 response to I&E-RE-93-D, the Company significantly underspent its Universal
21 Service and Energy Conservation Plan’s (USECP) approved LIURP budget in the
22 fiscal years 2020 and 2021. Therefore, the Company has a significant unspent

1 LIURP roll over fund balance at the beginning of 2022, and a breakdown of the
2 LIURP budget and spending by year is shown in the table below (I&E Exhibit No.
3 1-R, Schedule 1, pp. 1-2):

	2019	2020	2021
LIURP budget	\$4,750,000	\$4,875,000	\$4,875,000
Actual spent	\$5,228,706	\$2,510,577	\$3,463,108
Over/(under) spent	\$478,706	(\$2,364,423)	(\$1,411,892)
Over/(under) spent %	10.08%	(48.50%)	(28.96%)

4
5
6 **Q. WHAT IS THE COMPANY'S EXPLANATION CONCERNING THE**
7 **UNDERSPENDING OF ITS LIURP BUDGET?**

8 A. Columbia witness Deborah Davis indicates that due to COVID-19 shutdowns, the
9 Company carried over \$3,857,244 in unspent LIURP funds from 2020 and 2021
10 into its 2022 budget (Columbia Statement No. 13, p. 10). Ms. Davis indicates that
11 the Company's LIURP spending would be \$6,500,000 in 2022 (Columbia
12 Statement No. 13, p. 12). Columbia proposes to spread any carryover from 2022
13 evenly over the next three calendar years, 2023 through 2025. Lastly, Ms. Davis
14 indicates that the Company intends to increase its LIURP production; however,
15 that will take time (Columbia Statement No. 13, p. 13).

16 Columbia has not shown that it will exhaust the existing budget or that
17 there will be a shortfall in the funding level, and Mr. Brady has not provided any
18 support indicating that the Company would be able to utilize the recommended
19 increase in LIURP funding. Therefore, Mr. Brady's recommendation to increase

1 the 2023 program year LIURP funding by \$846,000 in this proceeding is not
2 required or supported in view of the significant underspent roll over balance in the
3 LIURP budget.

4
5 **RESPONSE TO OCA WITNESS ROGER D. COLTON**

6 **Q. SUMMARIZE OCA WITNESS ROGER D. COLTON'S DIRECT**
7 **TESTIMONY REGARDING COLUMBIA'S LIURP.**

8 A. Mr. Colton recommends that Columbia be required to set a LIURP production
9 goal of 932 low-income households per year. He then estimates at an average
10 2021 LIURP cost of \$6,216 as reported by Columbia in its 2021 Universal Service
11 Report to BCS, the total cost in 2021 dollars would be \$5,795,798 (932 jobs x
12 \$6,216) (OCA Statement No. 4, p. 45). He did not specifically recommend any
13 increase in the dollar amount for the 2023 LIURP budget (funding level) in this
14 proceeding. However, he indicates that the total incremental cost of his proposal
15 as shown above is not the definite funding amount because as a result of the
16 proposed increase in LIURP jobs, there would be reductions in CAP credits and
17 arrearages subject to forgiveness through Columbia's CAP (OCA Statement No. 4,
18 pp. 45-46).

19
20 **Q. WHAT IS THE BASIS FOR MR. COLTON'S RECOMMENDATION?**

21 A. Mr. Colton states that Columbia projected it would serve approximately 792 low-
22 income homes through LIURP out of the total 18,647 low-income customers. At

1 this rate, it would take Columbia nearly 25 years to reach all low-income homes
2 one time (not needing to retreat homes at any point in that 25-year period).

3 Therefore, he recommends that Columbia should increase production goal to serve
4 932 ((18,647 x 50% = 9,324 target) ÷ 10 years) low-income households per year,
5 which would translate to an approximate total cost of \$5,795,798 based on 2021
6 cost base (OCA Statement No. 4, p. 45). Mr. Colton indicates that his
7 recommendation is designed to respond to and reflect Columbia's LIURP
8 spending in this proceeding because they could not appropriately be raised in a
9 past or future USECP review (OCA Statement No. 4, p. 46).

