



COMMONWEALTH OF PENNSYLVANIA

August 26, 2025

**E-FILED**

Matthew L. Homsher, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120

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

Dear Secretary Homsher:

Enclosed please find the Main Brief, on behalf of the Office of Small Business Advocate (“OSBA”), in the above-captioned proceeding.

Copies will be served on all known parties in this proceeding, as indicated on the attached Certificate of Service.

If you have any questions, please do not hesitate to contact me.

Sincerely,

*/s/ Steven C. Gray*

Steven C. Gray  
Senior Attorney  
Assistant Small Business Advocate  
Attorney ID No. 77538

*Enclosures*

cc: Mark Ewen  
Parties of Record

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

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**MAIN BRIEF  
ON BEHALF OF THE  
OFFICE OF SMALL BUSINESS ADVOCATE**

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**For:  
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**Date: August 26, 2025**

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## I. INTRODUCTION

### A. History of the Proceeding

On March 20, 2025, Columbia Gas of Pennsylvania, Inc. (“Columbia” or the “Company”) filed Supplement No. 392 to Tariff Gas Pa. P.U.C. No. 9 (“Supplement No. 392”) with the Pennsylvania Public Utility Commission (“Commission”). Supplement No. 392, if approved by the Commission, would increase the Company’s total annual operating revenues by approximately \$110.5 million.

On April 11, 2025, the Office of Small Business Advocate (“OSBA”) filed a Complaint in opposition to Supplement No. 392.

On May 7, 2025, a telephonic prehearing conference was held before Administrative Law Judge (“ALJ”) Jeffery A. Watson and ALJ Chad L. Allensworth.

On May 8, 2025, ALJ Watson and ALJ Allensworth issued their Interim Order Establishing Litigation Schedule and Revising Discovery Procedures.

On May 9, 2025, ALJ Watson and ALJ Allensworth issued their Prehearing Order.

On June 18, 2025, the OSBA served the Direct Testimony of Mark D. Ewen.

On July 17, 2025, the OSBA served the Rebuttal Testimony of Mr. Ewen.

On July 31, 2025, the OSBA served the Surrebuttal Testimony of Mr. Ewen.

On August 1, 2025, ALJ Watson and ALJ Allensworth issued their Interim Setting Requirements for Briefs and Settlement Documents.

On August 6, 2027, ALJ Watson and ALJ Allensworth conducted an evidentiary hearing.

On August 7, 2027, ALJ Watson and ALJ Allensworth conducted an evidentiary hearing.

The OSBA submits this Main Brief in accordance with the ALJs' May 9<sup>th</sup> Prehearing Order.

B. Legal Standards

Section 1301 of the Public Utility Code<sup>1</sup> provides that “every rate made, demanded, or received by any public utility, or by any two or more public utilities jointly, shall be just and reasonable, and in conformity with regulations or orders of the commission.”

The burden of proof to establish the justness and reasonableness of every element of the utility's rate increase rests solely upon the public utility.<sup>2</sup> “It is well-established that the evidence adduced by a utility to meet this burden must be substantial.”<sup>3</sup>

Although the burden of proof remains with the public utility throughout the rate proceeding, when a party proposes an adjustment to a ratemaking claim of a utility, the proposing party bears the burden of presenting some evidence or analysis tending to demonstrate the reasonableness of the adjustment.<sup>4</sup> “Section 315(a) of the Code, 66 Pa. C.S. § 315(a), applies since this is a proceeding on Commission Motion. However, after the utility establishes a prima facie case, the burden of going forward or the burden of persuasion shifts to the other parties to rebut the prima facie case.”<sup>5</sup>

Furthermore, Section 523 of the Public Utility Code<sup>6</sup> requires the Commission to “consider . . . the efficiency, effectiveness and adequacy of service of each utility when

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<sup>1</sup> 66 Pa. C.S. § 1301.

<sup>2</sup> 66 Pa. C.S. § 315(a).

<sup>3</sup> *Lower Frederick Township v. Pa. PUC*, 409 A.2d 505, 507 (Pa. Cmwlth. 1980).

<sup>4</sup> *Pa. PUC v. Aqua Pennsylvania, Inc.*, Docket No. R-00072711 (Order entered July 17, 2008).

<sup>5</sup> *Pa. PUC v. Philadelphia Gas Works*, Docket No. R-00061931 (Order entered September 28, 2007), at 12.

