

---

Megan E. Rulli

mrulli@postschell.com  
717-612-6012 Direct  
717-731-1985 Direct Fax  
File #: 203798

August 22, 2024

***VIA ELECTRONIC FILING***

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

**Re: PA PUC, et al. v. Columbia Gas of Pennsylvania, Inc.  
Docket Nos. R-2024-3046519, et al.**

Dear Secretary Chiavetta:

Attached for filing please find the Main Brief on behalf of Columbia Gas of Pennsylvania, Inc. in the above-referenced proceeding. Copies are being provided as indicated on the Certificate of Service.

Respectfully submitted,



Megan E. Rulli

MER/kl  
Attachment

cc: The Honorable Jeffrey A. Watson (*via email; w/attachment*)  
Mary Swarner, Legal Assistant (*via email; w/attachment*)  
Certificate of Service

## CERTIFICATE OF SERVICE

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

### VIA E-MAIL ONLY

Scott B. Granger, Esquire  
Bureau of Investigation and Enforcement  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120  
[sgranger@pa.gov](mailto:sgranger@pa.gov)

Melanie J. El Atieh, Esquire  
Christy M. Appleby, Esquire  
Harrison W. Breitman, Esquire  
Emily A. Farren, Esquire  
Office of Consumer Advocate  
555 Walnut Street  
5th Floor, Forum Place  
Harrisburg, PA 17101-1923  
[melatieh@paoca.org](mailto:melatieh@paoca.org)  
[cappleby@paoca.org](mailto:cappleby@paoca.org)  
[hbreitman@paoca.org](mailto:hbreitman@paoca.org)  
[efarren@paoca.org](mailto:efarren@paoca.org)

Elizabeth R. Marx, Esquire  
Ria M. Pereira, Esquire  
John W. Sweet, Esquire  
Lauren N. Berman, Esquire  
Pennsylvania Utility Law Project  
118 Locust Street  
Harrisburg, PA 17101  
[pulp@pautilitylawproject.org](mailto:pulp@pautilitylawproject.org)  
*Counsel for CAUSE-PA*

Steven C. Gray, Esquire  
Rebecca E. Lyttle, Esquire  
Office of Small Business Advocate  
555 Walnut Street, 1<sup>st</sup> Floor  
Harrisburg, PA 17101  
[sgray@pa.gov](mailto:sgray@pa.gov)  
[relyttle@pa.gov](mailto:relyttle@pa.gov)

Joseph L. Vullo, Esquire  
Burke Vullo Reilly Roberts  
1460 Wyoming Avenue  
Forty Fort, PA 18704  
[jlvullo@bvrrlaw.com](mailto:jlvullo@bvrrlaw.com)  
*Counsel for PWPTF*

Whitney E. Snyder, Esquire  
Thomas J. Sniscak, Esquire  
Phillip D. Demanchick, Jr., Esquire  
Hawke McKeon & Sniscak LLP  
100 North Tenth Street  
Harrisburg, PA 17101  
[wesnyder@hmslegal.com](mailto:wesnyder@hmslegal.com)  
[tjsniscak@hmslegal.com](mailto:tjsniscak@hmslegal.com)  
[pddemanchick@hmslegal.com](mailto:pddemanchick@hmslegal.com)  
*Counsel for The Pennsylvania State University*

David E. Dismukes  
Acadian Consulting Group  
5800 One Perkins Place Drive  
Suite 5-F  
Baton Rouge, LA 70808  
[OCA2024COLGASBRC@paoca.org](mailto:OCA2024COLGASBRC@paoca.org)  
*Consultant for OCA*

**VIA EMAIL AND FEDERAL EXPRESS**

Daniel E. Skvarla  
202 Hazen Avenue North  
Ellwood City, PA 16117  
[daneteetime@gmail.com](mailto:daneteetime@gmail.com)

Ronald T. Bernick  
34 Lodge Street  
Pittsburgh, PA 15227  
[Rbernick1970ss@gmail.com](mailto:Rbernick1970ss@gmail.com)

Philip L. Bloch  
341 Ridge Avenue  
McSherrystown, PA 17344  
[philipleebloch@gmail.com](mailto:philipleebloch@gmail.com)

Linda Allison  
522 Pacific Avenue  
York, PA 17404  
[xdiver@verizon.net](mailto:xdiver@verizon.net)

Dated: August 22, 2024



---

Megan E. Rulli

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	R-2024-3046519
Officer of Consumer Advocate	:	C-2024-3047905
Office of Small Business Advocate	:	C-2024-3047905
Ronald T. Bernick	:	C-2024-3048339
Linda Allison	:	C-2024-3048588
Philip Bloch	:	C-2024-3048478
Pennsylvania State University	:	C-2024-3048624
Daniel E. Skvarla	:	C-2024-3049677
	:	
v.	:	
	:	
Columbia Gas of Pennsylvania, Inc.	:	

---

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

---

TO THE HONORABLE JEFFREY A. WATSON:

Theodore J. Gallagher (ID # 90842)  
Columbia Gas of Pennsylvania, Inc.  
121 Champion Way, Suite 100  
Canonsburg, PA 15313  
Phone: 724-809-0525  
E-mail: tjgallagher@nisource.com

Candis A. Tunilo (ID #89891)  
800 North 3rd Street  
Suite 204  
Harrisburg, PA 17102  
Phone: 223-488-0794  
E-mail: ctunilo@nisource.com

Michael W. Hassell (ID # 34851)  
Megan Rulli (ID # 331981)  
Post & Schell, P.C.  
17 North Second Street  
12<sup>th</sup> Floor  
Harrisburg, PA 17101  
Phone: 717-731-1970  
E-mail: mhassell@postschell.com  
E-mail: mrulli@postschell.com

Date: August 22, 2024

Counsel for Columbia Gas of Pennsylvania, Inc.