10
11 **Q. DO YOU AGREE WITH MR. COLTON'S RECOMMENDATION?**

12 A. I agree only in part. I agree with Mr. Colton's recommendation for increasing
13 efforts to serve more low-income customers, but I disagree with increasing the
14 budget amount in this proceeding. Considering Columbia's historic performance
15 for LIURP spending as discussed above, it is inappropriate and unsupported to
16 consider any potential increase in the approved LIURP budget in this base rate
17 case proceeding.

18
19 **Q. WHAT IS YOUR RECOMMENDATION?**

20 A. I recommend that no potential increase in the budgeted LIURP amount be
21 approved in this proceeding.

1 **Q. WHAT IS THE BASIS FOR YOUR RECOMMENDATION?**

2 A. As discussed above, Columbia has not shown that it will exhaust the existing
3 budget or that there will be a shortfall in the funding level. Mr. Colton has not
4 provided any support indicating that the Company would be able to serve his
5 proposed 932 low-income customers per year. Additionally, Mr. Colton does not
6 explain how the proposed incremental spending component will be exhausted in
7 addition to the current underspent balance of LIURP budgeted funds.

8

9 **RESPONSE TO CAUSE-PA WITNESS HARRY S. GELLER**

10 **Q. SUMMARIZE MR. GELLER'S DIRECT TESTIMONY CONCERNING**
11 **COLUMBIA'S LIURP BUDGET.**

12 A. First, Mr. Geller states that Columbia's LIURP program can help to mitigate the
13 impact of the proposed rate increase on low income high-use households by
14 installing a range of efficiency and weatherization measures to reduce
15 unnecessarily high usage. He asserts that this program is not funded in a manner
16 to meet the true need for energy efficiency and weatherization services, primarily
17 due to LIURP measures' cost inflation and the rate increase impact proposed in
18 this proceeding (CAUSE-PA Statement No. 1, pp. 25-26).

19 Therefore, he recommends that, at a minimum, Columbia should be
20 required to increase its overall LIURP budget by a percentage equal to the
21 percentage increase of any approved residential rate increase (CAUSE-PA
22 Statement No. 1, p. 27).

1 **Q. DO YOU AGREE WITH MR. GELLER THAT THE COMPANY’S LIURP**
2 **BUDGET SHOULD BE INCREASED BY A PERCENTAGE EQUAL TO**
3 **THE PERCENTAGE INCREASE IN RESIDENTIAL RATES AS**
4 **APPROVED IN THIS PROCEEDING?**

5 A. No.

6
7 **Q. WHAT IS THE BASIS FOR YOUR RECOMMENDATION?**

8 A. Mr. Geller refers to Columbia witness Ms. Davis’ statement that due to COVID-19
9 shutdowns, the Company carried over \$3,857,244 in unspent LIURP funds from
10 2020 and 2021 into its 2022 budget, the Company intends to spend \$6,500,000 in
11 2022, and that any unspent/carry over funds are proposed to be carried over evenly
12 in the next three calendar years, 2023-2025 (CAUSE-PA Statement No. 1, p. 27).
13 As discussed above, Columbia has not shown that it will exhaust the existing
14 budget and will experience a shortfall in the funding level. Additionally, Mr.
15 Geller expressed his concern regarding Columbia’s ability to sustain higher
16 production levels in subsequent years (CAUSE-PA Statement No. 1, p. 29).
17 Lastly, Mr. Geller does not provide any support for how the proposed incremental
18 spending component will be exhausted, in addition to the current underspent
19 balance of LIURP budget funds, in light of Mr. Geller’s concern about Columbia’s
20 ability to sustain or achieve higher production levels as recommended by him.

1 **Q. ARE THERE ANY OTHER REASONS THE COMMISSION SHOULD**
2 **REJECT PWPTF, OCA, AND CAUSE-PA’S RECOMMENDATIONS TO**
3 **INCREASE THE LIURP BUDGET IN THIS PROCEEDING?**

4 A. Yes. Per Columbia’s response to I&E-RE-94-D, the revised USECP 2019-2023,
5 as extended via the Commission Order entered on January 16, 2020 (at Docket
6 No. M-2018-2645401), reflects an approved LIURP budget for 2022 and 2023 of
7 \$4,875,000 per year (I&E Exhibit No. 1-R, Schedule 1, p. 3). The current USECP
8 2019-2023 (revised) will end next year in 2023, and, therefore, I believe it is
9 inappropriate to grant an increase to the 2023 LIURP budget as proposed by the
10 above three parties without consideration and evaluation of all of the program’s
11 performance indicators and provision of comments by all stakeholders and
12 interested parties as can occur in the next USECP proceeding.