<sup>6</sup> 66 Pa. C.S. § 523.

determining just and reasonable rates.” In exchange for customers paying rates for service, which include the cost of utility plant in service and a rate of return, a public utility is obligated to provide safe, adequate, and reasonable service. “[I]n exchange for the utility’s provision of safe, adequate, and reasonable service, the ratepayers are obligated to pay rates which cover the cost of service which includes reasonable operation and maintenance expenses, depreciation, taxes, and a fair rate of return for the utility’s investors . . . In return for providing safe and adequate service, the utility is entitled to recover, through rates, these enumerated costs.”<sup>7</sup> As a result, the legislature has given the Commission discretionary authority to deny a proposed rate increase, in whole or in part, if the Commission finds “that the service rendered by the public utility is inadequate.”<sup>8</sup>

## **II. SUMMARY OF ARGUMENT**

The OSBA supports a reduction in Columbia’s requested Return on Equity of 11.35% as argued by the Bureau of Investigation and Enforcement and the Office of Consumer Advocate.

The OSBA adopts the “Peak & Average” (“P&A”) cost of service study (“COSS”) methodology in this proceeding.

The OSBA proposed revenue allocation should be adopted in this proceeding as it moves Columbia’s customer classes closer to their cost of service than the Company’s proposal and does not impermissibly move Columbia’s small business customers further away from their cost of service as does the Office of Consumer Advocate revenue allocation proposal.

The OSBA’s proposed revenue allocation should be proportionally scaled-back to allocate the final revenue increases to the Company’s customer classes.

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<sup>7</sup> *Pa. PUC v. Pennsylvania Gas & Water Co.*, 61 Pa. PUC 409 (1986), at 415-16. *See also* 66 Pa. C.S. § 1501.

<sup>8</sup> 66 Pa. C.S. § 526(a).

If the Commission awards Columbia a revenue increase less than \$110.5 million, the SGS1 customer charge should remain at \$33.00, and the SGS2 customer charge be proportionally scaled back from \$66.12.

The Commission should deny Columbia's proposed Revenue Normalization Adjustment.

The OSBA supports Columbia's proposed Energy Efficiency Plan for the Company's small business customers.

OSBA witness Mark D. Ewen provides a series of suggestions that could improve Columbia's proposed Energy Efficiency Plan.

### **III. OVERALL POSITION ON THE RATE INCREASE**

Columbia is requesting an increase in the Company's annual distribution revenues of approximately \$110.5 million. Mr. Ewen provided extensive testimony on the seemingly unrelenting pace of Columbia's significant increases in revenue.<sup>9</sup> Specifically, since 2008, Columbia has submitted thirteen base rates filings. Prior to 2008, Columbia had not filed a base rates case since 1995. This steady flow of rate cases has been primarily driven by the Company's mains and services replacement program, undertaken over the past seventeen years. A summary of the base rates filing amounts and settlement rate increases is provided in Table IEC-1, set forth below.<sup>10</sup>

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<sup>9</sup> OSBA Statement No. 1, at 4-8.

<sup>10</sup> OSBA Statement No. 1, at 5.

<b>Table IEc-1</b>				
<b>Recent Columbia Base Rate Increase Cases</b>				
<b>Docket No.</b>	<b>Test Year Ending</b>	<b>Proposed Increase (\$mm)</b>	<b>Award Amount (\$mm)</b>	<b>Award Percent</b>
R-2008-2011621	Sep-2008	\$58.9	\$41.5	70%
R-2009-2149262	Sep-2010	\$32.3	\$12.0	37%
R-2010-2215623	Sep-2011	\$37.8	\$17.0	45%
R-2012-2321748	Jun-2014	\$77.3	\$55.3	72%
R-2014-2406274	Dec-2015	\$54.1	\$32.5	60%
R-2015-2468056	Dec-2016	\$46.2	\$28.0	61%
R-2016-2529660	Dec-2017	\$55.3	\$35.0	63%
R-2018-2647577	Dec-2019	\$46.8	\$26.0	56%
R-2020-3017206	Dec-2021	\$100.4	\$63.5	63%
R-2021-3024296	Dec-2022	\$98.3	\$58.5	60%
R-2022-3031211	Dec-2023	\$82.2	\$44.5	54%
R-2024-3046519	Dec-2025	\$124.1	\$74.0	60%
<b>Total</b>		<b>\$813.7</b>	<b>\$487.8</b>	<b>60%</b>
R-2025-3053499	Dec-2026	\$110.5	--	

With its proposed increase in the present case, Columbia now has the dubious distinction of having the highest residential and small commercial base rates among large natural gas distribution companies (“NGDCs”) in the Commonwealth, as illustrated in Table IEc-2, set forth below.<sup>11</sup> Given the apparent lack of a long-term competitive analysis of its distribution business, the OSBA questions whether the Company has demonstrated that its overall capital spending plan is prudent.

