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September 2, 2022

VIA ELECTRONIC FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17105-3265

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

Dear Secretary Chiavetta:

Attached for filing is the Reply Brief on behalf of Columbia Gas of Pennsylvania, Inc. in the above-referenced proceeding. Copies will be provided per the Certificate of Service.

Respectfully submitted,

Lindsay A. Berkstresser

Lindsay A. Berkstresser
Principal

LAB/kls
Attachments

cc: Honorable Christopher P. Pell *(via email; w/att.)*
Honorable John M. Coogan *(via email; w/att.)*
Certificate of Service

CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing have been served upon the following persons, in the manner indicated, in accordance with the requirements of § 1.54 (relating to service by a participant).

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Date: September 2, 2022

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	R-2022-3031211
Office of Small Business Advocate	:	C-2022-3031632
Office of Consumer Advocate	:	C-2022-3031767
Pennsylvania State University	:	C-2022-3031957
Columbia Industrial Intervenors	:	C-2022-3032178
Jose A. Serrano	:	C-2022-3031821
Constance Wile	:	C-2022-3031749
Richard C. Culbertson	:	C-2022-3032203
	:	
v.	:	
	:	
Columbia Gas of Pennsylvania, Inc	:	

REPLY BRIEF OF COLUMBIA GAS OF PENNSYLVANIA, INC.

TO ADMINISTRATIVE LAW JUDGES CHRISTOPHER P. PELL AND JOHN COOGAN:

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I. INTRODUCTION

On August 23, 2022, in accordance with the litigation schedule established in this proceeding, Columbia Gas of Pennsylvania, Inc., ("Columbia" or the "Company"), the Pennsylvania Public Utility Commission's ("Commission") Bureau of Investigation and Enforcement ("I&E"), and The Pennsylvania State University ("PSU") filed Main Briefs in support of the revenue allocation and rate design proposed in the Joint Petition for Non-Unanimous Settlement. Columbia Industrial Intervenors ("CII"), the Office of Consumer Advocate ("OCA"), and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA") filed letters indicating that they support the Joint Petition for Non-Unanimous Settlement and will submit statements in support of the Non-Unanimous Settlement. The PA Weatherization Providers Task Force ("PWPTF") also indicated that it supports the Non-Unanimous Settlement and will be submitting a statement in support of the Non-Unanimous Settlement. The Retail Energy Supply Association, Shipley Choice, LLC d/b/a Shipley Energy, and NRG Energy, Inc. ("RESA/NGS Parties") and Natural Resourced Defense Council ("NRDC") indicated that they do not oppose the Joint Petition for Non-Unanimous Settlement. The Office of Small Business Advocate ("OSBA") filed a Main Brief in support of its litigation position on revenue allocation. Richard C. Culbertson also filed a Main Brief.

Columbia hereby submits this Reply Brief in response to the OSBA's Main Brief regarding revenue allocation issues and in response to the issues raised by Mr. Culbertson in his Main Brief. For the reasons explained herein and in Columbia's Main Brief, the ALJs and the Commission should approve the revenue allocation and rate design proposed in the Joint Petition for Non-Unanimous Settlement and reject the OSBA's litigation position. Further, the ALJs and the Commission should reject Mr. Culbertson's arguments because they are without merit and lack evidentiary support.

II. SUMMARY OF ARGUMENT

A. The Joint Petition for Non-Unanimous Settlement on Revenue Allocation and Rate Design should be approved, and the OSBA's proposed revenue allocation should be rejected.

