

COMMONWEALTH OF PENNSYLVANIA



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March 20, 2024

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

Re: Pennsylvania Public Utility Commission
v.
Columbia Gas of Pennsylvania, Inc.
Docket No. R-2024-3046519

Dear Secretary Chiavetta:

Attached for electronic filing please find the Office of Consumer Advocate's Formal Complaint and Public Statement in this matter.

Copies have been served on the parties as indicated on the enclosed Certificate of Service.

Respectfully submitted,

/s/ Melanie J. El Atieh
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Enclosures:

cc: Office of Administrative Law Judge (**email only:** crainey@pa.gov)
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Certificate of Service
*4878-2077-8159

CERTIFICATE OF SERVICE

Pennsylvania Public Utility Commission :
v : Docket No. R-2024-3046519
Columbia Gas of Pennsylvania, Inc. :
:

I hereby certify that I have this day served a true copy of the following document, the Office of Consumer Advocate’s Formal Complaint and Public Statement, 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. This document was filed electronically on the Commission’s electronic filing system.

Dated this 20th day of March 2024.

SERVICE BY E-MAIL ONLY

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Dated: March 20, 2024
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PENNSYLVANIA PUBLIC UTILITY COMMISSION

Formal Complaint

1. CUSTOMER NAME (COMPLAINANT)

Patrick Cicero, Consumer Advocate

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Harrisburg, PA 17101-1923

Phone: (717) 783-5048

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2. UTILITY NAME (RESPONDENT)

Columbia Gas of Pennsylvania, Inc.
Docket No. R-2024-3046519

3. TYPE OF UTILITY

Gas

4. COMPLAINT

A. On March 15, 2024, Columbia Gas of Pennsylvania, Inc. (Columbia Gas or the Company) filed Supplement No. 337 to its Tariff Gas – Pa. P.U.C. No. 9 at Docket No. R-2024-3046519, with the Public Utility Commission (Commission). The Company proposes to increase rates to produce additional overall revenues of \$124.1 million per year, a 15.79% increase in overall revenue requirement. The Company proposes that the rate increase become effective on May 14, 2024. The end of the suspension period is December 15, 2024.¹

B. Columbia Gas is engaged in the business of furnishing natural gas service to approximately 445,000 residential, commercial, and industrial customers in 450 municipalities across portions of 26 counties in western, northwestern, southern, and central Pennsylvania.

¹ For general rate increases filed pursuant to 66 Pa.C.S. § 1308(d), the full suspension period is nine months (seven months plus sixty days). See 66 Pa.C.S. §§ 1308(a), (d); 52 Pa. Code § 53.31. If the Commission does not enter a final rate determination at the expiration of the full suspension period, the proposed general rate increase shall go into effect at the end of such period, subject to potential refund. See 66 Pa.C.S. §§ 1308(d), 1312.

- C. Under the Company’s proposal, the total bill for a residential customer purchasing 70 therms of gas per month would increase from \$118.16 to \$136.92, or by approximately 15.88%.
- D. Columbia Gas has also proposed an increase in the monthly residential customer charge from \$16.75 to \$26.
- E. For ratemaking purposes, the Company utilizes a fully projected future test year (FPFTY) ending December 31, 2025.
- F. Columbia Gas proposes a return on equity of 11.75% resulting in an overall rate of return of 8.71%, in conjunction with an equity-rich capital structure of 54.4% equity and 45.6% debt. The proposed rate of return and capital structure are likely excessive and, if accepted, would result in rates that are unjust and unreasonable in violation of Chapter 13 of the Pennsylvania Public Utility Code, 66 Pa. C.S. § 1301, *et seq.*, sound ratemaking principles, and public policy.
- G. Columbia Gas seeks approval to guarantee that it will meet its revenue target between rate cases by way of combination of a Weather Normalization Adjustment (WNA), without the existing three percent deadband, and a new Revenue Normalization Adjustment (RNA). The proposed WNA and RNA, and the proposed combination of these adjustments, may be unjust, unreasonable, and in violation of law; may be contrary to the provisions of prior Commission-approved settlements and orders; and otherwise, may be contrary to sound ratemaking principles and public policy.
- H. Columbia Gas seeks approval of a new and novel Municipal Levelization Charge (MLC) to charge customers residing in certain municipalities an MLC to reflect the impact of municipal costs incurred by the Company in performing its public service obligations. The Company states that the MLC will further increase bills issued to residents of the City of Pittsburgh and Perryopolis and decrease bills issued to residences of Roscoe Borough and New Sewickley.
- I. The Commission should use the scheduled December 5, 2024 Public Meeting date to develop a procedural schedule in this matter. Columbia Gas’s filing contains 20 volumes and over 12,500 pages. The filing lacks any type of useful index of the overall filing or each volume of the filing. The Company was in complete control of its preparation of these materials and the timing of its initial filing. In contrast, the intervenors and complainants in this matter, including the OCA, are on the receiving end of this massive amount of data and information and need sufficient time to review and understand such information to develop positions and recommendations in order to be meaningfully heard before the Commission. The last scheduled Public Meeting date prior to the end of the suspension period is December 5, 2024, and the one prior to that is November 7, 2024. However, use of the November 7, 2024 Public Meeting would compress the procedural schedule by a month, causing prejudice to all non-Company litigants. Using the December 5,

2024 Public Meeting date would provide Commission staff eight calendar days to prepare and enter the rewrite order following that Public Meeting and prior to the end of the suspension period, to the extent that is even necessary. Hence, the Commission should direct the Office of Administrative Law Judge (OALJ) to use the scheduled December 5, 2024 Public Meeting date as the deadline for a final Commission determination in this matter and for purposes of developing a litigation schedule in this matter.

