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PENNSYLVANIA
UTILITY LAW PROJECT

October 30, 2015

VIA Hand Delivery

Rosemary Chiavetta, Secretary
Pa. Public Utility Commission
PO Box 3265
Harrisburg, PA 17105-3265

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SECRETARY'S BUREAU

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

Reply of the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania to the Exceptions of the Bureau of Investigation and Enforcement

Dear Secretary Chiavetta,

The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA), through its attorneys at the Pennsylvania Utility Law Project, submit the following Reply to the Exception filed by the Bureau of Investigation and Enforcement (I&E). For the sake of brevity, CAUSE-PA will not reiterate the lengthy policy, legal, and factual arguments raised in its Main and Reply Briefs. Rather, CAUSE-PA's reply below will summarize its position with regard to I&E's Exception, and will direct the Commission to appropriate places within its more lengthy prior filings to further elucidate each argument.

Reply to I&E Exception No. 1:

- The Commission should reject I&E's Exception, which seeks to immediately eliminate the recovery of funds for Columbia's the Hardship Fund Program, because the functional result – wholesale elimination of the Hardship Fund Program – would be unjust, unreasonable, and contrary to statutory and regulatory law and policy.

In its Exception, I&E raises the exact same arguments that were thoroughly rebutted on the record and in the Main and Reply Briefs of CAUSE-PA, OCA, and Columbia. Indeed, after thoroughly reviewing the record and relevant portions of law, the Honorable Mary Long rejected I&E's arguments as unsupported by law or fact, and concluded that I&E's request to eliminate current Hardship Fund recovery would be harmful to the public interest. (RD at 55-56). Judge Long's explanation and conclusions were correct, and should be affirmed by the Commission.

I&E's Exception is Unsupported by Law

I&E has and continues to rest its argument for the elimination of Hardship Fund recovery solely on its erroneous conclusion that the Commission's Final Order regarding Columbia's Universal Service and Energy Conservation Plan (Final USECP Order)¹ required Columbia to eliminate recovery of the \$375,000 in Hardship Fund dollars from the Universal Service Rider (Rider USP). But as Judge Long correctly explained in her Recommended Decision, the Final USECP Order *only* asked that parties "address" the issue of Hardship Fund cost recovery. (RD at 56). Judge Long opined that the Commission's request to "address" the Hardship Fund issue must be read in context with the Commission's Tentative Order in the same proceeding, which was explicit in stating that the Commission was "*not seeking to amend Columbia's funding mechanism for its Hardship Fund program at this time.*" (RD at 56, quoting Tentative USECP Order at 53-54 (emphasis in RD)).

CAUSE-PA also discussed interpretation of the Commission's Tentative and Final USECP Order in its Main Brief. CAUSE-PA explained that the Final USECP Order was explicit in its approval of Columbia's Hardship Fund, stating: "We continue to find that Columbia's Hardship Fund complies with Commission regulations, therefore we require no changes regarding this program in Columbia's Revised 2015-2018 Plan at this time."² CAUSE-PA explained that slashing the cost recovery mechanism before alternative fundraising mechanisms are in place would undermine the Commission's Universal Service obligation to ensure that Universal Service programs are "adequately funded and appropriately calculated to meet the needs of low

¹ Columbia Gas of Pa. Inc., Universal Svc. & Energy Conservation Plan for 2015-2018 Submitted in Compliance with 52 Pa. Code § 62.4, Final Order, Docket No. M-2014-2424462 (July 8, 2015) (hereinafter Final USECP Order).

² Final USECP Order at 36-37; see also CAUSE-PA Main Br. at 9, quoting Final USECP Order at 36-37.

income residents within the service territory.”³ For a more complete discussion of the Commission’s Final USECP Orders, CAUSE-PA points the Commission to its Main Brief, pages 9-11.

I&E’s Exception is Unsupported by Factual Record Evidence

In addition to being contrary to established law and Commission precedent, I&E’s argument is also unsupported by the record evidence. As Judge Long pointed out, “OCA and CAUSE-PA provided testimony that to remove the hardship funding from Rider USP without having other sources of funding in place would negatively impact customers who rely on the services provided by the Hardship Fund.” (RD at 56). CAUSE-PA points the Commission to its Main Brief, pages 13-14, for a summary of the evidence presented on the record to show the significant impact that removal of the funding mechanism would have on low income ratepayers.

On the other hand, Judge Long explained that I&E failed to put forth any record evidence to rebut the testimony of CAUSE-PA and OCA’s expert witnesses. Likewise, Judge Long pointed out that I&E failed to offer any evidence to show that temporary continuation of the recovery mechanism would create a burden for ratepayers or would be contrary to the public interest. (RD at 56). In fact, I&E’s Exceptions are particularly telling, in that it concludes the \$375,000 currently recovered through Rider USP is a “relatively small sum.”⁴ I&E’s admission reveals that any impact on ratepayers would be negligible. Judge Long rightly concluded that the significant impact on low income customers outweighs any potential burden on ratepayers and, thus, her Recommended Decision must be affirmed.

Conclusion

For these reasons, as more fully explained in CAUSE-PA’s Main and Reply Briefs, CAUSE-PA urges the Commission to reject I&E’s Exception and affirm Judge Long’s Recommended Decision.

³ CAUSE-PA Main Br. at 9, citing 66 Pa. C.S. § 2203(8), 52 Pa. Code §§ 62.1, 62.3.

⁴ I&E Exception at 8.

Respectfully Submitted,

PENNSYLVANIA UTILITY LAW PROJECT
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Enclosure: Certificate of Service

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

CERTIFICATE OF SERVICE

I hereby certify that I have this day served copies of the **Reply of the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA) to the Exceptions of the Bureau of Investigation and Enforcement**, as set forth below in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party).

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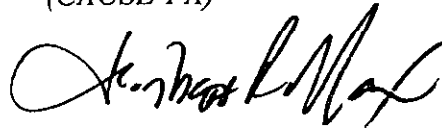
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Respectfully submitted,
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