The ALJs and the Commission should approve the revenue allocation and rate design proposed in the Joint Petition for Non-Unanimous Settlement and reject OSBA's litigation position on revenue allocation. As explained in Columbia's Main Brief and the Main Briefs of I&E and PSU, the Non-Unanimous Settlement represents a reasonable and fairly balanced compromise on revenue allocation that is within the range of the parties' positions who endorsed a Peak & Average allocation methodology (including the OSBA) and is also within the range of the likely outcomes in this proceeding. Columbia MB, p.11; I&E MB, p. 12; PSU MB, pp. 2, 9-11. The OSBA's proposed revenue allocation is unreasonable because it would assign an increase of 2.0 times the system average to a single rate class in violation of gradualism principles. Unlike OSBA's proposed revenue allocation, the revenue allocation proposed in the Joint Petition for Non-Unanimous Settlement gradually moves distribution rates for each class closer to the full cost of providing service. The Joint Petition for Non-Unanimous Settlement is in the public interest and should be approved.

B. Mr. Culbertson's claims should be rejected, his Complaint dismissed, and his requested relief denied in its entirety because his allegations are not supported by record evidence.

In his Main Brief, Mr. Culbertson made various broad and unsupported allegations regarding the Company's audits, rates, pipeline replacement, and safety. Mr. Culbertson failed to provide substantial and legally credible evidence, or any evidence whatsoever, to support any of his claims, and therefore, his claims should be rejected. For the reasons explained herein, Mr. Culbertson's Complaint against this base rate proceeding should be dismissed in its entirety and with prejudice, and his requested relief should be denied.

III. ARGUMENT

A. Response to OSBA's Main Brief on Revenue Allocation

Simultaneously with this Reply Brief, Columbia is submitting a Joint Petition for Non-Unanimous Settlement between Columbia, I&E, OCA, CII, PSU, CAUSE-PA, and PWPTF that proposes to resolve the revenue allocation and rate design issues in this proceeding. The OSBA is not a party to the Non-Unanimous Settlement, and instead submitted a Main Brief regarding revenue allocation.

In its Main Brief, OSBA asserts that its proposed revenue allocation is based on OSBA's Peak & Average Study, which OSBA claims corrects certain "technical errors" in the Company's Peak & Average Study. OSBA MB, p. 5. In rebuttal testimony, Columbia witness Johnson acknowledged the technical errors, which were identified during the course of discovery, and also prepared a revised Peak & Average Study that corrected these errors. Columbia St. 6-R, p. 14, Columbia Exhibit KLJ-1R. However, as Columbia witness Johnson explained, these technical errors were immaterial and did not change Columbia's originally proposed revenue allocation. Columbia St. 6-R, p. 15.

The OSBA's Peak & Average Study is also based on OSBA's design day demand allocation, which differs from the Company's proposed design day demand allocation. OSBA MB, p. 6. OSBA witnesses Knecht and Ewen disagreed with Columbia's methodology for allocating design day demands based on their belief that the Company's design day demands are inconsistent with the Company's load forecast. OSBA St. 1, pp. 16-18; OSBA MB, p. 6. OSBA witnesses Knecht and Ewen proposed to modify the load factors to be more similar to those used in the Company's 2021 base rate case. OSBA St. 1, p. 18. In rebuttal testimony, Columbia witness Johnson explained that, after correcting for technical errors, the net change in Columbia's design day volumes from the 2021 rate case to the 2022 rate case is only 0.3%. Columbia St. 6-R, p. 20.

Columbia witness Johnson also explained why Columbia's current methodology for allocating design day demand is reasonable and that the change in design day demand volumes from the 2021 case to the 2022 case can be attributed to customer behavior and growth. Columbia St. 6-R, pp. 16-30. I&E witness Cline agreed with Columbia's reasoning for the design day demand shifts and agreed with Columbia that OSBA's adjustment should be rejected. I&E St. 3-SR, p. 13.

In its Main Brief, OSBA also presented various arguments against other parties' litigation positions on revenue allocation and in favor of OSBA's litigation position on revenue allocation. OSBA MB, pp. 8-13. Despite OSBA's criticisms of Columbia's and other parties' revenue allocation proposals, Columbia continues to support the revenue allocation proposed in the Joint Petition for Non-Unanimous Settlement as a reasonable compromise of the parties' positions that is in the public interest. As Columbia explained in its Main Brief, the revenue allocation proposed in the Joint Petition for Non-Unanimous Settlement is reasonable because it falls within the range of the parties' litigation positions who supported use of the Peak & Average Study as the basis for revenue allocation, including OSBA's position. Columbia MB, p. 11.