## TABLE OF CONTENTS

	<b>Page</b>
I. INTRODUCTION .....	1
A. Columbia Gas of Pennsylvania, Inc.....	1
B. History of the proceedings .....	1
II. SUMMARY OF ARGUMENT .....	4
III. MUNICIPAL LEVELIZATION CHARGE.....	5
A. The Challenge Facing Columbia .....	6
B. Columbia’s Efforts to Control Restoration Costs .....	9
C. The MLC.....	11
D. OCA’s Objections to the MLC Should be Rejected .....	14
E. Conclusion .....	16
IV. CONCLUSION.....	17

**TABLE OF AUTHORITIES**

	<b>Page(s)</b>
<b>Cases</b>	
<i>City of Pittsburgh v. Pa. PUC</i> , 526 A.2d 1243 (Pa. Cmwlth. 1987) .....	12
<i>Petition of Columbia Gas of Pennsylvania, Inc. for Approval of a Major Modification to its Existing Long-Term Infrastructure Improvement Plan and Approval of its Second Long-Term Infrastructure Improvement Plan</i> , Docket No. P-2017-2602917 (Order entered September 21, 2017) .....	9
<i>PPL Elec. Utils. Corp. v. City of Lancaster</i> , 214 A.3d 639 (Pa. 2019) .....	11
<b>Statutes</b>	
66 Pa.C.S. §§ 102 and 2202 .....	1
<b>Other Authorities</b>	
52 Pa. Code §§ 5.341 <i>et seq.</i> .....	2
Motion of Chairman Stephen M. DeFrank, Replacement of Older Plastic Pipe in Natural Gas Distribution Systems, Agenda No. 3050313-CMR (Public Meeting held August 1, 2024) .....	8

## **I. INTRODUCTION**

### **A. COLUMBIA GAS OF PENNSYLVANIA, INC.**

Columbia Gas of Pennsylvania, Inc. (“Columbia” or the “Company”) is a “public utility” and “natural gas distribution company” (“NGDC”) as those terms are defined in Sections 102 and 2202 of the Public Utility Code, 66 Pa.C.S. §§ 102 and 2202. Columbia provides natural gas sales, transportation, and/or supplier of last resort services to approximately 445,000 retail customers in portions of 26 counties of Pennsylvania. Columbia St. No. 1, pp. 3-4.

In this proceeding, Columbia requests Pennsylvania Public Utility Commission (“Commission”) approval of a base rate increase, with an anticipated effective date of rates on or before December 14, 2024, which is the effective date of rates under the Commission’s April 4, 2024 Suspension Order. As set forth in a Joint Petition for Settlement (“Settlement”), which is being filed simultaneously with the Main Brief in this proceeding, Columbia, the Commission’s Bureau of Investigation and Enforcement (“I&E”), the Office of Small Business Advocate (“OSBA”), the Office of Consumer Advocate (“OCA”), and The Pennsylvania State University (“PSU”) (collectively, the “Joint Petitioners”) have achieved settlement on all issues in this case, exclusive of the Company’s proposed Municipal Levelization Charge (“MLC”). Columbia’s explanation of why the Settlement is in the public interest and should be approved will be contained in Columbia’s Statement in Support of the Joint Petition for Settlement to be filed by August 30, 2024. Per the terms of the Settlement, this brief only addresses the MLC.

### **B. HISTORY OF THE PROCEEDINGS**

On March 15, 2024, Columbia filed with the Commission Supplement No. 374 to its Tariff Gas – Pa. P.U.C. No. 9 (“Supplement No. 374” or “base rate filing”). Supplement No. 374, issued March 15, 2024, and to be effective May 14, 2024, proposed an increase in annual revenues of approximately \$124.1 million based upon a pro forma fully projected future test year

("FPFTY") ending December 31, 2025. The filing was made in compliance with the Commission's regulations, and contained all supporting data and testimony required to be submitted in conjunction with a tariff change seeking a general rate increase.

On April 4, 2024, the Commission issued an Order initiating an investigation of Columbia's proposed general rate increase and suspending Columbia's Supplement No. 374 until December 14, 2024, unless otherwise directed by Order of the Commission.

On April 5, 2024, Columbia filed Supplement No. 380 to Tariff Gas Pa. P.U.C. No. 9, suspending Columbia's Supplement No. 374 until December 14, 2024.

Formal Complaints were filed on behalf of the OCA (C-2024-3047675), OSBA (C-2024-3047905), Ronald T. Bernick (C-2024-3048339), Linda Allison (C-2024-3048588), Philip Bloch (C-2024-3048478), PSU (C-2024-3048624), and Daniel E. Skvarla (C-2024-3049677).

The Pennsylvania Weatherization Providers Task Force, Inc. ("PA Task Force") and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA") filed Petitions to Intervene.

I&E filed a Notice of Appearance.

The matter was assigned to Administrative Law Judge Jeffrey A. Watson ("ALJ"), and a Prehearing Conference was scheduled for April 17, 2024. Parties who participated in the prehearing conference filed prehearing memoranda identifying potential issues and witnesses.

The initial Prehearing Conference was held as scheduled on April 17, 2024. At the prehearing conference, the ALJ established the litigation schedule. The ALJ also set forth discovery rules, which, pursuant to the parties' agreement, included shorter response times than those provided in the Commission's regulations. *See* 52 Pa. Code §§ 5.341 *et seq.*

On April 18, 2024, the ALJ issued a Prehearing Order that confirmed the litigation schedule established at the Prehearing Conference and granted the Petitions to Intervene of PA Task Force and CAUSE-PA.

Public Input hearings were held on May 21 and May 22, 2024.

On June 20, 2024, Columbia filed a Motion for a Protective Order. The ALJ granted Columbia's Motion and issued the Protective Order on July 17, 2024.

The Joint Petitioners conducted substantial formal and informal discovery in this proceeding. In accordance with the litigation schedule, various parties filed direct, rebuttal, surrebuttal and rejoinder testimony.

An evidentiary hearing was held on August 1, 2024, for the purpose of admitting all parties' evidence into the record.

The parties held numerous settlement discussions over the course of this proceeding. As a result of those discussions and the efforts of the Joint Petitioners to examine the issues in the proceeding, the Joint Petitioners were able to advise the ALJ that a settlement in principle was achieved.

The Joint Petitioners have agreed to a base rate increase, the allocation of revenues and rate design to recover that increase, as well as other issues that were raised in this proceeding, excluding Columbia's proposal to institute a Municipal Levelization Charge. In the Settlement, the Joint Petitioners have proposed that rates be designed to produce an additional \$74.0 million in annual base rate operating revenues instead of the Company's filed increase request of approximately \$124.1 million.

In light of the settlement in principle, on August 14, 2024, the ALJ issued a Second Interim Order Setting Various Deadlines and Procedures for Post Hearing Filings, which

extended the due date for the Settlement Petition and any Main Briefs until 4:00 PM on August 22, 2024.

