

COMMONWEALTH OF PENNSYLVANIA



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April 8, 2025

Via Electronic Filing

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

Re: Pennsylvania Public Utility Commission
v.
Columbia Gas of Pennsylvania, Inc.
Docket Nos. R-2025-3053499

Dear Secretary Chiavetta:

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

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

Respectfully submitted,

/s/ Christy M. Appleby
Christy M. Appleby
Senior Assistant Consumer Advocate
PA Attorney I.D. # 85824
CAappleby@paoca.org

Enclosures

cc: The Honorable Charles E. Rainey, Jr. (email only: crainey@pa.gov)
Office of Special Assistants (email only: ra-OSA@pa.gov)
Paul Diskin, TUS (email only: pdiskin@pa.gov)
Darren Gill, TUS (email only: dgill@pa.gov)
Certificate of Service

CERTIFICATE OF SERVICE

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2025-3053499
	:	
Columbia Gas of Pennsylvania, Inc.	:	
	:	

I hereby certify that I have this day filed electronically on the Commission’s electronic filing system and served a true copy of the following document, the Office of Consumer Advocate’s Formal Complaint and Public Statement, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below.

Dated this 8th day of April 2025.

SERVICE BY E-MAIL ONLY

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Dated: April 8, 2025

Counsel for:
Darryl A. Lawrence
Acting Consumer Advocate

PENNSYLVANIA PUBLIC UTILITY COMMISSION

FORMAL COMPLAINT

1. COMPLAINANT INFORMATION

Darryl A. Lawrence, Acting Consumer Advocate

555 Walnut Street, 5th Floor, Forum Place
Harrisburg, PA 17101-1923
Dauphin County

Phone: 717-783-5048

2. FULL NAME OF UTILITY COMPANY:

Columbia Gas of Pennsylvania, Inc.
Docket No. R-2025-3053499

3. TYPE OF UTILITY:

Gas

4. COMPLAINT:

A. On March 20, 2025, Columbia Gas of Pennsylvania, Inc. (Columbia) filed Supplement No. 392 to Tariff Gas Pa. P.U.C. No. 9 to become effective May 19, 2025. A full suspension by the Public Utility Commission (Commission) would delay the increase until December 19, 2025. Through these filings, Columbia requests that the Commission approve general distribution rate increases to its natural gas distribution rates pursuant to sections 1308 and 1330 of the Public Utility Code, 66 Pa. C.S. §§ 1308 and 1330. Columbia's proposed tariffs would increase the Company's total annual operating revenues by approximately \$110.5 million, or 12.0% overall, based on a fully projected future test year (FPFTY) ending November 30, 2026.

B. As of November 30, 2024, Columbia serves approximately 445,783 gas customers located in 26 counties.

C. The Company provides gas service in portions of Adams, Allegheny, Armstrong, Beaver, Bedford, Butler, Centre, Chester, Clarion, Clearfield, Elk, Fayette, Franklin, Fulton, Greene, Indiana, Jefferson, Lawrence, McKean, Mercer, Somerset, Venango, Warren, Washington, Westmoreland, and York Counties.

- D.** According to the customer notices included in Columbia’s filing, a residential gas customer using 70 therms of gas per month would see a total bill increase from \$138.52 to \$154.29, an increase of \$15.77 or 11.38%.
- E.** The OCA is investigating the basis for and calculation of estimated bill increases and decreases to ensure that they are consistent with applicable standards and will produce just and reasonable rates.
- F.** The proposed gas rate changes noted above do not reflect the changes that will be experienced by all customers; rather they only reflect changes for customers using what Columbia has asserted the “typical” usage for residential customers. In the OCA’s experience, the increases reflected above (and on the notices sent to customers) often underestimate the impact of the rate increase for many customers and may potentially overestimate the decrease for some gas customers.
- G.** The Company is proposing to increase its customer charge, which is a charge a customer pays no matter how little or how much natural gas they consume, based on the Company’s filing, residential customers may see their customer charge increase from \$17.25 to \$31.97, an increase of \$14.72 or 85.3%.
- H.** Of the total proposed gas revenue increase, the Company is proposing an increase of 16.9% for residential customers, an 18.4% increase for low-usage commercial and industrial customers, and an increase of between 17.6% and 21.4% for high-usage commercial and industrial customers. Exhibit 5-B, Schedule 1-LM, Page 1 of 1.
- I.** For ratemaking purposes, Columbia proposes a return on equity of 11.35% resulting in an overall rate of return of 8.55%. The request for a 11.35% return on equity includes the Company’s request for recognition of its claimed exemplary managerial performance as a 25 basis point increase to the proposed market-based return on equity of 11.10%. The Company also proposes to utilize an equity-rich capital ratio of 54.40% common equity, 43.28% long-term debt, and 2.32% short-term debt for ratemaking purposes, as this proposal does not reflect the Company’s current capital structure.
- J.** The proposed rates of return appear to be excessive and, if accepted would result in rates that are unjust and unreasonable in violation of chapter 13 of the Pennsylvania Public Utility Code, 66 Pa. C.S. §1301, *et seq.*, sound ratemaking principles, and public policy. The proposed capital structure is also likely to be found to be excessive and, if adopted, would result in rates that are unjust and unreasonable in

violation of Chapter 13 of the Pennsylvania Public Utility Code, 66 Pa. C.S. §1301, *et seq.*, sound ratemaking principles, and public policy.

