
Pennsylvania Public
Utility Commission

v.
Columbia Gas of
Pennsylvania, Inc.
1308(d)

In-Person Public Input
Hearing

Docket No.:
R-2024-3046519

Pages 30 - 131

Washington County Courthouse
Courtroom #2
1 S. Main Street
Washington, PA 15301

Tuesday, May 21, 2024
Commencing at 1:06 p.m.

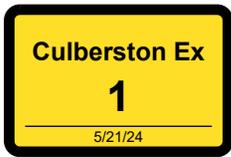
INDEX TO EXHIBITS

Docket No. R-2024-3046519

Hearing Date: May 21, 2024

<u>NUMBER</u>	<u>FOR IDENTIFICATION</u>	<u>IN EVIDENCE</u>
Culbertson's Exhibit 1	117	---

36-Page Document



for reference only
job # 278624
5-21-24

PUC - expedite
hearing
Reporter - Kelly Dunn

Pennsylvania Public Utility Commission Public Hearing May 21, 2024

Columbia Gas of Pennsylvania, Inc.

Introduction: Richard C. Culbertson, 1430 Bower Hill Road, Pittsburgh, PA 15243

Phone 609-410-0108 Richard.C.Culbertson@gmail.com

I am an interested party this proposed rate increase from several perspectives.

- Ownership of four rental properties serviced by Columbia. Current customer of one.
- Public service as an asset management expert¹. (*“See something say something.”*)
 - Over 50 years of asset management responsibility at General Electric, and Lockheed Martin, as well as real estate investments and experience with multiple gas utilities in multiple states.
 - Gas utility management and governance are all about various forms of asset management.
- The quality of life of these renters and our community will be reduced by these proposed unreasonable rate increases.
- One of the objectives of these hearings is to arrive at just and reasonable rates for customers, and Columbia Gas Inc. I want to be treated fairly and justly and I want the same for Columbia.
- I am providing facts and applicable law as I know them. I believe I have been aggrieved and will be aggrieved unless appropriate action is made by the PUC in this rate case.

¹ As evaluated and identified in Government Accountability Office Report FEDERAL REAL PROPERTY ASSET MANAGEMENT <https://www.gao.gov/assets/d1957.pdf> See pages 48 and 49). He has been heavily involved in Asset Management Standards since 2001 and is the current Chair to the ASTM E53 Asset Management Committee, e.g., Standard ASTM E2279 ... Guiding Principles of Property Asset Management (versions 02, 09,15,20) (Initially Co-authored and Technical Leader adopted and required in DoD in their DOD Instruction 5000.64 ACCOUNTABILITY AND MANAGEMENT OF DOD EQUIPMENT AND OTHER ACCOUNTABLE PROPERTY <https://www.esd.whs.mil/Portals/54/Documents/DD/issuances/dodi/500064p.pdf>, Leader in U.S. ISO Technical [Standards] Committee 251 Asset Management, which is responsible for international standard ISO 5000 Asset Management. (Columbia has adopted standard ANSI API 1173 Pipeline Safety Management Systems. This Standard references ISO 55000 Asset Management and ISO 9000 Quality Management. ISO 55000 Asset Management references ASTM 2279 Guiding Principles of Property Asset Management. He is a Board member of Asset Leadership Network. <https://www.assetleadershi79p.net/>. He was Lockheed Martin’s lead subject matter expert in asset management for many years.

Docket No.: [R-2024-3046519](#)

Press Releases

<https://www.puc.pa.gov/press-release/2024/puc-to-investigate-proposed-rate-increase-by-columbia-gas-04-04-2024>

<https://www.puc.pa.gov/press-release/2024/puc-reminds-consumers-of-upcoming-public-input-hearings-on-proposed-rate-increase-for-columbia-gas-of-pennsylvania-inc-051424>

Order to investigate: <https://www.puc.pa.gov/pdocs/1823303.pdf> In part:

“Investigation and analysis of this proposed tariff filing, and the supporting data indicate that the proposed changes in rates, rules, and regulations may be unlawful, unjust, unreasonable, and contrary to the public interest. It also appears that consideration should be given to the reasonableness of Columbia Gas’s existing rates, rules, and regulations; THEREFORE, IT IS ORDERED:

*1. That an investigation on Commission motion be, and hereby is, instituted to determine the lawfulness, justness, and reasonableness of the rates, rules, and regulations contained in the **proposed** Supplement No. 374 to Tariff Gas Pa. P.U.C. No. 9.*

*4. That this investigation **shall include** consideration of the lawfulness, justness, and reasonableness of the Columbia Gas of Pennsylvania, Inc.’s **existing** rates, rules, and regulations”*

5. That the case be assigned to the Office of Administrative Law Judge for the prompt scheduling of such hearings as may be necessary culminating in the issuance of a Recommended Decision.

Proposed Increase in operating revenue of **\$124,100,000.**

(Pennsylvania Senator Bob Casey has warned the public about “greedflation” <https://www.casey.senate.gov/greedflation> “Even as inflation has slowed, families are still paying higher prices, thanks to corporate **greed, or greedflation.**”

Columbia, with its rate increases, I believe, is leading the way with their proposed 21.7 percent rate increase. (The Fed's target for inflation is 2 percent.)

The magnitude of the proposed increase is about the same as Pennsylvania’s Low-Income Home Energy Assistance Program (LIHEAP) Federal funding. *During the 2022-2023 LIHEAP season, 312,169 households statewide received \$125,572,518 in LIHEAP Cash benefits,*
https://www.media.pa.gov/pages/dhs_details.aspx?newsid=997

From my observation and experience, barring the PUC’s prior decisions, I do not believe we know what Columbia’s revenue should be as I do not believe Columbia nor the PUC have reliable and effective internal controls [See the COSO Internal Control-Integrated Framework or the GAO Green Book] to reach just and reasonable rates for customers. I believe this proceeding should be paused and perhaps temporary rates granted, because the PUC is ill-prepared to fulfill its legal responsibility in determining these utility’s rates.

\$124,100,000 increase in Columbia’s rates is too much to be considered carelessly by the Pennsylvania Publicly Utility Commission.

PA PUC Rate Comparison Reports <https://www.puc.pa.gov/filing-resources/reports/rate-comparison-reports/> In part:

:

2006

Gas Utilities Comparison - 1307(f) Companies*

Rate Classification	Utilities										
	Columbia Gas Company	Equitable Gas Company	National Fuel Gas Dist. Company	PECO Energy	People’s Natural Gas Company	PG Energy	PG Energy Honesdale	Philadelphia Gas Works (PGW)	PPL Gas Utilities	T.W. Phillips Gas & Oil Company	UGI Gas
Residential											
Using 2 MCF	\$44.57	\$46.33	\$46.03	\$40.11	\$46.05	\$40.39	\$33.58	\$48.41	\$48.71	\$40.27	\$42.89
Residential Heating											
Using 15 MCF	\$264.55	\$274.03	\$258.97	\$254.23	\$273.85	\$228.30	\$211.43	\$285.09	\$271.82	\$230.51	\$259.70
Small Commercial											
Using 150 MCF / year	\$211.12	\$231.61	\$219.91	\$221.06	\$234.09	\$198.42	\$180.26	\$246.74	\$232.96	\$210.37	\$229.70

Utility:

Columbia Gas of Pennsylvania, Inc.

Default Rate Schedule for Gas Service in the Commonwealth of Pennsylvania

Rates for Default (SOLR) Service

Rate Classification	Customer Charge	Commodity Charge	Distribution Charge	Gas Cost Rate (GCR)	Customer Choice Costs	Universal Service Charge	Gas Cost Adjustment *	STAS	TOTAL
Residential									
2 MCF (monthly bill)	\$10.73	\$24.00	\$5.69		\$0.02	\$2.02	\$2.16	(\$0.04)	\$44.57
Residential Heating (if different)									
15 MCF (monthly bill)	\$10.73	\$180.02	\$42.66		\$0.15	\$15.15	\$16.17	(\$0.33)	\$264.55
Small Commercial									
150 MCF/year	\$14.42	\$150.73	\$32.54		\$0.13	\$0.00	\$13.47	(\$0.16)	\$211.12

2024

Large Gas Utilities Comparison - 1307(f) Companies*

Rate Classification	Columbia Gas of PA Inc.	National Fuel Gas Dist. Co.	PECO Energy Co.	Peoples Natural Gas - Peoples Gas Division	Peoples Natural Gas - Peoples Natural Gas Div.	Philadelphia Gas Works	UGI Utilities Inc. - Gas Division
Residential							
2 Mcf (monthly bill)	\$46.43	\$27.72	\$34.15	\$34.40	\$31.28	\$46.14	\$37.00
Residential Heating							
15 Mcf (monthly bill)	\$239.43	\$116.80	\$163.49	\$164.09	\$142.05	\$232.50	\$175.20
Small Commercial							
150 Mcf/year (monthly bill)	\$174.69	\$104.21	\$138.02	\$134.54	\$105.68	\$179.47	\$135.09

