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Nicole Paloney
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October 9, 2018

VIA ELECTRONIC FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

**RE: Implementation of Act 58 of 2018
Alternative Ratemaking for Utilities
Docket No. M-2018-3003269**

Dear Ms. Chiavetta:

Enclosed for filing, please find Columbia Gas of Pennsylvania, Inc.'s Comments in accordance with the Pennsylvania Public Utility Commission's Tentative Implementation Order entered August 23, 2018, regarding the above-referenced docket.

Please direct any questions with regard to this filing to the undersigned by calling (724) 416-6388.

Sincerely,

A handwritten signature in blue ink that reads "Nicole Paloney".

Nicole Paloney

Enclosure

Cc: Kriss Brown, Assistant Counsel, Law Bureau kribrown@pa.gov

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Implementation of Act 58 of 2018	:	Docket No. M-2018-3003269
Alternative Ratemaking for Utilities	:	

COMMENTS OF COLUMBIA GAS OF PENNSYLVANIA, INC.

I. INTRODUCTION

On June 28, 2018, Governor Wolf signed into law Act 58 of 2018 (“Act 58”), which amends Chapter 13 of the Pennsylvania Public Utility Code, 66 Pa. C.S. §1301 (relating to rates and distribution systems), primarily by recognizing the Pennsylvania Public Utility Commission’s (“Commission or “PUC”) authority to approve an application by a utility to establish alternative rates and rate mechanisms.

Within six months of the effective date, the new law required that the PUC “shall prescribe the specific procedures for the approval of an application to establish alternative rates” by regulation or order. The Commission issued a Tentative Implementation Order at its Public Meeting on August 23, 2018 to meet this directive. The order was published in the *Pennsylvania Bulletin* on September 8, 2018, and interested parties have 30 days to provide comments on the Commission’s plan for implementation of Act 58. Columbia appreciates the opportunity to provide input regarding the Commission’s interpretation of key components of the Act 58.

II. COMMENTS

At the outset, Columbia commends to the Commission's attention, and notes that it fully endorses, the Comments submitted in this matter by the Energy Association of Pennsylvania ("EAP"). Columbia offers the following comments in addition to EAP's Comments.

In implementing Section 1330(c) of the Public Utility Code (66 Pa.C.S. § 1330(c)), the Commission proposes to modify the notice language in 52 Pa. Code § 53.45(b)(1)(i). That proposed revision includes the following notice language: "If the alternative rate mechanism(s) is approved as filed, the impact would be (provide a summary of the rate impacts by customer class)." Columbia respectfully submits that this proposed notice language assumes that the respective ARM is homogenous in its calculation and has a uniform impact on all customers, which may not always be the case. For example, under Columbia's existing ARM, a Weather Normalization Adjustment (WNA), the WNA is calculated using factors that are unique to individual customers over a defined period of time during the year. Under the WNA, when weather is colder than normal, customer bills are adjusted downward. When the weather is warmer than normal, customer bills are adjusted upward. These adjustments cannot be known in advance. Similarly, if a utility were to request approval of a Revenue Normalization Adjustment, which is designed to adjust customer bills so that each customer is billed according to a benchmark revenue per customer, it would be impossible to predict the adjustments that may occur in the future.


Columbia notes that Section 1330(c) does not require that customer notices include rate “impacts” but, rather, “A summary and, if applicable, a schedule of the rate adjustments that will occur as a result of the commission’s approval of” an ARM. Accordingly, Columbia suggests that the proposed modification of 52 Pa. Code § 53.45(b)(1)(i) be amended to mirror the statutory language. With that amendment, a utility that proposes to implement an ARM would be able to comply with the notice requirement by summarizing how the proposed mechanism would work, and the proposed schedule (ie, monthly, quarterly, annual scheduling) for implementing it.

III. CONCLUSION

In conclusion, Columbia reiterates its support for the Comments submitted in this matter by the EAP. Moreover, Columbia suggests that the proposed modification to the notice language in 52 Pa. Code § 53.45(b)(1)(i) be amended, as discussed above.

Respectfully submitted,

Columbia Gas of Pennsylvania, Inc.



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