13
14 **RECENT COMMISSION ORDERS**

15 **Q. ARE THERE ANY RECENT COMMISSION DECISIONS THAT**
16 **SUPPORT YOUR RECOMMENDATIONS AS EXPLAINED ABOVE?**

17 A. Yes. In the recent PECO Energy Company – Gas Division proceeding, the
18 Commission did not consider CAUSE-PA’s proposals related to CAP and other
19 universal service program issues within the context of the base rate proceeding
20 because they would be more properly considered in its USECP proceeding.¹ The

¹ *PA PUC v. PECO Energy Company – Gas Division*, Docket No. R-2020-3018929, pp. 195-196 (Order Entered June 22, 2021).

1 Commission referenced Columbia’s 2020 base rate proceeding² in which it
2 concluded, “that energy burdens should not be considered separately from other
3 parts of the Company’s CAP and universal service programs but should be
4 considered as part of the Company’s entire universal service plan, including the
5 need for changes and associated costs.”³

6 It should be noted that in the 2020 Columbia Gas proceeding, the
7 Commission rejected a similar proposal related to the Health and Safety Pilot
8 Program from CAUSE-PA.⁴ In that proceeding the Commission agreed with the
9 Administrative Law Judge’s recommended decision denying any change to the
10 pilot program until its effectiveness can be evaluated.⁵

11
12 **HARDSHIP FUND**

13 **RESPONSE TO PWPTF WITNESS EUGENE M. BRADY**

14 **Q. SUMMARIZE MR. BRADY’S TESTIMONY CONCERNING**
15 **COLUMBIA’S HARDSHIP FUND BUDGET.**

16 A. Mr. Brady recommends that the Company’s contribution to its hardship
17 fund be increased commensurate with the percentage increase in rates of the
18 residential class that would result from this proceeding. He then states that a

² *PA PUC v. Columbia Gas of Pennsylvania, Inc.*, Docket No. R-2020-3018835 (Order Entered February 19, 2021).

³ *PA PUC v. PECO Energy Company – Gas Division*, Docket No. R-2020-3018929, p. 195 (Order Entered June 22, 2021).

⁴ *PA PUC v. Columbia Gas of Pennsylvania, Inc.*, Docket No. R-2020-3018835, pp. 160-161 and 173-174 (Order Entered February 19, 2021).

⁵ *PA. PUC v. Columbia Gas of Pennsylvania, Inc.*, Docket No. R-2020-3018835, p. 174 (Order Entered February 19, 2021).

1 modest increase in comparison to other universal service funding will help
2 customers deal with a rate increase in these difficult economic times (WPTF
3 Statement No. 1, p. 8).

4
5 **Q. DO YOU AGREE WITH MR. BRADY'S RECOMMENDATION THAT**
6 **THE COMPANY SHOULD INCREASE ITS CONTRIBUTION TO THE**
7 **HARDSHIP FUND?**

8 A. No.

9
10 **Q. WHAT IS THE BASIS FOR YOUR RECOMMENDATION?**

11 A. Mr. Brady did not specify or propose a definitive dollar increase in the Company's
12 contribution to the hardship fund or the funding source for the contribution.
13 Columbia's hardship fund is funded by shareholders, customer contributions,
14 fundraising activities, and natural gas supplier refunds and penalty credits, and a
15 breakdown of contribution with dollar amounts by year for 2019, 2020, and 2021
16 is provided in response to I&E-RE-90-D (I&E Exhibit No. 1-R, Schedule 2, p. 1).
17 In the absence of any analysis of funding sources or the historic spending level of
18 the hardship fund, and as discussed above, the fact that it is inappropriate to
19 consider any increase to the hardship fund budget of \$675,000 (I&E Exhibit No.
20 1-R, Schedule 2, p. 1) in this proceeding without seeking comments of all
21 stakeholders and interested parties, I disagree with Mr. Brady's recommendation.