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<sup>11</sup> OSBA Statement No. 1, at 6.

<b>Table IEc-2</b>				
<b>Recent Columbia Base Rate Increase Cases</b>				
<b>Residential</b>	<b>Customer</b>	<b>Commodity</b>	<b>Other</b>	<b>Avg Rate</b>
			<b>Monthly Mcf==&gt;</b>	<b>10.0</b>
Columbia Proposed	31.97	10.4458		13.64
Columbia Current	17.25	10.4450		12.17
PGW (w/OPEB) Current	16.25	7.4624	0.3950	9.48
PGW (w/OPEB) Proposed	19.50	9.1761		11.13
PECO Gas	15.70	6.8633		8.43
UGI Gas R/RT	15.00	5.1764		6.68
Peoples	16.80	5.3537		7.03
National Fuel Gas Dist'n	14.00	3.3391		4.74
<b>Commercial</b>	<b>Customer</b>	<b>Commodity</b>	<b>Other</b>	<b>Avg Rate</b>
			<b>Monthly Mcf==&gt;</b>	<b>50.0</b>
Columbia Current SGS1	33.00	8.0554		8.72
Columbia Proposed SGS1	39.00	9.5455		10.33
Columbia Current SGS2	63.00	6.8552		8.12
Columbia Proposed SGS2	75.00	8.1187		9.62
PGW (w/OPEB)	27.65	5.4086	0.3950	6.36
PGW (w/OPEB) Proposed	34.00	7.0055		7.69
PECO Gas GC	36.38	5.1985		5.93
UGI Gas Rate N/NT	27.38	3.8378		4.39
Peoples SGS	22.00	3.9844		4.42
Peoples SGS>500	44.00	3.9844		4.86
National Fuel Gas Dist'n C&PA>250	37.00	2.4335		3.17

With respect to the Company's overall revenue requirement, at a minimum the OSBA supports a reduction in Columbia's requested Return on Equity of 11.35% as argued by the Bureau of Investigation and Enforcement ("I&E") and the Office of Consumer Advocate ("OCA").<sup>12</sup> In addition, the Commission should advise Columbia that future capital expenditures

<sup>12</sup> See I&E Statement 2-SR, at 4-54 (recommending an ROE of 10.51%); OCA Statement 3-SR, at 2-12 (recommending an ROE of 8.9%).

have not been shown to be part of a demonstrably prudent long term investment plan, and that they can be subjected to *ex post* prudence reviews should they become stranded. At a minimum, the Commission should require Columbia to demonstrate that it has a long-term viable business as part of its next LTIP filing.

**IV. RATE BASE**

The OSBA is not briefing this issue.

**V. REVENUES**

The OSBA is not briefing this issue.

**VI. DEPRECIATION EXPENSE**

The OSBA is not briefing this issue.

**VII. O&M AND A&G EXPENSES**

The OSBA is not briefing this issue.

**VIII. TAXES**

The OSBA is not briefing this issue.

**IX. RATE OF RETURN**

The OSBA is not briefing this issue.

**X. RATE STRUCTURE AND RATE DESIGN**

A. Cost of Service Study

In Columbia's base rates proceeding at Docket No. R-2020-3018835, the Commission approved the use of a P&A COSS methodology for mains cost allocation.<sup>13</sup>

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<sup>13</sup> *Pa. PUC v. Columbia Gas of Pennsylvania, Inc*, Docket No. R-2020-3018835 (Order entered February 19, 2021) (“*February 2021 Order*”), at 211-218 (“Based on our review of the record, and as noted by the ALJ, we have consistently used the Peak & Average methodology for the allocation of costs for NGDCs.”).

