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June 21, 2021

Via Electronic Mail Only

Michael W. Hassell, Esquire
Lindsay A. Berkstresser, Esquire
Post & Schell, P.C.
17 North Second Street, 12th Floor
Harrisburg, PA 17101-1601

Re: Pennsylvania Public Utility Commission

v.

Columbia Gas of Pennsylvania, Inc.

Docket No. R-2021-3024296

Dear Counsel:

Attached are my interrogatories for Set IV in the above-referenced proceeding.

I am seeing a pattern ... the same pattern I experienced with Columbia Gas previously. That is, objecting to reasonable, relevant information requests and documents during this discovery. This time, however, we are not dealing with a few thousand dollars but about one hundred million dollars per year. Substantial amounts requested, warrant substantial discovery. Due process for this amount requested requires the submission of substantial documents. We need to see those "strands" as referred to in FEDERAL POWER COMMISSION et al. v. HOPE NATURAL GAS CO.

<https://www.law.cornell.edu/supremecourt/text/320/591>

These interrogatories are a vital part of the Commission's investigation in proceeding through this rate case.

I have a large amount of experience with audits -- performance and financial audits.

The PUC does not perform audits in accordance with generally accepted auditing standards. The same with Columbia's internal audits that I have observed. Neither the Commission nor Columbia provides the public any level of assurance that Columbia has adequate and effective internal controls. That is a big problem. It would be reckless on the part of the PUC to approve rate increase requests without adequate assurance that Columbia's financials are reliable. Columbia should have effective internal controls based upon at least the COSO's Internal Control-Integrated Framework. An example of an audit that was professionally performed as provided by the Pennsylvania Office of the Budget.

<https://www.budget.pa.gov/PublicationsAndReports/AuditReports/Documents/Horsemen'sAuditReports/HBPA/hbpa-financial-statement-audit-2020.pdf>

The Commission is expected to also conduct audits consistently with the required audit standards see PA Management Directive 325 Processing Audits of Federal Pass-Through Funds 325.9 Amended December 23, 2014.

The public deserves access to documents that provide a basis of opinion as to Columbia's internal controls and responsibilities as a public utility – a rate case process takes money (from the public) and is subject to the:

14th Amendment of the U.S Constitution ... *nor shall any state deprive any person of life, liberty, or property, without **due process of law***; Part of that due process of law is the requirement to provide information relevant to Columbia's rate case that Columbia and your firm may not want to provide me. Nevertheless, that type of information must be provided.

and

Pennsylvania Constitution. § 1. *Inherent rights of mankind. All ... have certain inherent and inalienable rights, among which are those of enjoying and defending life and liberty, of **acquiring, possessing and protecting property** and reputation, and of pursuing their own happiness.*

This rate case is about protecting the property of ratepayers.

§ 11. *Courts to be open.... All courts shall be open; and ... for an injury done him in his lands, goods, person or reputation shall have remedy by **due course of law**, and **right and justice administered** without sale, **denial** or delay.*

Auditors based upon professional judgment make up and design their own methods to test and reach some sort of assurance.

“Professional skepticism is required by auditors” and is a positive approach for one participating in a rate case.

From the GAO Yellow Book “3.47 A threat to independence is not at an acceptable level if it either

a. could affect the auditors’ ability to conduct an engagement without being affected by influences that compromise professional judgment or

b. could expose the auditors or audit organization to circumstances that would cause a reasonable and informed third party to conclude that the integrity, objectivity, or **professional skepticism of the audit organization, or an auditor, had been compromised.**”

The level of professional skepticism may be based upon knowledge, experience and facts.

An auditor is defined broadly defined in the Yellow Book: Auditor: An individual assigned to planning, directing, performing engagement procedures, or reporting on GAGAS engagements (including work on audits, attestation engagements, and reviews of financial statements) **regardless of job title**. Therefore, individuals who may have the title auditor, information technology auditor, analyst, practitioner, evaluator, inspector, or other similar titles are considered auditors under GAGAS.

As a participant in this rate case and only myself performing functions, I engage myself in assisting in assessing internal controls determining if there are indicators of waste fraud and abuse.