Utility: **Columbia Gas of PA Inc.**

Default Rate Schedule for Gas Service in the Commonwealth of Pennsylvania

Rates for Default Service

Rate Classification	Customer Charge	Distribution Charge	Commodity Charge	GCR Adjustment	Energy Efficiency**	MFC	Universal Service	STAS	TOTAL
Residential									
2 Mcf (monthly bill)	\$16.75	\$19.05	\$8.56	(\$0.05)	\$0.08	\$0.07	\$1.99	(\$0.02)	\$46.43
Residential Heating									
15 Mcf (monthly bill)	\$16.75	\$142.86	\$64.20	(\$0.37)	\$0.62	\$0.50	\$14.94	(\$0.07)	\$239.43
Small Commercial									
150 Mcf/year (monthly bill)	\$29.92	\$91.18	\$53.83	(\$0.31)		\$0.12		(\$0.05)	\$174.69

Distribution Charge - Columbia

2006	2006	2024	Percent Increase
2 Mcf	\$5.69	\$19.05	335
15 Mcf	\$42.66	\$142.86	335
150 Mcf/year	\$32.54	\$91.18	280
CPI Inflation			56

<https://data.bls.gov/cgi-bin/cpicalc.pl> 335/56 = **6 times the inflation rate.**

Causes of concern:

- ***Pennsylvania Constitution ARTICLE VIII § 10. Audit. The financial affairs of ... all ... commissions, ... of the Commonwealth, shall be subject to audits made in accordance with generally accepted auditing standards. (1968)***

The required audits in the manner required did not occur. The applicable auditing standard is the GAO Yellow Book. <https://www.gao.gov/assets/gao-21-368g.pdf> With applicable audits comes recognized assurance, weaknesses, deficiencies, and suggested improvements. Pennsylvanians were not provided with these benefits and did not get what they expected.

- Columbia's Income Statement of 2023. Uncollectable accounts \$42,233,137 – seems high. Interest on Debt \$57,922,026 – seems high, Net Income \$154,410,605 – seems low. (Ref. CPA's Volume 1 Exhibit 1)

- **CPA's Volume 10. R. Brumley Statement No. 7 Page 3 of 26. Asset Account Customer[s] Service Lines Replaced** -- PA law requires the real property owner to control and maintain his or her customer's service line yet in just 2023 Columbia has capitalized **\$16,361,880** as their property, which is the real property of others.

*SECURITIES AND EXCHANGE ACT OF 1934, 15 U.S. Code § 78m (b)(2)
Every issuer ...shall—(A) make and keep books, records, and accounts, ... reflect the transactions and dispositions of the **assets of the issuer**; (B) devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances...*

(5) No person shall knowingly circumvent or knowingly fail to implement a system of internal accounting controls or knowingly falsify any book, record, or account described in paragraph (2).

- The replacement of customer's service lines should be paid for by their owner or shareholders per PA law Title 66 §1510. *Ownership and maintenance ... gas service lines. --A public utility shall not be authorized or required [by the Commission] to acquire or assume ownership of any customer's service line... Maintenance of service lines shall be the responsibility of the owner of the service line.* (Mar. 7, 1984)

The cost of replacing customer's service lines should have been charged to FERC Account 426.1 Donations – *"E. All amounts included in the accounts prescribed herein for gas plant and operating expenses shall be just and reasonable and any payments or accruals by the utility in excess of just and reasonable charges shall be included in account 426.5, Other Deductions."* <https://www.law.cornell.edu/cfr/text/18/part-201>

Donations are a form of period non-operating expenses and for accounting purposes must not be capitalized. Did the Board of Directors of the parent company authorize these donations?

- When fundamental errors or fraud are made in published records, those are red flags that must be investigated and resolved – not just the initial finding, but all other areas of reporting. Capitalizing customer's service lines appears to be a material weakness and should be investigated – for this year and prior years.

- CPA Volume 10, M. Kempic, Statement Page 4 of 61
<https://www.puc.pa.gov/pcdocs/1820638.pdf>

Q. Please summarize Columbia's major objectives in this proceeding.

*A. Consistent with prior cases, the primary driver for this filing is Columbia's ongoing significant investment to enhance its distribution system through the replacement of pipe and related appurtenances that are reaching the end of their useful lives. Columbia seeks Commission approval to increase its base rates to recover the revenue requirement associated with the capital Columbia has invested, and will continue to invest, in its facilities as part of its continued focus to prioritize spend to address identified risks on our system, including our **accelerated pipeline replacement** program, as well as Columbia's ongoing operations and maintenance expenditures.*

Accelerated replacements of suitable-for-use assets are unreasonable and are a waste of company assets at the expense and detriment of ratepayers. Accelerated costs, when not necessary and prudent, are unreasonable costs, thus unallowable costs for recovery purposes. Costs associated with this unreasonable practice should be deemed unallowable.

Can the PUC give an illegal order – can the PUC legally change, approve, or condone violations of Pennsylvania Public Utility law and Generally Accepted Accounting Principles? **I believe the answer is no.**

- Generally, assets are replaced when they reach the end of their useful lives. Assessments when assets reach the end should be fact-based. The overall condition of the asset is based on facts including a standardized risk assessment, experience, testing, pipe samples, and after-the-fact samples must be collected and analyzed for the reliability, and accuracy of the standardized risk assessment system. The company and the PUC must use due diligence. Annual third-party auditors should be engaged to do performance audits.
- Reliable data must be collected and used in PUC decision-making but sometimes is ignored. See submission by PUC's Alphonso Arnold III, Prosecutor Bureau of Investigation and Enforcement in his submission under Docket No. P-2022-3037388 starting on page 8
<https://www.puc.pa.gov/pcdocs/1772123.pdf> of January 27, 2023.

In part

“2. THE LEAK NUMBERS AMONGST FIRST GENERATION

PLASTIC DO NOT SUPPORT PRIORIZING ITS REPLACEMENT AT THE SAME LEVEL AS BARE STEEL

“From a risk and leak standpoint, Columbia is planning to replace first generation plastic along with bare steel. However, the leak numbers do not support replacing first generation plastic alongside bare steel. From 2017 to 2021, Columbia reported a yearly average of .98 leaks per mile of bare steel main when excluding excavation damage leaks. During the same period, Columbia reported a yearly average of 1,186 total leaks on bare steel main. From 2017 to 2021, Columbia reported a yearly average of 0.04 leaks per mile of plastic or plastic insert main when excluding excavation damage leaks. During the same 2017-2021 period, Columbia reported a yearly average of 172 total leaks on their plastic system when excluding excavation damage leaks. Columbia was unable to provide the leak rate for first generation plastic as it is not a tracked metric as of 2022. For these reasons, bare steel replacement should remain the focus of Columbia’s LTIP while the other risks must also be managed and measured.

The amount of plastic pipe that the data does not support being treated as high-risk but was treated as high-risk and replaced over the years is probably in hundreds of millions of dollars. Customers suffer with higher rates, but Columbia is more profitable. The PUC ignored the safe performance of plastic pipes as reported by the PUC’s Mr. Alphonso Arnold III.

Raw data can be misleading – material content may or may not be the most relevant in causing leaks. Every leak has a cause. There are other factors such as improper maintenance. Has Columbia properly maintained their mains and service lines? Profits do not come from maintenance. Workmanship -- were mains installed properly – particularly at the joints? Improper testing – For example, Columbia uses test pressure for plastic service lines at 90 psig vs. 50 psig as required by 49 CFR § 192.513. This is overpressurization required practice, and is dangerous and reckless for workers’ safety, and can harm equipment. It also appears to be an OSHA violation. (From Columbia’s Plumbers Guide see pages 23 and p.A2)

https://www.co09lumbiagaspa.com/docs/librariesprovider14/contractors-and-plumbers/plumber-qualifications/plumber's-guide.pdf?sfvrsn=e6447951_11.

- This rate case should include an actual investigation by competent investigators of Columbia’s overpressurization practice of using 90 psig in their plastic pipe

test methods. Columbia still doesn't appear to take overpressurization seriously.

DOT regulations *49 CFR § 192.513* Test requirements for plastic pipelines apply to plastic service lines. vs. PA Uniform Construction Code, which has adopted the International Gas Fuel Code – “101.4.1 Gas. *The provisions of the International Fuel Gas Code shall apply to the installation of gas piping from the point of delivery, at the curb valve*”... “406.4.1 Test pressure. *The test pressure to be used shall be no less than 1 and 1/2 times the proposed maximum working pressure, (for low pressure that is about .5 PSI) but not less than 3 psig (20 kPa gauge), irrespective of design pressure.*” **On customer's service lines that is 30-times code.**

- Self-assertions by the utility are unreliable as there is no assurance of the accuracy of the utility's decision-making with asset replacements.
- Traditionally and early on, utilities were to make profits proportionate to the size of their rate bases. This is an incentive for the utility to maintain high-rate bases by replacing assets that are close to being fully depreciated and replacing these assets with new assets. This type of arrangement is similar to the cost-plus-percentage of cost type contract, which is illegal in government procurement. Profit incentives should be primarily based on documented and validated performance rather than the amount of spending on capital projects.
- To comply with the PUC's order -- *determine the lawfulness, justness, and reasonableness of the rates, rules, and regulations contained in the proposed...*

I believe the current order is not reasonably doable under the time constraints and other requirements of applicable laws and regulations.