On August 21, 2024, the ALJ issued a Third Interim Order Setting Various Deadlines and Procedures for Post Hearing Filings, which extended the deadline for filing Statements in Support of the Settlement until August 30, 2024.

The Main Brief on the proposed MLC is being filed in accordance with the procedural schedule adopted by the ALJ. Columbia's proposed Findings of Fact, Conclusions of Law, and Ordering Paragraphs with respect to the MLC are set forth in Appendix A to this Main Brief.

## **II. SUMMARY OF ARGUMENT**

The Company has proposed the MLC as a pilot program to examine the effectiveness of rate signals to mitigate excessive municipal fees and restoration ordinances. Columbia has a robust main replacement program and is facing increased costs of main replacement. A major driver of the increase is due to the costs for restoration and permitting fees mandated by local ordinances. Columbia faces ever increasing permit fees for opening streets and additional demands for restoration that can far exceed the restoration requirements and permitting fees that Pennsylvania Department of Transportation ("PennDOT") enforces for state highways. Columbia performs proactive outreach and negotiations with municipalities to mitigate the effects of the increased fees, but negotiations occur on a project-by-project basis, are not always fruitful, and are not an option when immediate repairs are required.

Columbia has proposed to adopt the MLC to foster fairness and to discourage municipalities from adopting costly road permitting and restoration requirements that increase the cost of Columbia's pipeline replacements program. The proposed MLC is limited to municipalities that have requirements which are substantial outliers from PennDOT paving requirements. In this proceeding, Columbia proposes to charge customers located in the City of

Pittsburgh and the Borough of Perryopolis a monthly charge of \$0.70 per bill, and to provide a credit of \$7.44 per bill to customers located in Roscoe Borough and New Sewickley Township. The City of Pittsburgh and the Borough of Perryopolis have ordinances that far exceed PennDOT standards and have not agreed to negotiate lower standards with the Company. In contrast, New Sewickley Township and Roscoe Borough allow restoration back to original condition, which is less than the PennDOT standard. The incremental costs above PennDOT standards were used to calculate the monthly charge to City of Pittsburgh and Borough of Perryopolis customers under the MLC, while the credit to customers was calculated by dividing the additional revenue produced from the MLC charge by the number of customers in New Sewickley Township and Roscoe Borough. The result is that the MLC is revenue neutral.

OCA is the only party to the proceeding that submitted testimony in opposition to the MLC. As explained in this brief, OCA's arguments against the MLC should be rejected.

For the reasons explained below, Columbia's proposed MLC should be approved by the Commission.

### **III. MUNICIPAL LEVELIZATION CHARGE**

Columbia has proposed to adopt a revenue neutral MLC, on an experimental basis, in an effort to foster fairness and to discourage municipalities from adopting costly road permitting and restoration requirements that increase the cost of Columbia's pipeline replacements program. Columbia St. No. 1, p. 22. With the implementation of the MLC, municipalities that enact excessive permitting and restoration requirements will do so with the knowledge that customers in their municipalities may be charged a higher rate for natural gas service in the future. Further, customers in municipalities with more reasonable restoration standards below PennDOT standards may be charged a lower rate for natural gas service. In this proceeding, Columbia proposes to charge customers located in the City of Pittsburgh and the Borough of Perryopolis a

monthly charge of \$0.70 per bill, and to provide a credit of \$7.44 per bill to customers located in Roscoe Borough and New Sewickley Township. Columbia St. No. 9, p. 19.

**A. THE CHALLENGE FACING COLUMBIA**

Columbia has a robust main replacement program. Columbia began its program to accelerate the replacement of priority pipe in 2007. Columbia St. No. 1, p. 7. Since the beginning of the Company's program to accelerate the replacement of priority pipe, Columbia has replaced over 1,408 miles of cast iron and bare steel pipe, as well as over 274 miles of pre-1971 ineffectively coated steel pipe and over 142 miles of pre-1982 plastic pipe (collectively, "priority pipe"). Columbia St. No. 1, p. 7. However, Columbia still has a substantial number of mains and bare steel customer services remaining to be replaced. Columbia St. No. 1, pp. 14-15.

Columbia seeks to be as efficient as possible in its main replacement program. The Company does not have unlimited capital funds to replace its priority pipe and thus, the lower the average cost per foot for main replacement, the sooner priority pipe can be replaced. Columbia St. No. 1, p. 18.

Over the past fifteen years, the cost per foot to replace pipe has increased from \$81.25 to \$289. *Id.* Some of this increase can be explained by inflationary increases in material, supplies and labor, which are to be expected. However, a major driver of this increase is due to costs for restoration and permitting fees mandated by local ordinances. Columbia St. No. 1, p. 18. Columbia faces ever increasing permit fees for opening streets, and more and more demands that restoration go beyond returning the roads and adjacent property to its status before the main replacement. Some of these demands far exceed the restoration requirements and permitting fees that PennDOT enforces for state highways. Columbia St. No. 1, p. 19.

Columbia's President, Mr. Kempic, gave several examples of excessive restoration requirements, and the cost consequences of those requirements:

For example, for two proposed pipeline projects in one Pennsylvania township, Columbia calculated the permitting and restoration costs demanded by the township compared to what would be required under PennDOT requirements. Under PennDOT requirements, the permit fees for these projects would be \$2,510; however, under the township's ordinance, permitting and engineering fees would be \$143,740. In other words, the township's costs are 57 times the cost of PennDOT's requirements.

Another example involves the mill and overlay requirements of many municipalities. Under the PennDOT requirements, found in 67 Pa Code Section 459.8, disturbed roadways must be restored by milling and overlaying the traffic lane in which an opening or openings were made by using paving at 1.5 inches thick. If four or more openings were made that cross the street within 100 linear feet, the utility must overlay the entire disturbed area, which is commonly called "curb to curb" restoration. Some municipal ordinances require curb to curb paving and 3.5" or even 4" overlay paving thickness in virtually all circumstances. These requirements to pave far beyond the area disturbed by gas pipeline construction and in thicknesses that are far greater than what is required on a state highway unnecessarily increase costs for utility customers across the state. These are essentially municipal paving costs that are more appropriately borne by the citizens of the municipality demanding the additional paving rather than utility rate payers.