1 **UPDATE TO I&E EXHIBIT NO. 1**

2 **Q. DO YOU HAVE ANY UPDATES OR CORRECTIONS TO I&E EXHIBIT**
3 **NO. 1?**

4 A. Yes.

5
6 **Q. WHAT ARE YOUR CORRECTIONS?**

7 A. It has come to my attention that I&E Exhibit No. 1, Schedule 4, page 8, requires
8 correction due to the inadvertent exclusion of the fourth (last) column of data that
9 was not shown in the pdf version of my exhibit. A corrected I&E Exhibit No. 1,
10 Schedule 4, page 8 of 13, is included in the exhibit to this rebuttal testimony (I&E
11 Exhibit No 1-R, Schedule 3, p. 1).

12
13 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

14 A. Yes.

**I&E Exhibit No. 1-R
Witness: D. C. Patel**

PENNSYLVANIA PUBLIC UTILITY COMMISSION

v.

COLUMBIA GAS OF PENNSYLVANIA, INC.

Docket No. R-2022-3031211

Exhibit to Accompany

the

Rebuttal Testimony

of

D. C. Patel

Bureau of Investigation & Enforcement

Concerning:

LOW-INCOME USAGE REDUCTION PROGRAM

HARDSHIP FUND

UPDATE TO I&E EXHIBIT NO. 1

Columbia Gas of Pennsylvania, Inc.

I&E Exhibit No. 1-R Schedule 1 Page 1 of 3

COLUMBIA GAS OF PENNSYLVANIA, INC.
2022 RATE CASE PROCEEDING

Docket No. R-2022-3031211

Data Requests

BUREAU OF INVESTIGATION AND ENFORCEMENT INTERROGATORIES
Set RE

Question No. I & E RE-093-D:

Reference Columbia Statement No. 13, provide approved budget versus actual spending under the Universal Service and Energy Conservation Plan (USECP) 2019-2021 by program category LIURP, CARES, CAP, and Hardship Fund and by year 2019, 2020, and 2021 in the format included in the USECP 2019-2021 filing (at Docket No. M-2018-2645401, p. 11).

Response:

Please see Attachment A to this request for the budget versus actual spending in the format included in the USECP 2019 – 2021 filing for the 2019, 2020 and 2021 years. These projections were made in early 2018 based on actual spend in 2017 and expected trends at that time. The pandemic created a different outcome most notably with CAP administrative costs. It is important to note, the USP Rider is projected yearly based on prior year actuals and expected trends and is not based on the projections filed with the USECP. The Rider USP is reconciled on a yearly basis.

	Approved Budget			Actual Spend		
	2019	2020	2021	2019	2020	2021
LIURP	\$4,750,000	\$4,875,000	\$4,875,000	\$5,228,706	\$2,510,577	\$3,463,108
Energy Assistance Outreach and Processing	\$180,000	\$180,000	\$180,000	\$141,326	\$143,686	\$159,121
CARES Community Outreach	\$260,000	\$260,000	\$260,000	\$262,013	\$192,077	\$164,315
CARES Total	\$440,000	\$440,000	\$440,000	\$403,339	\$335,763	\$323,436
CAP Administration and Applications	\$1,300,000	\$1,300,000	\$1,300,000	\$724,643	\$726,617	\$751,262
Shortfall	\$20,442,928	\$20,442,928	\$20,442,928	\$17,970,920	\$14,619,229	\$20,023,299
Arrearage Retirement	\$975,247	\$975,247	\$975,247	\$1,837,043	\$1,054,724	\$3,284,454
CAP Total	\$22,718,175	\$22,718,175	\$22,718,175	\$20,532,606	\$16,400,570	\$24,059,015
Hardship Funds	\$675,000	\$675,000	\$675,000	\$426,042	\$487,716	\$1,239,146
Hardship Administrative Costs	\$34,000	\$34,000	\$34,000	\$36,028	\$29,543	\$21,096
Total	\$28,617,175	\$28,742,175	\$28,742,175	\$26,626,721	\$19,764,169	\$29,105,801

*Approved budget is as reported in the current Approved USECP plan.

