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File #: 182465

June 24, 2021

VIA ELECTRONIC FILING

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

**Re: PA Public Utility Commission v. Columbia Gas of Pennsylvania, Inc.
Docket No. R-2021-3024349**

Dear Secretary Chiavetta:

Attached for filing is the Reply Brief (Public) on behalf of Columbia Gas of Pennsylvania, Inc. ("Columbia") in the above-referenced proceeding. Copies will be provided as indicated on the Certificate of Service.

Columbia will also be filing a **CONFIDENTIAL** version of its Reply Brief, sent to your attention via email. Columbia respectfully requests that the **CONFIDENTIAL** version of the Reply Brief be maintained in the Commission's non-public files and only made accessible to appropriate Commission staff, consistent with the Protective Order issued in the above-referenced proceeding. The **CONFIDENTIAL** version of Columbia's Reply Brief will also be provided to parties that have executed an appropriate non-disclosure certificate, pursuant to the Protective Order issued in this proceeding.

Respectfully submitted,



Lindsay A. Berkstresser

Rosemary Chiavetta, Secretary
June 24, 2021
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LAB/kl
Attachments

cc: Honorable Emily DeVoe
Certificate of Service

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

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Date: June 24, 2021



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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	R-2021-3024349
Office of Consumer Advocate	:	C-2021-3024643
Office of Small Business Advocate	:	C-2021-3024762
	:	
v.	:	
	:	
Columbia Gas of Pennsylvania, Inc. 1307(f)	:	

**REPLY BRIEF OF
COLUMBIA GAS OF PENNSYLVANIA, INC.**

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I. INTRODUCTION

Pursuant to the procedural schedule adopted in this proceeding, Columbia Gas of Pennsylvania, Inc. (“Columbia” or the “Company”) and the Office of Consumer Advocate (“OCA”) filed Main Briefs on June 17, 2021. The Main Briefs addressed the sole issue reserved for litigation: whether Columbia’s long-established methodology of excluding from purchase gas cost (“PGC”) rates the cost of incremental capacity acquired to provide Elective Balancing Service (“EBS”) Option 1 for General Service transportation customers should be modified as proposed by the OCA.

Columbia hereby files its Reply Brief in response to the Main Brief filed by the OCA. Columbia anticipated many of the arguments raised by OCA in its Main Brief and has already addressed these arguments in the Company’s Main Brief. Columbia’s Reply Brief does not seek to repeat these arguments and responds only to new arguments raised in the OCA’s Main Brief. Simultaneously with Columbia’s Reply Brief, the Company is also submitting a Joint Petition for Partial Settlement in accordance with the procedural schedule.

For the reasons explained herein and in Columbia’s Main Brief, the OCA’s proposal should be rejected, and Columbia should be permitted to continue calculating the amount of EBS capacity to be excluded from the PGC by using the cost of the incremental storage and transportation capacity that was specifically acquired to provide the service in accordance with the Company’s existing Commission-approved tariff.

II. ARGUMENT

A. OCA failed to meet its burden of proof to demonstrate that Columbia's existing Commission-approved tariff should be changed.

In this proceeding, OCA seeks to change the method by which Columbia calculates EBS rates, and subsequently, the cost of EBS capacity that is excluded from the PGC.¹ Columbia's existing Commission-approved tariff provides that the cost of EBS capacity excluded from the PGC will be based on the incremental capacity acquired to provide EBS. Columbia Exhibit JB-1R. The incremental capacity acquired for EBS is provided by Equitrans, L.P. ("Equitrans") and Dominion Transmission ("DTI"). Columbia St. No. 1-R, pp. 4, 6-7; Columbia Exhibit No. TMM-3R. However, OCA proposes that the EBS capacity excluded from the PGC be based solely on the cost of Columbia Gas Transmission, LLC ("TCO") capacity. As explained herein and in Columbia's Main Brief, the Commission should reject OCA's proposal because OCA has failed to demonstrate that its proposed tariff change is warranted.