A third example is a borough that requires curb to curb paving plus paving 25 feet on both sides of a street cut. Columbia likewise compared the costs under the PennDOT requirements to what the cost would be under the borough's ordinance. If the PennDOT permitting and restoration requirements would be applied, Columbia's customers would be responsible for \$260,000 in paving and restoration costs. However, under the borough's demands, customers are ultimately responsible for paying \$470,000 for permitting and restoration - nearly double the cost.

Columbia St. No. 1, pp. 19-20.

The foregoing demonstrates the many adverse effects of the status quo. Columbia must go forward with these main replacement projects as a matter of public safety and service reliability and replace aged pipeline facilities that are at the end of their useful lives. However,

when excessive fees and restoration requirements are imposed, this ultimately increases Columbia's rate base, thereby driving the need for ongoing rate increases. Such excessive costs also reduce the miles of pipe that can be replaced in a single year with the funds available, thereby extending the replacement time for priority pipe.<sup>1</sup> A further consequence of excessive municipal restoration demands is to shift costs that rightfully should be borne by taxpayers in certain municipalities to ratepayers residing in other municipalities in Columbia's service territory. Finally, the latter consequence, if allowed to continue, may encourage even more municipalities to employ similar strategies to have a greater portion of their paving costs and budgetary shortfalls shifted to Columbia and, ultimately, Columbia's customers.<sup>2</sup>

The Commission is aware of the problem facing Columbia from ever-increasing municipal restoration requirements. In Columbia's 2017 Petition for Approval of its Second Long-Term Infrastructure Improvement Plan, the Commission sought further information regarding the rising costs of main replacements. With respect to increasing main restoration costs, the Commission observed:

Regarding the increasing costs from changing restoration requirements being imposed by local governments and municipalities, the Commission requested additional information from Columbia. Columbia filed responses on August 4, 2017, and August 9, 2017. In its responses, Columbia provided examples of where the magnitude of restoration costs increased in certain portions of their service territory, based on projects completed both before and after the new ordinances or requirements were put in place. Based on the data provided, it appears there are significant cost increases associated changes in municipal restoration requirements.

---

<sup>1</sup> This is especially noteworthy given the recent motion of Chairman DeFrank that focuses on the need to accelerate the replacement of older (pre-1982) plastic pipe. *See* Motion of Chairman Stephen M. DeFrank, Replacement of Older Plastic Pipe in Natural Gas Distribution Systems, Agenda No. 3050313-CMR (Public Meeting held August 1, 2024).

<sup>2</sup> State utility commission action on restoration standards is not unprecedented. As Columbia witness Kempic testified, in 1999 the Massachusetts Department of Telecommunications and Energy (now the Department of Public Utilities) issued statewide utility restoration standards, relying on its general supervisory power over utilities with reference to safety and convenience of the public, finding that a single statewide street restoration standard was in the public interest and conducive to the fundamental State policy of ensuring uniform and efficient utility service to the public. Columbia St. No. 1, pp. 23-24.

The changes vary in each municipality, with some changes resulting in only relatively modest increases in restoration costs of 20% to 30%, while others increased significantly by 50% to 80%. In some instances, the restoration costs per mile more than doubled.

Based on this information provided by Columbia, it appears that these changing restoration requirements are a significant driver of Columbia's cost increases. It is likely that a portion of Columbia's 97% cost increase in 2017 over its original projections is attributable to these restoration cost increases. Columbia has demonstrated that it has put measures in place in an attempt to control these costs and restoration requirement changes when possible. However, the Company cannot prevent a local government body or official from enacting ordinances as they see fit to govern their township, borough, or city. While Columbia is attempting to do as much as it can to mitigate these costs, the Commission recognizes that such costs are, to some extent, out of the Company's control.

*Petition of Columbia Gas of Pennsylvania, Inc. for Approval of a Major Modification to its Existing Long-Term Infrastructure Improvement Plan and Approval of its Second Long-Term Infrastructure Improvement Plan*, Docket No. P-2017-2602917, Order entered September 21, 2017, Order at 8.

## **B. COLUMBIA'S EFFORTS TO CONTROL RESTORATION COSTS**

Columbia has not come to the Commission with the MLC proposal without first having undertaken substantial efforts to mitigate municipal fees and restoration costs. Columbia's service territory includes approximately 450 separate municipalities. Each of these municipalities has its own ordinances and permitting rules. Columbia St. No. 1, p. 20. Columbia has a Public Affairs team, supplemented by local operations employees, who engage in proactive municipal outreach to explain to municipal leaders the benefits of the Company's main replacement efforts and the need for reasonable permit fees and restoration requirements. Columbia St. No. 7, pp. 16-17. That team is responsible for monitoring municipal ordinances and amendments that may unreasonably increase fees or add restoration requirements. *Id.* During 2023 alone, Columbia's Public Affairs team undertook proactive outreach efforts in

nearly 100 municipalities in fourteen counties around the Commonwealth. Columbia St. No. 7, pp. 18-20.

Columbia tracks the paving requirements in the municipalities in which it serves and compares those requirements to PennDOT standards. Columbia St. No. 9, p. 16; Columbia Ex. NP-1. After a main replacement project has been identified, Columbia applies for all necessary permits and reviews relevant municipal ordinances for restoration requirements. Columbia reviews the fees and requirements for reasonableness compared to prevailing standards. When fees or requirements appear to be unreasonable,<sup>3</sup> Columbia will, whenever possible, seek to negotiate more reasonable terms with the municipality. Negotiation is not always an available option, particularly where a main repair or replacement must be undertaken without delay due to a gas leak. Columbia St. No. 1, p. 21. Columbia has been successful, in some instances, in convincing municipalities to reduce, but not necessarily eliminate, fees and restoration standards above PennDOT requirements. Columbia St. No. 7, pp. 22-26; Columbia St. No. 9, pp. 16-17. However, often these negotiations are undertaken on a project-by-project basis, adding costs and delays and without long-term assurance that higher permitting fees and restoration requirements contained in municipal ordinances will not be applied to future projects. Columbia St. No. 9, p. 18.