Columbia Gas of Pennsylvania, Inc.

COLUMBIA GAS OF PENNSYLVANIA, INC.
2022 RATE CASE PROCEEDING

Docket No. R-2022-3031211

Data Requests

BUREAU OF INVESTIGATION AND ENFORCEMENT INTERROGATORIES
Set RE

Question No. I & E RE-094-D:

Reference Revised USECP 2019-2023 as extended vide the Commission Order entered on January 16, 2020 (at Docket No. M-2018-2645401), provide the approved budgeted spending under this plan by program category LIURP, CARES, CAP, and Hardship Fund and by year for 2022 and 2023.

Response:

Please see the approved budget spending by year for 2022 and 2023 for Universal Service Programs as filed below.

	Approved Budget	
	2022	2023
LIURP	\$4,875,000	\$4,875,000
Energy Assistance Outreach and Processing	\$180,000	\$180,000
CARES Community Outreach	\$260,000	\$260,000
CARES Total	\$440,000	\$440,000
CAP Administration and Applications	\$1,300,000	\$1,300,000
Shortfall	\$20,442,928	\$20,442,928
Arrearage Retirement	\$975,247	\$975,247
CAP Total	\$22,718,175	\$22,718,175
Hardship Funds	\$675,000	\$675,000
Hardship Administrative Costs	\$34,000	\$34,000
Total	\$28,742,175	\$28,742,175

Columbia Gas of Pennsylvania, Inc.

COLUMBIA GAS OF PENNSYLVANIA, INC.
2022 RATE CASE PROCEEDING

Docket No. R-2022-3031211

Data Requests

BUREAU OF INVESTIGATION AND ENFORCEMENT INTERROGATORIES
Set RE

Question No. I & E RE-090-D:

Reference Columbia Statement No. 13, pp. 2-10 concerning the Hardship Fund program. Provide a breakdown of the Hardship Fund contributions for the fiscal year ended November 30, 2019, November 30, 2020, and November 30, 2021 broken down by category (i.e., voluntary ratepayer/utility employee contributions, fund raising activities, utility and shareholder contributions, supplier refunds, pipeline penalty credits, other campaign/programs etc.).

Response:

Please see the following chart for the requested data for fiscal year ending November 30th by category. Please Note: The Penalty Credit/Supplier Refunds are the funds provided to the administrator for distribution in that year. This is not the total amount of funds received by the Company as provided in Data Request I & E RE-089-D.

	Shareholder Funds	Customer Contributions	Fundraising Activity Proceeds	Penalty Credit/Supplier Refunds
November, 2021	\$ 550,000	\$ 65,000	\$ 19,800	\$ 375,000
November, 2020	\$ 150,000	\$ 65,000	\$ 25,400	\$ 375,000
November, 2019	\$ 150,000	\$ 82,000	\$ 46,813	\$ 375,000

I&E-RE-13-D
Attachment B
Page 1 of 1

Date	# of Vacancies	Date	# of Vacancies
12/31/2018	48	12/31/2020	52
1/31/2019	53	1/31/2021	59
2/28/2019	47	2/28/2021	60
3/31/2019	49	3/31/2021	47
4/30/2019	112	4/30/2021	46
5/31/2019	100	5/31/2021	41
6/30/2019	91	6/30/2021	44
7/31/2019	76	7/31/2021	51
8/31/2019	76	8/31/2021	60
9/30/2019	72	9/30/2021	65
10/31/2019	69	10/31/2021	69
11/30/2019	68	11/30/2021	56
12/31/2019	63	12/31/2021	60
1/31/2020	49	1/31/2022	53
2/29/2020	50	2/28/2022	51
3/31/2020	48		
4/30/2020	48		
5/31/2020	52		
6/30/2020	53		
7/31/2020	57		
8/31/2020	53		
9/30/2020	52		
10/31/2020	58		
11/30/2020	54		

**I&E Statement No. 3-R
Witness: Ethan H. Cline**

PENNSYLVANIA PUBLIC UTILITY COMMISSION

v.