In this proceeding, Columbia submitted three different COSS methodologies: P&A; Customer/Demand (“CD”); and the average of the two.<sup>14</sup> Columbia primarily relied upon the P&A COSS methodology in this proceeding.<sup>15</sup>

The OSBA accepts the use of the P&A COSS methodology for this proceeding. The OCA and I&E also relied upon the P&A COSS methodology in their respective direct testimony.<sup>16</sup>

Pennsylvania State University (“PSU”) advocated for the use of the CD COSS methodology in its direct testimony.<sup>17</sup> The OSBA would welcome a Commission decision which would allow gas distribution utilities to consider the results of a CD COSS. As OSBA witness Mark D. Ewen explained, the CD method is more reflective of cost causation because it recognizes that mains are sized to meet peak demands and that there are scale economies to serving larger customers.<sup>18</sup>

B. Revenue Allocation

1. Legal Standards

Section 1301(a) of the Public Utility Code states, as follows:

***Regulation.*** – Every rate made, demanded, or received by any public utility, or by any two or more public utilities jointly, shall be just and reasonable, and in conformity with regulations or orders of the commission.

66 Pa. C.S. § 1301(a) (Rates to be just and reasonable).

Section 1304 of the Public Utility Code states, as follows:

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<sup>14</sup> OSBA Statement No. 1-R, at 1.

<sup>15</sup> *Id.*

<sup>16</sup> OCA Statement No. 4, at 8; I&E Statement No. 3, at 38.

<sup>17</sup> PSU Statement No. 1, at 24.

<sup>18</sup> OSBA Statement No. 1-R, at 1-2.

No public utility shall, as to rates, make or grant any unreasonable preference or advantage to any person, corporation, or municipal corporation, or subject any person, corporation, or municipal corporation to any unreasonable prejudice or disadvantage. No public utility shall establish or maintain any unreasonable difference as to rates, either as between localities or as between classes of service.

66 Pa. C.S. § 1304 (Discrimination in rates)

The Commonwealth Court<sup>19</sup> decided, as follows:

However, while permitted, gradualism is but one of many factors to be considered and weighed by the Commission in determining rate designs, and principles of gradualism cannot be allowed to trump all other valid ratemaking concerns and do not justify allowing one class of customers to subsidize the cost of service for another class of customers over an extended period of time.

\* \* \*

[I]n effect, the Commission has determined that the principle of gradualism trumps all other ratemaking concerns - especially the polestar - cost of providing service.

As the Commonwealth Court observed in *Lloyd*, the goal of ratemaking is to move the customer classes to their cost of service. In his Rebuttal Testimony, Mr. Ewen included the Table below<sup>20</sup> to illustrate the revenue allocation proposals of Columbia, the OSBA, and OCA (at the \$110.5 million full revenue request):

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<sup>19</sup> *Lloyd v. Pennsylvania Public Utility Commission*, 904 A.2d 1010, 1020 (Pa. Cmwlth. 2006),

<sup>20</sup> OSBA Statement No. 1-R, at 3.

Table IEC-1R						
Summary of Revenue Increase Allocation Proposals						
	Columbia		OSBA		OCA	
	(\$mm)	%	(\$mm)	%	(\$mm)	%
Residential	\$73.88	15.6%	\$71.53	15.1%	\$65.48	13.9%
SGS1	\$10.66	18.3%	\$9.83	16.9%	\$12.33	21.2%
SGS2	\$12.07	18.3%	\$11.44	17.4%	\$14.09	21.4%
Med Gen'l (SDS/LGSS)	\$7.56	17.5%	\$7.96	18.5%	\$8.86	20.6%
Lg Gen'l (LDS/LGSS)	\$6.33	21.3%	\$9.73	32.8%	\$9.73	32.8%
MDS	\$-	0.0%	\$-	0.0%	\$-	0.0%
Flex	\$0	0.0%	\$-	0.0%	\$-	0.0%
<b>Total</b>	<b>\$110.50</b>	<b>16.4%</b>	<b>\$110.50</b>	<b>16.4%</b>	<b>\$110.50</b>	<b>16.4%</b>
Note: Source: IEC WP1-R						

All three revenue allocations, set forth above, are based upon the results of Columbia's P&A COSS methodology. The differences between the three proposals are essentially how quickly any given customer class is moved to (or towards) their respective cost of service.

Mr. Ewen testified that Columbia's proposed revenue allocation made little progress towards cost-of-service for the Company's customer classes. Because the residential and small business classes made so little progress those classes would continue to subsidize the large LDF/LGSS class.<sup>21</sup> Therefore, Mr. Ewen proposed the OSBA revenue allocation, set forth above. Mr. Ewen's revenue allocation moves the residential and small business classes closer to their cost of service. This allows for a larger increase for the LDS/LGSS class, which is significantly under-recovering its cost of service.<sup>22</sup>

<sup>21</sup> OSBA Statement No. 1-R, at 2.

