



October 15, 2024

***Via Electronic Filing***

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

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

Secretary Chiavetta:

Attached, please find the Reply Exceptions of the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA) in the above noted proceeding.

As indicated on the attached Certificate of Service, service on the parties was accomplished by email only.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "John W. Sweet", written over a horizontal line.

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CC: Honorable Jeffrey A. Watson, [jeffwatson@pa.gov](mailto:jeffwatson@pa.gov)  
Mary Swarner, Legal Assistant, [mwarn@pa.gov](mailto:mwarn@pa.gov)  
Certificate of Service

**BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

**Certificate of Service**

I hereby certify that I have this day served copies of the **Reply Exceptions of the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA)** **will not be submitting exceptions** upon the parties of record in the above captioned proceeding in accordance with the requirements of 52 Pa. Code § 1.54.

**Via Email**

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**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

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**REPLY EXCEPTIONS OF  
THE COALITION FOR AFFORDABLE UTILITY SERVICES AND ENERGY  
EFFICIENCY IN PENNSYLVANIA (“CAUSE-PA”)**

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October 15, 2024

## I. INTRODUCTION

On October 8, 2024, Columbia Gas of Pennsylvania, Inc. filed Exception to the Recommended Decision (RD) of the Honorable Jeffrey A. Watson, Administrative Law Judge (ALJ). The RD recommended approving the Joint Petition for Settlement and rejecting the proposed Municipal Levelization Charge (MLC). The proposed MLC would assess a charge to residents living in two municipalities with strict street restoration requirements and provide a credit to residents in two municipalities with less stringent restoration requirements. The RD recommended that the Commission reject Columbia’s MLC proposal because, *inter alia*, : (1) Approval of the MLC would be outside the scope of power granted to the Commission by the legislature, ignoring the “long-standing legislative remedies already available to challenge such any such municipal regulation;”<sup>1</sup> and (2) The proposed MLC would result in unreasonable rate discrimination and improper cost shifting.<sup>2</sup> Columbia filed a single Exception to the RD, arguing that the ALJ erred in recommending rejection of the proposed MLC.

As argued and explained at length in CAUSE-PA’s Main Brief, the ALJ correctly recommended rejection of the proposed MLC because it would inequitably shift costs from one group of residential customers to another based solely on their geographical location, creating both geographic and interclass rate discrimination.<sup>3</sup> For the reasons that follow, and for the reasons outlined in its Main Brief, CAUSE-PA hereby replies to Columbia’s Exception as respectfully urges the Commission to adopt the recommendation of ALJ Watson that the proposed MLC be rejected.

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<sup>1</sup> RD at 103-106.

<sup>2</sup> *Id.* at 112-117.

<sup>3</sup> CAUSE-PA MB at 1.

## II. REPLY EXCEPTION

### A. Reply to Columbia Exception No. 1: The RD was correct that the proposed MLC should be rejected.

#### 1. The RD is correct that approval of the MLC in this proceeding would exceed the scope of authority granted to the Commission by the legislature.

The RD explained that “[T]he legislature has given municipal governments broad powers to establish and maintain roadways for the safe and proper use of the public,”<sup>4</sup> and that, “It is hard to imagine many functions of local government more important than establishing, repairing and maintaining roadways for the safe, convenient and proper use of the traveling public.”<sup>5</sup> The RD further explained that Columbia is not without recourse to challenge municipal charges that it finds excessive through the processes outlined in the Municipal Code.<sup>6</sup>

In Columbia’s Exception, the Company argues that the RD would require Columbia to conduct “piecemeal litigation” and that the Commission’s approval of the MLC would not exceed the scope of the Commission’s authority because it “simply applies cost causation rate design principals to set higher rates for customers in municipalities with restoration requirements that exceed PennDOT standards and set lower rates for customers in municipalities that have restoration requirements below PennDOT standards.”<sup>7</sup> As explained in detail in the RD,<sup>8</sup> CAUSE-PA’s Main Brief,<sup>9</sup> and later in these Reply Exceptions, the proposed MLC ignores the principals of cost causation and creates impermissible interclass and intraclass cost shifting by charging

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<sup>4</sup> RD at 103.

<sup>5</sup> Id. at 105.

<sup>6</sup> Id. at 106.

<sup>7</sup> Columbia Exceptions at 5.

<sup>8</sup> RD at 113-116.

<sup>9</sup> CAUSE-PA MB at 8-9.

additional fees to some customers based solely on their location and using those funds to provide substantial credits to other customers based on their location, resulting in unreasonable geographic rate discrimination. Columbia's proposed allocation of the MLC also ignores cost of service principles by allocating among rate classes on a flat rate basis rather than based on distribution mains related costs.<sup>10</sup> Thus, Columbia's argument is without merit.

The RD was correct to require Columbia to challenge allegedly excessive municipal restoration costs through the appropriate venues rather than to simply assess a charge to customers residing those municipalities.<sup>11</sup> The RD, correctly concluded that, "[G]iven that the legislature has provided broad police powers to municipalities and the legislation provides a mechanism to challenge the appropriateness of the municipal requirements, it is unclear why the Commission would or could step in and regulate these issues when these issues are being appropriately addressed by the Common Pleas Courts and appellate courts."<sup>12</sup> Thus the Commission should adopt the RD's recommendation that the MLC should be rejected, and deny Columbia's Exceptions to the RD.