My approach to this rate case may be non-traditional ... that does not make it wrong. On the contrary, Columbia as a recipient of Government grants – either directly or indirectly are subject to generally accepted audit standards. So is the Commission, as required by From the Yellow Book: Application Guidance: Findings

6.19 Findings may involve deficiencies in internal control; noncompliance with provisions of laws, regulations, contracts, and grant agreements; or instances of fraud.

6.20 Given the concept of accountability for use of public resources and government authority, **evaluating internal control in a government environment may also include considering internal control deficiencies that result in waste or abuse.** Because the determination of waste and abuse is subjective, auditors are not required to perform specific procedures to detect waste or abuse in financial audits. However, auditors may consider whether and how to communicate such matters if they become aware of them. **Auditors may also discover that waste or abuse are indicative of fraud or noncompliance with provisions of laws, regulations, contracts, and grant agreements.**

6.21 Waste is the act of using or expending resources carelessly, extravagantly, or to no purpose. Importantly, waste can include activities that do not include abuse and does not

necessarily involve a violation of law. Rather, waste relates primarily to mismanagement, inappropriate actions, and inadequate oversight.

I am not a lawyer, but I espouse and understand relevant parts of PA Title 204 CHAPTER 81. RULES OF PROFESSIONAL CONDUCT particularly Rule 3.4. Fairness to Opposing Party and Counsel. ***“A lawyer shall not: (a) unlawfully obstruct another party’s access to evidence or unlawfully alter, destroy or conceal a document or other material having potential evidentiary value or assist another person to do any such act;”***

“(1) The procedure of the adversary system contemplates that the evidence in a case is to be marshalled competitively by the contending parties. Fair competition in the adversary system is secured by prohibitions against destruction or concealment of evidence, improperly influencing witnesses, obstructive tactics in discovery procedure, and the like.

(2) Documents and other items of evidence are often essential to establish a claim or defense. Subject to evidentiary privileges, the right of an opposing party, including the government, to obtain evidence through discovery or subpoena is an important procedural right. The exercise of that right can be frustrated if relevant material is altered, concealed or destroyed. Applicable law in many jurisdictions makes it an offense to destroy material for purpose of impairing its availability in a pending proceeding or one whose commencement can be foreseen.”

Columbia has the burden of proof in this rate case ... that burden must not be lifted on to me to prove the burden is on Columbia to participate in discovery.

For the elements that are relevant in the scope of a rate case please refer to Katrina L. Dunderdale’s Third Interim Order on Columbia’s previous rate case. [R-2020-3018835 THIRD INTERIM ORDER DENYING OBJECTIONS OF COLUMBIA GAS OF PENNSYLVANIA INC TO PORTIONS OF PUBLIC INPUT TESTIMONY OF RICHARD C CULBERTSON.DOCX](#) <https://www.puc.pa.gov/pcdocs/1673258.docx>

Let’s play fairly as we all seek just and reasonable rates and operations for the benefit of ratepayers.

In accordance with the discovery modifications discussed at the May 17th Prehearing Conference, I request that the Company provide verified answers to these inquiries within ten (10) days of service. Also, please forward the verified answers as they are completed, rather than waiting until the responses to the full set are completed. I would appreciate it if you would communicate any objections you may have to these interrogatories as soon as possible.

If you have any questions, please call me. By copy of this letter, copies of these interrogatories have been served upon all parties. A certificate of service showing service of these interrogatories on all parties has been filed with Secretary Chiavetta of the Pennsylvania Public Utility Commission as required by 52 Pa. Code §5.341(b).

Sincerely,



Richard C. Culbertson

Enclosures:

cc: PUC Secretary Rosemary Chiavetta, (Letter and Certificate of Service only) Certificate of Service.
eFiling Confirmation Number

CERTIFICATE OF SERVICE

Re: Pennsylvania Public Utility Commission :
:
v. : Docket No. R-2021-3024296
:
Columbia Gas of Pennsylvania, Inc. :

I hereby certify that I have this day served a true copy of the following document, to Columbia Gas of Pennsylvania, Inc., Richard C. Culbertson Set IV, 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 21st day of June 2021.

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