- K.** Columbia further seeks approval to guarantee that it will meet its revenue target between rate cases by way of combination of a Weather Normalization Adjustment (WNA), which the Company proposes to implement on a permanent basis, and a new Revenue Normalization Adjustment (RNA). The proposed WNA and RNA, and the proposed combination of these adjustments, may be unjust, unreasonable, and in violation of law; may be contrary to the provisions of prior Commission-approved settlements and orders; and otherwise, may be contrary to sound ratemaking principles and public policy.
- L.** Columbia proposes to introduce an Economic Development Distribution Service tariff. Columbia states that the new tariff will allow the Company the flexibility to enter into individual contracts with new large load non-jurisdictional customers in a way that will provide for accelerated cost recovery. The proposed Economic Development Distribution Service tariff may be unjust, unreasonable, and in violation of law; may be contrary to the provisions of prior Commission-approved settlements and orders; and otherwise, may be contrary to sound ratemaking principles and public policy.
- M.** Columbia also proposes to renew its residential energy efficiency program and establish a new commercial energy efficiency program. The existing Pilot Residential Energy Efficiency Program is set to expire at the end of 2025. The Company proposes to continue the existing program and to expand the residential measures and to add a commercial component for a period of three years. The OCA will investigate the Company's proposed continuation and expansion of the energy efficiency program to ensure that the program is in the public interest and consistent with sound ratemaking principles and public policy.
- N.** The Company proposes the following modifications to its universal service program: (1) to include the Energy Assistance Team (EAT) program labor cost in the Universal Services Rider (Rider USP) instead of the current recovery through base rates and (2) to implement a \$100,000 grant program called the Customer Assistance Program Arrearage Pilot Program to help CAP customers who were removed from the program for non-payment return to the program. The proposed changes to the cost recovery for the EAT should be examined to determine whether they are unjust, unreasonable, and in violation of law; may be contrary to the provisions of prior Commission-approved settlements and orders; and otherwise, may be contrary to sound ratemaking principles and public policy. The new Arrearage Pilot Program should be reviewed to ensure that it is consistent with Commission policy and the public interest.
- O.** In reaching a decision on whether to grant Columbia's rate increase as well as its various rule and tariff changes, the Public Utility Commission must give "due consideration to the interests of consumers." 71 Pa. Stat. Ann. §309-5(2).

- P.** A preliminary examination of Columbia’s general rate increase request indicates that the rates requested, including specific elements of its request, for example, but not limited to, the rate of return, revenue allocation, proposed customer charges, rate design, and current and proposed alternative ratemaking mechanisms may not be just and reasonable and otherwise may be in violation of the law.

5. RELIEF

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

- A.** Suspend and investigate the operation of the proposed tariff supplements, Columbia Gas of Pennsylvania, Inc.’s Supplement No. 392 to Tariff Gas Pa. P.U.C. No. 9 pursuant to Section 1308(d) of the Public Utility Code, 66 Pa. C.S. §1308(d);
- B.** Enter a suspension order at the next scheduled Public Meeting following the date of this Complaint, which is April 10, 2025, in order to expedite this matter being assigned to the Office of Administrative Law Judge, which would allow the commencement of necessary procedural steps for purposes of developing a reasonable procedural schedule in which the parties may litigate;
- C.** Direct the Office of Administrative Law Judge to use the December 8, 2025 Public Meeting as the deadline for a final Commission determination in this matter and for purposes of setting a deadline for a Recommended Decision and developing a litigation schedule in this matter;
- D.** Consolidate all complaints filed against the proposed increases for natural gas distribution service;
- E.** Ensure that Columbia has provided appropriate and adequate notice in accordance with the Public Utility Code and the Commission’s Regulations;
- F.** Hold full evidentiary hearings examining the reasonableness of Columbia’s current rates and its proposed increases;
- G.** After providing the public with adequate notice, and as early in the proceeding as possible, hold in-person public input hearings in Columbia’s service territory, as well as by telephone or virtually, in order to provide Columbia customers with an opportunity to be heard on the record; and
- H.** Grant such other relief that the Commission may deem appropriate.

6. VERIFICATION AND SIGNATURE

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

Darryl Lawrence

Signature

4-8-2025

Date

7. Legal Representation

Christy A. Appleby, Senior Assistant Consumer Advocate, PA Bar No. 85824

Barrett C. Sheridan, Assistant Consumer Advocate, PA Bar No. 61138

Jacob D. Guthrie, Assistant Consumer Advocate, PA Bar No. 334367

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

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

On March 20, 2025, Columbia filed a general rate increase request seeking the Commission's approval to increase its overall operating revenue by approximately \$110.5 million per year, or 12.0%, over the amount of annual distribution revenues at present rates. Under the Company's proposal, a residential gas customer using 70 therms per month would see an estimated monthly increase in their gas bill ranging of 11.38%. The Company's requested increase is based, in part, on its proposed return on equity of 11.35%, including a 0.25% adjustment for exceptional management performance, and an equity-rich capital structure. Columbia also proposes to convert its current pilot Weather Normalization Adjustment rate mechanism into a permanent program, as well as to implement a Revenue Normalization Adjustment rate mechanism.

The objective of the Acting Consumer Advocate in filing this complaint is to protect the interests of Columbia's customers. The Acting Consumer Advocate will seek to ensure that Columbia is permitted to implement only rates that are fully justified, just and reasonable, not unduly discriminatory, and otherwise consistent with sound ratemaking principles and the Public Utility Code, Commission regulations and orders, and case law. The Acting Consumer Advocate submits that Columbia's current rates and its proposed rates may be unjustifiable and unlawful based upon information filed by Columbia in support of its claim.