## **2. The RD is correct that the MLC would result in Rate Discrimination and Improper Cost Shifting.**

As explained in detail in CAUSE-PA's Main Brief, the proposed MLC disregards cost causation principles and creates improper geographic and interclass rate discrimination by shifting additional costs onto residential customers in Pittsburgh and Perryopolis based solely on their municipality and without regard to rate classification.<sup>13</sup> This additional charge would detrimentally

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<sup>10</sup> RD at 116; CAUSE-PA MB at 7-9.

<sup>11</sup> RD at 106-107.

<sup>12</sup> *Id.* at 107.

<sup>13</sup> CAUSE-PA MB at 5.

impact the ability of low income customers in Pittsburgh and Perryopolis to afford to maintain service.<sup>14</sup> Columbia's low income customers already face increasingly unaffordable heating burdens given the Company's ongoing rate increases, as well as other concurrent rate increases from utilities with overlapping service territories.<sup>15</sup> Further, Columbia's low income customers also face heating burdens far above the Commission's standards for affordability and have been disproportionately impacted by recent inflation of goods and services.<sup>16</sup> The proposed MLC would add to that burden for customers in Pittsburgh and Perryopolis and is therefore inequitable, unjust, and unreasonable and should be rejected.<sup>17</sup>

The RD correctly concludes that, "Columbia has failed to meet its burden demonstrating that the rate discrimination caused by the MLC is reasonable and permitted under the Public Utility Code," and that "the MLC presents unreasonable difference in rates as between localities and that it creates an unreasonable preference and prejudice in rates depending on where a consumer resides."<sup>18</sup>

In its Exceptions, Columbia attempts to argue that the rate discrimination and cost shifting is reasonable because the monthly charge under the proposed MLC would only be \$0.70 and because it is proposed as a pilot program.<sup>19</sup> However, the fact that the proposed MLC is proposed as a pilot program does not eliminate Columbia's burden to demonstrate that the proposed rate is just and reasonable.<sup>20</sup> Likewise, the fact that proposed charge would be \$0.70 does not make Columbia's proposal any less discriminatory, especially considering the MLC would provide a

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<sup>14</sup> Id. at 5-11.

<sup>15</sup> Id. at 11.

<sup>16</sup> Id.

<sup>17</sup> Id.

<sup>18</sup> RD at 117.

<sup>19</sup> Columbia Exceptions at 9-10.

<sup>20</sup> 66 Pa. C.S. §1301.

\$7.77 monthly credit only for residents of Roscoe Borough and New Sewickley Township, while all other customers also paying for the paving and restoration costs through base rates would receive no such benefit.<sup>21</sup>

Importantly, these discriminatory rates would detrimentally impact low income customers in Pittsburgh and Perryopolis who already struggle to afford service. As explained by OCA witness Roger Colton, residents in the city of Pittsburgh, whom Columbia intends to charge the proposed MLC, are already are already facing cumulative impacts of multiple utility rate increases that overlap in their service territory.<sup>22</sup> These cumulative increases, in addition to Columbia's currently proposed rate increase, will drastically increase utility bills for Pittsburgh residential customers and will further exacerbate the unaffordability of rates for low income customers who are already struggling to afford and stay connected to services.<sup>23</sup> Customers facing these overlapping rate increases are unlikely to be able to absorb the additional financial obligations given local wages.<sup>24</sup> As Mr. Colton explained, these additional utility rate increases compound the housing affordability crisis in Pittsburgh, falling disproportionately hard on low income households.<sup>25</sup> Further, the proposed MLC would still be assessed to customers who are enrolled in CAP and reside in the affected geographic areas within Columbia's service territory, thus increasing the cost of CAP.<sup>26</sup> Columbia has likewise failed to provide any analysis of the impact of the proposed MLC on universal service programming.<sup>27</sup>

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<sup>21</sup> CAUSE-PA MB at 6.

<sup>22</sup> Id. at 9; OCA St. 6 at 27-29.

<sup>23</sup> CAUSE-PA MB at 10-11.

<sup>24</sup> Id. at 10, OCA St. 6 at 29.

<sup>25</sup> Id., OCA St. 6 at 29.

<sup>26</sup> Id. at 11.

<sup>27</sup> Id.

Thus, the additional costs levied through the proposed MLC are inequitable and would further compound the struggles of Pittsburgh residents, especially for low income and other vulnerable households. The RD correctly concludes that Columbia has failed to meet its burden to prove that the proposed MLC is just and reasonable.<sup>28</sup> To the contrary, the proposed MLC violates cost causation principals and creates unreasonable rate discrimination contrary to the public interest.<sup>29</sup> For the reasons set forth here and in CAUSE-PA’s Main Brief, we respectfully urge the Commission to adopt the ALJ’s recommendation to reject Columbia’s proposed MLC, and reject Columbia’s Exceptions to the RD.

### III. CONCLUSION

For the reasons stated above, CAUSE-PA respectfully asserts that the Commission should reject Columbia’s Exceptions and affirm the ALJ’s findings in the Recommended Decision that the proposed MLC results in improper cost shifting and rate discrimination and should be rejected.

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<sup>28</sup> RD at 108, 112, 117, 118

<sup>29</sup> Id. at 117.

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