The Commission has recognized that a considerable amount of judgment is inherent in the development of cost-of-service studies, and as a result, cost-of-service studies can produce varying results. *See Pa. PUC v. Pa. Power and Light Co.,* Docket No. R-842651, et al., (Order entered Apr. 25, 1985); *Pa. PUC v. Philadelphia Electric Co.*, 31 PUR 4th 15, 84 (1978). The Joint Petition for Non-Unanimous Settlement does not endorse a particular party's cost of service study, and instead proposes a revenue allocation that is based on the collective judgment and compromise of the Joint Petitioners to the Non-Unanimous Settlement. Therefore, if the Joint Petition for Non-Unanimous Settlement is approved, it is not necessary for the ALJs and the Commission to select a single cost of service study upon which to base revenue allocation in this proceeding. Moreover,

as noted above, the revenue allocation contained in the Joint Petition for Non-Unanimous Settlement is supportable by the allocation proposals of parties that have relied upon the Peak & Average approach, including OSBA, as scaled back for the $44.5 million increase contained in the Joint Petition for Partial Settlement that is also being filed simultaneously with the Reply Briefs. *See* Columbia MB, p. 11. Approval of the Non-Unanimous Settlement position on revenue allocation helps ensure a reasonable and fairly balanced outcome that is within the range of the parties' positions and the likely outcomes in this proceeding, while also recognizing the need for gradualism.

The Joint Petition for Non-Unanimous Settlement ensures that no rate class is allocated an increase greater than 2.0 times the system average increase, consistent with the Commission's recent decision in Columbia's 2020 rate case. *Pa. PUC v. Columbia Gas of Pennsylvania, Inc*., Docket No. R-2020-3018835 (Order entered Feb. 19, 2021). In this case, OSBA seeks to allocate 2.0 times the system average to the LDS/LGSS class, which as explained in Columbia's Main Brief, is unreasonable and violates principles of gradualism. Columbia MB, p. 13. Unlike OSBA's proposed revenue allocation, the revenue allocation proposed in the Joint Petition for Non-Unanimous Settlement gradually moves distribution rates for each class closer to the full cost of providing service. *See Lloyd v. Pa. P.U.C.*, 904 A.2d 1010, 1020 (Pa. Cmwlth. 2006) *appeal denied*, 591 Pa. 676, 916 A.2d 1104 (2007); *Pa. Publ. Util. Comm'n, et al. v. PPL Electric Utilities Corporation*, Docket Nos. R-00049255, et al., 2007 Pa. PUC LEXIS 55 (Order on Remand entered July 25, 2007). While OSBA claims that this type of "indexed rate of return metric" is flawed and should not be used to measure whether a customer class's assigned revenue is moving closer to that class's cost of service, the Commission has historically relied on the indexed rate of return as a valid method to evaluate the reasonableness of a customer class's revenue allocation. *See, e.g.,*

Pa. PUC v. Philadelphia Gas Works, 2010 Pa. PUC LEXIS 1006, Docket No. R-2009-2139884 at *32-*36 (Recommended Decision June 21, 2010; Order entered July 29, 2010) (approving revenue allocation settlement that moves customer class closer to the system average rate of return without causing rate shock as demonstrated by movement in the class's indexed rate of return).

For the reasons explained herein and in Columbia's Main Brief, the ALJs and the Commission should reject OSBA's unreasonable litigation position on revenue allocation and instead approve the revenue allocation proposed in the Joint Petition for Non-Unanimous Settlement, which represents a reasonable compromise of the various revenue allocation proposals of the parties.