As a proponent of a change to Columbia's existing Commission-approved tariff, OCA bears the burden of proof to demonstrate that the change is warranted based on new or changed circumstances since the time that the tariff was originally approved. *See Zucker v. Pa. PUC*, 401 A.2d 1377, 1379 (Pa Cmwlth. 1979); *Shenango Twp. Bd. of Supervisors v. Pa. PUC*, 686 A.2d 910 (Pa Cmwlth. 1996). OCA has failed to carry its burden. The only reason that OCA offers for changing Columbia's existing tariff is that TCO serves a majority of the market areas where General Service transportation customers are located. OCA MB, p. 7. However, this was the case at the time the tariff was approved and continues to be the case today. The relevant EBS tariff provisions were adopted as part of the Commission-approved Settlement of Columbia's 2001 EBS

¹ In its Main Brief, OCA refers to the cost of EBS capacity excluded from the PGC as a "credit." OCA MB, *passim*. However, the cost of EBS capacity is not charged to the PGC in the first place, and therefore, there is no "credit." Rather, the cost of capacity acquired to provide EBS service is excluded from PGC costs.

Tariff Filing at Docket No. R-00016668. *See Pa. PUC et al. v. Columbia Gas of Pennsylvania, Inc.*, Docket No. R-00016668 (Order entered January 29, 2002) (approving Joint Petition for Settlement and tariff provisions contained therein).² The record is clear that TCO capacity was used to serve PGC customers at the time EBS was adopted and that the incremental capacity was needed in order for Columbia to provide EBS. Columbia Statement No. 1-R, p. 4.; Columbia Exhibit No. TMM-3R. Specifically, the testimony of Columbia witness Michael Anderson in the Company's 2002 PGC proceeding at Docket No. R-0027204 explains that "because the vast majority of Columbia's market areas are served only by facilities owned by Columbia Transmission, Columbia is able to utilize its FSS capacity to balance out deliveries to all but a handful of city gates." Columbia Exhibit TMM-3-R, p. 12. Mr. Anderson went on to explain that "approximately 91 percent of Columbia's peak day supply is delivered by Columbia Transmission. As such, Columbia must continue to rely upon its interconnects with Columbia Transmission to deliver the majority of supplies necessary and meet the requirements of its markets." Columbia Exhibit TMM-3-R, p. 12. When asked how Columbia is able to provide EBS, Mr. Anderson responded:

Columbia is able to provide this enhanced service through the acquisition of new storage and related firm transportation service capacity and the operational integration of that capacity into Columbia's capacity supply portfolio. This integration will provide Columbia the opportunity to manage all supplies delivered to its for its own sales supply requirements plus those delivered for its Choice and GDS customers while providing the enhanced service of EBS. The new storage and firm transportation capacity acquired by Columbia establishes an asset to provide firm seasonal access to GDS customers banked volumes as well as the additional peak day deliverability and injection flexibility needed to provide OFO/OMO delivery tolerances.

² The history of Columbia's 2001 EBS Tariff Filing is provided on pages 6-9 of Columbia's Main Brief.

Columbia Exhibit TMM-3R, p. 30. The incremental capacity acquired to provide EBS Option 1 was never physically connected to directly serve all EBS customers. Columbia St. No. 1-R, pp. 4, 10. This was true when EBS was established and remains true today. Columbia Statement No. 1-R, p. 4. Therefore, the OCA has not presented any new or changed circumstances that would justify changing Columbia's existing Commission-approved tariff.

According to OCA, the fact that the EBS tariff provisions were agreed to in the Commission-approved Settlement of the 2001 EBS Tariff Filing does not support maintaining the existing methodology because Columbia altered the capacity that it uses to provide EBS Option 1 in 2014. OCA MB, p. 11. As explained in Columbia's Main Brief, since the adoption of EBS, Columbia has made one change to the capacity used for EBS Option 1. Columbia MB, p. 9. Initially, when EBS Option 1 was offered, the incremental capacity that was acquired was Equitrans capacity. In Columbia's 2014 PGC case (Docket No. R-2014-2408268), the Company explained that it was terminating a portion of the Equitrans capacity and replacing that portion with DTI capacity. That change was made to increase storage capacity in the State College market. Columbia St. No. 1-R, p. 6. No party to Columbia's 2014 PGC proceeding, including OCA, challenged Columbia's replacement of a portion of the Equitrans capacity with capacity from DTI, and the Commission approved Columbia's proposal. *See Pa. PUC, et al. v. Columbia Gas of Pennsylvania, Inc.*, Docket Nos. R-2014-240826, et al. (Order entered September 18, 2014). Columbia has based the excluded EBS capacity on the combination of Equitrans and DTI capacity ever since its 2014 PGC proceeding. Columbia St. No. 1-R, p. 7. OCA could have proposed to change the basis for the EBS capacity cost calculation at that time but choose not to do so. Notably, at that time, the combined DTI and Equitrans capacity was more expensive than the cost of TCO capacity, which resulted in General Service transportation customers paying a higher rate for EBS