COLUMBIA GAS OF PENNSYLVANIA, INC.

Docket No. R-2022-3031211

Rebuttal Testimony

of

Ethan H. Cline

Bureau of Investigation and Enforcement

Concerning:

Cost of Service

TABLE OF CONTENTS

INTRODUCTION 1

COST OF SERVICE 1

1 **INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Ethan H. Cline. My business address is Pennsylvania Public Utility
4 Commission, 400 North Street, Harrisburg, PA 17120.

5
6 **Q. ARE YOU THE SAME ETHAN H. CLINE WHO SUBMITTED I&E
7 STATEMENT NO. 3 AND I&E EXHIBIT NO. 3 ON JUNE 7, 2022?**

8 A. Yes.

9
10 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

11 A. The purpose of my rebuttal testimony is to present a response to the direct
12 testimony of Pennsylvania State University's ("PSU") witness James L. Crist, P.E.
13 (PSU Statement No. 1) regarding cost of service.

14
15 **Q. DOES YOUR REBUTTAL TESTIMONY INCLUDE AN EXHIBIT?**

16 A. No.

17
18 **COST OF SERVICE**

19 **Q. HOW DID THE COMPANY ALLOCATE THE PROPOSED REVENUE
20 INCREASE?**

21 A. As stated in my direct testimony, the Company used the results of the Peak &
22 Average methodology when designing the proposed revenue requirement and rates
23 (I&E St. No. 3, p. 11).

1 **Q. DID YOU RECOMMEND UTILIZING THE PEAK AND AVERAGE COST**
2 **OF SERVICE STUDY AS A GUIDE IN ALLOCATING THE FINAL**
3 **REVENUE INCREASE AMONG THE VARIOUS CUSTOMER CLASSES?**

4 A. Yes. I agreed with the Company's use of the Peak and Average methodology to
5 allocate the cost of distribution plant and related expenses (I&E St. No. 3, p. 12).

6
7 **Q. WHY IS THE PEAK AND AVERAGE METHODOLOGY THE MOST**
8 **REASONABLE WAY TO ALLOCATE THE COST OF MAINS?**

9 A. The Peak and Average methodology utilizes two factors to allocate the cost of
10 mains, the peak flow and the average flow. This methodology recognizes that
11 mains are used to deliver gas to customers and therefore main investments are
12 based on the load rather than number of customers.

13

14 **Q. DID ANOTHER PARTY SUBMIT DIRECT TESTIMONY CONCERNING**
15 **COST ALLOCATION STUDIES?**

16 A. Yes. PSU Witness Crist provided direct testimony recommending that the
17 Commission reject the use of the Peak and Average methodology and instead use
18 the Customer-Demand methodology, which utilizes a combination of peak day
19 demands and customer counts to assign mains cost responsibility (PSU St. No. 1, p
20 18).

1 **Q. WHAT WAS THE BASIS FOR MR. CRIST’S RECOMMENDATION**
2 **THAT THE COMMISSION RELY ON A COMBINATION OF THE**
3 **COMPANY’S TWO COST OF SERVICE STUDIES?**

4 A. Mr. Crist’s position is that the reason the Company chose the Peak and Average
5 methodology to allocate costs and revenues in this base rate case was “not because
6 the use of the peak and average study was a more accurate reflection of cost
7 causation, but only because the Commission, in one recent case, expressed a
8 preference for the peak and average study due to ‘errors’ in the customer-demand
9 study.” (PSU St. No. 1, pp. 11-12).

10

11 **Q. WHAT RECENT CASE IS MR. CRIST REFERRING TO?**

12 A. Mr. Crist is referring to the recent Columbia 2020 rate proceeding at Docket No.
13 R-2020-3018835. The Administrative Law Judge’s (“ALJ”) Recommended
14 Decision (“RD”) stated that the customer-demand would be the preferred method
15 were it not for errors. The Commission’s Order (“2020 Columbia Order”) entered
16 February 19, 2021 held that it was not persuaded to reverse the ALJ’s RD. The
17 Commission concluded that it must, therefore, also support the customer-demand
18 methodology apart from certain errors that were not included in the current
19 proceeding (PSU St. No. 1, pp. 12-14).