B. Response to Issues Raised in Richard C. Culbertson's Main Brief

1. Introduction

An individual customer complainant, Richard C. Culbertson, filed a Main Brief raising various unsupported allegations related to Columbia and the Commission. Mr. Culbertson claims that his brief focuses on the following four allegations: (1) Columbia's rates are unjust and unreasonable because appropriate audits have not been performed; (2) Columbia's rates are unjust and unreasonable because they are higher than its peer gas utilities in Pennsylvania; (3) Columbia's accelerated pipeline replacement is unnecessary, and Columbia should not be permitted to recover costs associated with accelerated pipeline replacement; and (4) there is no assurance that Columbia's rates are just and reasonable because the Commission has not complied with auditing requirements, and there has been a lack of proper auditing by competent auditors. Culbertson MB, pp. 4-5, 30-33. Although Mr. Culbertson did not include safety concerns in the list of primary reasons for his Main Brief, he nevertheless contends on page 36 of his Main Brief that there are safety concerns with respect to Columbia's installation of curb valves. Culbertson MB, p. 36.

Mr. Culbertson provides over 18 pages of citations to Federal and Pennsylvania constitutional provisions, statutes and regulations, as well as portions of Columbia's tariff. However, in general, he provides no arguments concerning the relevance of those cited materials to the issues he purports to raise in this case. Moreover, Mr. Culbertson did not submit any testimony or exhibits, or otherwise present any evidence in this case, including any evidence to support his claims regarding Columbia's rates, audits, or his allegations regarding the existence of safety concerns. As explained herein, Mr. Culbertson's allegations are without merit. Mr. Culbertson's claims are not based on substantial evidence, and he has failed to meet his burden of proof with respect to these claims. Therefore, Mr. Culbertson's claims should be rejected, and his requested relief should be denied in its entirety.

2. Legal Standards Applicable to Mr. Culbertson's Claims

Under the Public Utility Code, rates charged by public utilities must be just and reasonable and cannot result in unreasonable rate discrimination. 66 Pa.C.S. §§ 1301 and 1304. Columbia bears the burden of proof to establish the justness and reasonableness of every element of its rate increase request. 66 Pa.C.S. § 315(a); *Pa. P.U.C. v. Aqua Pennsylvania, Inc.*, Docket No. R-00038805, 236 PUR 4th 218, 2004 Pa. PUC LEXIS 39 (August 5, 2004). However, a public utility, in proving that its proposed rates are just and reasonable, does not have the burden to affirmatively defend claims made in its filing that no other party has questioned. As the Commonwealth Court has explained:

> While it is axiomatic that a utility has the burden of proving the justness and reasonableness of its proposed rates, it cannot be called upon to account for every action absent prior notice that such action is to be challenged.

Allegheny Center Assocs. v. Pa. P.U.C., 570 A.2d 149, 153 (Pa. Cmwlth. 1990).

Although the ultimate burden of proof does not shift from the utility seeking a rate increase, a party proposing an adjustment to a ratemaking claim of a utility bears the burden of presenting some evidence or analysis tending to demonstrate the reasonableness of the adjustment. *See, e.g., Pa. P.U.C. v. PECO*, Docket No. R-891364, *et al*., 1990 Pa. PUC LEXIS 155 (Order dated May 16, 1990); *Pa. P.U.C. v. Breezewood Telephone Company*, Docket No. R-901666, 1991 Pa. PUC LEXIS 45 (Order dated Jan. 31, 1991). Purely speculative assumptions are insufficient. *Pa. P.U.C. v. Pa. Power & Light Co.*, 1995 Pa. PUC LEXIS 189, *20. In addition, tariff provisions previously approved by the Commission are deemed just and reasonable, and therefore, a party challenging a previously-approved tariff provision bears the burden to demonstrate that the Commission's prior approval is no longer justified. *See, e.g., Pa. P.U.C. v. Philadelphia Gas Works*, Docket Nos. R-00061931, *et al*., 2007 Pa. PUC LEXIS 45, at *165-68 (Order entered Sept. 28, 2007) (adopting the ALJ's discussion on burden of proof).