Diligently observing and performing the internal control requirements of compliance with applicable laws, regulations, standards, and orders is difficult, especially if systems have not been designed and installed to meet the objectives.

As an asset management expert, I do not believe the Commission's pattern of practice is compliant with their legal requirements. The tone at the top matters.

Legal Requirements	PUC’s Performance or Pattern of Practice
<p>“66 Pa.C.S. § 1319. (2) ...[T]he commission shall allow the public utility to recover all prudent and reasonable costs ... such prudent and reasonable costs <u>shall be recovered only in accordance with appropriate accounting principles.</u>” (July 1, 1978, P.L.598, No.116.)</p>	<p>The PUC’s practice of settling rate cases is non-compliant. Accounting principles first must be recognized or established then these become the criteria to be used during financial and performance audits. The PUC nor – outside, independent competent auditors have been engaged to perform audits.</p> <p>PUC Highlights 2023 Accomplishments² – only “three management audits” were performed. <u>No Financial audits.</u></p>
<p>Title 66 § 1351. Definitions. “Capitalized cost.” Costs permitted to be capitalized pursuant to the <u>Uniform System of Accounts (18 CFR 201) and Generally Accepted Accounting Principles.</u></p> <p>THE NATURAL GAS ACT Title 15 §717e. Ascertainment of cost of property (a) Cost of property The Commission may investigate and ascertain the actual legitimate cost of the property of every natural-gas company... (June 21, 1938, ch. 556, §6, 52 Stat. 824.)</p>	<p>The Commission has not issued the details as to what are Generally Accepted Accounting Principles and what are actual legitimate costs.</p> <p>It appears every utility is on its own to make these determinations.</p> <p>In Federal government contracting, this is covered by requiring contractors to submit a Cost Accounting Disclosure Statement. The Commission should have required something similar.</p>
<p>“66 Pa.C.S. § 1701. Mandatory systems of accounts. ... Every public</p>	<p>The PUC seems to have recognized the FERC system identified in 18 CFR 201</p>

² <https://www.puc.pa.gov/press-release/2023/puc-highlights-2023-accomplishments#:~:text=Since%20the%20start%20of%202023,them%20available%20for%20public%20review>

<p><i>utility shall establish such systems of accounting, and shall keep such accounts in the manner and form required by the commission. The accounting system of any public utility [is] also subject to the jurisdiction of a Federal regulatory body [and] shall correspond, as far as practicable, to the system prescribed by such Federal regulatory body.”</i> (July 1, 1978, P.L.598, No.116.) e.g., FERC, OMB, GAO, Accounting standards bodies....</p>	<p>—UNIFORM SYSTEM OF ACCOUNTS PRESCRIBED FOR NATURAL GAS COMPANIES SUBJECT TO THE PROVISIONS OF THE NATURAL GAS ACT³ but not requirements from other Federal Regulatory bodies, e.g., OMB regarding reasonable and allowable cost. 2 CFR 200 Uniform Administrative Requirements, Subpart E – Cost Principles § 200.400. and FAR Part 31 Cost Principles.</p> <p>PUC compliance with this long-standing law appears to be lacking.</p> <p>The federal requirements may appear to be ambiguous to the uninformed, but the law is generally clear to the well-informed.</p> <p>This appears to be an internal control weakness of the PUC and perhaps utilities.</p> <p>This weakness may be the root cause of the PUC not performing financial audits. Auditors compare performance with identified standards.</p> <p>No identified standard = no audits.</p> <p>Decisions to increase rates based on unaudited data are not in the public interest! But is reckless.</p>
<p>Other audit requirements:</p>	<p>Again -- PUC Highlights 2023</p>

³ <https://www.ecfr.gov/current/title-18/chapter-I/subchapter-F/part-201> This Act requires actual legitimate cost to be in the rate base.

<p><u><i>Title 66 § 308.2(a) Functions (6) -- (8) Conduct financial, management, operational and special audits.</i></u></p> <p><i>(11) Take appropriate enforcement actions, including rate proceedings, service proceedings and application proceedings, necessary to insure compliance with this title [66], commission regulations and orders.</i></p> <p>Title 66 § 516. Audits of certain utilities. Requires audits.</p> <p>2 CFR 200 § 200.504 Frequency of audits. - Annually, Effective Dec.2013. This replaced <i>OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" 2003.</i></p>	<p>Accomplishments⁴ – only “three management audits” were performed. No Financial audits.</p> <p>The PUC representatives come to rate cases empty-handed, with no facts or assurance of Columbia’s financials or performance.</p> <p>It is unknown when the last time the PUC performed an audit consistently with the applicable Federal Yellow Book standards. Alarming!</p> <p>Recipients of Federal Grants – such as the PUC are subject to 2 CFR 200 UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS</p> <p>Instead of the PUC complying with their legal requirements to enforce and conduct audits, they approve settlements submitted by Columbia, “black box” settlements that do not comply with the PUC’s initial order, particularly part (4) which requires a review and consideration of existing rates.</p>
<p>PA PUC regulation. 2 Pa. Code § 69.401. General. <i>In the Commission’s judgment, the results achieved from a negotiated settlement or stipulation, or both, in which the interested parties have had</i></p>	<p>The PUC has used and encourages utilities to use this PUC regulation to circumvent higher-level and more authoritative laws and regulations.</p> <p>It makes sense that a regulation cannot</p>

⁴ <https://www.puc.pa.gov/press-release/2023/puc-highlights-2023-accomplishments#:~:text=Since%20the%20start%20of%202023,them%20available%20for%20public%20review>

<p><u>an opportunity to participate</u> are often preferable to those achieved at the conclusion of a fully litigated proceeding.</p>	<p>be so broadly used to violate applicable laws, regulations, standards, and orders.</p> <p>In the last two rate cases of Columbia Gas 2021 and 2022, Culbertson was a formal complainant and interested party but was <u>denied the opportunity to participate</u> in the settlement talks.</p> <p>The PUC failed to enforce its regulation harming Culbertson, ratepayers, property owners, and other stakeholders. Culbertson believes those “black box” settlements should have been deemed illegitimate.</p>
<p><i>Title 66 Pa.C.S.A. Public Utilities § 501. General powers (b) The commission may make such regulations, not inconsistent with law, as may be necessary or proper in the exercise of its powers or for the performance of its duties.</i></p>	<p>Knowingly using a PUC regulation improperly or not enforcing a PUC regulation can also be unlawful.</p>
<p>By A Title 66 § 523. Performance factor consideration. (a) Considerations.-- The commission shall consider, in addition to all other relevant evidence of record, the efficiency, effectiveness and adequacy of service of each utility when determining just and reasonable rates under this title. On the basis of the commission's consideration of such <u>evidence, it shall give effect to this section by making such adjustments to specific components of the utility's claimed cost of service</u> as it may determine to be proper and appropriate. Any adjustment made under this section shall be made on the basis of specific</p>	<p>From observations and participation in the two prior Columbia Rate cases, settlement talks impede evidence from getting into the record. Settlement talks interfere with what should be entered into the record. Relevant and material facts and admissions, in settlement talks cannot be entered into the record.</p> <p>The commission shall consider, the efficiency, effectiveness and adequacy of service of each utility when determining just and reasonable rates.</p> <p>The requirement implies that whatever is considered must be current, accurate, and complete, which is the generally accepted standard. For example, see the</p>

<p><i>findings upon evidence of record, which findings shall be set forth explicitly, together with their underlying rationale, in the final order of the commission. (July 10, 1986, P.L.1238, No.114)</i></p>	<p>requirement used in FAR 15.406-2 Certificate of Current Cost or Pricing Data. https://www.acquisition.gov/far/15.406-2</p> <p>Efficiency and effectiveness of service are the same requirements as the requirement of assessing the internal controls under effective and efficient operations as part of the requirements of the COSO Internal Control-Integrated Framework and the GAO Green Book – internal controls. These identified considerations should independently be audited annually as part of performance audits or management audits.</p>
<p>52 Pa. Code § 59.36. Abandonment of inactive service lines. (This PUC regulation was effective <u>May 1986</u>.)</p> <p>PUC regulations apply to the property of the utility – not private property. The term service line means utility property as defined in Title 66 § 102 "Service line." <i>The pipe and appurtenances of the gas utility...</i></p> <p><i>"Customer's service line"</i> is also defined – not owned by the utility,</p>	<p>The utility does not have free access, or legal authority to control, harm, destroy, or abandon private property, but they do. The PUC refuses to enforce its regulation. Example: Columbia abandoned my customer's service line at 340 Fort Couch Road, Upper St, Clair. While this property was going through foreclosure Columbia Gas destroyed the customer's service line. This property was purchased in 2023. At the time of Columbia's demolition, this appurtenance to this real property was owned by the Federal Housing Authority, under FHA Case # 442-294406. A No Trespassing sign was posted on the window right above Columbia's gas meter. See Exhibit/</p>