Where negotiations are unsuccessful, and where projects need not proceed immediately, Columbia may proceed with litigation to challenge what it believes to be illegal or unreasonable

---

<sup>3</sup> For example, Redstone Township in Fayette County has a permit fee formula of \$150 application fee, plus \$75 per hour with 4-hour minimum engineering inspection and supervision fee, as well as a \$36.70 square foot permit fee. Columbia has engaged the Township's council regarding pipeline replacement projects in 2025 and 2026 that would replace approximately 9,600 linear feet of pipe. Those projects have estimated permit fees of more than \$700,000. Columbia is working with the Township to arrive at a reasonable permit fee formula for the projects. *See* Columbia Statement No. 7, p. 25.

fees or requirements.<sup>4</sup> For example, in October 2022, Columbia filed a petition in the Commonwealth Court of Pennsylvania challenging certain ordinances of Menallen Township, Fayette County, that impose permitting and right-of-way fees that Columbia asserts are illegally excessive. Columbia St. No. 7, p. 24. This litigation remains pending almost two years later. Litigation is a time-consuming process without certainty of success, and it is not a viable option to challenge present, and future, ordinances that may be adopted by the 450 municipalities in which Columbia serves. Columbia St. No. 1, p. 21.

Columbia supports legislative efforts to address the problem of excessive permitting fees and restoration standards. In September 2023, Pennsylvania House Bill 1655 was introduced. That bill, if enacted, would prohibit municipalities from implementing permitting fees or restoration requirements that exceed PennDOT requirements. Columbia St. No. 1, p. 24; Columbia St. No. 7, p. 17. Columbia has testified in strong support of this bill. Columbia St. No. 7, p. 17. However, legislative efforts can take years to accomplish, and Columbia desires to find a solution as soon as possible so that more capital can be spent on replacing pipe rather than paying excessive fees or paying for paving of streets with several inches of extra asphalt or far beyond the scope of the main replacement project area. Columbia St. No. 1, p. 24; Columbia St. No. 9, p. 18.

### **C. THE MLC**

Columbia recognizes and generally endorses the concept of single tariff pricing in order to simplify its tariff, to avoid the cost allocation and rate design burdens of area-by-area rates, and to recognize that rates could vary simply due to the timing of infrastructure projects. *See*

---

<sup>4</sup> As interpreted by Pennsylvania courts, local municipalities may only charge fees commensurate with costs incurred and may not use fees to enhance general revenues. *See PPL Elec. Utils. Corp. v. City of Lancaster*, 214 A.3d 639 (Pa. 2019).

*City of Pittsburgh v. Pa. PUC*, 526 A.2d 1243 (Pa. Cmwlth. 1987). This is especially reasonable where cost differences are not controllable.

However, the problems facing Columbia, detailed above and further in Columbia's testimony, are controllable. Municipalities should not be using Columbia's main replacement projects to supplement their own municipal budgets. The MLC is an important step to encouraging municipalities to adopt reasonable permit fees and restoration ordinances.

Because the MLC is a pilot program to examine the effectiveness of rate signals to mitigate excessive municipal fees and restoration ordinances, Columbia proposes to limit the initial MLC to municipalities that have requirements which are substantial outliers from PennDOT paving requirements. Columbia's witness, Ms. Paloney, explained the process for selecting the municipalities to be subject to the MLC:

First, the Company reviewed all construction projects for the calendar years of 2021, 2022 and 2023 for the municipalities that had ordinances that were beyond the requirements of the PennDOT standard and determined whether those municipalities agreed to lower restoration requirements. Two municipalities had ordinances that exceeded PennDOT standards and did not agree to negotiate lower standards, which resulted in costs in excess of PennDOT standards being incurred during these time periods - the City of Pittsburgh and the Borough of Perryopolis. Second, the Company reviewed which municipalities permit restoration back to original condition, which is less than the PennDOT standards. They are New Sewickley Township and Roscoe Borough.

Columbia St. No. 9, p. 18.

Next, Columbia determined the costs above PennDOT standards for the City of Pittsburgh and the Borough of Perryopolis. To determine the incremental costs above PennDOT standards for the City of Pittsburgh, Columbia compared the average cost of the 3.5- and 4.0-inch mill and overlay ("M&O") requirement of the City of Pittsburgh to the average cost of 1.5-inch M&O, which is the PennDOT standard. Columbia St. No. 9, p. 18. The difference was applied to the number of yards paved for the period 2021-2023, resulting in excess costs for

paving only of \$1.3 million.<sup>5</sup> A similar calculation was prepared for the Borough of Perryopolis, except that the Borough requires a 2.0-inch M&O. This resulted in additional costs of approximately \$54,000. Columbia St. No. 9, p. 19. Because these are capital costs, Columbia calculated the resulting annual revenue requirement for these municipalities above PennDOT standards, and divided by the total number of annual bills of customers located in those two municipalities to determine the charge, which is \$0.70 per bill. Columbia St. No. 9, p. 19. In order to maintain revenue neutrality, the excess revenue requirement amount produced from the MLC to customers in the City of Pittsburgh and the Borough of Perryopolis was divided by the number of customers in Roscoe Borough and New Sewickley Township, which allow restoration back to original condition. The result is a monthly credit of \$7.44 per bill. Columbia St. No. 9, p. 19.

It is important to recognize that Columbia is not proposing a tracking mechanism with the MLC. That is, Columbia is not proposing to track the actual restoration costs incurred in each municipality and set rates for each municipality based on those costs. Nor is Columbia proposing a reconciliation mechanism. The MLC is a simple rate design approach to recognize that, for the identified municipalities, excessive restoration demands, which benefit the customers in the municipalities that impose these requirements, should be borne by those customers. Columbia plans to gain experience with administering the revenue neutral charge/credit for these four municipalities. In future rate cases, Columbia will examine the impact of the charge in affecting choices made regarding restoration and fee ordinances before determining whether to propose expanding the charge to other municipalities. Columbia St. No. 9, p. 19.

---

<sup>5</sup> This does not take into account other excessive restoration requirements or permit fees.

#### **D. OCA'S OBJECTIONS TO THE MLC SHOULD BE REJECTED**

The only party that submitted testimony in opposition to the MLC is OCA. OCA claims to be supportive of a solution to the problem of excessive municipal permit fees and restoration standards that raise Columbia's rates and shift what should properly be municipal costs to Columbia's customers. OCA St. No. 5SR, pp. 39-40. However, OCA offers no solution, other than vague calls for "statutory improvements and statewide PennDOT standards." But, as Mr. Kempic explained, statewide legislative solutions can take years, and Columbia has already been dealing with this issue for some time, without improvement. Columbia St. No. 1, p. 23.