Further, a party that raises an issue that is not included in a public utility's general rate case filing bears the burden of proof. *Pa. P.U.C. v. Metropolitan Edison Company, et al.*, Docket Nos. R-00061366, *et al*., 2007 Pa. PUC LEXIS 5 (Order entered Jan. 11, 2017). In this case, the issues that are the subject of Mr. Culbertson's Main Brief and Columbia's Reply Brief relate to claims that were raised by Mr. Culbertson. These issues were not presented by Columbia in its filing. As the proponent of a rule or order, Mr. Culbertson bears the burden of proof pursuant to Section 332(a) of the Public Utility Code, 66 Pa. C.S. § 332(a), which provides that the party seeking a rule or order from the Commission has the burden of proof in that proceeding. It is axiomatic that "[a] litigant's burden of proof before administrative tribunals as well as before most civil proceedings is satisfied by establishing a preponderance of evidence which is substantial and legally credible." *Samuel J. Lansberry, Inc. v. Pa. PUC*, 578 A.2d 600, 602 (Pa. Cmwlth. 1990).

The preponderance of the evidence standard requires proof by a greater weight of the evidence. *Cmwlth. v. Williams,* 732 A.2d 1167 (1999). Mr. Culbertson must prove his case by a preponderance of the evidence.

Additionally, any finding of fact necessary to support an adjudication of the Commission must be based on substantial evidence. *Met-Ed Indus. Users Group v. Pa. PUC,* 960 A.2d 189, 193 n.2 (Pa. Cmwlth. 2008) (*citing* 2 Pa.C.S. § 704). Substantial evidence is such relevant evidence as a reasonable mind might accept as adequate to support a conclusion. *Borough of E. McKeesport v. Special/Temporary Civil Serv. Comm'n,* 942 A.2d 274, 281 (Pa. Cmwlth. 2008). Although substantial evidence must be "more than a scintilla and must do more than create a suspicion of the existence of the fact to be established," *Kyu Son Yi v. State Bd. of Vet. Med*., 960 A.2d 864, 874 (Pa. Cmwlth. 2008) (citation omitted), the "presence of conflicting evidence in the record does not mean that substantial evidence is lacking." *Allied Mechanical and Elec., Inc. v. Pa. Prevailing Wage Appeals Bd.*, 923 A.2d 1220, 1228 (Pa. Cmwlth. 2007) (citation omitted).

If the complainant has established a *prima facie* case, the burden of persuasion shifts to the utility to rebut with evidence that is at a minimum co-equal. *Waldron v. Philadelphia Electric Co.*, 54 Pa. PUC 98 (1980). If the utility presents a sufficient rebuttal, the burden of persuasion then shifts back to the complainant to rebut the utility's evidence by a preponderance of the evidence. *Poorbaugh v. West Penn Power Company*, 1994 Pa. PUC LEXIS 95. However, the burden of proof remains on the party seeking affirmative relief with the Commission. *Milkie v. Pa. PUC*, 768 A.2d 1217 (Pa. Cmwlth. 2001).

Here, Mr. Culbertson has failed to provide substantial and legally credible evidence in support of his contentions regarding Columbia's rates and service. Mr. Culbertson has also failed

to demonstrate with substantial evidence that Columbia violated the Public Utility Code, the Commission's regulations or orders, or the Company's Commission-approved tariff.

3. Mr. Culbertson's allegations regarding audits should be rejected because they are incorrect and are not supported by substantial evidence.