	<p>Appendix I.</p> <p>Culbertson found out when seeking gas service and was forced to replace his customer's service line. Columbia's practice is not the practice used by other utilities. He had a similar situation recently in West Virginia, the customer's service line was tested and service was restored.</p> <p>Culbertson complained to Columbia Gas up to the NiSource President.</p> <p>Received no satisfaction.</p> <p>Culbertson also communicated with the PUC's General Counsel's office. Again, no satisfaction.</p> <p>See Appendix II for the string of emails.</p>
<p><i>Title 66 § 3316. Protection of public utility employees.</i></p> <p><i>(a) Persons not to be discharged.--No employer may discharge, threaten or otherwise discriminate or retaliate against an employee regarding the employee's compensation, terms, conditions, location or privileges of employment because the employee or a person acting on behalf of the employee made or was about to make a good faith report, verbally or in writing, to the employer, the commission, the Office of Consumer Advocate, the Office of Small Business</i></p>	<p>George Milligan – What Columbia did to this employee is of public interest.</p> <p>The Commission, Columbia, and George Milligan were subject to or protected by <i>Title 66 § 3316. Protection of public utility employees.</i></p> <p>George Milligan, a 29-year employee, and pipeline expert, qualified per DOT 49 CFR Part 192 Subpart N. and a customer of Columbia Gas provided sworn public testimony at the last PUC Public Input Hearing of the 2022 Rate Case of Columbia Gas. His concerns</p>

<p><i>Advocate or the Office of Attorney General on an instance of wrongdoing or waste.</i></p>	<p>pertained to the unsafe practices of Columbia. Regardless of this law, Columbia discharged George Milligan.</p> <p>The expected shame and distrust of Columbia and the PUC would be well deserved by Columbia’s employees.</p> <p>They will not forget what happened to George. George was promised, PA law, protection by the PUC. Standard API 1173 Pipeline Safety Management System, requires Columbia to implement a <u>non-punitive</u> method for employees to report safety hazards.</p> <p>This occurrence must be properly and independently investigated in this rate case – customers are less safe. The wrongs must be made right! Solutions should be required in this rate case order.</p> <p>A recommended action is that the PUC require Columbia and other utilities to send all safety-related submissions under API 1173 system to a trusted PUC employee for appropriate oversight and action. This would go a long way to protect employees and the public. The PUC employee would have access to the API 1173 reporting system access and do an annual evaluation of reporting and corrective actions. Is the system working as designed and advertised? Lessons learned would be promulgated to other gas utilities.</p>
<p><i>49 CFR § 192.385 Manual service</i></p>	<p>George Milligan had concerns with this</p>

line shut-off valve installation. (c) Accessibility Manual service line shut-off valves for any new or replaced service line must be installed in such a way as to allow accessibility during emergencies.

52 Pa. Code § 59.18, 8) Meters and service regulators may not be installed in the following locations:

(i) Beneath or in front of windows

non-compliance, and I have had the same concerns since 2016. The PUC has condoned unsafe practices by Columbia on my property at 1608 McFarland Road since 2016 – no curb valve and an unsafe placement of the meter.

The proper channels through Columbia and the PUC to correct these unsafe conditions over the years have not been effective.



In conclusion, I recommend that the PUC pause this rate case until a proper order is established per the Pennsylvania Public Utility Code. This includes independent and reliable audits being conducted by competent third-party auditors to ensure Columbia has effective internal controls

over their operations in areas of effective and efficient operation, reliable reporting - financial and non-financial, and compliance with applicable laws, regulations, standards, and orders. In addition, assurances the rate base is free of waste, fraud, abuse, and mismanagement.

This concludes my testimony.



Richard C. Culbertson
1430 Bower Hill Road
Pittsburgh, PA 15243
Richard.c.culbertson@gmail.com
609-410-0108

Appendix I – Exhibit

No Trespassing

THIS PROPERTY MAY NOT BE ENTERED UNTIL IT IS OFFERED FOR SALE!

When it is available for sale, arrangements to view this property may be made through any Licensed Real Estate Broker of your choice.
You can view this property and others like it, at www.HUDHomeStore.com

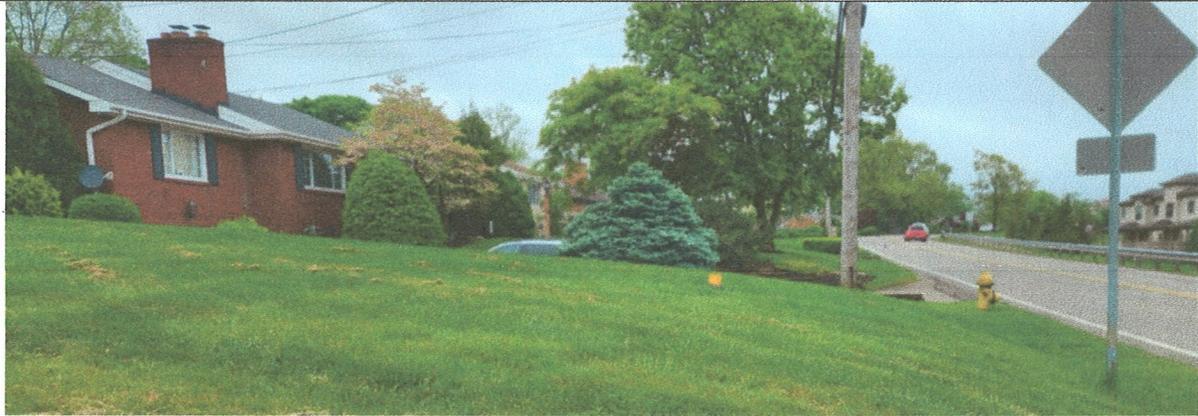
This property is under the management of,
BLM CO, LLC
1 (855) 333 – 6743
Any condition requiring
IMMEDIATE ATTENTION
should be reported to the number above. Be sure to have the case # and address when calling.

442-294406 340 Fort Couch Rd. Pittsburgh, PA 15244
FHA Case # Property Address

When a Columbia worker entered the property to destroy the customer's service line and service line they were trespassing.

On this property, the main and the service line passes through the property's front yard.

The yellow marker shows the curb valve.



Appendix II

This is a string of emails to and from the leadership of the PUC's Law Bureau providing them with information to act on two emerging Columbia Gas issues that harm property owners, ratepayers, and Columbia's employees. Starting with an email on December 7, 2023, and ending with an email on December 21, 2023.

Applicable Law:

Pennsylvania Public Utility Code

*Title 66 § 308. (b) Law Bureau.--The Law Bureau shall be a multifunction legal staff, consisting of a prosecutory function, an advisory function, a representational function and an **enforcement function**. The Director of the Law Bureau shall be the chief counsel of the commission...*

*Title 66 § 308.2.... functions... "(11) Take appropriate **enforcement actions, including rate proceedings, service proceedings and application proceedings, necessary to insure compliance with this title, commission regulations and orders.**"*

The following is a string of emails with the leadership of the PUC's Law Bureau where they reject their legal functional responsibilities.

(Note -A few spelling errors were corrected – no changes in meaning.)

From: richard.c.culbertson@gmail.com <richard.c.culbertson@gmail.com>
Sent: Saturday, May 18, 2024 1:11 PM
To: 'Richard Culbertson' <richard.c.culbertson@gmail.com>
Subject: FW: Reply: Two Emerging Issues Suspected Wrongdoing of Columbia Gas that Must Be Investigated By the Commission -- Not By Customers

From: richard.c.culbertson@gmail.com <richard.c.culbertson@gmail.com>
Sent: Thursday, December 21, 2023 12:41 PM
To: 'Thomas, Scott' <sjthomas@pa.gov>; ierberrier@pa.gov
Cc: 'Screven, David' <DSCREVEN@pa.gov>; 'Brown, Kriss' <kribrown@pa.gov>; 'Wilson, Stephanie' <stepwilson@pa.gov>
Subject: RE: Reply: Two Emerging Issues Suspected Wrongdoing of Columbia Gas that Must Be Investigated By the Commission -- Not By Customers

Mr. Thomas,

Thank you for your response, at least I know your office's collective opinion.

Actually, I did not appreciate your terse response. Pennsylvanians deserve better from their public servants. Honest questions deserve honest courteous answers that are timely, current, accurate and compete.

I provided credible evidence that may harm Columbia Gas ratepayers in the tens of millions of dollars.

I believe your collective opinion “**The Law Bureau is not authorized to investigate, conduct informal investigations, or initiate prosecutory actions before the Commission.**” may not be consistent with Pennsylvania law. If I am wrong, at the very least you should have directed me to other responsible leaders and decision makers.

What I know is from the Pennsylvania Public Utility and Code, I realize organization structures can evolve but the basic duties of the Commission remain the same as required by law as summarized below.

