

COMMONWEALTH OF PENNSYLVANIA



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September 11, 2015

Rosemary Chiavetta, Secretary
PA Public Utility Commission
Commonwealth Keystone Bldg.
400 North Street
Harrisburg, PA 17120

Re: Pa. Public Utility Commission
v.
Columbia Gas of Pennsylvania, Inc.
Docket No. R-2015-2468056

Dear Secretary Chiavetta:

Enclosed please find the Office of Consumer Advocate's Reply Brief in the above-referenced proceeding.

Copies have been served per the attached Certificate of Service.

Respectfully submitted,

A handwritten signature in black ink that reads "Amy E. Hirakis".

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Attachment

cc: Honorable Mary D. Long, ALJ
Certificate of Service

212033

CERTIFICATE OF SERVICE

Re: Pennsylvania Public Utility Commission :
v. : Docket No. R-2015-2468056
Columbia Gas of Pennsylvania, Inc. :

I hereby certify that I have this day served a true copy of the foregoing document, the Office of Consumer Advocate's Reply Brief, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 11th day of September, 2015.

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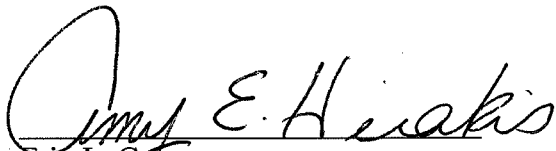
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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission

v.

Columbia Gas of Pennsylvania, Inc.

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Docket No. R-2015-2468056

REPLY BRIEF
OF THE OFFICE OF CONSUMER ADVOCATE

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DATED: September 11, 2015

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I. INTRODUCTION

A. Statement of the Case/Procedural History

On August 27, 2015, the Office of Consumer Advocate (OCA) submitted its Main Brief in this matter. Main Briefs were also filed by Columbia Gas of Pennsylvania (Columbia or Company), the Bureau of Investigation and Enforcement (I&E), and CAUSE-PA. A detailed statement of the case and procedural history is contained in the OCA's Main Brief at pages 1 through 3. The OCA submits this Reply Brief to respond to the arguments made by I&E in its Main Brief.

B. Legal Standards and Burden of Proof

The OCA provided a discussion of the legal standards and burden of proof at pages 3 to 4 of its Main Brief.

II. SUMMARY OF ARGUMENT

The issue in dispute is whether Columbia should be permitted to temporarily continue recovering \$375,000 for its Hardship Fund through its USP Rider while the Company takes steps to increase its fundraising efforts for the Hardship Fund. The OCA has recommended that the Company be permitted to temporarily continue recovering the \$375,000 through the USP Rider until its next base rate case so that the Hardship Fund does not lose a large portion of its funds before the Company has taken steps to replace those dollars. See OCA St. 4-S at 11. The OCA also recommended that the Company be required to ramp up its Hardship Fund fundraising efforts and to include a plan to address the Hardship Fund funding mechanism in its next base rate filing. Id. The Company has endorsed the OCA's recommendations. See Columbia St.

112-RJ at 4. I&E contends, however, that the Commission has directed in the USECP Order¹ that Columbia's practice of recovering \$375,000 in hardship funds through the USP Rider must end immediately. See I&E M.B. at 4-5, 6-10. The OCA submits that I&E's reading of the USECP Order is incorrect. The USECP Order contains no such directive, rather it states that the parties are to "address this issue through Columbia's current base rate proceeding... ." USECP Order at 40. Further, the OCA submits that its recommendation to temporarily continue the recovery of hardship funds through the USP Rider while requiring the Company to ramp up its fundraising efforts reasonably balances the interests of all residential customers.

III. ARGUMENT

A. History of Recovery of Amounts from Customers through Rates to Contribute to Hardship Funding.

The OCA provides a discussion of the history of hardship funds being recovered through Columbia's USP Rider in its Main Brief at pages 5 through 6. It is again important to note that Columbia's current recovery of \$375,000 for the Hardship Fund was a result of a 2012 settlement designed to replace the dollars of a funding source that was being removed in order to maintain the funding level of the Hardship Fund. See OCA M.B. at 5-6, Columbia M.B. at 9-10, CAUSE-PA M.B. at 8-9.

B. Interpretation of Commission's USECP Order.

I&E's contends in its Main Brief that the USECP Order directs that Columbia's practice of recovering \$375,000 for the Hardship Fund from its USP Rider must end in this base rate proceeding. See I&E M.B. at 4-5, 6-10. I&E states that "[t]he Commission could not have been clearer" and that "[t]here is no other way to interpret the plain language of the USECP Final

¹ Columbia Gas of Pennsylvania Inc. Universal Service and Energy Conservation Plan for 2015-2018 Submitted in compliance with 52 Pa. Code § 62.4, Docket No. M-2014-2424462 (Final Order entered July 8, 2015). (USECP Order).