<sup>22</sup> OSBA Statement No. 1-R, at 2-3.

The OCA's proposed revenue allocation also assigned a larger increase for the LDS/LGSS class. However, the OCA aggressively assigns greater increases to the SGSS/DS-1, SGSS/DS-2, and SDS/LGSS while providing significant relief to the residential class. As OCA witness Jerome Mierzwa explained, "I adjusted the increase assigned to the RSS/RDS, SGSS/DS-1, SGSS/DS-2, and SDS/LGSS classes to essentially equalize the relative rate of return under proposed rates for each of those four classes."<sup>23</sup>

The OSBA respectfully disagrees that equalizing relative rates of return is an appropriate goal for this, or any other, rate proceeding. A better metric for progress towards cost of service is the percentage increase, for each customer class, compared to the system average percentage increase.<sup>24</sup>

In addition, the OCA proposal results in increases to the small business customers of Columbia, on the order of 1.26 to 1.30 times the system average increase. These are customer classes that the P&A COSS demonstrates are already over-recovering their respective cost of service.<sup>25</sup> Further increasing the rates so that Columbia's small business classes are moving even further from their respective cost of service violates the requirements of *Lloyd* and Section 1301 of the Public Utility Code. In fact, the OCA's proposed revenue allocation appears to be based upon a desire to reduce residential rates rather than to achieve any cost-of-service goals.

Finally, any revenue allocation adopted by the Commission should be proportionally scaled back to allocate the final revenue increases to the Company's customer classes, consistent with prior practice.

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<sup>23</sup> OCA Statement No. 4, at 12.

<sup>24</sup> OSBA Statement No. 1-S, at 3.

<sup>25</sup> OSBA Statement No. 1-S, at 3.

C. Rate Design / Tariff Structure

According to the calculations presented by Columbia, the customer charge for an SGS1 customer, using less than 644Dth/year, should be set at \$33.13 based upon the Company receiving the full \$110.5 revenue increase. Columbia proposes to increase the customer charge for the SGS1 customer class to \$39.00. The current customer charge for an SGS1 customer is \$33.00.<sup>26</sup>

Also, according to the calculations presented by Columbia, the customer charge for an SGS2 customer, using more than 644Dth/year, should be set at \$66.12 (based upon the Company receiving the full \$110.5 million revenue increase). Columbia proposes to increase the customer charge for the SGS2 customer class to \$75.00. The current customer charge for an SGS2 customer is \$63.00.<sup>27</sup>

If the Commission awards Columbia a revenue increase of less than \$110.5 million, the OSBA recommends that the SGS1 customer charge remain at \$33.00, and that the SGS2 customer charge be proportionally scaled back from \$66.12.

D. Summary and Alternatives

The OSBA accepts the use of the P&A COSS methodology for purposes of this proceeding.

The OSBA would not object if the Commission instead decided to consider the CD COSS methodology as a guide for cost allocation in this proceeding.

The OSBA recommends the use of its proposed revenue allocation, which moves the various customer classes closer to their respective cost of service while not moving Columbia's

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<sup>26</sup> OSBA Statement No. 1, at 16.

<sup>27</sup> OSBA Statement No. 1, at 16.

small business customers further away from their cost of service as the OCA revenue allocation does.

The OSBA recommends that, if the Commission awards Columbia a revenue increase less than \$110.5 million, the SGS1 customer charge remain at \$33.00, and that the SGS2 customer charge be proportionally scaled back from \$66.12.

Finally, any revenue allocation adopted by the Commission should be proportionally scaled back to allocate the final revenue increases to the Company's customer classes, consistent with prior practice.

## **XI. ALTERNATIVE RATEMAKING**

### **A. Weather Normalization Adjustment**

The OSBA is not briefing this issue.

### **B. Revenue Normalization Adjustment**

Columbia's proposed Revenue Normalization Adjust ("RNA") is a decoupling mechanism that would break the link between revenues and customer gas consumption. This would allow Columbia to ensure the utility receives a pre-established, benchmark level of revenue.<sup>28</sup>

The OSBA opposes implementing an RNA for Columbia. While an RNA would reduce risk for Columbia, the Company has not offered a concomitant reduction in its ROE. Furthermore, by shifting the financial risks associated with gas consumption variability from Columbia to the Company's ratepayers, the risk will now fall on the residential and small business customers in the form of rate adjustments to "normalize" revenue.<sup>29</sup>

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<sup>28</sup> OSBA Statement No. 1, at 17.