Title 66 § 307. Inspectors for enforcement. The commission may employ such inspectors, as it may deem necessary, for the purpose of enforcing the provisions of this part. [Title 66 Part I] *Such inspectors are hereby declared to be police officers, and are hereby given police power and authority throughout this Commonwealth to arrest on view, without writ, rule, order, or process, ...*

Title 66 § 308. Bureaus and offices. (b) Law Bureau.--The Law Bureau shall be a multifunction legal staff, consisting of a prosecutory function, an advisory function, a representational function and an enforcement function.

Title 66 § 501. General powers. (a) Enforcement of provisions of part.--In addition to any powers expressly enumerated in this part, [Part I of the Public Utility Code] the commission shall have full power and authority, and it shall be its duty to enforce, execute and carry out, by its regulations, orders, or otherwise, all and singular, the provisions of this part, and the full intent thereof; and shall have the power to rescind or modify any such regulations or orders. The express enumeration of the powers of the commission in this part shall not exclude any power which the commission would otherwise have under any of the provisions of this part.

§ 503. Enforcement proceedings by Chief Counsel. The Chief Counsel, in addition to the exercise of the powers and duties now conferred upon him by law, shall also, upon request of the commission proceed in the name of the Commonwealth, by mandamus, injunction, or quo warranto, or other appropriate remedy at law or, in equity, to restrain violations of the provisions of this part, or of the regulations or orders of the commission, or the judgments, orders, or decrees of any court, or to enforce obedience thereto. (Dec. 18, 1980, P.L.1247, No.226, eff. Jan. 20, 1981)

§ 308.2. Other bureaus, offices and positions. (a) Establishment of other bureaus, offices and positions.--In addition to the specific bureaus established in this part, the commission may establish other bureaus, offices and positions to perform the following functions: (9) Provide consumer information, consumer protection and informal resolution of complaints. (10) Insure adequate safety, insurance, fitness and other requirements relevant to transportation utilities. (11) Take appropriate enforcement actions, including rate proceedings, service proceedings and application proceedings, necessary to insure compliance with this title, commission regulations and orders. (12) Perform other functions the

commission deems necessary for the proper work of the commission.

§ 320. Annual appropriations. The following sums, or as much thereof as may be necessary, are hereby specifically appropriated from the restricted revenue account within the General Fund to the Public Utility Commission... (4) For the salaries, wages and all necessary expenses for the proper administration of investigations, services and enforcement including the Bureau of Audits, the Bureau of Consumer Services and the Bureau of Safety and Compliance

I never mentioned "informal investigations". Professionally – there is no informal investigation. It is either a preliminary investigation or an investigation. Investigations have an established protocol. Informal investigations are not investigations and may not be reliable.

So how did the Washington County informal investigation occur with no informal or formal complaint? And when did it start, who was in charge and when did it end. Were laws broken?

Is there a way to you can provide substantiation to validate your contention "The Law Bureau is not authorized to investigate, conduct informal investigations, or initiate prosecutory actions before the Commission" with the Commissioners or the Executive Director the in writing?

When I provided information to your office, I was an informant that provided credible evidence of wrongdoing.

This [is] important because on the accounting issue – in 2022 Columbia a revenue increase of \$82.2 million but settled with the black box settlement of \$44.5 Million. The proposed customer service charge was proposed to increase from \$16.75 to \$24.75, but that was rejected and remained unchanged. That would have been about a 48% increase or **\$42.24 Million** from the fixed customer charge. So, Columbia may have tried to do a work around and change its capitalization threshold – so where any plastic pipe over one foot would be capitalized. One foot of plastic pipe per standard ASTM D 2513 costs at retail about 87 cents. It is not the value of the pipe, but all the labor that would be changed from overhead to capital. Any time there is a capitalization of expenses that appears to circumvent the order of the Commission of the 2022 rate case – that should raise red flags of wrongdoing – not in compliance with the spirit of Commission's order and GAAP.

On the abandonment of my customer's service issue – Columbia does not comply with PAPUC regulation nor their own Gas Standard. They use the abandonment or theft of the customer's service line so they can justify the abandonment of their service line. Then when service need to be restored, Columbia requires the homeowner to replace what Columbia has destroyed or stolen. This way Columbia can replace a service line with little net book value with one with a higher net book value (augmentation of the rate base) whereby profits are increased.

Columbia's actions in abandonment of customer's service lines and service lines is a good business case to illustrate – Waste, fraud, abuse and mismanagement.

They accelerate the disposition of suitable for use property. They represent they have the authority to abandon their own and the customer's service line. The abuse of customer's property rights and saddling customers with unreasonable higher rates. And, good management would have prevented, detected and stopped this wrongdoing long ago.

From: Thomas, Scott <sjthomas@pa.gov>
Sent: Tuesday, December 19, 2023 1:38 PM
To: richard.c.culbertson@gmail.com
Cc: Screven, David <DSCREVEN@pa.gov>; Brown, Kriss <kribrown@pa.gov>; Wilson, Stephanie <stepwilson@pa.gov>
Subject: RE: [External] RE: Reply: Two Emerging Issues

Mr. Culbertson, we stand by our initial response. The Law Bureau is not authorized to investigate, conduct informal investigations, or initiate prosecutory actions before the Commission. We have nothing more to add.

From: richard.c.culbertson@gmail.com <richard.c.culbertson@gmail.com>
Sent: Monday, December 18, 2023 10:57 AM
To: Thomas, Scott <sjthomas@pa.gov>; Screven, David <DSCREVEN@pa.gov>
Cc: Brown, Kriss <kribrown@pa.gov>; Wilson, Stephanie <stepwilson@pa.gov>
Subject: [External] RE: Reply: Two Emerging Issues
Importance: High

Mr. Thomas,

In response to your email to me.

With all due respect.

Who are you speaking for? Each of the five member Commissioners, the Law Bureau, a function of the law bureau or yourself under your own authority? Can you provide substantiation?

I do not believe your sentence in your response is true as it does not reflect the requirements in Pennsylvania law. You point me to an unjust and untrustworthy administrative system outside of responsibilities of the Law Bureau.

I provided your office with credible evidence of serious potential wrongdoing; I believe your office is now responsible for that knowledge and must handle it with care.

Let's go back to the fundamentals:

PA Title 66 § 307. Inspectors for enforcement.

The commission may employ such inspectors, as it may deem necessary, for the purpose of enforcing the provisions of this part. [Title 66 PART I is the PUBLIC UTILITY CODE. There is no content for PART II.]- Such inspectors are hereby declared to be police officers, and are hereby given police power and authority throughout this Commonwealth to arrest on view, without writ, rule, order, or process, ...

Title 66 § 3302. Criminal penalties for violations.

Any person, including an officer, agent or employee of any public utility, or any corporation, who or which shall knowingly fail, omit, neglect or refuse to obey, observe, and comply with any regulation or final order, direction, or requirement of the commission, or any order of the commission prescribing temporary rates in any rate proceeding, or any final order or decree of any court, or who shall knowingly procure, aid, or abet any such violation, omission, failure, neglect, or refusal, shall be guilty of a misdemeanor of the first degree.

PA Title 66 § 501. General powers.

1. **Enforcement of provisions of part** [Title 66 PART I is the PUBLIC UTILITY CODE]--*In addition to any powers expressly enumerated in this part, the commission shall have full power and authority, and it shall be its duty to enforce, execute and carry out, by its regulations, orders, or otherwise, all and singular, the provisions of this part, and the full intent thereof; and shall have the power to rescind or modify any such regulations or orders. The express enumeration of the powers of the commission in this part shall not exclude any power which the commission would otherwise have under any of the provisions of this part.*

The Commission's Law Bureau has a duty to enforce. I, as a private citizen do not have the same duty or capability as the Law Bureau, I do not have police power that can "arrest on view".

When the Commission and the Law Bureau fails to investigate suspected wrongdoing or enforce – there are terms for it -- dereliction of duty or failure to work diligently.

PA Title 66 § 319. Code of ethics.5) Require staff and personnel subject to his direction to observe the standards of fidelity and diligence that apply to the commissioner and administrative law judge.

diligence

Diligence is the use of care or persistence in performing duties; thorough attention to a matter; heedfulness; assiduity. Diligence is the opposite of negligence. <https://www.law.cornell.edu/wex/diligence>

Title 66 § 308.2. (11) Take appropriate enforcement actions, including rate proceedings, service proceedings and application proceedings, necessary to insure compliance with this title, commission regulations and orders.

The standards used for investigations and appropriate actions should be reasonably the same as the FERC's. <https://www.ferc.gov/investigations> It would be unreasonable for the PA PUC to have a lesser standard of diligence than the FERC.