OCA argues that the MLC should be rejected because it is "experimental" and has not been tried in other jurisdictions. OCA St. No. 1, p. 29. However, the fact that a program is experimental is not a basis for disallowing the program. Mr. Kempic explained, in rebuttal, that several important programs now offered by most major utilities began as experimental programs. For example, Customer Assistance Programs ("CAP") are the norm for all major utilities in Pennsylvania. CAP started as a pilot Energy Assistance Program ("EAP") for Columbia in 1990, to test concepts presented by OCA's witness Mr. Roger Colton:

Hopefully the results of the pilot program will prove Mr. Colton's thesis that EAP will enable more customers to avoid termination and collection actions, while also reducing the uncollectible expense that can be anticipated if existing approaches remain unchanged. In any event, if these hopes for EAP are not realized, testing it in a pilot will limit any costs incurred.

Columbia St. No. 1-R, p. 9.

Another example of a now-standard program for gas and electric utilities that began as a pilot is customer choice. In 1997, the Commission approved a voluntary pilot capacity release program for Columbia, which was available only to residential and small commercial customers located within Washington County, that enabled customers to choose an alternative energy

supplier. In a separate Statement approving the pilot program, then-Commissioner Hanger noted: "These proposals give all involved, including this Commission, an opportunity to consider many important issues ... These are just a few of the issues that interest me. Again, I congratulate Columbia for making these important proposals." Columbia St. No. 1-R, pp. 9-10.

Similar to the foregoing programs, the MLC will provide the Commission and parties with valuable information concerning how customers, and their municipalities, respond to visible consequences from adopting excessive restoration and permitting requirements.

OCA also argues that the effect of the MLC is less than 1% of the bill of an average residential customer. OCA St. No. 5, p. 29. OCA asserts that imposing charges for differences in costs for the remaining 99% of cost of service would be a significant and costly effort. However, Columbia is not seeking to propose separate cost allocation studies for all of its 450 municipalities. As part of this pilot, it has identified one significant driver, differences in paving overlay requirements, and developed a charge applicable to municipalities with significantly different requirements that refuse to negotiate more reasonable terms. Columbia St. No 1-R, p. 11. Further, this focus on the rate difference masks the impact of the excessive paving requirements of the City of Pittsburgh and Borough of Perryopolis. In 2023, the City of Pittsburgh's paving requirements were 328% more expensive than the PennDOT standard. Similarly, in 2022, the City of Pittsburgh's paving requirements were 309% greater than the PennDOT standard. Columbia Ex. NP-1; Columbia St. No. 1-R, p. 11.<sup>6</sup>

OCA also asserts that the MLC is flawed because it proposes a fixed charge to all customer classes of \$0.70 per bill. OCA St. No. 5, p. 30. Columbia disagrees. There are no class cost differences in municipal requirements that Columbia provide thicker M&O for main

---

<sup>6</sup> Columbia has over 172,000 feet of priority pipe to be replaced in the City of Pittsburgh and Borough of Perryopolis. Columbia St. No. 1-R, p. 12.

replacement projects. Columbia St. No. 1-R, pp. 12-13. If the Commission concludes that there is any merit to OCA’s contentions, Columbia provided a calculation of per class charges and credits:

Table KLJ-5R

	RSS/RDS	SDS/LGSS	SGS/DS-1	SGS/DS-2	Total
MLC Charge	\$0.46	\$182.19	\$1.67	\$14.45	\$0.70
MLC Credit	\$(4.88)	\$(1,639.67)	\$(22.84)	\$(190.04)	\$(7.44)

Columbia St. No. 6-R, p. 55.

**E. CONCLUSION**

Excessive municipal permit fees and restoration costs are a serious and growing problem for utilities seeking to maintain, replace, or upgrade underground infrastructure in order to provide safe, reliable service. The MLC provides an opportunity for a solution. The MLC should be adopted.

**IV. CONCLUSION**

WHEREFORE, for all the foregoing reasons, Columbia Gas of Pennsylvania, Inc. respectfully requests that the Public Utility Commission approve the Company's proposed Municipal Levelization Charge.

Respectfully submitted,



Theodore J. Gallagher (ID # 90842)  
Columbia Gas of Pennsylvania, Inc.  
121 Champion Way, Suite 100  
Canonsburg, PA 15313  
Phone: 724-809-0525  
E-mail: tjgallagher@nisource.com

Candis A. Tunilo (ID #89891)  
800 North 3rd Street  
Suite 204  
Harrisburg, PA 17102  
Phone: 223-488-0794  
E-mail: ctunilo@nisource.com

---

Michael W. Hassell (ID # 34851)  
Megan Rulli (ID # 331981)  
Post & Schell, P.C.  
17 North Second Street  
12<sup>th</sup> Floor  
Harrisburg, PA 17101  
Phone: 717-731-1970  
E-mail: mhassell@postschell.com  
E-mail: mrulli@postschell.com

Date: August 22, 2024

*Attorneys for Columbia Gas of  
Pennsylvania, Inc.*

# APPENDIX A

## **PROPOSED FINDINGS OF FACT**

1. Columbia Gas of Pennsylvania, Inc. (“Columbia” or the “Company”) is a “public utility” and “natural gas distribution company” (“NGDC”) as those terms are defined in Sections 102 and 2202 of the Public Utility Code, 66 Pa.C.S. §§ 102 and 2202. Columbia provides natural gas sales, transportation, and/or supplier of last resort services to approximately 445,000 retail customers in portions of 26 counties of Pennsylvania. Columbia St. No. 1, pp. 3-4.

2. Columbia has proposed to adopt a revenue neutral Municipal Levelization Charge (“MLC”) MLC, on an experimental basis, in an effort to foster fairness and to discourage municipalities from adopting costly road permitting and restoration requirements that increase the cost of Columbia’s pipeline replacements program. Columbia St. No. 1, p. 22.

3. Customers in municipalities with more reasonable restoration standards below PennDOT standards may be charged a lower rate for natural gas service. Columbia St. No. 9, p. 19.

4. In this proceeding, Columbia proposes to charge customers located in the City of Pittsburgh and the Borough of Perryopolis a monthly charge of \$0.70 per bill, and to provide a credit of \$7.44 per bill to customers located in Roscoe Borough and New Sewickley Township. Columbia St. No. 9, p. 19.

5. Columbia has a robust main replacement program to accelerate the replacement of priority pipe that began in 2007. Columbia St. No. 1, p. 7.