and, accordingly, a larger amount of EBS costs being excluded from the PGC than if the cost of EBS capacity was based on TCO capacity alone. Columbia St. No. 1-R, p. 8. Therefore, this previously-approved change to the excluded EBS capacity provides no support for OCA's proposal to exclude a portion of existing TCO capacity, which was acquired to serve sales service customers, for EBS Option 1.

OCA also argues that the Settlement of the 2001 EBS Tariff Filing does not state that the EBS calculation cannot be modified. OCA MB, p. 11. Columbia did not state that a previously approved tariff provision could never be modified. Clearly, a party may seek to modify an existing tariff provision. However, that party must demonstrate that some new or changed circumstances exist that justify altering the approved tariff provision. *See* Columbia MB, pp. 12-13. OCA has failed to do that.

Finally, in its Main Brief, OCA inappropriately attempts to shift the burden of proof by implying that Columbia has not shown how its calculation of EBS rates is just and reasonable pursuant to Section 1318 of the Public Utility Code, 66 Pa. C.S. § 1318. OCA MB, pp. 11-12, fn. 12. OCA fails to recognize that Columbia's existing methodology for calculating EBS rates is presumed just and reasonable because it was approved by the Commission, and it is OCA's burden to provide that the rates are no longer just and reasonable. *See* 66 Pa. C.S. § 316; *Popowsky v. Pa. PUC*, 669 A.2d 1029, 1037 (Pa. Cmwlth. 1995), *rev'd in part on other grounds*, 706 A.2d 1197 (Pa. 1997); *Zucker v. Pa. PUC*, 401 A.2d 1377, 1379 (Pa. Cmwlth. 1979). OCA has not offered sufficient evidence to overcome that presumption, and its proposal should be denied.

B. Columbia did not present an “alternative” methodology for calculating the EBS capacity costs that are excluded from the PGC.

Throughout its Main Brief, OCA refers to an “alternative” calculation presented by Columbia. OCA MB, pp. 1, 13-14. OCA then concludes that it could accept the alternative

proposal. OCA MB, p. 15. However, Columbia did not present an alternative proposal, and Columbia's position remains that the costs of capacity excluded from the PGC should be based on the incremental Equitrans and DTI capacity acquired to provide the service as provided for in the Commission-approved Settlement of the 2001 EBS Tariff Filing and in the Company's existing tariff.

In rebuttal testimony, Columbia witness Ms. Monnig testified that OCA's proposal to base the cost of excluded EBS capacity on only TCO capacity is inconsistent with OCA's own reasoning that the cost of EBS should be based on how Columbia's customers are served across all market areas. Columbia St. No. 1-R, p. 10. No single capacity could serve all of the diverse service areas and customers of Columbia, and therefore, the storage Columbia acquires is used to manage service for all customers. Columbia St. No. 1-R, p. 4. Ms. Monnig also presented a calculation which demonstrated that if the Commission were to adopt OCA's rationale and base the EBS excluded capacity on a weighted average of all three capacities (Equitrans, DTI and TCO), the amount of the adjustment would be [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL] less than the adjustment proposed by OCA. Columbia Statement No. 1-R, p. 11. Ms. Monnig's calculation also excluded the \$300,000 fixed annual credit that is currently provided to the PGC, consistent with Columbia's position that the credit should be discontinued pursuant to the terms of the 2001 EBS Tariff Filing Settlement if there is a material change to the EBS cost and rate recovery methodology, such as the one OCA is proposing. Columbia Statement No. 1-R, p. 11.