1 **Q. DO YOU AGREE WITH MR. CRIST’S ANALYSIS OF THE**
2 **COMMISSION’S 2020 COLUMBIA ORDER?**

3 A. No. Mr. Crist’s analysis of the 2020 Columbia Order is inaccurate and
4 misleading.

5
6 **Q. WHY IS MR. CRIST’S ANALYSIS OF THE 2020 COLUMBIA ORDER**
7 **INACCURATE AND MISLEADING?**

8 A. Mr. Crist’s analysis of the 2020 Columbia Order conveniently omits the rest of the
9 Commission’s discussion of the peak and average methodology. Specifically, Mr.
10 Crist fails to recognize page 215 of the 2020 Columbia Order in which the
11 Commission stated the following:

12 Based on our review of the record, and as noted by the ALJ,
13 we have consistently used the Peak & Average methodology
14 for the allocation costs for NGDCs. In this regard, we find that
15 the Customer-Demand method and the Average ACCOSS,
16 which depends on the Customer-Demand methodology, would
17 be inconsistent with Commission precedent and generally
18 accepted principles for NGDCs because they both contain
19 customer cost components.
20

21 The Commission also concluded on page 218 of the 2020 Columbia Order saying,
22 “we find that the Peak & Average allocation methodology is the most appropriate
23 allocation methodology to use in this proceeding because it is based on the
24 premise of load-based investment.” These statements from the 2020 Columbia
25 Order refute what Mr. Crist claimed was the Commission’s ruling.

1 **Q. DID MR. CRIST PROVIDE ANY OTHER RATIONALE FOR**
2 **SUPPORTING THE CUSTOMER-DEMAND METHODOLOGY?**

3 A. Mr. Crist's rationale for supporting the customer-demand methodology is his
4 claim that the Company uses delivery pressure as the only data used in gas main
5 design and sizing (PSU St. No. 1, pp. 15-17).

6
7 **Q. DO YOU AGREE WITH MR. CRIST'S POSITION THAT THE**
8 **CUSTOMER-DEMAND METHODOLOGY SHOULD BE THE**
9 **PREFERRED METHOD FOR COST ALLOCATION?**

10 A. Not at all. Mr. Crist's insistence that costs should be allocated based on the
11 customer-demand methodology because of how the Company stated the system is
12 designed is not consistent with the Commission's historic determination of cost
13 causality.

14
15 **Q. IS MR. CRIST'S BELIEF SUPPORTED BY THE COMMISSION?**

16 A. No. The Commission stated on page 217 of the 2020 Columbia Order that "we
17 remain of the opinion that although mains serve customers, it is the throughput
18 that determines the type of main investment, not the number of customers served."

19
20 **Q. IF MR. CRIST'S POSITION IS ACCEPTED, WILL THE CONCEPT OF**
21 **COST CAUSATION BE VIOLATED AND WHO WILL ULTIMATELY**
22 **BEAR THE COSTS THAT HIS CLIENT IS TRYING TO AVOID?**

23 A. No. I agree with Mr. Crist's statement on page 8 of PSU Statement No. 1 that the

1 principle of cost causation “may not be violated just because some customers do
2 not like bearing the costs or want to lessen the impact of the cost of the benefits
3 they receive at the expense of others, nor may it be violated because a utility
4 wishes to benefit one customer class at the expense of others.” However, as
5 described above, Mr. Crist’s position does, in fact, violate the principle of cost
6 causation for the reasons stated by the Commission. Mr. Crist’s recommendation
7 would shift costs away from his client in order to lessen the impact of the cost of
8 the benefits they receive at the expense of the other customers on the system,
9 which is unfair to those customers that will bear the cost.

10
11 **Q. SHOULD THE RECOMMENDATION OF MR. CRIST BE ACCEPTED BY**
12 **THE COMMISSION?**

13 A. No. The Commission should not reverse itself and has previously reflected the
14 proper recognition that distribution mains are built on the basis of year-round
15 demands as well as peak demands. Mr. Crist did not provide any reasonable
16 rationale to accept a methodology that the Commission rejected recently.

17
18 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

19 A. Yes.