6. Since the beginning of the Company’s program to accelerate the replacement of priority pipe, Columbia has replaced over 1,408 miles of cast iron and bare steel pipe, as well as over 274 miles of pre-1971 ineffectively coated steel pipe and over 142 miles of pre-1982 plastic pipe (collectively, “priority pipe”). Columbia St. No. 1, p. 7.

7. Columbia still has a substantial number of mains and bare steel customer services remaining to be replaced. Columbia St. No. 1, pp. 14-15.

8. The Company does not have unlimited capital funds to replace its priority pipe and thus the lower the average cost per foot for main replacement, the sooner priority pipe can be replaced. Columbia St. No. 1, p. 18.

9. Over the past fifteen years, the cost per foot to replace pipe has increased from \$81.25 to \$289. Columbia St. No. 1, p. 18.

10. While some of the cost increase can be explained by inflationary increases in material, supplies and labor, a major driver of this increase is due to costs for restoration and permitting fees mandated by local ordinances. Columbia St. No. 1, p. 18.

11. Columbia faces ever increasing permit fees for opening streets as well as demands that restoration go beyond returning the roads and adjacent property to its status before the main replacement, which can exceed the restoration requirements and permitting fees that PennDOT enforces for state highways. Columbia St. No. 1, p. 19.

12. For two proposed pipeline projects in one Pennsylvania township, Columbia calculated the permitting and restoration costs demanded by the township compared to what would be required under PennDOT requirements. Columbia St. No. 1, p. 19.

13. Under PennDOT requirements, the permit fees for these projects would be \$2,510; while under the township's ordinance, permitting and engineering fees would be \$143,740, making the township's costs 57 times the cost of PennDOT's requirements. Columbia St. No. 1, p. 19.

14. Under the PennDOT requirements, found in 67 Pa. Code § 459.8, disturbed roadways must be restored by milling and overlaying the traffic lane in which an opening or openings were made by using paving at 1.5 inches thick. Columbia St. No. 1, p. 19.

15. If four or more openings were made that cross the street within 100 linear feet, the utility must overlay the entire disturbed area, which is commonly called "curb to curb" restoration. Columbia St. No. 1, pp. 19-20.

16. Some municipal ordinances require curb to curb paving and 3.5" or even 4" overlay paving thickness in virtually all circumstances. Columbia St. No. 1, p. 20.

17. Municipal requirements to pave far beyond the area disturbed by gas pipeline construction and in thicknesses that greatly exceed requirements for a state highway unnecessarily increase costs for utility customers across the state. Columbia St. No. 1, p. 20.

18. One municipality requires curb to curb paving plus paving 25 feet on both sides of a street cut. If the PennDOT permitting and restoration requirements would be applied, Columbia's customers would be responsible for \$260,000 in paving and restoration costs. Under the borough's demands, customers are ultimately responsible for paying \$470,000 for permitting and restoration - nearly double the cost. Columbia St. No. 1, p. 20.

19. Columbia's service territory includes approximately 450 separate municipalities. Each of these municipalities has its own ordinances and permitting rules. Columbia St. No. 1, p. 20.

20. Columbia has a Public Affairs team, supplemented by local operations employees, who engage in proactive municipal outreach to explain to municipal leaders the benefits of the Company's main replacement efforts and the need for reasonable permit fees and restoration requirements. Columbia St. No. 7, pp. 16-17.

21. The Public Affairs team is responsible for monitoring municipal ordinances and amendments that may unreasonably increase fees or add restoration requirements. Columbia St. No. 7, pp. 16-17.

22. During 2023 alone, Columbia's Public Affairs team undertook proactive outreach efforts in nearly 100 municipalities in fourteen counties around the Commonwealth. Columbia St. No. 7, pp. 18-20.

23. Columbia tracks the paving requirements in the municipalities in which it serves and compares those requirements to PennDOT standards. Columbia St. No. 9, p. 16; Columbia Ex. NP-1.

24. After a main replacement project has been identified, Columbia applies for all necessary permits and reviews relevant municipal ordinances for restoration requirements. Columbia reviews the fees and requirements for reasonableness compared to prevailing standards. Columbia St. No. 1, p. 21.

25. When fees or requirements appear to be unreasonable, Columbia will, whenever possible, seek to negotiate more reasonable terms with the municipality. Negotiation is not always an available option, particularly where a main repair or replacement must be undertaken without delay due to a gas leak. Columbia St. No. 1, p. 21.

26. Columbia has been successful, in some instances, in convincing municipalities to reduce, but not necessarily eliminate, fees and restoration standards above PennDOT requirements. Columbia St. No. 7, pp. 22-26; Columbia St. No. 9, pp. 16-17.

27. Negotiations are undertaken on a project-by-project basis, adding costs and delays and without long-term assurance that higher permitting fees and restoration requirements

contained in municipal ordinances will not be applied to future projects. Columbia St. No. 9, p. 18.

28. Where negotiations are unsuccessful, and where projects need not proceed immediately, Columbia may proceed with litigation to challenge what it believes to be illegal or unreasonable fees or requirements. Columbia St. No. 7, p. 24.

29. In October 2022, Columbia filed a petition in the Commonwealth Court of Pennsylvania challenging certain ordinances of Menallen Township, Fayette County, that impose permitting and right-of-way fees that Columbia asserts are illegally excessive. This litigation remains pending. Columbia St. No. 7, p. 24.

30. Litigation is a time-consuming process without certainty of success, and it is not a viable option to challenge present, and future, ordinances that may be adopted by the 450 municipalities in which Columbia serves. Columbia St. No. 1, p. 21.

31. Columbia supports legislative efforts to address the problem of excessive permitting fees and restoration standards. Columbia St. No. 7, p. 17.

32. In September 2023, Pennsylvania House Bill 1655 was introduced. That bill, if enacted, would prohibit municipalities from implementing permitting fees or restoration requirements that exceed PennDOT requirements. Columbia St. No. 1, p. 24; Columbia St. No. 7, p. 17.

33. Columbia has testified in strong support of this bill. Columbia St. No. 7, p. 17.

34. Legislative efforts can take years to accomplish, and Columbia desires to find a solution as soon as possible so that the accelerated main replacement program can continue without excessive costs and fees. Columbia St. No. 1, p. 24; Columbia St. No. 9, p. 18.

35. Columbia proposes to limit the initial MLC to municipalities that have requirements which are substantial outliers from PennDOT paving requirements. Columbia St. No. 9, p. 18.