Order” than as a directive that Columbia must end its practice of recovering hardship funds through its USP Rider immediately. I&E M.B. at 6. I&E, however, does not provide reference to the portion of the USECP Order that explicitly directs Columbia to end the recovery of hardship funds from the USP Rider immediately. The OCA submits that this is because no such directive is contained in the USECP Order. The plain language of the USECP Order only requires that the parties “address” the issue in this base rate proceeding. As such, the USECP Order does not provide any support for I&E’s position to end the recovery immediately.

As the OCA explained in its Main Brief, the USECP Order merely directs parties in this rate base proceeding to “address” whether Columbia should continue recovering Hardship Funds from the USP Rider. See OCA M.B. at 6-7; USECP Order at 40. The OCA submits that if the Commission had determined that Columbia should end its practice of collecting Hardship Funds through the USP Rider at this time, the Commission would have specifically directed Columbia to make that change in its USECP Order. It did not. To the contrary, the Commission approved Columbia’s Hardship Fund. USECP Order at 37, 55. The OCA submits that the USECP Order directs the parties in this base rate proceeding to address Columbia’s recovery of hardship funds through the USP Rider, but does not dictate how the parties are to address the issue.

C. Parties’ Recommendations on the Recovery through Rider USP of \$375,000 to Contribute to Hardship Funding.

I&E suggests in its Main Brief that the USECP Order creates the following two standards which the parties’ recommendations must satisfy in order to comply with the Commission’s directives regarding the Hardship Fund: “(1) have the parties offered recommendations that fulfill the Commission’s directive to ‘address this issue through Columbia’s current rate base proceeding at Docket No. R-2015-2468056’; and (2) have the parties offered any recommendations that fulfill the Commission’s directive to fund the Hardship Fund through only

voluntary resources rather than through mandatory contributions from ratepayers through the USP Rider?” See I&E M.B. at 8-9 (footnote omitted). I&E then asserts that the OCA’s recommendation that the Company continue recovering hardship funds through the USP Rider with the requirement that Columbia increase its fundraising efforts fails to satisfy these standards. See I&E M.B. at 9.


While the OCA does not necessarily agree with I&E’s framing of the standards, the OCA submits that its recommendation sufficiently and reasonably addresses the issue of how Columbia should address the \$375,000 it is currently recovering from its USP Rider for the Hardship Fund. OCA witness Roger D. Colton explained in testimony that although hardship funds should not be recovered through the USP Rider, his recommendation to allow Columbia to temporarily continue to recover the \$375,000 from the USP Rider avoids causing a significant drop in the Hardship Fund at a time when Columbia continues to experience an increase in fuel fund utilization and allows the Company the opportunity to increase its fundraising efforts to prepare for removing the hardship funds from the USP Rider. See OCA St. 4-S at 11; Columbia St. 112-RJ at 3. As discussed more fully in the parties’ Main Briefs, Section III.A., the \$375,000 being recovered through the USP Rider for the Hardship Fund was a provision in Columbia’s 2012 base rate case settlement as a way to replace the dollars that were to be lost once Columbia cancelled its contract with Citizens Energy so that the Hardship Fund would not be jeopardized. See OCA M.B. at 5-6, Columbia M.B. at 9-10, CAUSE-PA M.B. at 8-9. The Company is not prepared to replace these dollars now and the need for the Hardship Fund is not any less than in 2012. The OCA submits that its recommendation to allow Columbia to temporarily continue recovering hardship funds through the USP Rider in accordance with the Settlement until the Company’s next base rate proceeding reasonably balances the interests of residential customers

who pay the USP Rider and the residential customers who rely on the services provided by the Hardship Fund. The OCA recommendation also moves the Company towards being able to remove the \$375,000 from the USP Rider without the Hardship Fund being jeopardized. The OCA submits that its recommendation fully complies with the Commission's directive in the USECP Order to address this issue.

IV. CONCLUSION

For the reasons set forth in the OCA's Main Brief and above, I&E's recommendation that Columbia should immediately remove the \$375,000 in hardship funds from its USP Rider should be rejected. The OCA submits that its recommendation for how to address Columbia recovering \$375,000 for the Hardship Fund through its USP Rider balances the interests of all residential customers, and appropriately establishes the next steps to more fully address this issue in Columbia's next base rate proceeding. As such, the OCA respectfully requests that the OCA's proposed Findings of Fact, Conclusions of Law and Ordering Paragraphs, attached to the OCA's Main Brief as Appendix A, be adopted.

Respectfully Submitted,



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