<sup>29</sup> OSBA Statement No. 1, at 18.

Significantly, Columbia has financial options that eliminate any need for an RNA. Columbia is a monopoly utility, with all the advantages that implies. Columbia's parent company, NiSource, Inc., has a market capitalization (at the time of this writing) of \$20.22 billion. Columbia employs a fully project future test year ("FPFTY") in its rate cases. Columbia employs a distribution system improvement charge ("DSIC").

Consequently, there is no record evidence that Columbia requires an RNA. The Commission should deny the Company's request for an RNA.

## **XII. CUSTOMER SERVICE / QUALITY OF SERVICE**

The OSBA is not briefing this issue.

## **XIII. UNIVERSAL SERVICE PROGRAMS**

The OSBA is not briefing this issue.

## **XIV. ENERGY EFFICIENCY PROGRAM**

Columbia is proposing to expand its Energy Efficiency Plan to the Company's small business customers. The OSBA appreciates and supports this Columbia proposal.

Mr. Ewen provided recommendations for improving the program. First, provide budget transparency so that the parties are notified if Columbia plans to shift its budget among programs.<sup>30</sup>

Second, Columbia's proposed marketing plan lacks details. Mr. Ewen recommended the following to provide those missing details:

- What metrics Columbia will use to understand if the marketing is working.
- How and when Columbia will collect these metrics.
- How and when Columbia will report these metrics.

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<sup>30</sup> OSBA Statement No. 1, at 21.

- How will Columbia proceed if the small commercial program is not meeting uptake targets.<sup>31</sup>

Third, Columbia should report program participation by rate class in its annual reports and program updates.<sup>32</sup>

#### **XV. COMPETITIVE SUPPLY ISSUES**

The OSBA is not briefing this issue.

#### **XVI. TARIFF ISSUES (NOT BRIEFED ABOVE)**

##### A. Rate EDDS

The OSBA is not briefing this issue.

##### B. Eligible Customer List

The OSBA is not briefing this issue.

#### **XVII. MISCELLANEOUS ISSUES**

The OSBA is not briefing this issue.

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<sup>31</sup> OSBA Statement No. 1, at 21.

<sup>32</sup> OSBA Statement No. 1, at 22.

## XVIII. CONCLUSION

Therefore, the OSBA respectfully requests that the ALJ's and the Commission:

- Reduce Columbia's requested Return on Equity of 11.35% as argued by I&E and the OCA.
- If the ALJ's and the Commission approve the Peak & Average cost of service study methodology in this proceeding, adopt the OSBA's proposed revenue allocation which moves Columbia's customer classes closer to their cost of service and does not impermissibly move Columbia's small business customers further away from their cost of service as recommended by the OCA revenue allocation proposal.
- Scale back the OSBA's proposed revenue allocation to allocate the final revenue increases to Columbia's customer classes.
- If the ALJ's and the Commission provide Columbia with a revenue increase of less than \$110.5 million, set the SGS1 customer charge to remain at \$33.00, and set the SGS2 customer charge at a proportionally scaled back level from \$66.12.
- Deny Columbia's request for an RNA.
- Implement Columbia's proposed Energy Efficiency Plan for the Company's small business customers.
- Require Columbia to implement the suggestions of OSBA witness Mark D. Ewen, as set forth above, to provide additional details for Columbia's Energy Efficiency Plan.