36. To select the municipalities subject to the MLC, first the Company reviewed all construction projects for the calendar years of 2021, 2022 and 2023 for the municipalities that had ordinances that were beyond the requirements of the PennDOT standard and determined whether those municipalities agreed to lower restoration requirements. Columbia St. No. 9, p. 18.

37. Two municipalities had ordinances that exceeded PennDOT standards and did not agree to negotiate lower standards, which resulted in costs in excess of PennDOT standards being incurred during these time periods - the City of Pittsburgh and the Borough of Perryopolis. Columbia St. No. 9, p. 18.

38. Second, the Company reviewed which municipalities permit restoration back to original condition, which is less than the PennDOT standards. These municipalities are New Sewickley Township and Roscoe Borough. Columbia St. No. 9, p. 18.

39. To determine the incremental costs above PennDOT standards for the City of Pittsburgh, Columbia compared the average cost of the 3.5- and 4.0-inch mill and overlay (“M&O”) requirement of the City of Pittsburgh to the average cost of 1.5-inch M&O, which is the PennDOT standard. Columbia St. No. 9, p. 18.

40. The difference was applied to the number of yards paved for the period 2021-2023, resulting in excess costs for paving only of \$1.3 million, not taking into account other excessive restoration requirements or permit fees. Columbia St. No. 9, p. 19.

41. A similar calculation was prepared for the Borough of Perryopolis, except that the Borough requires a 2.0-inch M&O. This resulted in additional costs of approximately \$54,000. Columbia St. No. 9, p. 19.

42. Because these are capital costs, Columbia calculated the resulting annual revenue requirement for these municipalities above PennDOT standards, and divided by the total number of annual bills of customers located in those two municipalities to determine the charge, which is \$0.70 per bill. Columbia St. No. 9, p. 19.

43. In order to maintain revenue neutrality, the excess revenue requirement amount produced from the MLC to customers in the City of Pittsburgh and the Borough of Perryopolis was divided by the number of customers in Roscoe Borough and New Sewickley Township, which allow restoration back to original condition. Columbia St. No. 9, p. 19.

44. The result is a monthly credit of \$7.44 per bill for customers of Roscoe Borough and New Sewickley Township. Columbia St. No. 9, p. 19.

45. Columbia is not proposing a tracking mechanism with the MLC, nor is Columbia proposing a reconciliation mechanism. Columbia St. No. 9, p. 19.

46. In future rate cases, Columbia will examine the impact of the charge in affecting choices made regarding restoration and fee ordinances before determining whether to propose expanding the charge to other municipalities. Columbia St. No. 9, p. 19.

47. Several important programs now offered by most major utilities began as experimental programs, including Customer Assistance Programs. Columbia St. No. 1-R, p. 9.

48. Columbia is not seeking to propose separate cost allocation studies for all of its 450 municipalities. Columbia St. No 1-R, p. 11.

49. There are no class cost differences in municipal requirements that require Columbia to provide thicker M&O for main replacement projects. Columbia St. No. 1-R, pp. 12-13.

50. If calculated per class, the Municipal Levelization Charge would be charged as shown in Table KLJ-5R:

	Table KLJ-5R				
	RSS/RDS	SDS/LGSS	SGS/DS-1	SGS/DS-2	Total
MLC Charge	\$0.46	\$182.19	\$1.67	\$14.45	\$0.70
MLC Credit	\$(4.88)	\$(1,639.67)	\$(22.84)	\$(190.04)	\$(7.44)

Columbia St. No. 6-R, p. 55.

## PROPOSED CONCLUSIONS OF LAW

1. Under Sections 315(a), 1301, and 1304 of the Public Utility Code, a public utility's rates must be just and reasonable and cannot result in undue rate discrimination. 66 Pa. C.S. §§ 315(a), 1301 and 1304.

2. Under Section 315(a) of the Public Utility Code, a public utility seeking a general rate increase has the burden of proof to establish the justness and reasonableness of every element of the rate increase request. 66 Pa. C.S. § 315(a).

3. "It is well-established that the evidence adduced by a utility to meet this [justness and reasonableness] burden must be substantial." *Lower Frederick Twp. v. Pa. PUC*, 409 A.2d 505, 507 (Pa. Cmwlth. 1980).

4. Although the ultimate burden of proof does not shift from the utility seeking a rate increase, a party proposing an adjustment to a ratemaking claim of a utility bears the burden of presenting some evidence or analysis tending to demonstrate the reasonableness of the adjustment. *See, e.g., Pa. PUC v. PECO*, Docket No. R-891364, *et al.*, 1990 Pa. PUC LEXIS 155 (Order dated May 16, 1990); *Pa. PUC v. Breezewood Telephone Company*, Docket No. R-901666, 1991 Pa. PUC LEXIS 45 (Order dated Jan. 31, 1991).

5. Public utilities are entitled to recover all reasonable expenses incurred to provide service to customers. The relevant question in a base rate proceeding is whether the expense is reasonable and appropriate for the furnishing of service to customers. *Butler Township Water Co. v. Pa. PUC*, 473 A.2d 219, 221 (Pa. Cmwlth. 1984).

6. The Commission has approved pilot programs to test novel rate design concepts. *See, e.g., Pennsylvania Public Utility Commission v. Columbia Gas of Pennsylvania*, R-891468 (Order Entered January 24, 1992) (approving a pilot "Energy Assurance Program" that laid the foundation for utility Customer Assistance Programs); *Pennsylvania Public Utility Commission*

*v. Columbia Gas of Pennsylvania*, R-00963688 (Order Entered August 8, 1996) (approving a pilot capacity release program for Columbia preceding Pennsylvania's enactment of the Natural Gas Choice and Competition Act of 1999).

7. Columbia has carried its burden of proof that the Municipal Levelization Charge should be approved as proposed.

## **PROPOSED ORDERING PARAGRAPHS**

1. That the Pennsylvania Public Utility Commission approve the Municipal Levelization Charge as proposed.

2. That the Pennsylvania Public Utility Commission reject the proposal of the Office of Consumer Advocate to adopt a class-specific Municipal Levelization Charge.

3. Alternatively, if the Pennsylvania Public Utility Commission accepts the Office of Consumer Advocate's position that a class-specific Municipal Levelization Charge should be adopted, that the class-specific Municipal Levelization Charges as shown in Table KLJ-5R of the Company's Main Brief be adopted.