In his Main Brief, Mr. Culbertson alleges that there is no assurance that Columbia's rates are just and reasonable because appropriate audits have not been performed. Culbertson MB, pp. 4, 30, 32. Relatedly, Mr. Culbertson alleges that the Commission has not followed the proper process for utility audits. Culbertson MB, pp. 4, 28, 30. Mr. Culbertson presented no evidence in support of his claim that proper audits have not been conducted. Instead, these claims are based on his own mere speculation. Testimony consisting of guesses, conjecture, or speculation cannot prove a party's claims. *See Cuthbert v. City of Philadelphia*, 417 Pa. 610, 209 A.2d 261 (1965); *B & K Inc. v. Commonwealth Dep't of Highways*, 398 Pa. 518, 159 A.2d 206 (1960). Mr. Culbertson's claims regarding audits are not supported by substantial evidence and should be dismissed.

Mr. Culbertson alleges that the information submitted by Columbia in this rate case is not reliable because proper audits have not been conducted. Culbertson's MB, p. 30. Mr. Culbertson fails to recognize that Columbia is subject to regular audits by the Commission, which are publicly available. *See, e.g.*, Management and Operations Audit of Columbia Gas of Pennsylvania, Inc., Docket No. D-2019-3011582 (Issued June 2020, available at https://www.puc.pa.gov/pcdocs/1670369.pdf). Mr. Culbertson also fails to acknowledge that the Company undertakes internal audits on a routine basis. Columbia Exh. 13, Sch. 4. Moreover, Columbia provided all material required to be submitted in support of a general base rate in accordance with the Commission's regulations at 52 Pa. Code § 53.53, which requires the submission of detailed materials covering all aspects of Columbia's operations. *See* 52 Pa. Code

§ 53.53. There is no basis for Mr. Culbertson's claims regarding insufficient auditing or lack of sufficient information upon which to base a finding of just and reasonable rates.

Mr. Culbertson references the GAO [Government Accountability Office] Yellow Book and the Pennsylvania Management Directives as support for his arguments regarding audits. Culbertson MB, pp. 32-33. There is no requirement in the Public Utility Code or the Commission's regulations and orders that Columbia use the GAO Yellow Book or Pennsylvania Management Directives. The GAO Yellow Book and Pennsylvania Management Directives apply to government entities and Commonwealth agencies. Columbia is not a government entity or Commonwealth agency. Therefore, Mr. Culbertson contentions regarding the GAO Yellow Book and the Pennsylvania Management Directives are irrelevant to this base rate case.

With respect to Mr. Culbertson's complaints pertaining to the manner in which the Commission conducts audits, Columbia has no control or authority over the Commission's process for auditing utilities. Pursuant to Section 516(a) of the Public Utility Code, 66 Pa.C.S. § 516(a), the Commission establishes the procedures for audits of the operations of utilities and has established an entire bureau dedicated to undertaking financial and management audits of all utilities under its jurisdiction. Mr. Culbertson's criticisms of the Commission's auditing process are irrelevant to this base rate proceeding involving Columbia. Moreover, any issues pertaining to Commission processes that would affect multiple stakeholders, such as the manner in which the Commission conducts audits, should be dealt with in a generic proceeding, and not in a single utility's base rate case.

Mr. Culbertson's claims regrading audits are not supported by substantial evidence and should be rejected.

4. Mr. Culbertson's claim that Columbia's rates are unjust and unreasonable because they are higher than other utilities in Pennsylvania is irrelevant and lacks evidentiary support.

Mr. Culbertson claims Columbia's rates are unreasonable because they are higher than the rates of other utilities in Pennsylvania as provided in the Commission's rate comparison report. Culbertson MB, pp. 4, 28. Mr. Culbertson's argument regarding the rates of other utilities is irrelevant to Columbia's base rates and improperly relies on material that is not part of the record in this case. Therefore, the ALJs and the Commissions should reject this argument.