The Commission's regulations allow Enforcement staff to conduct investigations relating to any matter subject to the Commission's jurisdiction. The investigative staff initiates investigations from information received through a variety of sources, both internal and external. Internally, information is received from the Division Analytics and Surveillance or other Commission offices, or from the Commission itself, or in the course of another investigation. Externally, information may be received from:

- a Self-Report;
- the Enforcement Hotline; <https://www.ferc.gov/enforcement-legal/enforcement/enforcement-hotline/contact-hotline-staff-anonymously#:~:text=Enforcement%20Resources-.Enforcement%20Hotline,Contact%20Hotline%20Staff%20Anonymously,-Compliance> <https://www.ferc.gov/enforcement-legal/enforcement/enforcement-hotline/contact-hotline-staff-anonymously>
- a referral from a Market Monitoring Unit for an Independent System Operator or Regional Transmission Organization;
- a Complaint; or
- a referral from another government agency.

Now where is the Enforcement Hotline for the PA PUC?

A function of the Law Bureau is to be the “watchdog” over operations, per the Public Utility Code, of public utilities operating in Pennsylvania. A watchdog is alert, active, diligent, provides protection for things its owner cares about, does not stop until the suspected danger goes away. The Function is similar to the US Government Accountability Office (GAO). The “GAO, often called the “congressional watchdog,” is an independent, non-partisan agency that works for Congress. GAO examines how taxpayer dollars are spent ...”

Going through the PUC’s informal complaint process is not under the responsibility of the Law Bureau but the Bureau of Consumer Services. At the beginning of 2017, I went through the informal complaint process and found them to be ineffective, incompetent and potentially dangerous for consumers. To seek to defend my rights and property, I had to go through the Formal Complaint process to attempt to reach a satisfactory resolution.

The Formal Complaint process requires the complainant to lose anonymity. I have lost anonymity with my formal complaints. That has put me, my family and property at unreasonable risk. My name and disputes are included and publicly available on the internet – my name, addresses, phone number, and email address. I have been told several times by people that I respect – to be careful, watch your back because powerful people and organizations may not like what you are doing. There are many disincentives for a private citizen to try to enforce laws and regulations through the PUC’s complaint process.

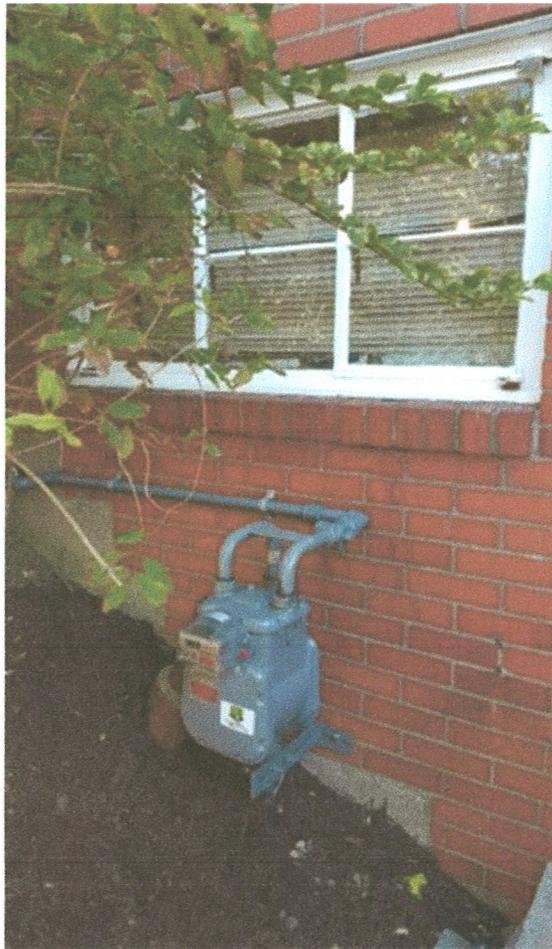
I would not have had to submit complaints or provided public testimony if the Commission had effective internal controls and an effective enforcement system. This material weakness causes waste, fraud, abuse, mismanagement and retaliation.

Since 2016 the Commission has not enforced its regulation regarding the abandonment of customer’s service line § 59.36. Abandonment of inactive service lines. [§ 59.1. Definitions. Public utility service line—The pipe and appurtenances of the public utility which connect any main with either the point of connection of [or] a service line of the customer I] This PUC regulation does not permit the abandonment of customer’s service lines (private real property). The Commission also did not enforce its regulation regarding the placement of meters. § 59.18. Meter, regulator and service line location. This is my property at 1608 MC Farland Road in Dormont, PA. “ 8) Meters and service regulators **may not be installed in the following locations: (i) Beneath or in front of windows**” This is an unsafe

condition. Columbia degraded the safety of this property including not installing a curb valve on this property in violation of 49 CFR sections 365 and 385. In an emergency there is no safe way to turn off the gas for first responders or utility employees.

Remember the gas explosion that killed Richard Boudier, 54, of Lancaster, a worker with UGI Utilities, on July 2, 2017, because of uncontrolled gas blast that leveled one home, injured three other people and caused a total of four houses in the Springdale Lane development to be condemned. Richard was at the meter trying to shut off the gas to the home. Those who working at the street were injured. Having safe capability to turn off gas in an emergency is necessary and required for public safety.

The Commission knows full well how dangerous this condition is.



The formal complaint process improperly diverts the Commission's fundamental responsibility of investigation and enforcement on to ill-equipped complainants. Another fundamental duty of the Commission is the protection of consumers.

The system does not reliably work for complaints. The PUC's justice system was not designed to treat

complainants fairly. In the PUC Administrative Court, the burden of proof is on the complainant.

Things do not get reliably fixed in this venue.

The two emerging issues that I reported to the investigation enforcement function of the Commission as the supervisor of Columbia has responsibility for its knowledge.

See under Chapter 8 – Sentencing Organizations issues by the United States Sentencing Commission. <https://www.ussc.gov/guidelines/2018-guidelines-manual/2018-chapter-8>

*"Organization" means "a person other than an individual." 18 U.S.C. § 18. The term includes corporations, partnerships, associations, joint-stock companies, unions, trusts, pension funds, unincorporated organizations, **governments and political subdivisions thereof**, and non-profit organizations.*

The Commission does not keep its promises included in the PA Energy Consumer Bill of Rights. https://www.puc.pa.gov/general/consumer_ed/pdf/Consumer_Bill_Of_Rights.pdf

*The Pennsylvania Public Utility Code **requires that every public utility create and maintain adequate, efficient, safe and reasonable service and facilities. Utilities also are required to make necessary repairs and improvements to service and facilities. You also have the right to a fair and prompt resolution of problems you encounter with the utility.***

I highly recommend decision makers of the Law Bureau, observe, obey and comply with applicable Federal documents for internal operations and operations of public utilities:

- **From the Justice Department:** Evaluation of Corporate Compliance Programs <https://www.justice.gov/criminal-fraud/page/file/937501/download> There are three *"fundamental questions" a prosecutor should ask: 1. Is the corporation's [organizations] compliance program well designed? 2. Is the program being applied earnestly and in good faith? In other words, is the program adequately resourced and empowered to function effectively? 3. Does the corporation's compliance program work in practice?*

The answer to all those questions, (in my opinion an asset management expert in a government and corporate environment and having participated and observed the operations of the PUC since 2016), is NO to each question.

Consider for example" *Prosecutors, in short, should examine whether the compliance program is being disseminated to, and understood by, employees in practice in order to decide whether the compliance program is "truly effective." JM 9-28.800. D.*

*Confidential Reporting Structure and Investigation Process Another hallmark of a well-designed compliance program is the existence of an **efficient and trusted mechanism by which employees can anonymously or confidentially report allegations of a breach of the company's code of conduct, company policies, ... Prosecutors should assess whether the company's complaint-handling process includes **proactive measures to create a workplace atmosphere without fear of retaliation**, appropriate processes for the submission of complaints, and **processes to protect whistleblowers**. Prosecutors should also assess the company's processes for handling investigations of such complaints, including **the*****

routing of complaints to proper personnel [that does not mean to the corporate attorneys but to responsible managers], *timely completion of thorough investigations, and appropriate follow-up and discipline.*

- ***From the Government Accountability Office (GAO)*** (an agency of Congress) --*A Framework for Managing Fraud Risks in Federal Programs* <https://www.gao.gov/assets/gao-15-593sp.pdf> Prevention, detection, reaction to fraud.

Reporting mechanisms include hotlines, whistleblower policies, and other mechanisms for receiving tips. Reporting mechanisms help managers to detect instances of potential fraud, and they can also deter individuals from engaging in fraudulent behavior if they believe that the fraud will be discovered and reported.

The PA PUC has weak reporting mechanisms to the extent fraud is not taken seriously: No hotlines, whistleblowers and others are not protected from retaliation and intimidation, written oppositions in rate case are only placed in a file in the Secretary's office, lack of audits, investigations and enforcements and black box settlements that includes overlooking fraud -- all invites fraud.

