



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

BUREAU OF
INVESTIGATION
&
ENFORCEMENT

September 2, 2022

Via Electronic Filing

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

Re: Pennsylvania Public Utility Commission v.
Columbia Gas of Pennsylvania, Inc.
Docket No.: R-2022-3031211
I&E Reply Brief

Dear Secretary Chiavetta:

Enclosed for electronic filing please find the **Reply Brief of the Bureau of Investigation and Enforcement** in the above-captioned proceeding.

Copies are being served on parties of record per the attached Certificate of Service. Should you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink that reads 'Erika L. McLain'.

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cc: Deputy Chief Administrative Law Judge Christopher Pell (*via email*)
Administrative Law Judge John M. Coogan (*via email*)
Per Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

| | | |
|--|---|---------------------------|
| Pennsylvania Public Utility Commission | : | |
| | : | |
| v. | : | Docket No. R-2022-3031211 |
| | : | |
| Columbia Gas of Pennsylvania, Inc. | : | |

**REPLY BRIEF
OF THE
BUREAU OF INVESTIGATION AND ENFORCEMENT**

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Dated: September 2, 2022

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I. INTRODUCTION

A. History of the Proceeding

On August 23, 2022, the Bureau of Investigation and Enforcement (“I&E”) filed a Main Brief in this proceeding. The history of the proceeding was addressed in I&E’s Main Brief.¹ On August 23, 2022, Columbia Gas of Pennsylvania, Inc. (“Columbia” or “Company”), the Office of Small Business Advocate (“OSBA”), the Pennsylvania State University (“PSU”), and Richard C. Culbertson also filed Main Briefs. The issues addressed in this I&E Reply Brief are limited to matters raised in the OSBA Main Brief that relate to the revenue allocation and rate design settlement addressed in the I&E Main Brief. I&E also replies to an issue raised in Richard C. Culbertson’s Main Brief.

B. Burden of Proof

I&E fully addressed the Burden of Proof in its Main Brief.²

II. SUMMARY OF ARGUMENT

I&E maintains that the Joint Petition for Settlement on Revenue Allocation and Rate Design is within the public interest as explained below and fully in I&E’s Main Brief.

III. RATE STRUCTURE

A. Cost of Service

In its Main Brief, the OSBA requests the Commission to adopt the OSBA’s version of the Company’s peak and average cost of service study as it corrects significant

¹ I&E Main Brief, pp. 1-3.

² I&E Main Brief, pp. 3-4.

errors made by Columbia.³ The errors the OSBA addresses are moot as the Settling Parties agreed to a revenue allocation and rate design as a compromise to their positions taken within this proceeding.

For the reasons in I&E's Main Brief as well as above, I&E continues to support the Joint Settlement on Revenue Allocation and Rate Design as it not only reflects a compromise of the Joint Petitioners but also recognizes the influence of the peak and average methodology that the OSBA agrees should be used in this proceeding.

B. Revenue Allocation

In its Main Brief, the OSBA misstates I&E's revenue allocation position. OSBA claims that I&E accepted the Company's peak and average cost of service study and proposed revenue allocation at the Company's full revenue requirement request.⁴ For purposes of clarification, I&E supported Columbia's use of the peak and average cost of service study, it did not accept Columbia's proposed revenue allocation at the Company's full revenue requirement request and instead recommended a reallocation of revenue from RSS/RDS class to the SDS/LGSS class.⁵ I&E's recommendation was to ensure that the subsidy received by the SDS/LGSS class from the RSS/RDS class was reduced and move the SDS/LGSS class toward the system average relative rate of return.⁶

Ultimately, the Joint Petitioners settled on a revenue allocation based upon the compromise of the Parties' respective positions in this proceeding. The revenue

³ OSBA Main Brief, p. 7.

⁴ OSBA Main Brief, p. 11.

⁵ I&E St. No. 3, pp. 16-17

⁶ I&E St. No. 3, p. 17.

allocation set forth in the Joint Petition moves rates closer to cost of service for all Joint Petitioners and reflects a fair and reasonable allocation of the agreed upon revenue increase. Accordingly, this revenue allocation is in the public interest because it is within the range of revenue allocations proposed by the parties that supported the use of the peak and average methodology.

C. Tariff Structure/Rate Design

The OSBA asks the Commission to apply a standard proportional scale back to the revenue increase in this proceeding but does not object to the other Parties' litigated proposals for scale back.⁷ The Joint Petitioners proposed rate design for all customer classes represents acceptable compromise of the competing litigation positions. The Settlement reflects a reasonable outcome at the revenue increase and customer charge agreed upon by the Parties and is in the public interest.

D. Summary

As stated in I&E's Main Brief, the Non-Unanimous Settlement reflects a careful compromise between the Settling Parties. The agreed upon revenue allocation follows along the principles of the Commission approved peak and average methodology and represents a fair and reasonable result. The Settlement provides a Revenue Allocation and Rate Design that falls within I&E's range of reasonableness and is in the public interest.

⁷ OSBA Main Brief, pp. 14-16.

IV. ISSUE RAISED BY RICHARD C. CULBERTSON

In Main Brief, Mr. Culbertson’s proposed Ordering paragraphs included the following: “The Commission’s Bureau of Investigation and Enforcement is hereby ordered to submit like plans to accomplish Orders 1. and 4. that are acceptable to the Commission within 60 days.”⁸ According to Mr. Culbertson’s Main Brief, “Orders 1. and 4.” are requesting I&E to submit plans to investigate the lawfulness, justness, and reasonableness of the rates, rules, and regulations contained in Columbia Gas of Pennsylvania, Inc.’s proposed Supplement No. 337 to Tariff Gas – Pa. P.U.C. No. 9.⁹ However, above “Orders 1. and 4.” Mr. Culbertson identifies the docket number for the 2020 Columbia base rate proceeding.

I&E submits that it completed its full investigation in the 2020 Columbia base rate case and that proceeding before the Commission has been completed. Moreover, if Mr. Culbertson is referring to the instant proceeding, I&E has been an active participant exhibited by the testimony, discovery, and pleadings served and would submit that its investigation into this base rate case has been demonstrated throughout this docket.

V. CONCLUSION

The Commission’s Bureau of Investigation and Enforcement supports the Joint Petition for Non-Unanimous Settlement of revenue allocation and rate design as being in the public interest. The Bureau of Investigation and Enforcement respectfully request that Deputy Chief Administrative Law Judge Christopher P. Pell and Administrative Law

⁸ Culbertson Main Brief, p. 40.

⁹ Culbertson Main Brief, p. 39.

Judge John Coogan reject the Office of Small Business Advocate and Richard C. Culbertson's recommendations and recommend the foregoing Non-Unanimous Settlement Agreement on revenue allocation and rate design be approved by the Commission.

Respectfully submitted,

A handwritten signature in cursive script that reads "Erika L. McLain".

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