It is well-established that parties cannot present new evidence at the briefing stage that is not part of the evidentiary record. *See, e.g., Myers v. PPL Electric Utilities Corporation*, Docket No. C-2017-2620710, 2019 Pa. PUC LEXIS 261 (Order entered Aug. 29, 2019) at *36 (rejecting extra-record evidence that was presented for the first time at the briefing stage). The rate comparison report that provides the rates of Columbia and other Pennsylvania utilities was not introduced or admitted to the evidentiary record in this case. Therefore, the references to this material on pages 4 and 28 of Mr. Culbertson's Main Brief should be stricken from Mr. Culbertson's Main Brief, and the ALJs and the Commission should not consider this argument.

Not only are the rates of other utilities in Pennsylvania not part of the record evidence in this proceeding, the rates of other utilities are also irrelevant to Columbia's base rate case and do not provide a valid basis to conclude that Columbia's rates are unreasonable. There are many reasons why rates vary between utilities, including the geographic location and size of the utility's service territory, the number and types of customers served, and the location/density of those customers within the utility's service territory, as well as many other factors. Aside from his broad allegation that Columbia's rates should not be higher than other Pennsylvania utilities, Mr. Culbertson has failed to provide any credible evidence to support his claims regarding the reasonableness of Columbia's rates. Such bald assertions, personal opinions, or perceptions do

not constitute evidence and do not support Mr. Culbertson's theory that the rates produced by this rate case will not be just and reasonable. *See Mid-Atlantic Power Supply Ass'n v. Pa. Pub. Util. Comm'n*, 746 A.2d 1196, 1200 (Pa. Cmwlth. 2000) (citation omitted). In contrast, Columbia provided substantial evidence supporting its proposed rates. *See* March 18, 2022 Base Rate Filing, including Columbia Exhibits 1-17, 101-117, 400-414, and Columbia Statements 1-16. Mr. Culbertson did not challenge this evidence.

Mr. Culbertson's claim that Columbia's rates are not just and reasonable as compared to other Pennsylvania utilities is not supported by the record evidence and should be rejected.

5. Mr. Culbertson's claim that Columbia's accelerated pipeline replacement is wasteful and should not be considered a recoverable cost is not supported by substantial evidence.

Mr. Culbertson claims that Columbia's accelerated pipeline replacement is wasteful and unnecessary. Culbertson MB, pp. 4-5, 23-27. Mr. Culbertson also claims that Columbia should not be permitted to recover costs associated with accelerated pipeline replacement. Culbertson MB, p. 30. Mr. Culbertson's provides no support for his opinion, which is contrary to the substantial record evidence required in this proceeding.

Initially, it is important to place into context the term "accelerated pipeline replacement." The statutory provisions authorizing a utility to establish a Distribution System Improvement Charge ("DSIC") require that a utility first file and have approved a Long-term Infrastructure Improvement Plan ("LTIIP"). 66 Pa. C. S. § 1353. One of the requirements for an LTIIP is that the utility must show the "manner in which the replacement of aging infrastructure will be accelerated . . . ." 66 Pa. C. S. § 1352(a)(6). Columbia's LTIIP shows that the Company is replacing mains, service and meters at a faster pace than previously. *See Petition of Columbia Gas of Pennsylvania, Inc. for Approval of a Major Modification to its Existing Long-Term Infrastructure Improvement Plan and Approval of its Second Long-Term Infrastructure*

Improvement Plan, Docket No. P-2017-2602917 (Order entered Sept. 21, 2017). Pipe replacements are being made to remove at-risk pipe that is nearing the end of its useful life. (Columbia Statement No. 1, p. 14.) Therefore, Mr. Culbertson's efforts to suggest that Columbia is providing inconsistent explanations for main replacements are wrong and should be disregarded. Culbertson MB, pp. 25-27.

The record evidence demonstrates that Columbia's accelerated pipeline replacement efforts are necessary to maintain a safe and reliable distribution system. Columbia witness Anstead testified that since the inception of Columbia's accelerated infrastructure replacement program, Columbia has significantly reduced its inventory of bare steel pipe and has seen a significant reduction in leaks as a result. Columbia St. 14, p. 41. In particular, Grade 2 leaks have been significantly reduced, thereby increasing the safety of Columbia's customers. Columbia St. 14, p. 32. Mr. Culbertson did not challenge Columbia's evidence or present any evidence in response.