The lack of care of the Law Bureau with no investigation, protection and enforcement regarding 29-year Columbia employee George Milligan's sworn testimony in the Columbia Gas 2022 Rate Case is despicable. Mr. Milligan did all the right things – he followed 49 CFR 192 § 192.803 in the requirements to react ***“Qualified means that an individual has been evaluated and can: Perform assigned covered tasks; and Recognize and react to abnormal operating conditions.”*** <https://www.ecfr.gov/current/title-49/subtitle-B/chapter-I/subchapter-D/part-192/subpart-N/section-192.803> By Pennsylvania law ***Title 66 § 3302. Criminal penalties for violations*** -- Mr. Milligan, had a terrible choice to make (he said it kept him awake at night) jeopardize his employee or knowing break the law. He made the right decision but has paid a very high price – his employment and the quiet enjoyment of his life.

The lack of reaction by the PUC and silence with the firing of George Milligan by Columbia says volumes to utility employees, Columbia/ NiSource and other public utilities. If the public knew – it would be another reason not to trust public institutions.

Columbia should be investigated for discharging George Milligan -- ***Title 66 § 3316. Protection of public utility employees.***

(a) , threaten or otherwise discriminate or retaliate against an employee regarding the employee's compensation, terms, conditions, location or privileges of employment because the employee or a person acting on behalf of the employee made or was about to make a good faith report, verbally or in writing, to the employer, the commission, the Office of Consumer Advocate, the Office of Small Business Advocate or the Office of Attorney General on an instance of wrongdoing or waste.

(b) Discrimination prohibited.--No employer may discharge, threaten or otherwise discriminate or retaliate against an employee regarding the employee's compensation, terms, conditions, location or privileges of employment because the employee is requested by the commission, the Office of Consumer Advocate, the Office of Small Business Advocate or the Office of Attorney General to participate in an investigation, hearing or inquiry held by the commission or the Office of Attorney General or in a court action relating to the public utility.

- **The web site of inspector generals *Where to Report Fraud, Waste, Abuse, or Retaliation The web site of inspector generals <https://www.oversight.gov/content/Where-Report-Fraud-Waste-Abuse-or-Retaliation>***

Whistleblowers perform an important service to the public and the government when they report evidence of waste, fraud, abuse, and mismanagement. Federal laws protect whistleblowers from retaliation for reporting wrongdoing.

If the evidence, I provided to officials of the PUC's Law Bureau is inappropriate. It might be appropriate for the PUC to advertise to Pennsylvania's interested parties to reporting of concerns to Federal authorities through the Oversight.gov website.

I do not want to be argumentative, but I am compelled to act in good faith for those who occupy a rental property serviced by Columbia Gas. Things are only well if they are managed, designed and maintained to work well. Otherwise, things don't work well.

I want the PUC and public utilities to work well for the public interest. And I know and you also probably know things are not working well. We must make organizations to work well – I have tried to do that with no material benefit to me.

What I have provided here should help to improve PUC's operations.

My father was a wise man – he said, "Give a fool advice and they will hate you for it." I do not believe the PUC is made up of a bunch of fools, nor should I be hated. – Please don't prove me wrong.

All the best in your journey. Please let me know if have any questions or need assistance with further evidence.

Respectfully and sincerely,

Richard C. Culbertson
609-410-0108

From: Thomas, Scott <sjthomas@pa.gov>
Sent: Wednesday, December 13, 2023 1:49 PM
To: richard.c.culbertson@gmail.com
Cc: Brown, Kriss <kribrown@pa.gov>; Wilson, Stephanie <stepwilson@pa.gov>
Subject: RE: [External] RE: : Two Emerging Issues

Mr. Culbertson:

The Commission cannot act on issues raised by utility customers based on an informal email to Commission staff. If you want the Commission to consider the allegations raised in your email, you will

have to file either an informal complaint through the Commission's Bureau of Consumer Services or a formal complaint through the Secretary's Bureau. Information on filing a complaint is available on the Commission's website at <https://www.puc.pa.gov/complaints/>.

Mr. Thomas ,

From: richard.c.culbertson@gmail.com <richard.c.culbertson@gmail.com>
Sent: Thursday, December 07, 2023 5:05 PM
To: Thomas, Scott <sjthomas@pa.gov>; Wilson, Stephanie <stepwilson@pa.gov>
Subject: [External] RE: : Two Emerging Issues

Mr. Thomas and Ms. Wilson,

As you are probably aware, I am very sensitive when I see or experience non-compliance in the management and accounting of property of all types under different types of ownership. I am a recognized expert in that area. As Americans we are instructed – see something – say something even when others may not want to hear. Most of the time saying something once is not good enough to be effective.

Two emerging issues – that are outside of my current complaints, that you may or may not be aware of, that need PUC's Law Bureau's attention and action. I have always believed it is best to keep small problems small.

- **It appears Columbia within in the last year has changed its capitalization threshold to less than a dollar for one foot of pipe.** At retail, plastic pipe costs **87 cents per foot** for service lines. The administrative cost to capitalize account for 87 cents is probably more than \$500.00. Did the PUC approve this accounting change? Was it disclosed to the PUC? Changing the capitalization is considered to be an accounting change – accounting changes must be disclosed. Accounting changes should be a top management decision and something the Corporate Audit Committee would be aware of and approve.

Each organization has a capitalization threshold – these can vary in amount, for example U.S. DoD, "2.4.4. Capitalization Thresholds. "The current capitalization threshold for general equipment is **\$1 million** for the Department of Air Force and the Department of Navy general funds;" GASB \$5,000, Government Contractors subject to the Cost Accounting Standards (CAS 404 up to \$5,000) , Pennsylvania Management Directive 310.14 Amended – Capital Asset Accounting and Reporting https://www.oa.pa.gov/Policies/md/Documents/310_14sap.pdf "Capital Assets (or Fixed Assets). For GAAP reporting purposes for the Commonwealth, Capital Assets must meet all the following criteria and are required to be set up in SAP with Asset Master Records: (1) Be tangible or intangible in nature; (2) Have an estimated Useful Life of more than one (1) year; (3) **Be of significant value**. The value test varies based on the appropriate asset class given to the

asset and the funding source."

For my small business, the capitalization threshold is \$2,500, reflecting IRS requirements.

I understand *with talking with Columbia's employees*, Columbia policy changes will include repair/ replacement criteria for replacement of pipe -- one foot and above. Capitalization will require these non-exempt field technicians to make capitalization decisions with capture detailed capitalization records. Replacement of pipe is the preferred method of work rather than repairs. Employee time is to be recorded including transportation, on the job and other. Used materials are to be carefully measured.

It is important to understand what Columbia is doing -- they are capitalizing period cost. Period cost is not capitalized but expensed in the period incurred.

PA law -- Title 66 § 1351. Definitions. "Capitalized cost." Costs permitted to be capitalized pursuant to the Uniform System of Accounts and Generally Accepted Accounting Principles.

What Columbia is doing is not in accordance with Generally Accepted Accounting Principles, but I believe is waste, fraud, abuse or mismanagement. What Columbia is trying to do is stuff the rate base.

People have gone to jail for deliberately capitalizing period expense cost -- that is what brought down WorldCom. <https://www.investopedia.com/terms/w/worldcom.asp>

NiSource and Columbia should have had effective internal controls that would have prevented and detected this improper accounting change. NiSource has a new CFO -- hired internally from another department -- this person may not have the financial acumen that he should have. Betting the company on non-compliance, in the long run is, not a good bet.

- As you may or may not know my dispute with Columbia started when on July 7, 2016, when I tried to receive gas service at 1608 Mc Farland Road and stated they has abandoned my customer's service line, and I would have to replace it before they would replace their abandoned service to my property. Photos of that property shows that this midcentury modern home is not of the quality that a reasonable person would determine this residence had no perspective future use. Zillow, for example estimates this property has a rent estimate of \$1914 per month. I ended up with a meter beneath a front window, with no curb value, undersized pipes that is under standard and when the service line and customer's service line was tested they used the wrong test method, 90 psi vs. 50 psi (49 CFR § 192.513 **(c)** *The test pressure must be at least 150% of the maximum operating pressure or 50 psi (345 kPa) gauge, whichever is greater.*) Columbia took from me my property and good safe conditions. The Commission did not protect me but chose to protect Columbia's wrongdoing. Installing curb valves is not voluntary but is required in the Federal pipeline safety standards. 49 CFR 192.365 and 385. Those conditions have still not been corrected by Columbia and the occupants are entitled to have safer conditions than do now. I am exposed as the property owner, as I know Columbia's work is not up to the legal requirement.

Now comes the purchase of 340 Fort Couch Road, Upper St Clair purchased for \$200,000 spring

of 2023. This property is located in the upper most part of Upper Saint Clair, this is one of the best communities in Pennsylvania. *“Upper St. Clair School District ranks as the No. 1 school district in Pennsylvania, according to the 2023 School Guide published by the Pittsburgh Business Times. This marks the second year in a row that Upper St. Clair has reached No. 1 in the statewide rankings, which began in 2017.”*

This property had a similar story of the property on Mc Farland Road – mid-century modern home on a large lot, fabulous location and construction, previous owner took out a reverse mortgage that the family could not or did not honor – at foreclosed the property became titled to the Federal Government. Sometime during the process to reoccupy the home, Columbia again, abandoned the customer’s service line not consistent with Pennsylvania law regarding rights and responsibilities of ownership of customer’s service lines, PUC regulations and their own internal policy. Again, they forced me to replace my customer’s service line – the one they illegally abandoned. Again, I was forced to replace my customer’s service line under duress. Again, the customer’s service line was of a modern design using plastic pipe. It was supposed to have had a curb valve, although it was not found. In that area curb valves are buried, about 10 inches under the surface. Certainly not readily available in an emergency.