- J. The Consumer Advocate is empowered to represent the interests of Pennsylvania consumers before the Pennsylvania Public Utility Commission (Commission), pursuant to Act 161 of the General Assembly, as amended, 71 P.S. §§ 309-1, *et seq.*
- K. A preliminary examination of Columbia Gas' filing indicates that the proposed increase in rates may be unjust, unreasonable, in violation of law, and will or may produce an excessive return on investment in violation of the Public Utility Code, 66 Pa. C.S. § 1301, *et seq.*, sound ratemaking principles, and public policy.
- L. The Consumer Advocate avers that the rates, charges, tariff changes, and other rules that Columbia Gas seeks to implement may be unjust, unreasonable, and unlawfully discriminatory in violation of the Public Utility Code, 66 Pa. C.S. §§ 1301 and 1304, *et seq.*, and may otherwise be contrary to sound ratemaking principles and public policy.
- M. The Consumer Advocate has significant concerns about the rate increase requests filed by Columbia Gas including the amounts sought, proposed returns on equity, the capital structure, many of the proposed tariff changes, rate designs, and new and novel proposals that seek to shift risks onto consumers and away from the Company. Many of Columbia Gas' proposals are an affront to the regulatory compact that has long existed in Pennsylvania to protect the public from monopolistic excess.
- N. The Consumer Advocate avers that the Company's existing rates, rules, and regulations are or may not be just and reasonable or otherwise proper under the Public Utility Code, 66 Pa. C.S. § 1301, *et seq.*, and applicable ratemaking principles.
- O. The Consumer Advocate files this Formal Complaint to ensure that the Commission will fully and fairly adjudicate issues pertaining to whether the Company's existing and proposed rates and all rate policy changes are unjust, unreasonable, unduly discriminatory, or otherwise unlawful.

5. RELIEF

The Consumer Advocate respectfully requests that the Commission take the following actions:

- A. Suspend and investigate the operation of the proposed Tariff pursuant to Section 1308(d) of the Public Utility Code, 66 Pa. C.S. § 1308(d);
- B. Direct the Office of Administrative Law Judge to use the December 5, 2024 Public Meeting as the deadline for a final Commission determination in this matter and for purposes of setting a deadline for a Recommended Decision and developing a litigation schedule in this matter;
- B. Consolidate all complaints filed against the proposed Tariff;
- C. Hold full evidentiary hearings examining the reasonableness of the Company's current rates and its proposed increase in rates;
- D. After providing the public with adequate notice, hold in person public input hearings in the Company's service territory, as well as by telephone or virtually, as early as feasible, in order to provide customers with an opportunity to be heard on the record;
- E. Deny an charges or changes contained in the Company's proposal that cannot be fully justified by the Company or that would result in rates that are unjust, unreasonable, unduly discriminatory, or otherwise inconsistent with the Public Utility Code, sound ratemaking principles, and public policy;
- F. Determine the justness and reasonableness of the Company's current and proposed rates; and
- G. Grant such other relief that the Commission deems necessary and proper.

6. VERIFICATION AND SIGNATURE

Verification:

I, Patrick Cicero, Consumer Advocate, hereby state that the facts above set forth are true and correct (or are true and correct to the best of my knowledge, information, and belief) and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

/s/ Patrick Cicero
Signature

03/20/2024
Date

7. LEGAL REPRESENTATION

Melanie J. El Atieh, Senior Assistant Consumer Advocate PA Attorney I.D. # 209323
Christy M. Appleby, Senior Assistant Consumer Advocate, PA Attorney I.D. # 85824
Harrison W. Breitman, Assistant Consumer Advocate, PA Attorney I.D. # 320580

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**PUBLIC STATEMENT OF THE OFFICE OF CONSUMER ADVOCATE
PURSUANT TO 71 P.S. SECTION 309-4(e)**

Act 161 of the Pennsylvania General Assembly, 71 P.S. § 309-2, as enacted July 9, 1976, authorizes the Consumer Advocate to represent the interests of consumers before the Pennsylvania Public Utility Commission (Commission). In accordance with Act 161, and for the following reasons, the Consumer Advocate determined to file a Formal Complaint and participate in proceedings before the Commission involving the proposed rate increase requested by Columbia Gas of Pennsylvania, Inc. (Columbia Gas).

Columbia Gas is engaged in the business of furnishing natural gas service to approximately 445,000 residential, commercial, and industrial customers in 26 counties in western, northwestern, southern, and central Pennsylvania. On March 15, 2024, the Company filed for an overall increase in revenues of \$124.1 million per year. Columbia proposes that the rate increase become effective on May 14, 2024. The total bill for a residential customer who purchases 70 therms of gas per month would increase from \$118.16 to \$136.92, or by approximately 15.88%. Columbia's proposed rate increase, if approved, would produce an 8.71% overall rate of return on its original cost rate base, including an excessive return on equity of 11.75% utilizing an equity-rich capital structure.

The objective of the Consumer Advocate in filing a Formal Complaint in this matter is to protect the interests of Columbia Gas's customers. The Consumer Advocate will participate in this proceeding in order to determine whether the rate increase and other tariff changes proposed by Columbia are just and reasonable and that its service quality meets the adequate, efficient, safe, and reasonable standards of the Public Utility Code based upon the information submitted by the Company in support of its claims, including any information that the Consumer Advocate may obtain in discovery during the proceedings. The Consumer Advocate will represent the interests

of Columbia's customers before the Commission and seek to ensure that customers are not charged rates that are unjust, unreasonable, unduly discriminatory, or otherwise inconsistent with the Public Utility Code, sound ratemaking principles, and public policy.