Respectfully submitted,

/s/ Steven C. Gray

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Dated: August 26, 2025

# APPENDIX A

Proposed Findings of Fact

### **Proposed Findings of Fact**

- 1) On March 20, 2025, Columbia Gas of Pennsylvania, Inc. filed Supplement No. 392 to Tariff Gas Pa. P.U.C. No. 9 with the Pennsylvania Public Utility Commission. Supplement No. 392, if approved by the Commission, would increase Columbia's total annual operating revenues by approximately \$110.5 million.
- 2) On April 11, 2025, the OSBA filed a Complaint in opposition to Supplement No. 392.
- 3) In this proceeding, Columbia submitted three different cost of service study methodologies that differ in the allocation method applied to gas mains: a Peak-and-Average methodology; a Customer/Demand methodology; and the average of the two. OSBA Statement No. 1-R, at 1.
- 4) Columbia primarily used the Peak-and-Average cost of service study methodology in this proceeding. OSBA Statement No. 1-R, at 1.
- 5) Columbia's proposed revenue allocation makes little progress towards cost-of-service for the Company's customer classes. OSBA Statement No. 1-R, at 2.
- 6) The OCA revenue allocation proposal results in increases of 1.26 to 1.30 times the system average for Columbia's small business customers – customers that the Peak-and-Average cost of service study methodology demonstrates are already over-recovering their cost of service. OSBA Statement No. 1-S, at 3.
- 7) The OSBA's revenue allocation moves all of Columbia's customer classes closer to their cost of service while not impermissibly moving Columbia's small business customers further away from their cost of service as recommended by the OCA. OSBA Statement No. 1-R, at 2-3; OSBA Statement No. 1-S, at 3.

# APPENDIX B

Proposed Conclusions of Law

### **Proposed Conclusions of Law**

- 1) Section 1301 of the Public Utility Code, 66 Pa. C.S. § 1301, provides that “every rate made, demanded, or received by any public utility, or by any two or more public utilities jointly, shall be just and reasonable, and in conformity with regulations or orders of the commission.”
- 2) The burden of proof to establish the justness and reasonableness of every element of the utility’s rate increase rests solely upon the public utility. 66 Pa. C.S. § 315(a). “It is well-established that the evidence adduced by a utility to meet this burden must be substantial.” *Lower Frederick Township. v. Pa. PUC*, 409 A.2d 505, 507 (Pa. Cmwlth. 1980).
- 3) Although the burden of proof remains with the public utility throughout the rate proceeding, when a party proposes an adjustment to a ratemaking claim of a utility, the proposing party bears the burden of presenting some evidence or analysis tending to demonstrate the reasonableness of the adjustment. *Pa. PUC v. Aqua Pennsylvania, Inc.*, Docket No. R-00072711 (Order entered July 17, 2008). “Section 315(a) of the Code, 66 Pa. C.S. § 315(a), applies since this is a proceeding on Commission Motion. However, after the utility establishes a prima facie case, the burden of going forward or the burden of persuasion shifts to the other parties to rebut the prima facie case.” *Pa. PUC v. Philadelphia Gas Works*, Docket No. R-00061931 (Order entered September 28, 2007), at 12.
- 4) Section 523 of the Public Utility Code, 66 Pa. C.S. § 523, requires the Commission to “consider . . . the efficiency, effectiveness and adequacy of service of each utility when determining just and reasonable rates.” In exchange for customers paying rates for service, which include the cost of utility plant in service and a rate of return, a public utility is obligated to provide safe, adequate, and reasonable service. “[I]n exchange for the utility’s provision of safe, adequate and reasonable service, the ratepayers are obligated to pay rates which cover the cost of service which includes reasonable operation and maintenance expenses, depreciation, taxes and a fair rate of return for the utility’s investors . . . . In return for providing safe and adequate service, the utility is entitled to recover, through rates, these enumerated costs.” *Pa. PUC v. Pennsylvania Gas & Water Co.*, 61 Pa. PUC 409 (1986), at 415-16. *See also* 66 Pa. C.S. § 1501. As a result, the legislature has given the Commission discretionary authority to deny a proposed rate increase, in whole or in part, if the Commission finds “that the service rendered by the public utility is inadequate.” 66 Pa. C.S. § 526(a).
- 5) In Columbia’s base rates proceeding at Docket No. R-2020-3018835, the Commission approved the use of a “Peak & Average” (“P&A”) cost of service study methodology for mains cost allocation. Order, Docket No. R-2020-3018835 (Order entered February 19, 2021), at 211-218.

# APPENDIX C

Proposed Ordering Paragraphs

### **Proposed Ordering Paragraphs**

- 1) Columbia's requested ROE of 11.35% is unjust and unreasonable.
- 2) The Office of Small Business's proposed revenue allocation is adopted for purposes of this proceeding.
- 3) Columbia's SGS1 customer charge is set to remain at \$33.00.
- 4) Columbia's SGS2 customer charge is set at a proportionally scaled back level from \$66.12.
- 5) Columbia's request for an RNA mechanism is denied
- 6) Columbia's Energy Efficiency Plan is approved.
- 7) The OSBA recommendations for Columbia's Energy Efficiency Plan are approved and shall be implemented by Columbia.



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Date: August 26, 2025

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