Once I hired a contractor to do the exterior work to install another customer’s service line, eventually Columbia sent in a work crew to install a new service line on a Saturday morning. I met Columbia’s crew, they were friendly and represented Columbia well. At the beginning, I asked if they were going to install a curb valve, the foreman said no. I then said you must, based upon 49 CFR 192.385. The response – “Okay we have one in the truck. We believe we should be installing them as well, especially for safety reasons but our management does not want us to install them.” They were not familiar with 49 CFR 192.385.

They were glad to be called out on a Saturday because they would be getting overtime pay. They were impressed that I knew about 49 CFR 192.385 as they did not.

“49 CFR § 192.385 Manual service line shut-off valve installation.

(a) Definitions. As used in this section:

Manual service line shut-off valve means a curb valve or other manually operated valve located near the service line **that is safely accessible to operator personnel or other personnel authorized by the operator to manually shut off gas flow to the service line, if needed.**

(b) *Installation requirement.* The operator must install either a manual service line shut-off valve or, if possible, based on sound engineering analysis and availability, an EFV for any new or replaced service line with installed meter capacity exceeding 1,000 SCFH. [Sound Engineering analysis would always include a curb valve. EFV or Excess Flow Valves can only function with PSI of over 10. If a service line is severed the excess flow valve would shut off the gas. A big leak probably would not trigger the excess flow valve to work. Heavy use of gas would not trigger the EFV.]

(c) *Accessibility and maintenance.* **Manual service line shut-off valves for any new or replaced service line must be installed in such a way as to allow accessibility during emergencies. Manual service shut-off valves installed under this section are subject to regular scheduled maintenance, as documented by the operator and consistent with the valve manufacturer's specification."**

Columbia puts their employees at risk by instructing them to basically ignore the Federal safety regulations. These employees are subject to 66 Title 66 § 501. *General powers. (c) Compliance.--Every public utility, its officers, agents, and employees, and every other person or corporation subject to the provisions of this part, affected by or subject to any regulations or orders of the commission or of any court, made, issued, or entered under the provisions of this part, shall observe, obey, and comply with such regulations or orders, and the terms and conditions thereof.*

PUC regulation § 59.33. *Safety.*

(a) *Responsibility.* Each public utility shall at all times use every reasonable effort to properly warn and protect the public from danger, and shall exercise reasonable care to reduce the hazards to which employees, customers and others may be subjected to by reason of its equipment and facilities.

(b) *Safety code.* The minimum safety standards for all natural gas and hazardous liquid public utilities in this Commonwealth shall be those issued under the pipeline safety laws as found in 49 U.S.C.A. § § 60101—60503 and as implemented at 49 CFR Parts 191—193, 195 and 199, including all subsequent amendments thereto. Future Federal amendments to 49 CFR Parts 191—193, 195 and 199, as amended or modified by the Federal government, shall have the effect of amending or codifying the Commission's regulations with regard to the minimum safety standards for all natural gas and hazardous liquid public utilities.

I consider the taking of or withholding my customer's service line to be against the Pennsylvania Criminal Mischief law:

Title 18 § 3304. Criminal mischief.

(a) **Offense defined.--A person is guilty of criminal mischief if**
he:

(2) **intentionally or recklessly tampers with tangible property of another so as to endanger person or property;**

(3) **intentionally or recklessly causes another to suffer pecuniary loss by deception or threat;**

(5) **intentionally damages real or personal property of another;**

or

(b) **Grading.**--Criminal mischief is a **felony of the third degree** if the actor intentionally causes pecuniary loss in excess of \$5,000, or a substantial interruption or impairment of ..., supply of water, **gas** or power, or other public service.

Service lines, curb valve cover, and meters 340 Fort Couch Road, Upper St Clair

The photos show [will send later in a separate message] – on the left, two meter hangers, the one on the right a new meter and hanger Customer’s service lines connects to the meters. One I purchased with the property and one I was forced to install by Columbia. I believe I was defrauded by Columbia for the one on the left. The water company and the electric companies did not try to defraud me. Columbia’s practice is against PA PUC regulations and even NiSource “Gas Standards” GAS standard GS 1740.010 Abandonment of Facilities – it does not cover customer’s service lines, nor the requirement of Pennsylvania.

Please have the appropriate individuals investigate these two emerging issues. Inappropriate capitalization harms ratepayers and destroys the company’s compliance culture. Columbia Gas needs a business lesson and that the Commission will not tolerate wrong accounting or Columbia’s wrongly assuming other’s property that is intended to wrongly increase profits at the expense of rate payers.

I would rather not make these into formal complaints but, I believe the PUC as Columbia’s supervisor must to investigate and take appropriate actions including referring this likely criminal activity to the Attorney General of Pennsylvania for their investigation and action.

Please let me know if you have any questions.

Thank you for serving the people of Pennsylvania.

Respectfully,

Richard C. Culbertson
609-410-0108

Appendix III

I believe ratepayers are entitled to just and reasonable rates based upon compliance with the accounting, auditing, and internal controls standards. Incremental increases without these are not the appropriate path to raise rates.

These high incremental rate increases will limit access to future improvements in energy efficiency and will make them more unaffordable and make Pennsylvania a more unaffordable place to live.

Below is my recent invoice from Columbia for when I started gas service at my rental property in Upper St. Clair, PA. The gas product -- \$19.45 but the delivery cost for that product is \$116.05. For the consumer, the heating cost is uncontrollable.

Detail Charges	
Rate Schedule RSS	
Gas Supply Charges 75 thm at \$0.27441 per thm	\$20.57
Gas Cost Adjustment 75 thm at -\$0.01500 per thm	-\$1.12

Supply	+\$19.45
Customer Charge	
Customer Charge	\$16.75
Distribution Charges 75 thm at \$0.91069 per thm	\$68.30
Pass-through Charges 75 thm at \$0.31258 per thm	\$23.45
Energy Efficiency Rider 75 thm at \$0.00361 per thm	\$0.27
Weather Normalization Adjustment	\$7.28

Delivery	+\$116.05

Total Current Utility Charges	\$135.50
<ul style="list-style-type: none">Your distribution charges have been adjusted to reduce the impact of warmer than normal weather.Your bill includes \$1.62 in state taxes, not including sales tax.	

As a result of these unreasonable rates, we stopped using the gas furnace and stopped using hot water.

The cost of the energy is **\$19.45** but the cost of the delivery service is **\$116.05** or about **6 times the cost of the product**. Generally, in commercial business, delivery is about **7 percent of the total cost of the product**. Customers must find a more efficient way of delivering energy.

From Columbia:

Columbia Gas[®]
of Pennsylvania
A NiSource Company

April 14, 2024

RICHARD C CULBERTSON
1430 BOWER HILL RD
PITTSBURGH, PA 15243-1310

Service Address: 340 FORT COUCH RD, PITTSBURGH, PA 15241-2147
Account Number: 20259698-007-000-3

Dear Customer:

We have noticed a decrease in your gas usage. Before we inconvenience you by sending someone to your property to investigate your equipment, we wanted to check with you to see if you have made any changes in your gas-fired equipment or usage habits.

Please check mark the equipment that you currently use gas to run:

<input type="checkbox"/> Heat	<input type="checkbox"/> Water Heater
<input type="checkbox"/> Gas Light	<input type="checkbox"/> Swimming Pool
<input type="checkbox"/> Grill	<input type="checkbox"/> Range
<input type="checkbox"/> Dryer	<input type="checkbox"/> Room Heater
<input type="checkbox"/> Fireplace Logs	<input type="checkbox"/> Other

Is there any other reason for a change in the amount of gas being used, i.e. vacant, family moved in or out, etc.?

To notify us of your responses, you can choose one of the following options to provide us with your information:

- Return this form in the enclosed envelope
- Use our website at: <https://www.columbiagaspa.com/usagereview>
- Contact our Customer Care Center at 1-888-460-4332 Monday through Friday 7:00 a.m. - 7:00 p.m.

Sincerely,

Columbia Gas of Pennsylvania Billing Department

Now, Columbia is concerned I did not use more of their product. They are going to send someone out to my property to investigate **my equipment**. Really? Columbia Gas can come to my property to look at their meter. They do not have to ask. But look at **my equipment**... my lawn mower, table saw, or air compressor?

Wouldn't it be better if Columbia diverted its attention from me, and my property and redirect their attention to their **Uncollectable accounts in 2023 of \$42,233,137?** I believe **Columbia's attention to me is a form of harassment.**