OCA mischaracterizes Columbia's calculation as an "alternative" proposal when, in fact, Columbia presented this calculation to demonstrate that if the Commission were to adopt OCA's

rationale for determining the cost of EBS capacity excluded from the PGC, OCA's calculation is flawed. Specifically, Columbia witness Ms. Monnig stated:

Q: Is Mr. Mierzwa's proposal to change the EBS calculation to be based solely on TCO capacity appropriate?

A: No. For the reasons that I have explained in my rebuttal testimony, there is no basis for changing the EBS rate to be based on TCO capacity only. By his own recommendation, Mr. Mierzwa suggests that the calculation should be based on how Columbia's customers are served across all market areas. That is inconsistent with his recommendation that only TCO capacity, to the exclusion of Equitrans and DTI, should serve as the new basis for the development of the EBS rate. *Columbia believes that the cost to provide EBS Option 1 should continue to conform to the original structure of Rate EBS, as set forth in the 2001 tariff filing and the settlement at R-00016668. However, if there were to be a change, it should not be limited to using Columbia Transmission storage costs.*

Q: How would you determine the EBS rate if you were to consider capacities for all three of the storages.

A: CONFIDENTIAL Columbia Exhibit No. TMM-5R demonstrates what the EBS rate would be by considering costs on a weighted average basis for TCO, Equitrans and DTI storage and transportation capacities. The rates used for TCO are based on Mr. Mierzwa's Schedule JDM-1. This provides an estimated cost of [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL].

Q: How does this compare to Mr. Mierzwa's proposed adjustment of [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL]?

A: The proposed costs shown in CONFIDENTIAL Columbia Exhibit No. TMM-5R would increase the PGC Credit by [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL] to equal [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL]. In Mr. Mierzwa's Schedule JDM-1, the total cost calculated is [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL] which includes the fixed credit of \$300,000. CONFIDENTIAL Columbia Exhibit No. TMM-5R excludes the fixed credit of \$300,000 based on Witness Berberich's recommendation that the credit should not be continued if the cost basis for the EBS rate is changed. The difference between the two adjustments is [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL].

Q: Can you summarize your recommendations for the determination of the EBS rate.

A: *Yes, I recommend that the calculation of the EBS credit to PGC customers supported in Columbia's direct case in this matter, which uses Equitrans and DTI capacities, should continued to be employed. Accordingly, Mr. Mierzwa's proposal should be rejected and no changes should be made for the reasons discussed in my rebuttal testimony. However, if the Commission were to accept the rationale presented by Mierzwa, then the EBS credit to PGC customers should be based upon the method reflected in CONFIDENTIAL Columbia Exhibit No. TMM-5R which is a weighted cost based on Equitrans, DTI and TCO capacities.*

Columbia St. No. 1-R, pp. 9-11 (emphasis supplied).

Contrary to OCA's suggestion, Columbia did not characterize this calculation as an alternative proposal, and never stated that it was endorsing this proposal. Instead, Columbia witness Ms. Monnig expressly stated that no changes should be made to Columbia's methodology. Columbia St. No. 1-R, pp. 10-11. It is Columbia's position that the existing methodology for calculating EBS capacity costs to be excluded from the PGC is proper and should continue. However, if the Commission were to change the long-standing methodology, the \$300,000 credit should end, consistent with the express terms of the Settlement of the 2001 EBS filing, and OCA has presented no evidence or argument to continue the credit if the mechanism is changed. Columbia St. No. 2-R, pp. 3-4.

III. CONCLUSION

WHEREFORE, for all the foregoing reasons, Columbia Gas of Pennsylvania, Inc. respectfully requests that the ALJ and Commission reject the Office of Consumer Advocate's proposal to change the methodology for determining how EBS capacity costs are excluded from the PGC and permit Columbia to continue calculating the excluded capacity using the cost of the incremental storage and transportation capacity that was specifically acquired to provide the service in accordance with the prior Commission-approved Settlement Agreement at Docket No. R-00016668 and Columbia's existing tariff.

Respectfully submitted,



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