Mr. Culbertson's opinion is also contrary to the recommendations of I&E's pipeline safety witness, Mr. Merritt, who recommended that Columbia should increase its pipeline replacement efforts and focus on increasing its yearly replacement rate to reduce risks to the Company's systems. I&E St. 4, p. 21. Columbia's accelerated pipeline replacement program is also supported by its Commission-approved LTIIP, which provides replacement goals for the Company's cast iron and bare steel pipe through 2022. *See Petition of Columbia Gas of Pennsylvania, Inc. for Approval of a Major Modification to its Existing Long-Term Infrastructure Improvement Plan and Approval of its Second Long-Term Infrastructure Improvement Plan*, Docket No. P-2017-2602917 (Order entered Sept. 21, 2017).

Mr. Culbertson's opinion that accelerated pipeline replacement is unnecessary and wasteful is contrary to the substantial record evidence in this proceeding and should be rejected.

6. Mr. Culbertson's safety concerns regarding Columbia's installation of curb valves are unsupported by the record evidence and should be rejected.

Mr. Culbertson expressed safety concerns regarding the installation of curb valves and the ability to shut off gas in case of an emergency. Culbertson MB, p. 36.[1] However, Mr. Culbertson did not present any evidence that safety issues exist on Columbia's system. To the contrary, Columbia witness Kempic explained that Columbia's safety standards require that each service line have a shut off valve outside the home, and the safety standards specify when a curb valve should be used. Columbia St. No. 1-R, p. 18. Mr. Kempic also explained that a meter valve enables quicker shutoff during priority situations since it is located above ground and next to the meter, which makes it easy to locate for a quick resolution. A curb valve, on the other hand, is not in plain sight or near the meter, and often requires personnel to be called out to locate it. Columbia St. No. 1-R, pp. 18-19.

I&E witness Merritt agreed with Columbia witness Kempic and stated as follows with respect to Columbia's practice of installing curb valves:

> **Q. DO YOU AGREE THAT COLUMBIA'S PRACTICE COMPLIES WITH THE REGULATIONS?**
>
> A. Yes. According to § 192.365, "each service line must have a shutoff valve in a readily accessible location that, if feasible, is outside of the building." § 192.365 also states, "Each service line valve must be installed upstream of the regulator or if there is no regulator, upstream of the meter." § 192.365 does require a "covered durable curb box or standpipe" for each underground service line valve, but it does not specify that an operator must install the upstream shutoff valve at the curb. It is a common practice for operators to install an upstream valve at the riser and not at the curb. This practice is satisfactory according to § 192.365.

[1] A question regarding the use of curb valves arose during the public input hearing. (Tr., p. 87).

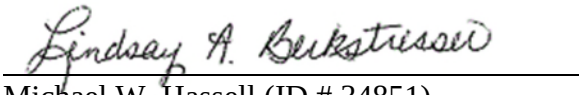
I&E St. 4-SR, pp. 10-11. Mr. Culbertson did not present any evidence in response to the evidence of Columbia and I&E on this issue.

There is no record evidence that Columbia's distribution system is unsafe or that Columbia has acted in an unsafe manner. Therefore, Mr. Culbertson's arguments regarding safety concerns should be rejected.

XI. CONCLUSION

For all of the foregoing reasons, Columbia Gas of Pennsylvania, Inc. respectfully requests that Administrative Law Judges Pell and Coogan (1) approve the Joint Petition for Partial Settlement in its entirely, (2) approve the Joint Petition for Non-Unanimous Settlement regarding Revenue Allocation and Rate Design in its entirety and without modification and (3) dismiss the Complaint of Richard C. Culbertson in its entirety and with prejudice.

Respectfully submitted,



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